Motus

Integrated report

for the year ended 30 June 2020

Key company information

Motus Holdings Limited
Incorporated in the Republic of South Africa
Motus Limited registration number: 2017/451730/06
ISIN: ZAE000261913

JSE Main Board: Specialty retailers
Listing date: 22 November 2018
Share code: MTH
(Motus, the Group or the company)

Definition of COVID-19 in this report:

COVID-19 in the report refers to a new strain of the coronavirus that caused a global health crisis. This pandemic continues to impact most businesses negatively. The impact of COVID-19 continues to be felt across the world and in every country in which Motus operates. In most cases in the report we only refer to COVID-19 to capture the full extent of the crisis. Photographs of people without masks were either taken pre-COVID-19 or full health and safety protocols were followed as appropriate.

Supplementary reports available online:

- The 2020 Motus Group's Sustainable Development Report, including the letter from the Chairman of the social, ethics and sustainability committee.
- The Group's King IV™* application register.
- The audited consolidated annual financial statements for the year ended 30 June 2020.

** King IV Report on Corporate Governance for South Africa, also known as King IV. Copyright and trademarks are owned by the Institute of Directors in South Africa NPC and all of its rights are reserved.*

Detailed online information

Stakeholders can access the Group's interim and annual financial results announcements and presentations at
https://www.motus.co.za/investors/
or scan the QR code to be taken there directly.

How to navigate our reports

For easy navigation, icons are used to refer readers to information elsewhere in this report or in our other reports online.

Read more in this report

Read more online

https://www.linkedin.com/company/motus-sa

We value feedback from our stakeholders and use it to ensure that we are reporting appropriately on the issues that are most relevant to them.

Please take the time to give us your feedback on this report.

Email: MotusIR@Motuscorp.co.za

Contents

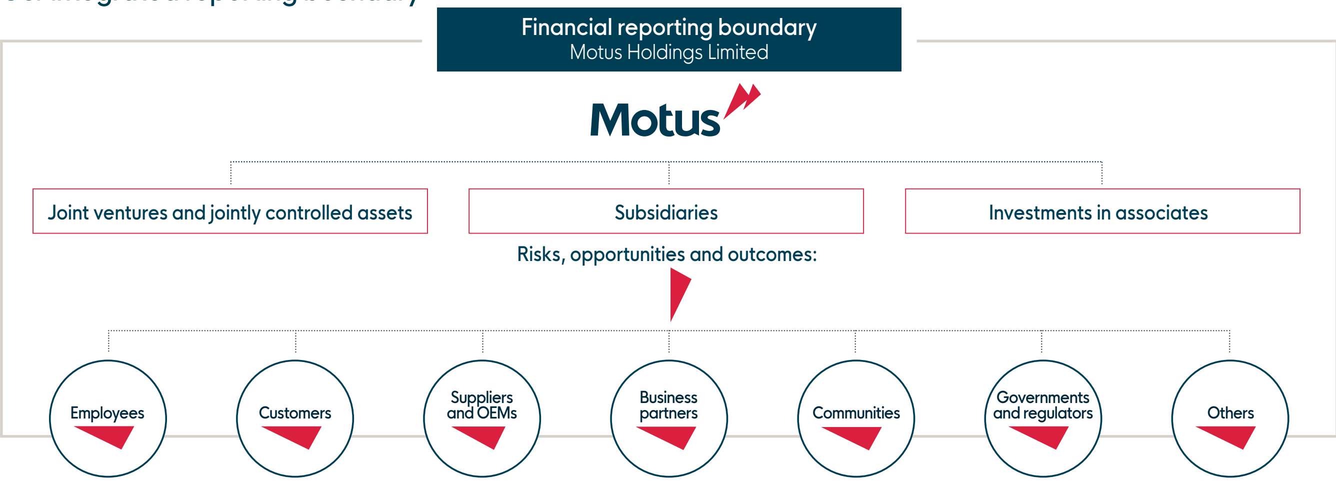
About this integrated report

The Motus integrated report provides a holistic assessment of our ability to create value for our stakeholders through the management of strategy, risk, financial, operational and sustainability performance in relation to our material priorities.

Scope and boundary

The 2020 integrated report for the period 1 July 2019 to 30 June 2020 covers the businesses over which the Group has operational control. Leased facilities are treated as group-owned for integrated reporting purposes. The report also covers the risks, opportunities, stakeholder concerns and outcomes beyond the financial reporting boundary insofar as they materially affect the Group's ability to create value in the short, medium and long term.

Our integrated reporting boundary



Reporting frameworks and assurance

The integrated report is prepared according to Johannesburg Stock Exchange (JSE) Listings Requirements (Listings Requirements), the South African Companies Act 71 of 2008 (Companies Act) and King IV principles.

It also adheres to the principles of the International Integrated Reporting Council's (IIRC) International <IR> Framework of 2013 and the draft International <IR> Framework as issued in May 2020.

Financial information is extracted from the audited consolidated annual financial statements for the year ended 30 June 2020 (available in full online), which are prepared in accordance with International Financial Reporting Standards (IFRS), the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides issued by the Accounting Practices Committee, and Financial Reporting Pronouncements issued by the Financial Reporting Standards Council (FRSC), unless otherwise specified. The external assurance providers, Deloitte & Touche, have issued an unmodified audit opinion on the audited consolidated annual financial statements. Selected non-financial information has been assured by Deloitte & Touche and their independent limited assurance report is included on page 170.

Pro forma financial information

To provide a more meaningful assessment of the Group's performance for the year, certain information considered to be pro forma financial information has been included for the year ended 30 June 2020. The directors of Motus are responsible for compiling the pro forma financial information, which does not constitute financial statements fairly presented in accordance with IFRS and which has been prepared for illustrative purposes only.

Materiality determination

In the business and social context in which we operate, described on page 32, our material priorities are those factors within the control of Motus leadership. Set out in detail from page 50, are the priorities we have identified for close and careful management over the short, medium and longer term, to deepen the Group's resilience, relevance and responsibility in pursuit of sustainable value for our stakeholders. They reflect our plans to manage the risks and opportunities associated with the Group's strategy and meet the expectations of our stakeholders. Our material priorities are grouped into key themes with sub-issues that inform the content included in this report. How we determine our material priorities and related processes are explained on page 50.

Preparation and presentation of this report

Interviews with senior leadership, together with internal sources of information, particularly reports and presentations related to strategic and business plans, and relevant external research reports, were used to prepare this report. The Group executive committee oversees the process and controls applied to information gathering for the report and reviews all content ahead of submission to the board for approval.

Board responsibility and approval statement

The Motus board acknowledges its responsibility to ensure the integrity of the 2020 integrated report. The Group audit and risk committee, together with executive management, are responsible for the preparation and presentation of the report. The committee is comfortable that the appropriate systems, procedures, and controls are in place and operated effectively to ensure the integrity of the integrated report.

The committee has reviewed the report and recommended it to the board for approval. In the board's opinion, the report addresses all material priorities and matters that impact the Group's ability to create value over time, and provides a balanced and appropriate review of Motus' strategy and performance. The board is satisfied that the integrated report has been prepared in accordance with guidelines of the International <IR> Framework.

On behalf of the board

Graham Dempster
Chairman

Osman Arbee
Chief Executive Officer

15 September 2020

We are Motus

Motus is a competitive and profitable non-manufacturing automotive group in sub-Saharan Africa, with selected investments beyond the continent.

Motus is South Africa's leading automotive group, employing over 17 500 people. 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 limited presence in South East Asia, and Southern and East Africa.

Motus traces its roots back to 1948, when its founding company Imperial Holdings Limited (Imperial Holdings) started as a single motor dealership in downtown Johannesburg. Motus was listed on the JSE in November 2018, following its unbundling from Imperial Holdings.

Our services extend across all segments of the vehicle value chain

Import and Distribution

Importer and distributor of **passenger, light commercial vehicles and parts** to serve a network of dealerships, car rental companies, fleets and government institutions in South Africa.

For more information on Import and Distribution see page 58.

Retail and Rental

Sells passenger and commercial vehicles, across all segments in South Africa and the UK and passenger vehicles in Australia.

Servicing and maintenance of vehicles.

Rents passenger and light commercial vehicles.

For more information on Retail and Rental see page 64.

Financial Services

Manager and administrator of **service, maintenance and warranty plans**. Develops and sells value-added products and services (VAPS). Performs fleet management services. Operates a sales and service call centre and an innovation hub.

For more information on Financial Services see page 70.

Aftermarket Parts

Distributor, wholesaler and retailer of **accessories and parts** for out-of-warranty vehicles through retail stores, franchised outlets and specialised workshops supported by distribution centres in South Africa, Taiwan and China.

For more information on Aftermarket Parts see page 76.

Our operational footprint

Our selected international presence supports our existing networks in the economic hubs of South Africa and provides opportunities to replicate aspects of our integrated business model.

United Kingdom

Commercial dealerships	88
Passenger dealerships	32
Total	**120**

Southern and East Africa

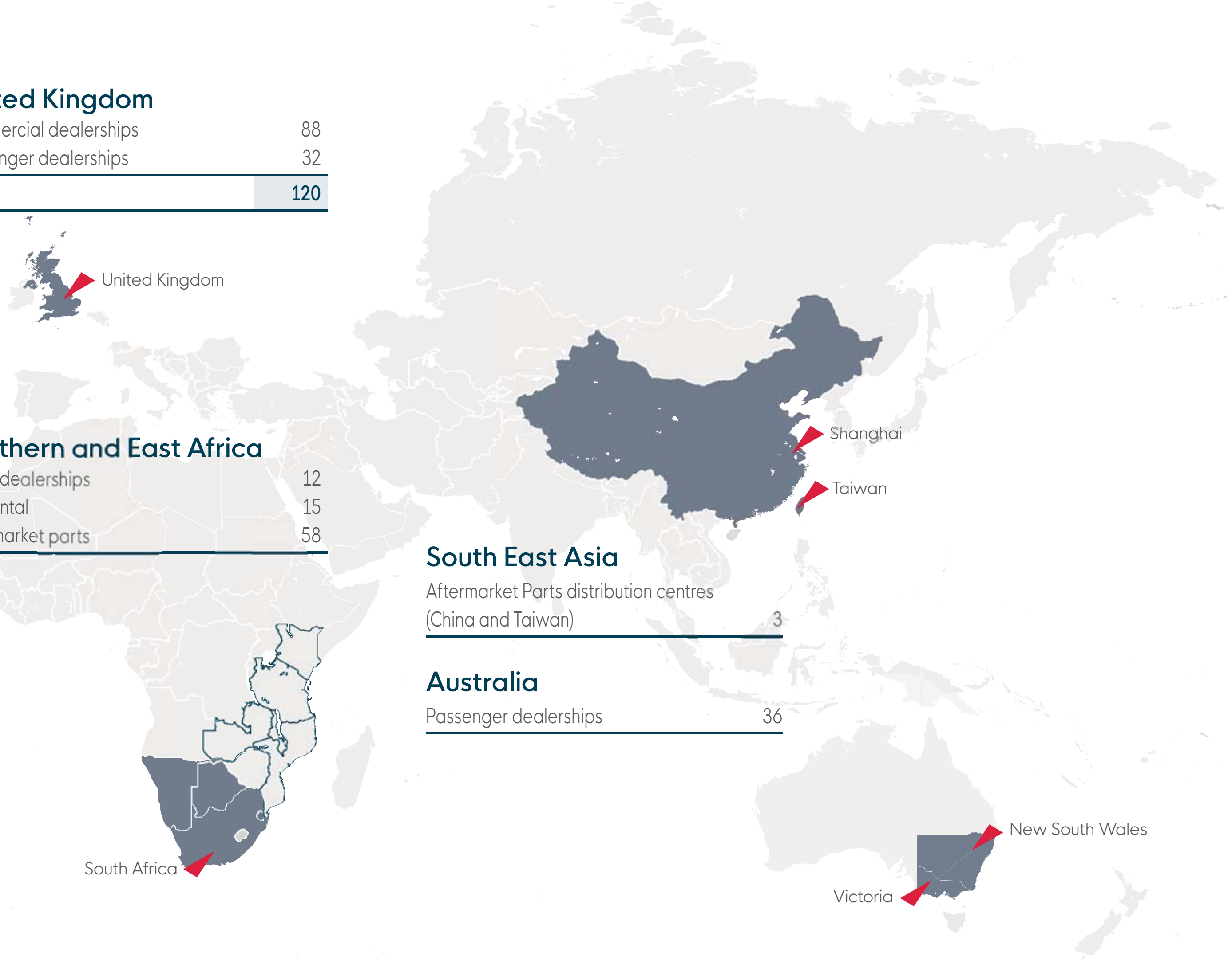
Retail dealerships	12
Car rental	15
Aftermarket parts	58

South East Asia

Aftermarket Parts distribution centres (China and Taiwan)	3

Australia

Passenger dealerships	36



South Africa

Number

	Total	Gauteng	Limpopo	Mpumalanga	Free State	KwaZulu-Natal	Northern and Eastern Cape	Western Cape	North West
Retail dealerships	**329**	159	22	11	24	35	9	57	12
Commercial dealerships	**19**	10	2	1	2	1	–	1	2
Passenger dealerships	**239**	126	11	5	17	26	3	44	7
Auto Pedigree	**71**	23	9	5	5	8	6	12	3
Car rental	**83**	27	3	7	3	14	15	11	3
Aftermarket Parts (owned and franchised)	**526**	148	46	51	32	70	70	89	20

Financial Services distribute innovative vehicle-related financial products and services through importers and distributors, dealers, finance houses, call centres and digital channels in South Africa.

Group strategy

We aim to penetrate the vehicle value chain with competitive products and services that maximise our share of the customer's vehicle investment and engender loyalty.

Our vision

To improve people's lives by envisioning, innovating and creating new avenues of access to leading-edge mobility solutions (products and services) at competitive prices through our strong relationships with suppliers and principals, while ensuring sustainable value creation for all stakeholders, as trusted partners to original equipment manufacturers (OEMs) and business partners to customers in the geographies in which we operate.

Our mission

We create value for customers and build market share through relevant, innovative products and exceptional service at competitive prices. We deliver returns to shareholders through operational alignment, collaboration across the supply chain, and the reduction of complexity, duplication, expenses and capital employed, while mitigating currency risk.

Our progress and performance are delivered by a diverse complement of highly competent and experienced individuals and teams.

Our values

To be fair, accountable, driven and ensure that we operate in an environmentally friendly and responsible manner.

We comply with rules and regulations, operating at the highest levels of integrity and ethics, and ensuring our business practices are not discriminatory.

We are well positioned to maintain our leading position in South Africa and grow in selected international markets. Our strategic focus remains on deepening our competitiveness and relevance across the automotive value chain, by driving organic growth through optimisation and innovation, and with selective bolt-on acquisitions.

Our short-term focus is to ensure the resilience of the Group in the volatile and uncertain environment resulting predominantly from the impact of COVID-19. Our long-term strategic priorities remain unchanged and are focused on ensuring we are the leading automotive group in South Africa, with a selected international presence in the UK, Australia and limited presence in South East Asia, and Southern and East Africa.

Read more about our immediate response to COVID-19 and actions taken in the sections of the report that follow.

Our medium-term value-creating priorities

MOBILITY FOR GOOD

We are defined by being:

Leaders ▶ **Innovators** ▶ **Customer champions**

Ensure market leadership
Grow market share and maintain competitiveness in our local and international markets.

Deliver shareholder value
Enhance financial performance and achieve our medium-term financial targets.

Drive innovation
Deliver innovative mobility solutions and services to customers. Ensure agility and entrepreneurial flair in response to disruption.

Improve technology solutions
Leverage existing and enter new strategic partnerships to deliver innovative value-added services, products and enhanced customer experiences.

Invest in human capital and change management
Develop and empower leaders, improve practices and processes and ensure a strong focus on transformation and succession.

Our strategic initiatives underpin the delivery of our aspirations

Import and Distribution

- Enhance customer experience throughout the vehicle ownership cycle.
- Improve our share of entry level vehicles, and small and medium sports utility vehicles (SUVs).
- Expand aftersales product offerings.
- Grow parts and service business.
- Manage costs and forward cover in line with the Group policy.
- Extend range of vehicle models.

Retail and Rental

- Grow pre-owned vehicle market share.
- Rationalise dealership footprint, aligned to OEM strategies, and refine multi-franchise model.
- Enhance retail strategy and customer experience throughout the vehicle ownership cycle.
- Invest in technology to drive digitisation and support customer service and experience.
- Manage costs.
- Selective bolt-on acquisitions to improve brand representation.
- Optimise passenger dealership model (UK and Australia).
- Enable rental de-fleets via Auto Pedigree dealerships.
- Optimise rental business to adapt to new market realities.
- Combine Europcar and Tempest outlets.

Financial Services

- Expand offerings and drive further integration into dealer networks.
- Continuously align with digital, automation trends and changing customer needs.
- Continue to focus on fintech developments and leverage relationships with financial institutions and joint ventures.
- Innovation hub:
  - develop innovative products and services;
  - drive group-wide innovation; and
  - foster a culture of innovation.

Aftermarket Parts

- Grow retail footprint and optimise structure, supported by franchisees.
- Drive optimisation of the supply chain via Chinese operations.
- Strengthen the core business through improved efficiency and volume buying.
- Grow membership of buying groups.
- Invest in IT to drive digitisation and e-commerce expansion.
- Rationalise distribution centres in South Africa and China.

OUR PEOPLE

- Develop a skilled, diverse and motivated workforce.
- Strong focus on transformation, succession, and empowering employees.
- Encourage a high-performance culture with tailored training and development opportunities for all levels of staff.

SOCIAL AND ENVIRONMENTAL IMPACT

- Manage the economic, social and environmental consequences of our activities and actively strive to uphold our commitments to all stakeholders.

To enhance stakeholder value

We aim to:

- Deliver stable profit margins and strong cash flows.
- Maintain a strong balance sheet and liquidity to fund working capital, invest in diversified growth through selective bolt-on acquisitions, leverage vertical integration strategies and support share buy-backs.
- Maintain a reliable dividend policy.

Our key competitive advantages:

- Fully integrated business model.
- Well positioned to maintain leading retail market share in South Africa.
- Unrivalled scale that underpins a differentiated value proposition.

What makes Motus unique

Our leading market share, supported by an integrated service offering diversified across the automotive value chain, maximises revenue and income opportunities for each vehicle sold, with our resilience supported by annuity income earning streams, cash-generation ability and highly experienced, agile and entrepreneurial management team.

Our differentiated offering

We have longstanding 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 through quality marketing, high levels of customer satisfaction and strategically located multi-franchised dealerships, facilitating a vital link between them and the customer throughout the vehicle ownership cycle.

Our deep understanding of OEM strategies, consumer preferences and mobility-related technologies enables us to develop and offer innovative VAPS and mobility solutions to our customers as we continuously align ourselves to participate in digital, mobility and automation trends.

Our fully integrated business model

Our business model in South Africa is unique and fully integrated across the automotive value chain and provides access to cash generation and annuity income streams that are less dependent on the sale of new vehicles. We are well positioned to enhance our leading retail market share in South Africa, including in the pre-owned vehicle market, and to grow our financial services and aftermarket parts revenue streams, despite the prevailing challenging economic conditions in the market.

Our unrivalled scale and integration in South Africa underpin our differentiated value proposition to OEMs, suppliers, customers and business partners, providing multiple customer touch points to engender loyalty throughout the entire vehicle ownership cycle.

Our strong financial position

Our high free cash flow generation and access to annuity income streams, with returns on invested capital (ROIC) exceeding weighted average cost of capital (WACC), provides a platform for an attractive dividend yield over the medium and long term.

The shareholder return profile is supported by a defined organic growth trajectory through portfolio optimisation, continuous operational enhancement and innovation, with a selective acquisition growth strategy in and outside South Africa leveraging best-in-class expertise to further diversify our earnings potential.

Our people

Our highly experienced, agile and entrepreneurial management team have deep industry knowledge of regional and global markets, and a proven track record with years of collective experience, led by a strong and diverse board. We have demonstrated our ability to respond with speed and agility to deal with the unprecedented impact of COVID-19.

We endeavour to create a safe working environment and provide equal and fair opportunities for all our people.

Our commitment to stakeholders

The trust that our stakeholders place in the Group is an outcome of reliability, which requires consistent integrity – it is the foundation on which Motus is built, it is embedded in our organisational culture and underpins our efforts to nurture strong relationships with all our stakeholders. High standards of accountability and transparency support our commitment to unswerving integrity.

We are committed to socioeconomic development that makes a real difference in our communities. We support road safety awareness programmes and our partnership with the Imperial and Motus Community Development Trust focuses on developing literacy and reading skills through a comprehensive literacy intervention programme aimed at all learners at its partner schools. We also support Unjani Clinic projects that are aimed at empowering black women professional nurses; creating permanent jobs; and perfecting a sustainable model for primary healthcare to disadvantaged communities.

Our response to COVID-19

Short-term impact

Our fully integrated business model has enabled agile responses to the impact of COVID-19, which continues to be felt globally and in every country in which Motus operates.

We experienced a significant decline in demand for our products and services as a consequence of national lockdowns, during which time our operations were either closed or experienced significantly reduced activity levels. Delays in the reopening of certain public services, especially in South Africa, further impacted activity.

Motus has a Crisis Committee in place, headed up by the Group Chief Executive Officer (CEO), which continues to monitor the latest guidance from the health authorities and provides regular updates to the board, management and staff. The Crisis Committee is monitoring and assessing the situation closely and has implemented protocols across all our businesses, to prevent and minimise potential infections and transmissions of the virus, and keep our people, customers and suppliers safe.

COVID-19 timeline

Normal operating conditions for nine months of the 2020 financial year

	March	April	May	June
GROUP	Voluntary announcement relating to the impact of COVID-19 on the business **(20 March)** Announced the cancellation of interim cash dividend payment **(24 March)**	Discussions with funders initiated to preserve cash and retain access to funding **(21 April)** Voluntary nine-month trading update to investors **(23 April)**	Approval by funders for relaxation of covenants	Investor briefing, trading update and statement **(19 June)**
	Commenced ongoing communications with our people, OEMs and government authorities **(20 March)**			
UNITED KINGDOM	UK lockdown commences – sales showrooms close – commercial vehicle workshops remain operational **(23 March)**			UK opens 100% of operations **(1 June)**
SOUTH AFRICA	South African government lockdown restrictions commence – all non-essential operations closed **(27 March)**		Government gazetted phased in opening of 30% South African operations commence **(12 May)** Motus begins to implement staggered openings across dealerships stores, head offices and distribution centres Government gazetted 60% of the South African workforce returns **(25 May)**	Vehicle licensing and registration offices begin opening **(10 June)** Government gazetted operations fully open **(8 June)**
AUSTRALIA	Australia implements restrictions, remaining open but at reduced operating levels **(27 March)**			

Our response to COVID-19 (continued)

The percentages below reflect the last quarter's year-on-year decline, extracted from unaudited and unpublished management accounts.

COVID-19 impacted all of our businesses to varying degrees

Import and Distribution
Revenue impact
50%

- South African new vehicle sales slumped by 98% in April 2020 and 68% in May 2020 year-on-year.
- Projected calendar year contraction of over 30% for 2020.

Retail
Revenue impact
40%

Our response
- Engaged with OEMs for financial support and reduced targets to earn variable margins.
- Secured uninterrupted inventory supply.
- Existing footprint, digital platforms and positive staff behaviour provided agility.
- Refocused advertising strategy to adjust to customer behaviour patterns.
- De-fleet of rental vehicles to supply growing pre-owned vehicle market.

Outlook
- Readiness of our people, vehicle and parts availability will assist to drive increased market share.
- Diverse offering of entry-level vehicles and small SUVs across broad OEM representation.
- Large offering of pre-owned vehicles supported by national footprint.
- Favourable foreign currency cover to support competitive pricing.
- Multi-franchise opportunities to optimise dealership footprint.

Rental
Revenue impact
70%

- Significant car rental market contraction.

Our response
- Reduced car rental fleet by 35% (7 000 vehicles).
- Rightsized operations by closing 19 outlets and reducing the rental workforce by 45%.
- Rental vehicle de-fleet through 71 Auto Pedigree dealerships with a broad range of brands.

Outlook
- Leverage insurance replacement market.
- Continue to invest in technology to improve customer experience.

Financial Services
Revenue impact
10%

- Protected by annuity income streams in the medium-term.
- Reduced income from financial institution joint ventures.

Our response
- Extended service intervals under service and maintenance plans to support customers during lockdown.
- Accelerated innovation to unlock new revenue streams.

Outlook
- Annuity income streams and cash generation continue to underpin earnings.
- Investment in technology enables us to offer personalised services to:
  - enhance the customer experience; and
  - improve customer retention.

Aftermarket Parts
Revenue impact
30%

- Reduced demand for accessories and parts.
- Down-trading from premium products to more affordable alternatives.

Our response
- Provided parts to essential service vehicles, including the South African taxi industry.
- Leveraged our franchisee footprint.
- Managed inventory availability.

Outlook
- Inventory availability has stabilised to pre-lockdown levels.
- Demand is recovering well as the lockdown restrictions are eased.
- Decentralised parts distribution centres supporting stock availability.

COVID-19 actions

Motus actively implemented various action plans and a number of initiatives to preserve cash, including:

Reduction of staff costs

Remuneration was reduced as follows:

Employee level	Remuneration reduction %	Duration
Group CEO and UK CEO	20	Six months starting on 1 April 2020
Non-executive and executive directors and executive committee (Exco) members	15	Six months starting on 1 April 2020
Employees earning above R500 000 per annum	10	Six months starting on 1 July 2020
Employees earning between R250 000 and R500 000 per annum	5	Six months starting on 1 July 2020
Employees earning below R250 000 per annum	0	

- No inflationary increase for all employees and directors for the 12 months to 30 June 2021.
- Utilisation of relief provided by governments to assist staff (across all countries).
- Employees in South Africa were paid in full for the month of April 2020 when no trading took place.

Rationalise workforce

- Commenced the early retirement and retrenchment process to reduce workforce. The process is largely completed and will be finalised by 30 September 2020.

Operating costs

- Cost reductions across all categories.

Properties

- Postponement of non-committed and non-critical capital expenditure.
- Closure of 19 car rental outlets.
- Deferral of rentals for three to six-month period for certain leased properties.
- No rental increases for certain renewed leased properties.

Assistance from OEMs

- Temporarily accepted cancellations of vehicle orders.
- Ensuring vehicle and parts stock availability.
- Reduced vehicle targets and minimum variable margin pay-outs.
- Interest relief.
- Extension of floorplans.
- Demonstrator vehicle relief and suspension of staff training.

Working capital

- Optimisation of working capital (including critical evaluation of supply chains).

Acquisitions

- No new business acquisitions.

Dividends

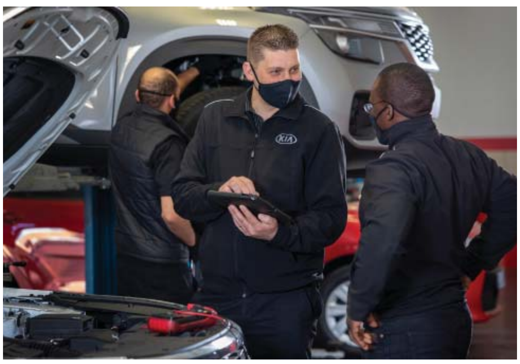
- No dividend payments for the 2020 financial year.

Share buy-backs

- Suspension of the share buy-back programme.

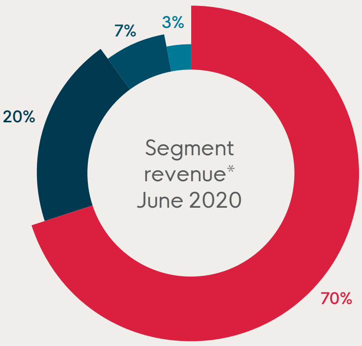
Support from funders

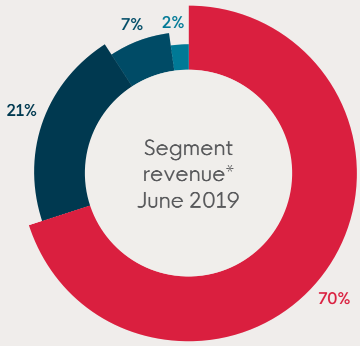
- Relaxation of bank covenants providing liquidity support.

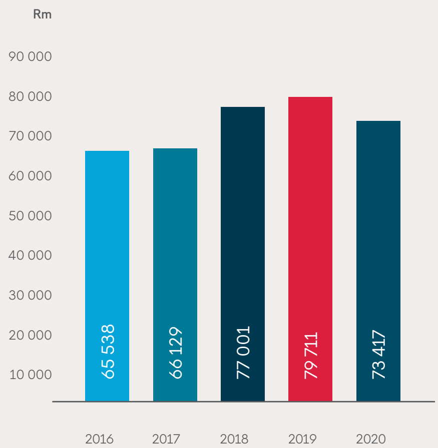


Our performance
Financial performance

Revenue

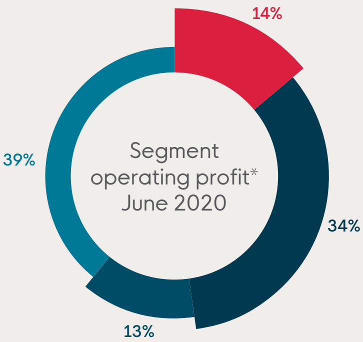


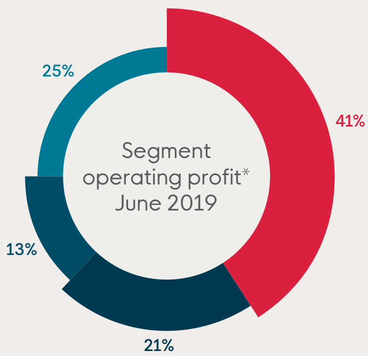


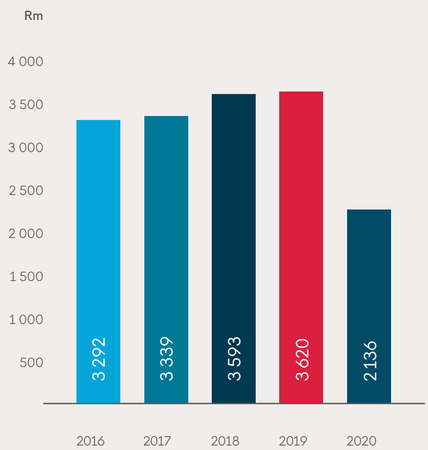


- Retail and Rental
- Import and Distribution
- Aftermarket Parts
- Financial Services

Operating profit







- Retail and Rental
- Import and Distribution
- Aftermarket Parts
- Financial Services

* *Excludes head office and eliminations.*

Pro forma disclaimer

To provide a more meaningful assessment of the Group's performance for the year, pro forma information has been included for the segment performance for the year ended 30 June 2020.

The directors of Motus Holdings Limited are responsible for compiling the pro forma financial information on the basis applicable of the criteria as detailed in paragraphs 8.15 to 8.34 of the JSE Listings Requirements and the SAICA Guide on Pro forma Financial Information, revised and issued in September 2014 (applicable criteria). The pro forma information does not constitute financial statements fairly presented in accordance with IFRS. The pro forma information has been prepared for illustrative purposes only and because of its nature may not fairly present the Group's financial position, results of operations and cash flows. The Group's external auditors, Deloitte & Touche, have issued an unmodified reporting accountants' report on the pro forma information on 15 September 2020. A copy of their report is available on request.

Revenue
R73 417 million

(2019: R79 711 million)

Operating profit
R2 136 million

(2019: R3 620 million)

Earnings per share
165 cents per share

(2019: 953 cents per share)

Headline earnings per share
296 cents per share

(2019: 1 009 cents per share)

Free cash flow generated from operations
R3 004 million

(2019: R3 061 million)

Net asset value per share
6 653 cents per share

(2019: 6 185 cents per share)

Net debt to equity ratio
60%

(2019: 56%)

Net debt to EBITDA (debt covenant)
2,2 times

(needs to be less than 3 times)

EBITDA to net interest (debt covenant)
3,6 times

(needs to be greater than 3 times)

Retail market share in South Africa
20,2%

(2019: 18,9%)

Our performance (continued)

Non-financial performance

FTSE4Good Index Series

Achieved an overall score of

3,8 out of 5

(2019: 4,2 out of 5)

Black representation

73%

of the South African workforce

(2019: 73%)

Women representation

30%

of the Group's workforce

(2019: 30%)

Water

603 509 kilolitres

purchased

(2019: 611 223)

Electricity

75 713 megawatt hours

purchased from municipalities

(2019: 80 146)

Carbon footprint[1]

116 667 tCO_2e

(2019: 128 270)

Corporate social investment (CSI) spend

R28 million

(2019: R29 million)

Environmental compliance

No environmental-related fines or penalties incurred

Secured our second sustainability-linked loan for £120 million in January 2020

[1] *Scope 1 and 2 emissions. tCO_2e: tonnes of carbon dioxide equivalent.*

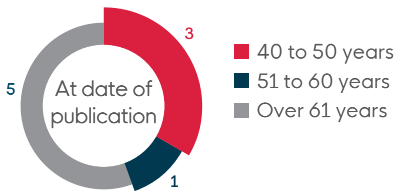
Detailed information can be found in our people and social and environmental impact reports starting on pages 82 and 93 respectively.

Read more about our sustainable development performance and objectives online.

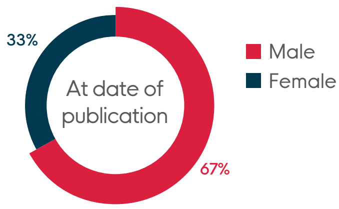
Our leadership
Board of directors

Motus has a well-constituted, independent, and diverse board, with deep industry knowledge and expertise.

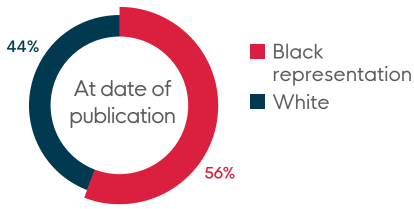
Board age



Board gender representation



Board race diversity



Executive directors

Chief Executive Officer

B Acc, CA(SA), H Dip Tax

Appointed as the CEO of Motus during October 2017 with the Group listing separately on the JSE in November 2018.

Osman was previously with Imperial Holdings, having joined in September 2004. He was appointed to the board in July 2007. During his tenure at Imperial Holdings, Osman held the following positions: CEO and Chief Financial Officer (CFO) of Imperial Holdings, CEO of the then Car Rental and Tourism division, and the chairperson of the Aftermarket Parts and the Automotive Retail divisions. He resigned from the Imperial Holdings board during November 2018 at the time of listing the Group.

Osman is a member of the various Motus subsidiary boards, including the UK and Australia.

Prior to joining the Group, Osman was a senior partner at Deloitte & Touche where he spent 23 years in various roles, which included being a board and executive committee member.

Chief Financial Officer

BCompt (Hons), CA(SA), H Dip Co Law

Appointed to the Motus board during 2017.

Ockert joined Imperial Holdings in January 2015, at which time he was appointed as CFO of Motus Corporation (previously a subsidiary of Imperial Holdings). While still performing his CFO functions, Ockert also acted as CEO during the unbundling and listing of Motus for a period of six months ending 31 December 2018.

Prior to joining Motus, Ockert was CFO of Foodcorp Holdings Limited, a multinational food manufacturer and a partner of PricewaterhouseCoopers. Ockert is a member of various Motus subsidiary and divisional boards, including the UK and Australia, and a trustee of the Group medical aid and retirement and pension funds.

Executive director and CEO: Financial Services

BCom (Hons), CA(SA)

Appointed to the Motus board on 1 July 2019.

Kerry is the CEO of the Financial Services business segment and the Head of Innovation and Information Technology for the Group. Prior to joining Motus in 2002, Kerry was an audit manager at Deloitte & Touche. Kerry has held multiple senior positions within the Group over the course of her career. In addition to being appointed to the Motus Holdings board on 1 July 2019, Kerry serves on the boards of numerous Group companies, including Motus Corporation, Motus Group, LiquidCapital and MotorHappy.

Our leadership – Board of directors (continued)

Non-executive directors

Graham Dempster (65)

Chairman and independent non-executive director

BCom (Hons), CA(SA), AMP (Harvard)

Appointed to the Motus board on 1 August 2018.

Committees AL NOM REM

Graham has over 30 years' experience in the financial services industry both in South Africa and internationally. He is a non-executive director of Imperial Logistics Limited and Sun International Limited and the independent non-executive chairman of Long4Life Limited.

Phumzile Langeni (46)

Independent non-executive director

BCom (Acc), BCom (Hons), MCom

Appointed to the Motus board on 1 August 2018.

Committees NOM REM

Phumzile is the executive Chairman of Afropulse Group, non-executive Chairman of the Mineworkers Investment Company Proprietary Limited, Primedia Holdings Proprietary Limited and Imperial Logistics Limited. She also serves as an independent non-executive director for various companies listed on the JSE, including Massmart Holdings Limited and Transaction Capital Limited, among others. She was appointed on 16 April 2018 by President Cyril Ramaphosa as one of four special investment envoys tasked with raising USD100 billion over a five-year period.

Saleh Mayet (64)

Independent non-executive director

BCom, BCompt (Hons), CA(SA)

Appointed to the Motus board on 22 November 2018.

Committees AR AL

Saleh is a Chartered Accountant with well over 30 years of experience in the Anglo American Group in South Africa. He has held several listed and unlisted board positions and brings with him extensive experience across the full spectrum of corporate activities. He currently also serves as an independent non-executive director of Astral Foods Limited.

Keneilwe Moloko (52)

Independent non-executive director

BSc (QS), BCom, PGDA, CA(SA)

Appointed to the Motus board on 22 November 2018.

Committees AR SES

Keneilwe is a Chartered Accountant and a Quantity Surveyor. She has worked in construction, property development and asset management. She currently serves as an independent non-executive director of Brimstone Investment Corporation Limited and Long4Life Limited.

Johnson (JJ) Njeke (62)

Independent non-executive director

BCompt (Hons), CA(SA) H Dip Tax Law

Appointed to the Motus board on 22 November 2018.

Committees SES AL AR

JJ is the independent Chairman of MMI Holdings Limited, a non-executive director of Datatec Limited and Clicks Group Limited and the Chairman of the Hollard Foundation Trust. He holds numerous other board positions.

Ashley (Oshy) Tugendhaft (72)

Deputy Chairman and non-executive director

BA, LLB

Appointed to the Motus board on 1 August 2018.

Committees REM NOM SES

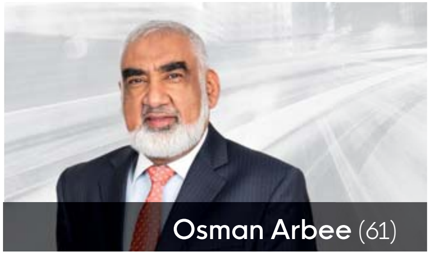
Oshy is the senior partner of law firm Tugendhaft Wapnick Banchetti & Partners (TWB). He is also a non-executive director and Chairman of Alviva Holdings Limited. He was previously a non-executive director and deputy Chairman of Imperial Holdings Limited.

Board committee key

- SES Social, ethics and sustainability committee (SES)
- AR Audit and risk committee (AR)
- NOM Nominations committee (NOM)
- REM Remuneration committee (REM)
- AL Asset and liability committee (AL)
- ○ Chair

Executive committee

The board is supported by a highly experienced management team with deep industry knowledge of regional and global markets, and a proven track record with years of collective experience.



Chief Executive Officer

B Acc, CA(SA), H Dip Tax

See page 13.

Chief Financial Officer

BCompt (Hons), CA(SA), H Dip Co Law

See page 13.

Executive director and CEO: Financial Services

BCom (Hons), CA(SA)

See page 13.

Executive: Corporate Affairs, Risk and Sustainability

BCom (Acc), BCompt (Hons), MBA, CIA

Berenice joined Motus from Imperial Holdings where she served as the Group Commercial Executive. She is also the representative director on Ukhamba Holdings and independent non-executive director of Altron Limited. Berenice has been actively involved in the Institute of Risk Management South Africa (IRMSA) since 2006, where she is currently serving as President.

CEO – Hyundai Automotive South Africa

BCom, MBS

Niall has been with the Group for eight years, during which time he held several franchise director positions within the Retail and Rental business segment, prior to serving as the Managing Director of Renault South Africa Proprietary Limited. Niall has been the CEO of Hyundai Automotive South Africa for the past three years.

CEO – Renault South Africa

BCompt (Hons), CA(SA)

Jaco joined Imperial Holdings in 2001, from Deloitte & Touche, where he was the General Manager of the Motor Financial Services business. He has also been Managing Director of Imperial Daihatsu Proprietary Limited and Managing Director of Brietta Trading Proprietary Limited, which has the rights to import and distribute Mitsubishi, before commencing his current role.

CEO – Aftermarket Parts

BSc, MBA

Malcolm began his career at Telkom having completed a BSc (Electrical Engineering) at the University of the Witwatersrand (Wits). He then entered the private sector with BMI, an industrial market research company after completing his MBA at Wits. In 1989 he started his own marketing and consulting company, which specialised in the automotive and engineering sectors. Malcolm joined Imperial Holdings in 2013 as the Managing Director of Parts Incorporated, a division of Aftermarket Solutions, and was appointed as the CEO of Motus Aftermarket Parts in April 2015.

CEO – Kia Motors South Africa

BCompt (Hons), CA(SA)

Gary joined Kia Motors from Deloitte & Touche in 2002, where he qualified as a Chartered Accountant. His 18 years of automotive experience includes roles in finance, group projects and parts. He was appointed Sales Director at Kia Motors in 2013 and CEO in 2017. Gary was appointed as Vice-President of the National Association of Automobile Manufacturers of South Africa (NAAMSA) for Independent Vehicle Importers and Distributors and will serve for the term 2020 to 2022.

Chief People Officer

BSocSci

Michele joined Imperial Holdings as Human Resources Director for the Imperial Vehicle Retail, Rental and Aftermarket Parts division in August 2016. Her career began in Eskom after obtaining her BSocSci from the University of Cape Town. She has held strategic senior management and executive positions in human resources, both locally and internationally, and at several organisations, including Eskom, Productivity SA, ArcelorMittal and General Electric.

CEO – Retail and Rental South Africa

BCom Acc, BCom (Hons), MCom

Corné is the CEO of the Retail and Rental division within Motus. He joined Imperial Holdings in 2005 as Financial Director of Premier Motor Holdings. He has held the position of Managing Director of Premier Motor Holdings, Porter Motor Group and Imperial Commercials. Corné was a former trustee of the Imperial Pension and Provident Fund.

Chairman's welcome

Motus has shown true character in the face of great change and adversity. Although the COVID-19 pandemic has shaken the world, it has left us with full confidence in our management team, who steered Motus through the storm and will be as adept in managing its aftermath. As readers of our report will see, ensuring the resilience of Motus today has not been at the expense of building the Motus of tomorrow.

The safety of our people and customers was always the first consideration.

In the final quarter of the 2020 financial year, the board was privileged to witness – and work with – a management team that was bold, agile and decisive in changing the business course to consolidation; and in reshaping Motus for survival without sacrificing the unique competitive advantages that will, in time, support a return to growth. They made sure the safety of our people and customers was always the first consideration in a long list of imperatives, and led from the front with integrity and compassion.

Our CEO was the first to cut his own salary by 20%, while non-executive and executive directors, as well as executive committee members, undertook a 15% reduction in remuneration. These amounts, for the six months from 1 April 2020, were donated to the Solidarity Fund to help South African businesses and communities during COVID-19. Motus employees earning R250 000 and above also reduced their salaries on a scaled basis between 5% and 10%, depending on their remuneration level. Despite sales and services coming to a virtual standstill, we paid all our employees in full for April 2020 by providing six days special leave and 16 days annual leave. Employees in the UK and Australia were remunerated during lockdown through the furlough and job keeper interventions instituted by their respective governments.

Most of the operating procedures for the industry fell away during lockdown. Our people replaced them with new service-driven online communication that succeeded in keeping the business going and set new benchmarks for a reshaped industry. In the shake-out that came with COVID-19, Motus demonstrated its ability to work smarter and compete harder, to increase its share of the market – albeit drastically smaller than before. In partnership with OEMs, they also extended service and maintenance plans so customers would not lose out during the lockdown.

Had it not been for the support of our employees, longstanding partners and suppliers, and funders, Motus would not have made it through the COVID-19 disruption in such resilient shape. We thank them for their support in these challenging times. Shareholders should take comfort from the fact that people who work with Motus every day, and have a lot at stake in our effectiveness, trust our team.

We are deeply saddened that five Motus people lost their lives to COVID-19 and we extend our sympathy to their family and friends.

It is with regret that I advise that, due to the severe impact of COVID-19, a formal Section 189 retrenchment consultation process was started with labour unions in May 2020. We cut costs and found even deeper efficiencies in the first instance before we unfortunately had to resort to retrenchments to ensure the future of the Group. By mid-September, there were 1 181 voluntary retrenchments and 1 216 compulsory retrenchments. This process will be completed by the end of September 2020.

Even as most of the world appears to be descending from its initial COVID-19 peak, talk about the 'new normal' can only be informed speculation. The initial damage assessments are sobering. COVID-19 has hit the global and local automotive industry hard. Factories have closed, supply chains have been disrupted and consumer debt has soared. Rising unemployment in South Africa is reducing the number of consumers that qualify for vehicle financing. Moody's has predicted a 20% slump in global vehicle sales for 2020, while the International Labour Organization says the situation is "considerably worse" than during the 2008/09 global financial crisis, which cut the global automotive market by about 8% over two years.

Net asset value per share

6 653 cents per share

(June 2019: 6 185 cents per share)

Revenue

R73 417 million

(2019: R79 711 million)

We can be certain that the 'new normal' will require that we tighten our belts both as individual vehicle owners and as a provider of services in the automotive sector; that vehicles will stay longer on the road, the luxury car market will decline and the pre-owned car market will benefit from the weak new car market sales. Dealers will have to work harder and smarter for fewer sales and lower profitability.

The world has become a harder place in which historic definitions of value and success no longer hold true. COVID-19 has brought about profound loss that extends beyond individual industries and even the business community as a whole. It has touched the motivations and values of people around the world.

"The Times They Are A Changing"

In August last year the Business Roundtable, which represents the chief executives of America's largest companies with combined annual revenues of USD7 trillion, moved away from Milton Friedman's 1970 dictum that profit is the only social responsibility of business. Instead, they stated: "Each of our stakeholders is essential. We commit to deliver value to all of them, for the future success of our companies, our communities and our country."

Corporate society is experiencing the power of social movements, highlighting the inequities of the past including racial injustice and gender discrimination, justifiably agitating to change the world in which we operate. Young people refuse to be silenced about the world they are inheriting. For many, this pandemic is also putting a sharper edge to fears of permanent harm due to climate change. Discontent with the status quo now also extends to the investor community, and is changing the tone and tenure of boardroom discussions and voting patterns of shareholders.

COVID-19

did not trigger the shift in activism but accelerated its pace. Bob Dylan sang it; perhaps the most influential group of executives in the world confirmed it: "The times they are a changing," and leaders everywhere are responding positively.

Chairman's welcome (continued)

The calibre and commitment of our people makes an enormous and invaluable contribution.

For those at the helm of large businesses, ensuring that social consciousness is at the heart of the decisions we make is as fundamental as delivering the financial returns we make for our owners, to create meaningful value for all our stakeholders.

In the extraordinary disruption of the final three months of the financial year, it is easy to forget how tough the first three quarters were. The downgrade of South Africa's investment rating to junk status confirmed what consumers already knew. Our economy was in bad shape, long before COVID-19 emerged. In the pandemic's wake, South Africa's sovereign debt threatens to spiral out of control unless the political will is found to cut back public sector expenditure and enhance the efficiency of social spending.

More broadly, the commissions of inquiry and promises of justice have not yet generated results, while corruption continues and many people go hungry. Some state-owned enterprises as a consequence of poor management are not performing their critical roles, and Eskom's failure to keep the lights on, is hindering production as South Africa returns to work, an added burden for the country at a time that it can least afford more disruption.

Our government is intent on reshaping the post-pandemic economy for faster more inclusive growth. This will require a deep adjustment in attitude both on the street and in the halls of power if we are to achieve the solidarity and alignment on common goals required to rebuild and reconstruct South Africa's economy.

The British economy suffered its sharpest contraction in more than 40 years in the first half of 2020. Gross domestic product (GDP) growth is expected to return in 2021, although gains are likely to be in the low single digits, while unemployment is expected to reach 11%. Brexit negotiations are incomplete, with the UK government and the European Union yet to agree on all aspects of their future ties, from trade to security to transport, from 2021 onwards. It is vital that trade continues smoothly.

Against a background of a COVID-19 constrained global economy, rising debt and higher unemployment, Australia's economic recovery appears to be underway. However, the Australian government will need to navigate significant fiscal constraints. Walking the tightrope between trade and political interests while trade and technology tensions between the United States (US) and China persist, might be even more challenging.

Against the significant headwinds of the past financial year, Motus' performance for the first nine months was in line with expectations. More importantly, the way performance held up in this challenging environment confirmed that our scale, integrated business model and enduring relationships with key stakeholders were effective in buffering our competitive potential against economic downturn.

COVID-19, and the unprecedented global lockdown of movement and activity, has already been more than a downturn. All countries have been affected and only a handful of companies made it through the initial peaks of the pandemic unscathed. Motus was not one of those, as the automotive industry has been one of the hardest hit industries. The 98% drop in South African vehicle sales in April 2020 confirms this.

Well-run companies have continuity plans, but few of those would have considered a black swan event of this magnitude. Even the most prescient of plans are only as good as the abilities of the people responsible for implementing them, often in conditions that are virtually impossible to simulate. COVID-19 confirmed that the notion of people being a "soft issue" is not so. The calibre and commitment of people make an enormous and invaluable contribution directly to the possible outcomes – the difference between business failure, survival and success.

Motus' numbers for the final quarter and the financial year do not tell the story. They do not show the determination to replace face-to-face communication with digital entirely and almost overnight. Our investments in technology proved timeous during the lockdown and our frontline colleagues made excellent use of it while our dealership doors were closed. Whether through emails, Facebook, WhatsApp or electronic conferencing our people remained in contact with their locked down customers. They used the time their customers were forced to spend at home to continue communication with them and increase our retail market share. They adapted quickly, and lived up to the first rule of the vehicle trade to 'move the metal', even as economic uncertainty and rising job losses tightened credit extension and eroded consumer confidence.

Social compact

From his first address to the nation, President Cyril Ramaphosa made it clear that South Africa's response to COVID-19 would demand solidarity and sacrifice. This has certainly been the case. Given the enormity of the global pandemic, the many unknown factors that were facing decision makers, and the reality that emerging market countries such as South Africa are less equipped to respond to such a pandemic, the actions taken by the authorities have, overall, resulted in a relatively well-managed outcome to the COVID-19 human crisis.

In times of great crisis, people and nations tend to rally together and look beyond short-term self-interest and focus on bigger and more important macro-challenges that can make more meaningful longer-term improvements that lead to a better life for all. This is such a time. We have the opportunity to forge a social compact among key stakeholders to make meaningful improvements to our society and economy. There are encouraging signs of government, business and labour showing a preparedness to seek to do so. The stakes are high and we all need to commit to work together in a spirit of nationhood and goodwill.

To be effective, a post-pandemic social compact needs to be built on a foundation of morality and mutual trust. We understand that works both ways with the private and public sector having much to do to achieve this. Motus will not tolerate any of its people deviating from our moral compass.

Board matters

As mentioned in our report last year, Kerry Cassel joined the board as an executive director on the first day of this financial year.

Phumzile Langeni tendered her resignation as an independent non-executive director and will serve on the board until the annual general meeting (AGM) on 10 November 2020. The board thanks her for her contribution and guidance for the 19 years, first at Imperial Holdings and then at Motus and we wish her all the best for the future.

Our board continues to represent the skills and experience the company needs, especially during these challenging times.

Outlook

The medium term will be tough. High efficiency and performance will need to be our watchword, both operationally and in the allocation and deployment of capital.

Motus is well placed to succeed. Our high-value offerings and more affordable importer brand vehicles will meet car buyers' needs. Cash-strapped consumers and a high unemployment rate will mean that vehicles remain on the roads longer. Our strength in aftermarket parts will supply that demand – also in the emerging township and rural economies. Our ability to leverage the integrated business model to offer customers comprehensive value-added products and services will continue to attract business from our competitors.

Changes that started before the pandemic will accelerate and create new realities and preferences. We were particularly encouraged by our sales force's use of digital platforms during the lockdown period. Increased reliance on digital platforms and innovative mobility solutions will be a permanent feature of the automotive market.

Appreciation

Our people have shown the entrepreneurial determination that will carry Motus through the years ahead, and which positions us well to grow in the years beyond. We thank them sincerely on behalf of Motus' stakeholders of today and tomorrow. The board and shareholders owe a debt of gratitude to the management team. They were decisive and determined yet maintained their commitment to our people, to decency and our moral compass. They refused to give up and quickly developed an entirely new business plan aimed at survival. Our CEO, Osman Arbee and his executive management team, have led with distinction, showing gravitas and remarkable dedication to serve in the toughest of times. I wish to thank every one of our employees for their immense contribution and sacrifices they made during the year.

My fellow board members were committed and very involved in engaging with the management team during this period of immense uncertainty. Their maturity and insight were of great comfort and incalculable value to management and myself, and I extend my deep thank you to each one of them.

GW Dempster
Chairman

15 September 2020

Chief Executive Officer's review

COVID-19 and its implications for people, markets and countries the world over, must be among the most formidable challenges any of us have ever encountered. Our people and our company have responded with integrity, agility and an unbreakable entrepreneurial spirit, in an unprecedented and difficult trading environment.

Revenue

R73 417 million

(2019: R79 711 million)

Operating profit

R2 136 million

(2019: R3 620 million)

Headline earnings per share

296 cents per share

(2019: 1 009 cents per share)

No country or company can claim to have been ready for the crisis or its impact on the lives and livelihoods of millions of people across the globe. Motus had to shift its focus from optimising and growing the business, supported by a solid performance in the first nine months of the 2020 financial year, to ensuring short-term survival in the face of the crisis, and longer-term resilience in the "new normal".

In the last three months, we acted swiftly and decisively to preserve cash, outsell our competitors and adapt our business to the new realities of our markets during high levels of uncertainty. Although our financial performance for the first nine months was in line with expectations, full-year revenue declined by 8% to R73,4 billion and operating profit declined by 41% to R2,1 billion.

The first nine months indicated that our investment proposition is credible and solid and our resilience through the final quarter proved it. Looking to the future, we are confident that our uniquely integrated and diverse business model, strong relationships with suppliers and staff, scale and scope form a sound foundation for value preservation and value creation.

The first nine months

The impact of the crisis on our final quarter has been so extreme and exceptional that it demands separate comment. Throughout the first nine months, close management focus drove performance, corrected misalignments and cemented relationships, despite significant headwinds in the global and local economies.

The forgotten reality is that this financial year was tough, even before the crisis. South Africa was downgraded by the major credit rating agencies amidst a recession. Vehicle sales follow the strength of the economy and persistent challenges had been wearing down South Africa's economy for years.

Predictably, given these challenges, the South African new vehicles market declined by 6% for the first nine months to March 2020 when compared to the comparative period.

The British economy, too, was off-balance after years of Brexit uncertainty, low confidence, and instability when the crisis hit it early and severely. The UK market, excluding heavy commercial vehicles, contracted 13% for the first nine months when compared to the comparative period. Since the crisis peaked in the UK significantly earlier than in South Africa, we were already seeing the dramatic effect on purchasing patterns in March. Trading conditions also became tougher in Australia, where new vehicle volumes declined by 9% for the nine-month period.

However, our integrated and diverse business model once again buffered us against the impact of the declining trading conditions in the economies in which we operate. Consumers continue to buy down and our comprehensive product offering meets their needs for more affordable cars. Our unit volumes dropped only 1% during this period when the market declined by between 6% and 13%, reflecting the resilience our product mix provides. Entry-level vehicles, small to medium SUVs and crossovers performed particularly well.

The final quarter

In early 2020, the Asian operations triggered alarms of what was to come. Though nothing could prepare us for the devastation that COVID-19 would leave in its wake, it did not catch us entirely off-guard.

While public health experts tracked the spread of the virus and governments desperately attempted to stop it, only the most pessimistic economists predicted the depth to which COVID-19 would erode the global economy. South Africa was not spared from the economic crisis, suffice to say that new vehicle sales in South Africa dropped 98% in April 2020 and 65% in May 2020. The economy was brought to a virtual standstill.

In South Africa, President Cyril Ramaphosa locked down all but essential services from 27 March to 12 May 2020. Our dealerships, stores, head offices and distribution centres were all closed. A quota of 30% of the industry could return to work from 12 May, 60% from 25 May and by 8 June 2020 everybody could be back at their businesses. However, vehicle licence and registration offices remained closed until the first week of June 2020, which held back sales in May 2020.

The UK lockdown started four days before South Africa, by which time the crisis had already brought the UK to a standstill. While sales offices were shut, workshops were allowed to remain open. However, with no new vehicle sales and many customers too anxious to leave their homes, it was only the workshops for commercial vehicles that were allowed to operate. The UK government allowed all showrooms and workshops to reopen on 1 June 2020.

Our businesses in Australia remained open, but sales and servicing were depressed.

Initial response to the crisis

Planning, which started well before the announcement of the lockdown, allowed us to protect the company and our people. We needed to do three things: we had to keep our people safe, manage costs and preserve cash resources. We had to adapt to the 'new normal' before we knew what it would look like.

The business is structured around large trading volumes and a significant portion of our cost base includes property and people-related costs that take time to structurally reduce and rightsize. During the first month of lockdown, it was difficult to reduce the cost base

Although our financial performance for the first nine months was in line with expectations, full-year revenue declined by 8% to R73,4 billion and operating profit declined by 41% to R2,1 billion.

Free cash flow generated from operations

R3 004 million

(2019: R3 061 million)

Net asset value per share

6 653 cents per share

(June 2019: 6 185 cents per share)

significantly. We also had to accept that we could not escape taking tough decisions during this time of hardship. Our team, suppliers and shareholders would have to sacrifice income and unfortunately jobs would be lost.

We established a Crisis Committee at the beginning of the crisis. Its mandate was to:

- Understand the impact on the health of the staff and what health protocols were necessary for staff and customers.
- Create infrastructure to enable work-from-home capabilities.
- Communicating regularly with the staff, board members, funders and the investment community.
- Cash management and action plans.
- Cost management action plans.

Action plans during the lockdown

We reviewed all costs critically and imposed cost reductions across all categories. For payroll-related costs we implemented group-wide salary cuts for non-executive directors, directors and employees earning above R250 000 per annum; no salary inflationary increases for the 2021 financial year; we assisted employees with government relief funds wherever possible; and, as a last resort, we rationalised our workforce through short time, early retirements, voluntary and compulsory retrenchments. We postponed non-committed and non-critical capital expenditure, negotiated rental deferments with landlords, refocused advertising strategies, cancelled the interim dividend to shareholders and suspended the share buy-back programme.

The capital allocation strategy had to be refocused with head office taking control of all capital expenditure. We further engaged with OEMs, suppliers and funders for assistance.

Debt management was a key focus since the lockdown, as funders grew wary of the potential impact a prolonged lockdown would have on our ability to service debt commitments. Agreements with funders require us to maintain net debt to EBITDA below three times, while EBITDA to net interest must be kept above three times. As a precaution, we negotiated a relaxation on bank covenants with funders to ensure access to all banking facilities. The negotiated bank covenants required EBITDA to net interest above 2,5 times and net debt to EBITDA below 4,5 times until 31 December 2020. The short-term conditions are: no major business acquisitions; no major expansionary capital expenditure; and no share buy-backs and dividend payments. We ended the financial year well within the original bank covenant levels with significant headroom. As a result of strong trading cash inflows during and after the lockdown, we remained within the original bank covenants' requirements.

The Rand weakened since the beginning of the calendar year. However, we have bought forward exchange cover for Hyundai and Kia until the end of March 2021 at an average rate of R15,70 to the US Dollar and R16,80 to the Euro. Renault South Africa does not take forward cover, as Renault France shares in 50% of the net foreign currency movements.

While we were concerned about the availability of parts supply in February 2020, when Chinese suppliers were under threat of lockdown, these concerns were allayed when factories returned to full production during April 2020.

Performance under pressure

Our entrepreneurial and agile management teams responded with detailed business plans within two weeks of the announcement of the lockdown. Our customer-facing people shifted to online modes of operation to capture every business opportunity during the lockdown. Their success also speaks to the value of our recent investments in digital technology and online platforms.

The South African new vehicle market continues to be affected by the weak macroeconomic environment, lack of disposable income and consumer confidence. Industry margins will continue to underperform as consumers continue to delay purchases, trade down to cheaper vehicle models and place pressure on the quality of pre-owned vehicle supply. According to NAAMSA, South Africa retailed 441 586 units for the 12 months to 30 June 2020 (18,6% down from the prior year). At June 2020, our retail market share was 20,2% (June 2019: 18,9%). New vehicle sales for the 2019 calendar year of 536 626 units compared to management projections for the calendar year 2020 of between 350 000 to 380 000 vehicles, with growth from this low base projected at 420 000 to 440 000 vehicles in the calendar year 2021.

The UK new vehicle market has been negatively impacted by the crisis, resulting in weak business and consumer confidence and economic instability, further exacerbated by Brexit uncertainty. The market declined by 27% for the 12 months to June 2020. The passenger market was more negatively impacted than the commercial (trucking) markets. Since Motus is a large DAF commercial vehicle distributor, we maintain an advantageous position in the UK market as DAF vehicles are manufactured in the UK and has the leading commercial vehicle market share in the country.

The Australian automotive industry remains a highly competitive environment in a declining market reflecting the economic challenges, including tightening of lending, slow wage growth and the effects of extreme environmental disasters, including fires and floods. It has been further adversely impacted by the crisis and its dependence on the Chinese economy. The market declined by 14% for the 12 months to June 2020, with SUV vehicle models continuing to dominate the market.

Our contribution to society

We remained committed to enabling socioeconomic growth and making a difference in our communities throughout the pandemic. We have focused our attention on supporting those members of our society who are in the greatest distress. For them, our CSI programmes are more critical now than ever. Our support for libraries and medical clinics in the townships, youth development and road safety through school resource centres will remain priorities.

In South Africa, we contributed R4 million to the Solidarity Fund to assist with food and medical supplies to communities. Hyundai and KIA donated vehicles with Beekman canopies to Gift of the Givers, FoodForward South Africa, SANZAF, the Alexandra community, the Beeld Children's Fund and RADA. Mitsubishi assisted welfare organisations with the delivery of food to needy communities. Hyundai donated personal protective equipment (PPE) and sanitisation products to government hospitals. We assisted our African operations with PPE equipment and the UK business made vans available to assist with community projects.

Strategies for the future

We are well positioned to maintain our leading position in South Africa and to grow in selected international markets. Our strategic focus remains on deepening our competitiveness and relevance across the automotive value chain, by driving organic growth through optimisation, innovation and with selective bolt-on acquisitions.

Our short-term focus is to ensure the resilience of Motus in the volatile and uncertain environment resulting predominantly from the impact of COVID-19. Our long-term strategic priorities remain unchanged and are focused on ensuring we are the leading automotive group in South Africa, with a selected presence in the UK, Australia, South East Asia and Southern and East Africa.

The trend to buying down will continue as consumers remain financially stressed. However, our comprehensive product mix, brands and the excellent value our importer brands offer will continue to support our sales volumes during these financially difficult times.

We expect digital platforms and social media to retain much of their prominence. We intend to continue making the necessary investments in technology and IT solutions to maintain our competitive advantage.

We continue to pursue a multi-franchising model, which houses multiple dealerships at one address. This opens significant opportunities to capitalise on synergies and reduce operational costs. Given the unsurpassed scale of our operations and the fact that we own most of our premises, Motus is uniquely positioned to implement this global trend in South Africa.

Net debt to EBITDA (debt covenant)

2,2 times

(needs to be less than 3 times)

Earnings per share

165 cents per share

(2019: 953 cents per share)

EBITDA to net interest (debt covenant)

3,6 times

(needs to be more than 3 times)

Retail market share in SA

20,2%

(June 2019: 18,9%)

Our value-creating priorities and strategic goals are:

- **Drive innovation through improved technology:**
  Deliver innovative mobility solutions to customers. Leverage existing and enter new strategic partnerships to deliver innovative value-added services, products and enhanced customer experiences.
- **Adapt to the changing trading environment:**
  Agile and entrepreneurial management in our response to disruption.
- **Ensure market leadership:**
  Grow market share and maintain competitiveness in our local and international markets.
- **Invest in human capital and change management:**
  Develop and empower leaders, improve practices and processes and ensure a strong focus on transformation and succession.
- **Deliver stakeholder value:**
  Enhance financial performance and achieve financial targets. Remain committed to socioeconomic growth, creating employment and contributing to our communities.

Outlook and appreciation

The economic crisis caused by COVID-19 has had a profound impact on the financial and trading results for the year. Special measures taken during this extraordinary time have ensured that the balance sheet and cash flow of the Group remain solid. Our people have responded with integrity, agility and an unbreakable entrepreneurial spirit, in what is an extremely difficult trading environment.

The challenges created by the crisis have created a new economic reality. Our revised short-term focus is to anticipate the 'new normal' that will exist after the devastating effects of COVID-19 and to scale our business activities accordingly and responsibly.

Despite a slow recovery in the economies in which we operate, through the swift and decisive actions taken by the management team, a sound balance sheet and strong cash flows, we anticipate much improved operating and financial results for the year ending June 2021 in the new environment in which we find ourselves, subject to stable currencies and no further total lockdowns.

The resumption of dividend payments will be reassessed during the 2021 financial year based on the trading results.

For the long term, we are positive about the growth trajectory and that the integrated and diverse business model will provide a solid platform to continue to build a resilient and sustainable business. This will allow us to execute and deliver on our planned strategies.

We are positive about our future and are invigorated by the challenge to find growth, while we continue to build the business with an agile, entrepreneurial and resilient management team.

The name 'Motus' means 'motion' in Latin and embodies our passion to move forward, to change and drive progress. Our new branding, created very cost-effectively within the Group, gives us an opportunity to refresh, reset, reinvigorate and reach the broader Motus community.

Even more importantly, we have learnt during this crisis that the character of our people, their integrity, resilience and entrepreneurial determination is our deepest source of strength. Our people will carry us through these tough times and are already setting us up to thrive in the post-pandemic environment. Their willingness to sacrifice and to work against enormous odds throughout the past three months was humbling and inspirational. We say thank you to each one of our staff members.

Our deepest condolences and sympathies to the family and friends of Yasmin Abbubakir, Peter Adams, Rimtautus Kalendauskas, Russell Mumford and Jabulani Sibiya who passed away during the crisis, and Pollen Teffo who passed away after an accident at one of our parts distribution centres in South Africa. The health and safety of our people remains a priority.

A special thank you to the accounting team under the leadership of Ockert Janse van Rensburg, our CFO, who worked long hours and under difficult circumstances during the lockdown to produce these financial reports.

In addition, I would like to thank the executive management team, the board members under the leadership of Graham Dempster, the funders, suppliers and stakeholders for their invaluable support during these times, without which we would not have survived the unprecedented crisis.

We say farewell to Phumzile Langeni as a non-executive director after working with us for over 19 years, firstly at the Imperial Holdings and lately on the Motus board. We wish her all the best in her future endeavours.

Welcome to the Motus of tomorrow, where leaders, innovators and customer champions drive forward thinking.

O. Arbee

Osman Arbee
Chief Executive Officer

15 September 2020

New vehicle sales for the 2019 calendar year of 536 626 units compared to management projections for the calendar year 2020 of between 350 000 to 380 000 vehicles, with growth from this low base projected at 420 000 to 440 000 vehicles in the calendar year 2021.

Chief Innovation Officer's review

Our innovation strategy is focused on unmet and emerging consumer needs. We work methodically to discover new and profitable ways to deliver more value and better experiences for our customers. Finding new solutions to business and consumer challenges, we create a sustainable competitive advantage for Motus.

Motus is well placed to capitalise on digital trends.

Today, businesses are being challenged more than ever before to find viable strategies for innovation and digital enablement amid the wave of start-up disruptors, innovative competitors, and the fast pace of technological change. The ability to innovate and to automate has become central to competitiveness and indeed sustainability.

COVID-19 accelerated the shift in vehicle purchasing patterns from the traditional physical dealership to digital, online platforms. Motus' sales performance during the lockdown demonstrates that we have the technical ability, agility and entrepreneurial energy to lead this shift. While 'kicking the tyres' remains an integral part of the car buying experience, research shows that consumers are relying more and more on online information to shortlist their vehicle and dealership options before setting foot in a showroom. The increasing use of digital platforms for customers to choose and buy their cars online is another trend taking rapid hold in the industry. Though car buying will remain a complex consumer journey, largely due to finance and compliance/legislative requirements, we are aligned with this development and are investing significantly in a class-leading end-to-end digital offering.

Motus is well placed to capitalise on these trends. Over the past years we have invested significantly in digital platforms that generate valuable consumer insights and improve transactional processes which has progressed our next generation customer experience. Critically, we have a sales team adept at complementing online platforms with social media marketing and presence, electronic communication and, still most importantly, face-to-face interaction. For us, digital platforms are powerful tools in the hands of an indispensable, skilled and service-oriented sales force.

More broadly, our investment in innovation and a well-established culture of break-through thinking is supporting our ability to overcome the challenges of the post-pandemic automotive industry while preparing for longer-term shifts in human mobility. For Motus, innovation has three dimensions – internal innovation; strategic partnerships; and trends, concepts and pilot projects. We constantly ask: how might we better understand and capitalise on Motus' window of opportunity to create and deliver value through these three strategic focus areas?

Internal innovation

Motus deliberately and programmatically fosters innovative thinking at all levels of the organisation. In the past financial year, we exposed executives and employees to global leaders in innovative thinking through our membership of Plug and Play in Silicon Valley and 'Innovation Sprints' in conjunction with XU Exponential University (XU) Berlin. We also facilitated collaboration across divisions on proof of concept projects. These efforts culminated in the launch of the Motus Xponential (M^x) innovation initiative in October 2019.

The M^x digital platform will help us to harness the talent and energy of our employees and to foster a culture of innovation in our business. Within M^x our innovative thinkers, creative problem solvers and people interested in technology and innovation will be able to learn and share information on new ideas and technologies. They also have opportunities to demonstrate thought leadership on innovation and automotive trends. Collaboration between teams, departments or employees that would not normally engage with each other in their day-to-day business operations are at the core of M^x.

M^x is particularly well suited as a platform for training and online courses, which already include master classes on embracing entrepreneurship and a workshop on bringing innovation into the workplace. Future courses will cover artificial intelligence, digital disruption, the future of work and the fourth Industrial Revolution that has enabled the digitisation of the physical world through the application of the latest smart technology, like machine learning and computer vision. M^x will help us to identify employees who are highly engaged in innovation and will enable an annual innovation audit to measure the perception around innovation within the business.

In addition, we held a one-week innovation sprint, challenging employees to develop testable prototypes to improve the way we sell vehicles to first-time car buyers, by reducing the average vehicle sales transaction time. Two teams developed fresh, fun and engaging approaches targeting different audiences and needs. Both solutions are being tested – paperless deal files at Kia and Renault dealerships; and Moov, a web-based chat functionality that matches first-time buyers to a deal that meets their personal requirements.

Lifti ride-sharing for good

As part of our commitment to promoting mobility for good, Motus partnered with Lifti, a new ride-sharing app that offers a more affordable and convenient way to travel. Lifti connects drivers with passengers travelling in the same direction at similar times. It helps users to save money on their transportation costs, while also reducing carbon emissions, easing traffic congestion and relieving pressure on high-density parking by reducing the number of single occupant vehicles. The app enables commuters to choose with whom they want to share a ride, and both passengers and drivers can be rated. Payment is facilitated through a secure automated digital payment service.

We also focus on innovation trends that could add value to our business in the form of efficiencies, risk management or new products and services. These innovation trends include artificial intelligence; machine learning; computer vision; cloud computing; digitisation; block chain; and business process automation.

Chief Innovation Officer's review (continued)

Current informal lift clubs are created and managed by individuals using social media apps like Facebook, indicating a need for these services but matching is sometimes not that effective. In addition, there is no security screening or financial control system to regulate pricing to ensure compliance with government legislation regarding lift clubs. The Lifti app addresses both concerns with set prices and user background checks to verify identity documents. Users are also required to upload a photograph of themselves to aid the identification process. An added benefit is that the app provides a path to vehicle ownership, giving potential owners a flexible but assured income stream that contributes to meeting affordability requirements when applying for a car loan.

While the market has certainly shown demand for such a solution, the business model has been impacted by COVID-19-related concerns and because people were required to work from home. The Lifti initiative has been placed on hold pending the softening of the impact of COVID-19, which could result in an opportunity to involve banks in the offering – using reward programmes and preferential interest rates – to ensure the service's sustainability.

Innovation trends and strategic partnerships

The Motus innovation team continues to closely monitor the adoption and impact of several disruptive trends taking place in the industry, including:

- the electrification of drivetrains;
- connected cars; and
- shared ownership models.

We also focus on innovation trends that could add value to our business in the form of efficiencies, risk management and new products and services. These innovation trends include artificial intelligence; machine learning; computer vision; cloud computing; digitisation; block chain and business process automation.

To capitalise on these trends, Motus has been working with international leaders, including Plug and Play; Strategyn and XU. We are confident that these partnerships have enriched Motus and that our investments on that front will be rewarded with home-grown innovation.

Conclusion

We believe the innovation strategy within Motus is well defined, structured around global best practice and supported through key strategic partnerships. This strategy will foster innovation at every level of the organisation and create a culture of innovation and collaboration. This will ensure that innovation is established as a strategic capability across Motus to deliver innovations that will create value internally and externally to support the business in creating unassailable competitive advantage in our markets.

KCassel

Kerry Cassel
Executive director, CEO Financial Services and the Head of Innovation and Information Technology for the Group

15 September 2020

Innovation concepts and pilot projects

Our concepts and pilot projects distinguish between core innovations that enhance existing offerings or improve efficiencies, and disruptive growth opportunities that will allow us to reach new customers and markets.

Our current focus is on seven concepts:

1 Connected car

Connected car: We are leveraging third-party hardware to generate connected car data and developing the capability to build the back-end architecture that will enable us to manage the consumers' connected car experience. With this capability in house, we will be ready to switch to other data sources, for instance, when our vehicles have connected devices embedded during the manufacturing process. We expect Hyundai, Kia and Renault vehicles to be imported with this functionality within two years.

2 Digital car buying

Digital car buying: Motus launched the Bumpa project to offer secure end-to-end digital car buying in the private to private car buying market. Unfortunately, the weak economy and poor industry conditions severely curtailed business and Motus opted to put this project on hold.

3 Know your client

Digital onboarding, identity, Know Your Client in the finance and insurance environment: The first full live pilot was launched with Renault Centurion and learnings from the pilot have been incorporated into the production environment. The pilot was a large undertaking between multiple domains, systems and parties as well as with four of the South African banks. Rollout was planned for April 2020 but because of COVID-19, this was postponed. The intervening months have been used to ensure that all elements of the process are working in unison and that our banking partners approve. Our intention is to have achieved full rollout of face-to-face onboarding by October 2020. The next phase of the project will be the development of full remote client self-onboarding.

4 Computer vision

Computer Vision: This project relies on augmented reality, machine learning and artificial intelligence to detect dents and scratches and automate claims processes.

5 Mobility as a service

Mobility as a Service (MaaS): This lift club solution, of which Lifti is a prime example, matches car owners and passengers from the same neighbourhoods who travel in the same directions, at the same times. The service ensures that passengers can travel short or long distances comfortably and reliably while drivers are afforded the opportunity to share their fuel costs with passengers by offering their empty seats.

6 Big data

Big data: Motus successfully concluded a partnership with Discovery Insure to launch a usage-based warranty product in June 2020 that will be marketed to the Discovery Insure customer base. The partnership leveraged their combined data to deliver a world first usage-based warranty product. Both Motus and Discovery Insure have ambitions to expand the product offering into service and maintenance plans, which will provide further growth opportunities.

7 Business process

Business process automation and digital transformation: This project focuses on technology-enabled automation of complex business processes. It aims to streamline our business for simplicity, achieve digital transformation, increase service quality, improve service delivery and contain costs.

Chief Financial Officer's review

COVID-19 and the ensuing shock to the global and local economy, had a significant impact on the financial performance for the year ended 30 June 2020. The after effects of the economic crisis will be felt long into the future.

Revenue

R73 417 million

(2019: R79 711 million)

Operating profit

R2 136 million

(2019: R3 620 million)

Net asset value per share

6 653 cents per share

(2019: 6 185 cents per share)

Our business was performing ahead of the prior year in terms of revenue and operating profit until March 2020. In quarter four, the Group experienced a significant decline in demand for our products and services as a consequence of national lockdowns, during which time our operations were either closed or subject to drastically reduced activity levels. Delays in the reopening of certain public services, especially in South Africa, further impacted activity.

Our financial response to COVID-19

The Group responded by shifting our financial priorities to align the business to the new reality that COVID-19 has presented, including:

- Specific focus on preserving cash and access to funding.
- Containing costs and focused on rightsizing of operations.
- Review of the carrying values of operating assets to adjust to the changed environment.

Performance review

Revenue decreased by 8%, with all business segments impacted, except for the Financial Services segment which was in line with prior year. The decrease was mainly due to lower vehicle unit volumes attributable to the global COVID-19 crisis, which resulted in severe vehicle market contraction across all geographies in which we operate as well as a reduction in parts and service sales. This was partially offset by an increase in selling prices and the bolt-on acquisitions in the UK and Australia.

Operating expenses, excluding depreciation, decreased by 12%. The decline in operating expenses is due to cost containment and the rationalisation of our operational footprint and staff compliment across our business segments.

Overall, the Group has contained costs successfully over the past three years, but the COVID-19 crisis has required the implementation of a number of additional cost-cutting measures which focused on reducing costs and preserving cash. Swift and purposeful actions were targeted at aligning the Group to the changing economic environment.

Operating profit declined by 41% to R2 136 million (2019: R3 620 million). The operating margin of 2,9% is significantly lower than the prior year operating margin of 4,5%.

The Import and Distribution segment reported an 8% decline in revenue with growth in operating profit of 2%, the Retail and Rental segment reported an 8% decline in revenue with an operating profit decline of 79%, the Financial Services segment reported stable revenue and operating profit and the Aftermarket Parts segment reported a decline in revenue and operating profit of 6% and 35% respectively.

The Group incurred a number of once-off costs during the year. These included goodwill and intangible asset impairments of R289 million, retrenchment and other closure costs amounting to R171 million, a deferred tax asset write-down of R107 million, property impairments net of reversals of R101 million and other impairments of R15 million. The once-off cost incurred in the prior year was as a result of the once off impact of share-based payment expenses of R160 million from the unbundling of Motus from Imperial Holdings.

Headline earnings per share (HEPS) for the year was 296 cents per share.

Net working capital balances increased primarily due to higher inventory levels carried at the dealerships due to reduced vehicles and parts sales, accelerated vehicle for hire de-fleets, currency adjustments and acquisitions.

ROIC declined to 6,4% (2019: 13,5%) mainly due to higher invested capital to fund working capital and vehicles for hire and reduced profitability. WACC improved to 9,8% (2019: 10,7%) primarily due to the increase in debt.

More information on our financial position is provided on pages 134 and 135.

IFRS 16 – *Leases*

This statement became applicable on 1 July 2019 and required an additional R2,4 billion in interest bearing debt to be raised on the statement of financial position from that date.

Debt and liquidity

Net debt to equity is 60% (June 2019: 56%), which is within the Group target levels of 55% to 75%. Core debt increased by 21% mainly due to working capital requirements. Our net debt to EBITDA is 2,2 times (June 2019: 1,4 times) and EBITDA to net interest, is 3,6 times (June 2019: 6,2 times). Both have been calculated by applying the covenant methodology used by our debt providers and we remain well within the levels as set by debt providers of below 3,0 times and above 3,0 times respectively. However, the debt providers have provided a relaxation of covenants of below 4,5 times and above 2,5 times respectively for the June and December 2020 covenant measurement periods.

Net asset value per share increased by 8% to 6 653 cents per share (2019: 6 185 cents per share).

We generated significant free cash flow of R3 004 million (2019: R3 061 million) from operating activities before vehicles for hire capital expenditure.

Our liquidity position remains strong, with R7,6 billion of unutilised banking facilities. A total of 80% of the Group's debt is long-term in nature and 29% is at fixed rates. Excluding floorplans, which can be seen as part of the working capital cycle, 35% of the debt is at fixed rates.

Conclusion

The global nature of COVID-19 has created an immensely challenging and volatile time for us and our focus continues to be on ensuring the resilience and financial sustainability of the Group over the longer term.

My sincere appreciation goes out to the global finance and legal teams, including our auditors, for the combined efforts in ensuring the year-end processes went smoothly during a period of social distancing and limited physical interaction. It is also with great sadness that we lost a long-standing colleague, Russel Mumford, our Head of Group Finance and Treasury. He will be sorely missed by the team and we offer our sincere condolences to his family and friends.

We will continue to adapt, remain agile and take decisive actions in how we preserve and allocate our financial resources, to see Motus through these difficult times.

Ockert Janse van Rensburg
Chief Financial Officer

15 September 2020

Free cash flow generated by operations before capital expenditure was R3 004 million (2019: R3 061 million), driven by our focus on cash preservation.

Automotive industry

Economic

The COVID-19 pandemic has constrained world trade, disrupted global supply chains and manufacturing, devastated the tourism industry and severely impacted the global economy.

South Africa

In South Africa, existing socioeconomic challenges have been exacerbated by the impact of COVID-19, with depressed growth, large fiscal deficits, increasing debt, high unemployment levels, credit rating downgrades by major international credit rating agencies and high social vulnerabilities. South African GDP is forecast[1] to decrease by 11% for 2020, rebounding by 6% off a low base for 2021.

Historically contributing more than 6,4% of South Africa's GDP[2] (including 2,4% from the retail segment) and accounting for more than 15,5% of total export value, the automotive industry will play an important role in the country's economic recovery.

The South African new vehicle market continues to be affected by the weak macro-economic environment, lack of disposable income and low consumer confidence. Industry margins will continue to underperform as consumers continue to delay purchases, trade down with the shift to cheaper vehicle models and place pressure on the quality of pre-owned vehicle supply.

According to NAAMSA, the South African new vehicle market declined by 18,6% for the 12 months to 30 June 2020[3], from 542 411 vehicles down to 441 586 vehicles year-on-year. Motus new vehicle volumes are down 14,3% overall year-on-year, with our Importer brands only down 12,2% year-on-year and Retail and Rental down 20,7%. Despite the contraction in the vehicle market, our market share of the retail vehicle categories in which we operate increased from 18,9% to 20,2%.

New vehicle sales for the 2019 calendar year of 536 626 units compare to projections for calendar 2020 of between 350 000 and 380 000, with growth from this base projected at 420 000 to 440 000 vehicles in calendar year 2021.

South African vehicle market (calendar years)

2019	536 626 vehicles	
2020	Projection	350 000 to 380 000* vehicles
2021	Projection	420 000 to 440 000* vehicles

*Projected to include 30 000 car rental units.

United Kingdom

The UK new vehicle market has been negatively impacted by COVID-19 resulting in weak business and consumer confidence, general political and economic instability and further exacerbated by Brexit uncertainty. The market declined by 27% for the 12 months to 30 June 2020.

Australia

The Australian automotive industry remains a highly competitive environment and impacted by COVID-19 resulting in a declining market reflecting the economic challenges, including tightening of lending, foreign exchange volatility, slow wage growth, the effects of extreme environmental disasters including fires and floods and its dependence on the Chinese economy. The market declined by 14% for the 12 months to 30 June 2020, with SUV models continuing to dominate the market.

Where we stand

- Our differentiated income streams provide resilience to adverse economic pressure.
- A proportion of the income is not dependent on new vehicle sales.
- The business will benefit from an entrepreneurial team, the integrated business model, high efficiency and a moderate improvement in economic conditions.

[1] *Latest Econometrix forecast (June 2020).*
[2] *NAAMSA press release (June 2020).*
[3] *Year-on-year period covers the 12 months to 30 June 2019 versus 12 months to 30 June 2020.*

Sector

The automotive industry remains highly competitive with technological advances and increasingly empowered consumers. As the connected consumer becomes more prevalent in the market, it is imperative to remain relevant to the needs of the digitised consumer and adapt business models accordingly.

In South Africa, key trends shaping the automotive industry include:

Competition

- Highly competitive markets are resulting in vehicles, parts and services being sold at lower prices to maintain market share.

Structural realignment

- The trend towards buying down has resulted in significant volume reductions in the luxury vehicle segment and reflects a permanent structural realignment of the new vehicle market and growth in the pre-owned market, entry level vehicles and small SUVs, as consumers continue to trade down due to affordability.

Regulation

- The application of new and emerging regulation, including the Competition Commission's Automotive Aftermarket Advocacy Programme (also known as right-to-repair), remains uncertain.
- Protection of Personal Information Act (POPIA) is the comprehensive data protection legislation enacted in South Africa that aims to give effect to the constitutional right to privacy, while balancing this against competing rights and interests, particularly the right of access to information. It came into force on 1 June 2020, with a one-year period in which to achieve compliance.

Read more about the impact of emerging regulation on our business in managing our risks on page 45.

Disintermediation

- Two premium brand OEMs have moved towards an agency model. This could lessen dealer network relevance, but this has significantly reduced the working capital required as there is no owned new vehicle stock.
- Financial services providers are expanding their offerings in the vehicle value chain and may broaden relationships with OEMs directly in the future.

COVID-19 crisis

- The inevitable recession and resulting job losses caused by the crisis will exacerbate existing unemployment levels.
- Tightening market liquidity will result in financial institutions reducing motor vehicle funding to qualified buyers.
- Travel restrictions have significantly reduced tourism and demand for rental vehicles, resulting in severe market contraction.
- The pre-owned vehicle market is expected to be quite buoyant.
- Weak currency is impacting pricing.

Where we stand

- Our strong relationships with OEMs support highly competitive pricing.
- We provide a brand and model mix aligned to customer preferences and affordability.
- Our scale, scope, expertise and relationships enable us to anticipate and respond to longer-term structural changes.

Automotive industry (continued)

Global

New technologies and emerging entrants are rapidly changing the way consumers buy, own, use and drive cars, forcing changes to products and business models. While the four global mobility trends discussed below shape the global automotive industry, in South Africa these trends are likely to take longer to emerge given economic constraints and lack of infrastructure.

Mobility as a Service

Consumers are moving from personal vehicle ownership models to mobility solutions that are consumed as a service, on demand, at specified times and places. Mobility fleet operators are likely to continue growing by leveraging their networks to provide more tailored services. Dealership models and vehicle financing could also change, with greater emphasis on offering fewer highly customised products and a shift toward fleet management services.

Digitisation

Consumers are demanding technology that is smarter, simpler and in line with their needs. The automotive industry must transform the customer experience to one that is digital, omnipresent and omni-channel, and reflects the customer experiences enjoyed in the retail, banking and a host of other industries.

Electrification

Interest in electric vehicles is growing as stricter emission regulations, lower battery costs and more widely available charging infrastructure create momentum in their development by OEMs and adoption by consumers. By 2030, electric vehicles could make up close to half of new vehicle sales, with adoption rates being highest in developed urban areas which have strict emission regulations, and slower in rural areas with less charging infrastructure and longer travel distances.

Investment in the infrastructure and resources to support electric vehicles will focus on in developed economies, while developing markets, like South Africa, are likely to experience challenges in funding this shift over the medium term.

Autonomous vehicles

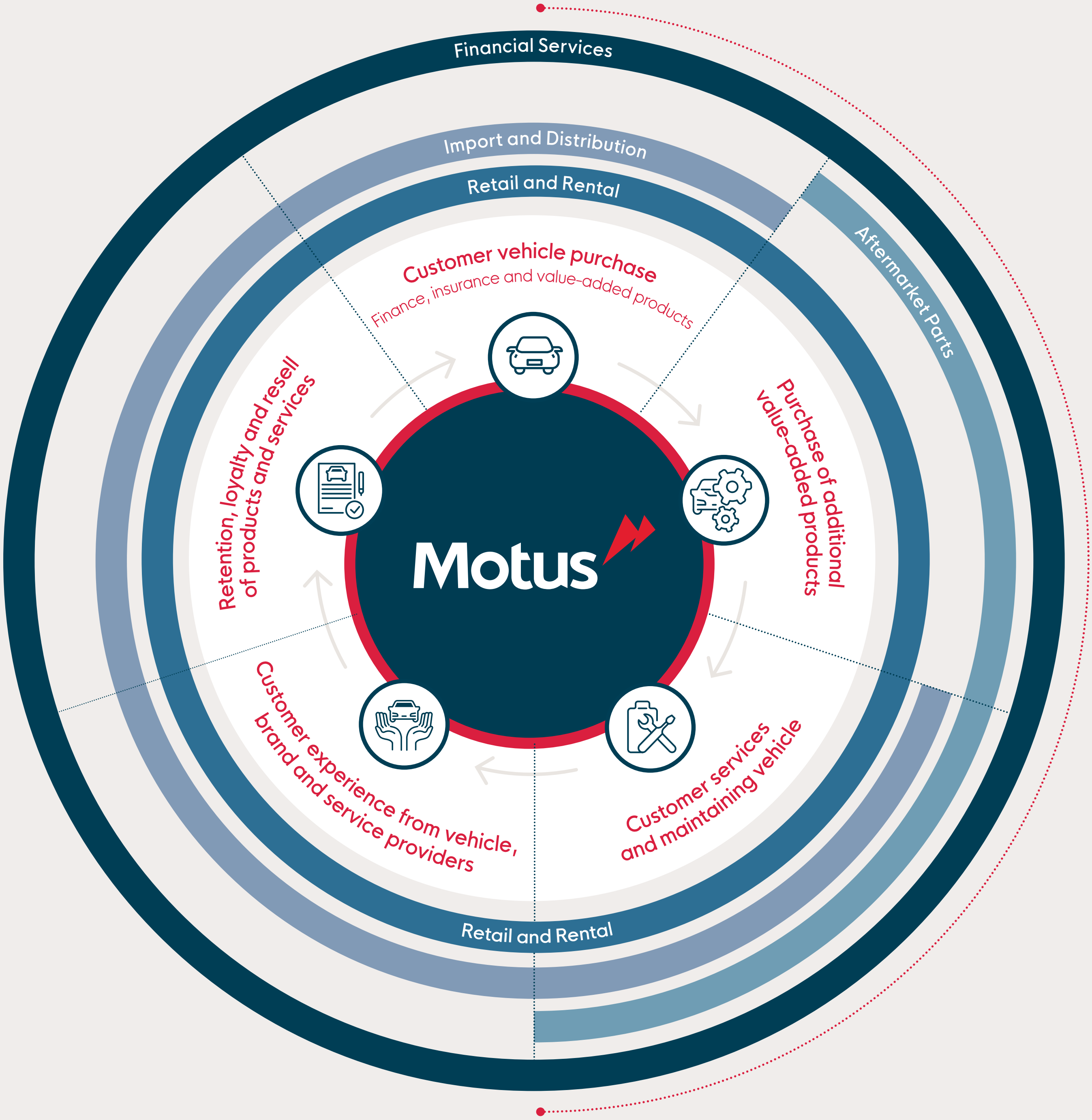
Fully autonomous vehicles are expected to be a reality in the medium term. Current advanced driver-assistance systems will drive regulator and consumer acceptance. Increased connectivity of vehicles with integrated software, remote operations and real-time monitoring will increase the safety of passengers.

Where we stand

- Our first-hand access to changes in developed markets, specifically the UK and Australia, will provide the insight we need to prepare for developments in our core market.
- Our financial services business has a proven track record of improving customer engagement through innovative channel and product development, underpinned by its data analytic capabilities.

Integrated business model

Our ability to continually deepen our competitiveness, maintain our market shares and position our business for the structural disruption in our market, underpins our ability to create value for all stakeholders over the long term.



We participate in all aspects of the vehicle ownership cycle, which diversifies our revenue and profit streams and is cash generative. This enables us to cross sell, and leverage synergies and efficiencies across our business.

Integrated business model (continued)

Our capital inputs

Capitals	Inputs
Financial capital A strong balance sheet, strong cash flow generation, structured capital allocation and financial disciplines to ensure our resilience and support sustainable returns for our stakeholders.	• Our ability to generate cash provides liquidity to fund working capital, invest in deepening our competitiveness. • Strong, focused cash preservation, focusing on cost containment and financial discipline. • Disciplined capital management and allocation to ensure strategic flexibility.
Human capital A skilled, diverse, productive and motivated workforce enables us to operate in a cost effective and efficient manner to meet stakeholder needs. In turn, we work to provide our employees with career growth opportunities and a fair, rewarding and safe work environment.	• 17 499 employees (2019: 18 628). • Training spend of R177 million (2019: R137 million). • An experienced and diverse leadership team. • A high-performance, inclusive and collaborative culture that supports diversity, innovation and entrepreneurial flair. • A human capital strategy that focuses on developing and empowering employees, improving people practices and processes, transforming the workforce and ensuring robust succession. The strategy is aimed at making Motus an employer of choice.
Social and relationship capital The trust of our stakeholders and building quality relationships with them, enables us to secure our reputation and licence to operate, and achieve our strategic objectives.	• Strong relationships with OEMs, suppliers and customers, as well as business partners, who include joint venture and technology partners. • Our constructive relationships with regulators, governments and local communities. • Commitment to socioeconomic development by making a real difference in our communities, directing our contributions to improving literacy and community healthcare, and promoting road safety awareness. • Qualifying enterprise development spend of R26 million in South Africa (2019: R89 million). • CSI spend of R28 million, supporting education, youth development and road safety (2019: R29 million).

Our outcomes

Outcomes

- Revenue of R73,4 billion (2019: R79,7 billion).
- Operating profit of R2,1 billion (margin of 2,9%) (2019: R3,6 billion).
- Headline earnings of R550 million (2019: R1 977 million).
- HEPS of 296 cents per share (2019: 1 009 cents per share).
- Net debt to equity ratio of 60% (2019: 56%).
- Net debt to EBITDA of 2,2 times (2019: 1,4).
- Free cash flow generated from operations of R3 004 million (2019: R3 061 million).
- Decisions taken to preserve cash during COVID-19 include:
  - No dividend payment (2019 full year dividend: 490 cents per share)
  - No share buy-backs, with pre-crisis share buy-backs of R313 million (2019: R780 million).
  - Agreed short-term relaxation of debt covenants with funders.

More information on our financial performance is provided in the Chief Financial Officer's review: page 30.

- 79% of employees in South Africa of whom 73% are black.
- Black representation at top management level in South Africa of 30% (2019: 31%).
- 211 employees participated in managerial development programmes (2019: 654) – 70% of participants were black and 25% were women.
- 795 apprentices enrolled at the Motus Technical Academy (2019: 686) of whom 86% are black.
- Implemented new ways of working for our people and customers in response to COVID-19.
- Complied with all health and safety guidelines for COVID-19.
- Rightsizing of operations and targeted reduction of staff costs through early retirement and retrenchment process.

More information on our people is provided in the leadership and people sections: from pages 16 and 82 respectively.

Read the full review online: Be an employer of choice in the automotive industry.

- Through our membership in NAAMSA, we are working with the Competition Commission to achieve sound and pragmatic outcomes that support the objectives of the Automotive Aftermarket Advocacy Programme.
- The Imperial and Motus Community Development Trust supports 45 school libraries reaching over 50 250 learners and assisting over 1 400 teachers.
- Received recognition from the Gauteng Department of Education for the best public private partnership for the work done by the Imperial and Motus Community Trust.
- Contributed R4 million to the Solidarity Fund to assist businesses and communities with food and medical supplies.
- Hyundai and Kia each donated vehicles with Beekman canopies valuing R2,9 million in total to various organisations to assist during the crisis, Mitsubishi assisted with feeding schemes and in the UK, vehicles were made available to staff to assist with community support projects.
- Increased engagement with stakeholders to manage the impact of COVID-19 on relationships.

More information on stakeholder engagement and other social initiatives is provided in the stakeholder engagement and social and environmental impact sections: pages 40 and 93 respectively.

Read the full review online: Provide a safe and healthy operating environment for our stakeholders; and Maintain strong relationships with broader communities.

Integrated business model (continued)

Our capital inputs (continued)

Capitals	Inputs
Intellectual capital Our business model depends on effective management systems. Our IT architecture plays a critical role in securing our data, improving efficiencies and integration across our business segments. This assists in providing insight and oversight to ensure continuity, and drive competitiveness and agility as our operating environment evolves.	• Our relationships and capability enable us to continuously align with digital, mobility and automation trends, and adapt to meet changing customer needs. • Investment in IT, innovation and training to support our collaborative customer engagement model and enhance the customer experience across the vehicle ownership cycle. • Ongoing optimisation of operating models and responsiveness to disruption. • Continued focus on IT security and governance to ensure safety of data and systems, aligned to a new way of operating, during COVID-19.
Manufactured capital Our property, plant and equipment gives us the capacity to generate longer-term returns for our stakeholders.	• A network of 329 dealerships and 98 car rental outlets in Southern and East Africa supplemented by 88 commercial and 32 passenger dealerships in the UK and 36 passenger dealerships in Australia. • Investment in the maintenance of our assets to ensure that they operate in a safe, reliable and efficient manner. These include properties and facilities, either owned by Motus or by others (independent dealerships and outlets), as well as movable assets, for example the rental fleet. • Motus owns real estate worth R7 billion to support its businesses.
Natural capital The critical natural resources required by our businesses are water, electricity and fuel as well as paper in administrative environments.	• Our commitment to operating in an environmentally conscious and responsible manner. • Our environmental management approach supports our value proposition and credibility among OEMs, customers, strategic partners and employees. • 603 509 kilolitres of water consumed (2019: 611 223). • 75 713 megawatt hours of electricity purchased from municipalities (2019: 80 146). • 19 million litres of road fuel consumed (2019: 22 million).

Our outcomes (continued)

Outcomes

- Increased our ability to engage remotely with our customers, including through online platforms and apps.
- Partnered with Discovery Insure in South Africa to launch a new warranty product for Vitality Drive customers, rewarding them for good driving behaviour.
- Made good progress in readying the Group for compliance to POPIA, including the publication of the Motus Promotion of Access to Information Manual on our websites.
- Finance and Insurance Management Solutions (FAIMS) continued to pilot its new customer onboarding process, which significantly speeds up the verification of customer data.
- Extended the service and maintenance plans for Hyundai, Kia, Renault and Mitsubishi vehicles to ensure customers did not lose these benefits during the nationwide COVID-19 lockdown in South Africa.

More information can be found in Chief Innovation Officer's review and our risk management report from pages 26 and 42 respectively.

- Postponed non-critical capital expenditure due to COVID-19.
- Exploring multi-franchise dealership opportunities to rationalise footprint.
- Right-sized operations by closing 19 rental branches.

More information can be found in Chief Executive Officer's review: page 20.

- Achieved an environmental score of 3,3 out of 5 in the FTSE4Good Index Series.
- 116 667 tCO_2 across scopes 1 and 2 emissions (2019: 128 270).

More information on environmental management is provided in the social and environmental impact section: page 93.

Read the full review online: Operate in an environmentally conscious and responsible manner.

Stakeholder engagement

Our stakeholders include a wide range of groups and individuals who may be affected by our activities, products and services, and whose actions can be reasonably expected to affect our ability to successfully implement our strategic objectives. Our stakeholder groups have varying levels of involvement in the business, and diverse and sometimes conflicting interests and concerns that need to be balanced over time.

1 Business relationships

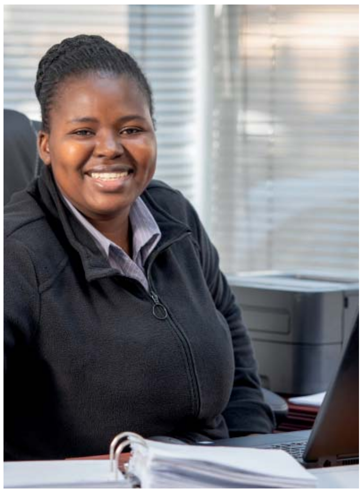
- **Customers** – our customers' needs drive the nature of the products and services we offer and the way in which we deliver them. Strong competition and changes in operating contexts require that we strengthen our customer focus and unlock value for them.
- **OEMs** – many OEMs have specific requirements on how we retail their products and our suppliers are critical to our customer relationships given their role in the quality and delivery of products and services, as well as their adherence to our ethical standards.
- **Suppliers** – our suppliers, and their adherence to our ethical standards, are critical to our customer relationships given their role in enabling the quality and delivery of our products and services.
- **Business partners** – strategic partnerships, including finance partners, broad-based black economic empowerment (B-BBEE) partners and joint venture partners, enable a greater reach for our products and services.

Key issues and concerns raised

- Ensuring transparency throughout the vehicle purchasing process.
- Value for money vehicles, parts and services that meet customer affordability needs.
- Customer communication focusing on vehicle availability, as well as parts and vehicle delivery dates and service completion times.
- Meeting OEM customer satisfaction targets.

2 Our people

- **Employees** – every employee contributes skills, perspective and energy to building, maintaining and deepening the relationships with our customers and other stakeholders on which we depend. Providing a high-quality working environment with career development interventions, as well as our ability to attract and retain talent are key imperatives.
- **Organised labour** – many of our employees choose union representation in exercising their rights. While we respect their choice to do so, it can never diminish our obligation to interact directly with them as individuals in a fair, open and respectful manner.



Key issues and concerns raised

- Safe working environment, particularly during COVID-19.
- Retrenchments caused by the need to rightsize operations.
- Diverse and inclusive work culture that supports transformation.

3 Financial capital relationships

- **Owners** – share owners expect favourable long-term returns on their investments in the Group and have the inalienable right to exercise effective ownership over their investments. Any dilution of this ownership right by management for whatever reason will irretrievably undermine our corporate integrity.
- **Investment community** – research analysts facilitate an understanding of the Group for our owners and prospective investors, who provide the capital we need to deliver our strategy. Collectively, the investment community supports the effective functioning of equity markets, which is essential to attracting capital at a fair price.
- **Debt providers** – we work with debt providers to access debt funding at competitive rates in different jurisdictions, facilitated by our balance sheet position.

Key issues and concerns raised

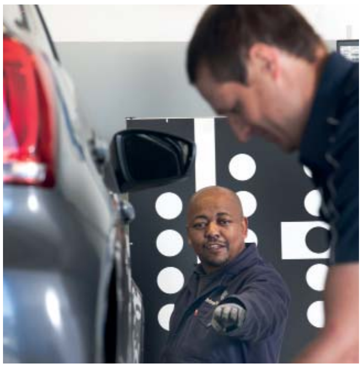
- Ability to fund the growth strategy.
- Response to weaker domestic outlook and declining new vehicle sales.
- The impact of foreign currency volatility on margins, volumes and related product pricing.
- Response to economic impact of COVID-19 on the reduced profitability, higher debt levels and longer-term sustainability.

4 Regulatory relationships

- **Government departments and regulators** – the Group is subject to a complex range of regulations across our markets.
- **Industry associations** – our memberships enable us to advocate for more effective regulatory policies.

Key issues and concerns raised

- General compliance with legal and regulatory requirements.
- Support transformation of the automotive industry in South Africa.
- Response to cyber-security risks.
- High duties, ad valorem taxes and the carbon tax.



5 Societal relationships

- **Civil society and communities** – our social licence to operate depends on being a good corporate citizen and maintaining constructive relationships with the communities in which we operate.
- **Media** – provides a channel of communication with our stakeholders and influences their opinions about the credibility of our investment proposition and reputation.

Key issues and concerns raised

- How the Group is addressing climate change risk.
- Skills development, job creation and enterprise and community development.
- Job creation and meaningful employment.
- Procurement strategies that support transformation.

More information on our responses is provided in our material priorities section on page 50.

Managing our risks
Risk management framework

Motus has a strong risk management approach embedded in the day-to-day operations of the Group, facilitating responsible risk-taking in management decision making. Our risk management framework identifies and assesses risks at strategic, business and operational levels.

Governance and structure

Risk management framework
Foundational principles and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the Group.

The board and its committees
The board is responsible for the governance of risk and ensures that formal risk management processes are implemented to effectively identify and manage the risks facing the Group.

Exco and finance and risk review committees (FRRCs)
Assume executive responsibility for management of all risks and implementation of risk governance processes, standards, policies and frameworks.

Risk management process and control framework

The process of risk management is to systematically apply management policies, procedures and practices to the following risk activities:

- Risk appetite and tolerance
- Risk taxonomy
- Communication and consultation
- Risk assessment
- Risk response
- Monitoring and review.

Key risks are managed using:

- Policies, standard procedures and practices
- Internal controls.

Three lines of defence governance model

Our combined assurance framework promotes accountability and consistency. It supports a co-ordinated approach to risk management throughout the Group and provides assurance that significant risks are being effectively managed.

FIRST LINE of defence (management)
Responsible for the identification and management of risks, in line with agreed risk policies, risk appetite, tolerance levels and controls at an operational level.

SECOND LINE of defence (risk management, compliance, legal, quality control functions)
Responsible for the oversight and monitoring of different risks and provides the first line of defence with the appropriate tools to effectively manage identified risks.

THIRD LINE of defence (internal audit, external audit, independent assurance providers)
Provides independent oversight and assurance to the board and senior management on the adequacy and effectiveness of controls implemented.

All three lines of defence report to the board directly, or through the audit and risk committee and/or social ethics sustainability (SES) committee.

PEOPLE, PROCESS, DATA, SYSTEMS, INFRASTRUCTURE

RISK CULTURE AND VALUES

Our top risks and responses

Our embedded enterprise risk model identifies and assesses existing and emerging risks. Our processes aim to fully understand these risks and how they affect our strategic, operational, reporting and compliance objectives by establishing the impact and likelihood of the identified risks and the actions required to mitigate and control them. The model also identifies the associated opportunities where effective risk management can be turned into a competitive advantage.

Any risk taken is considered within risk appetite and tolerance levels which are reviewed and, where applicable, updated on a quarterly basis and approved by the divisional FRRC and the Group audit and risk committee.

Emerging risks are those risks where the extent and nature of the potential impact on the business is uncertain. Emerging risk themes that have been identified for increased management attention include the increased risk of employee fraud and misconduct due to the current economic environment, reputational risks arising from the increased use of digital communication, potential changes in consumer buying patterns that may impact the viability of the dealership model, and environmental factors like climate change.

Managing COVID-19

Every territory in which Motus operates has been affected by COVID-19, but responses have been different in each region around the world. Across our businesses, appropriate steps have been taken to protect the wellbeing of our people, customers, and communities.

Our immediate response was to form a Crisis Committee, headed up by the CEO, to ensure co-ordinated action is taken across the Group. The Crisis Committee continues to monitor the latest guidance from the health authorities and provides regular updates to the board and to our people. It continues to monitor and assess the situation closely and has implemented controls across all our businesses to prevent and minimise potential infections and transmission of COVID-19. It has also developed contingency plans should senior leaders and executives be affected. Our environments were prepared for the safe return of our employees, customers and suppliers as lockdown restrictions have been eased.

In the medium term, we will redefine certain key operating models and business practices. In certain instances, we have redesigned the interface between our people and customers as well as other stakeholders, by limiting face-to-face interactions and relying on virtual environments and our omni-channel delivery method. This increased dependence on technology and related digital strategies presents a fundamental shift in our operating model, and will support not only our long-term sustainability but also our competitiveness in the current trading environment. Motus will continue to leverage our established capabilities to identify opportunities to deepen our competitive advantage. We aim to move faster and with more confidence than our competitors, underpinned by agile and risk-aware decision making, rooted in our entrepreneurial culture.

Our top ten risks

Our risk management process considers the environment inside and outside the organisation. In identifying the top risks, management considers their material effects on our business, financial condition or operations, resulting in a quantitative and qualitative impact on the business. All the top business risks identified are considered and incorporated into the development of the Motus strategy and our associated objectives, priorities and targets.

Risk	Context	Response
1 Negative growth in the geographies in which we operate	The outlook for economic growth in our markets is poor. The recession prior to COVID-19 and credit downgrades of the South African sovereign rating were already adversely impacting the economy, our operations and customer base. The impact of COVID-19 is expected to be significant in the short term and recovery is anticipated to be of a longer-term nature. The ability of our operations in multiple geographies to resume business activities, while ensuring the safety of our people and customers, and managing associated costs, will be critical to a swift return to the 'new normalised' economic activity. In addition, the ongoing political instability, unemployment and social impact in certain countries in which we operate, will continue to negatively impact economic growth on the continent and affect profitability and cash generation.	• Focus on cost management, extracting financial and operational efficiencies, and reviewing the dealership footprint. • Regular review, analysis and reporting of product margins, unit growth and aggressive balance sheet management with particular focus on working capital investment. • Continue to provide service excellence and innovative client offerings, to support sustainable margins. • Focus on new opportunities and expedite digital sales channels to market with a focus on offering niche products and services. • Ongoing monitoring of the political environment to identify possible positive or negative impact on our operations and assess any opportunities. • Selective strategic diversification across sectors and geographies in the medium term.
2 Currency volatility in the markets in which we operate	Currency volatility has a direct impact on the costs of imported new vehicles and parts, affecting the competitiveness and profitability of our products and services and maintenance plans. The ability to manage Rand volatility by hedging against major currencies at competitive rates has also been impacted by the downgrade of the South African sovereign rating and COVID-19. Foreign currency translation differences will arise on the consolidation of foreign subsidiaries in the reported results.	• Active management of currency volatility through established hedging strategies, policies and governance structures. • An Africa treasury committee is in place and receives regular presentations on the current and future state of the African countries in which we operate to understand risks. • Foreign currency exposure and conversion is actively monitored by management to manage the effect of currency changes on pricing and to assess appropriate hedging strategies. • Monthly forex committee meetings are held to discuss committed and forecast vehicle orders to understand forex requirements. • Quarterly asset and liability committee meetings are held, chaired by the Chairman of the board, to review funding requirements, currency hedging, asset allocation, interest rates, funding of acquisitions and other cash management considerations.

Risk	Context	Response
3 Regulatory compliance	Motus is subject to a wide range of legislation, which it monitors to ensure compliance. Any breach of compliance could result in fines or sanctions that affect Motus' profitability and may damage our reputation. Monitoring the changes in legislative environments and interpretations of law is of key importance due to the potential for negative consequences to our business model and operations. Key material legislation impacting our landscape are shown below.	• The Motus compliance universe is managed within the approved risk and appetite framework. At a Group level, compliance monitoring is done by: – confirming that current legislation has been operationalised into existing processes and procedures; – ensuring that statutory and tax related legislation is correctly managed; and – scanning the environment for any material changes to the current legislative landscape. Material changes are defined as those impacting our business model or the core market dynamics. • Operationalise our approach by ensuring: – Compliance officers are in place and compliance audits are conducted quarterly. – Centralisation of specialist areas to where compliance risk is high, for example central monitoring of financial services regulations for compliant sales of finance and insurance products. – Increased engagement with business leaders in South Africa to advocate for more effective policies. – Ongoing review of compliance with Group ethics framework and legal requirements. – Proactive monitoring, input and operational implementation plans and frameworks on emerging legislation. – Rigorous compliance programmes are in place and guidance is provided across business segments to ensure compliance with key regulations.

Significant emerging legislation impacting our landscape and our responses include:

COVID-19 disaster management	Our ability to understand and respond promptly to the new legislative requirements associated with COVID-19, particularly relating to the Disaster Management Act regulations and directives for the automotive industry in South Africa, allows us to implement mitigation strategies to address the economic impact of the crisis on our operations while ensuring the safety of our people and customers.	• A COVID-19 policy and governance framework that sets minimum standards and ensures compliance with health authorities' guidelines, including onsite workplans, track and tracing capabilities and compliance officers' oversight and monitoring of onsite compliance.
POPIA	The comprehensive data protection legislation enacted in South Africa took effect on 1 July 2020 with a one-year period for compliance. Impact of this act on our business requires a holistic update of our policy and procedure framework, review and update of personal data across our value chains and ability to easily access and respond to incidents.	• Group-wide project management team with timelines, project plan and oversight from executive management. To date we have approved the required policies, procedures, standards and notices. A comprehensive change management programme is in place and closer to July next year, training will be rolled out.
Competition Act – right-to-repair	The proposed 'right-to-repair' policies detailed in draft guidelines issued by the Competition Commission places emphasis on creating an inclusive market by ensuring the promotion of a fair, competitive and viable economy.	• We have implemented a broad stakeholder strategy to understand and implement our response to possible consequences, including involvement in industry bodies in drafting guidance and consumer understanding, working with OEMs regarding legal rights and investment consequences and initiating a multi-business task team to develop and implement a model for second tier workshops.

Managing our risks (continued)

Our top ten risks (continued)

Risk	Context	Response
4 **Vehicle and parts inventory management**	The inability to operate at full capacity during the COVID-19 lockdown period has increased the need to reduce current inventory levels to manage liquidity and cash. Ongoing inventory management is required to meet customer demand for new and pre-owned vehicles, allowing the Group to minimise losses from supply chain disruptions and improve the management of ageing pre-owned vehicle inventory levels. Shortages of vehicles and parts due to supply chain issues and disruptions could result in loss of sales and missed OEM targets, placing additional pressure on margins and profitability.	• Phased resumption of business to full operating capacity is monitored to ensure compliance with COVID-19-related regulations and directives for the automotive industry in South Africa. • Initiatives to reduce inventory levels and contain costs have been implemented to mitigate the impact of reduced activity relating to COVID-19, including leveraging the ability to move vehicles and parts between locations to ensure continuous support for customers and operational demand. • Reconfiguration of global and local aftermarket parts warehouse footprint to improve efficiency of supply chain delivery channels. • Regular meetings held to assess and price pre-owned vehicle inventory and monitor inventory levels. • Ongoing internal audit reviews of compliance with vehicle and parts trading policies. • Weekly updates with OEMs and suppliers to control inventory levels and monitor effectiveness of supply chains.
5 **Dependence on specific brands and reliance on key suppliers**	We depend on our relationships with OEMs and franchised dealers, which are critical to our business model. We are required to comply with the agreements we have with them, which include meeting sales volumes, implementing specific processes and policies and maintaining quality dealerships. Failure to meet the required standards may affect our status as an exclusive distributor and retailer of these global brands. The Group also relies on ongoing commercial relationships with key suppliers, including subcontractors, to deliver superior service to its customers, and the loss of any significant supplier could impact operations and financial performance.	• Proactive and continuous engagement with OEMs at senior levels, with regular face-to-face discussions and ongoing negotiation of fixed targets. • Standards required by OEMs are maintained and expectations in terms of agreements are met. • Continuous monitoring of the customer satisfaction and perception of the OEM brands. • Proactive management of inventory levels – vehicles and parts – to meet customer demand.

Risk	Context	Response
6 **Information technology**		
– IT strategy and execution of architecture, systems and applications	A legacy of decentralised IT systems and infrastructure from the divisions' growth through acquisition makes it critical to reduce systems complexity through consolidation, while ensuring that cyber-security is addressed. IT strategies need to be flexible and effective in meeting requirements and delivering solutions for competitive differentiation and operational effectiveness, especially as the need to implement digital strategies has accelerated due to COVID-19.	• Board oversight and monitoring of material IT projects. • Ongoing cyber-risk assessments are performed to assess the emerging risk landscape. • Strategy alignment review done to ensure appropriate IT strategies. • Business continuity processes and disaster recovery plans are in place to ensure operations are unaffected by outages.
– Increased cyber-security requirements	Globally, there is an increase in attempts made by hackers to gain unauthorised access to company IT systems and data. Cyber-crime has the potential to cause financial loss, disrupt our services and erode our customers' trust. Our ability to protect and secure our IT systems and information, and how we proactively implement additional security measures to support remote working practices, is critical to managing the threat to operational resilience and reputation. Our strategy to increase work from home practices has increased the inherent risk linked to cyber-security.	• Continuing cyber-awareness and education initiatives are in place. • Ongoing assessments by external experts to assess cyber-risks and how these are being mitigated. • Enhanced information and cyber-security minimum guidelines, including multi-factor authentication and policies relating to email and general user access, are being implemented. • Access to IT systems and information from our operations outside of South Africa is closely monitored. • Ongoing monitoring of network activity where daily reports of suspicious activity are investigated. • Proactive quantitative and qualitative assessments of the potential impacts on current and future business strategy will be undertaken. • In preparation for COVID-19 and the increased need to access our networks remotely, additional investment and resources have been deployed by our IT departments to ensure responsible and effective remote access to networks and data, without compromising minimum security standards.

Managing our risks (continued)

Our top ten risks (continued)

Risk	Context	Response
7 **Succession and talent management**	The limited pool of qualified skills in South Africa, and the impact of an ageing skilled working population are challenges in accessing the talent needed to remain competitive and successfully deliver our strategy. Besides leadership skills, the Group's businesses depend on specialised technical and customer facing skills, which must be developed and retained. Our top priority is always the safety of our people. Our business is dependent on our people and customers being and feeling safe within our operations. Stakeholders need to feel confident in our leadership responses that we will behave responsibly throughout the COVID-19 pandemic. The impact of the COVID-19 crisis on our people will need to be managed to ensure their safety and wellbeing.	• Co-ordinated transformation policies and programmes focused on development and promotion of internal candidates, and recruitment of employment equity candidates. • Detailed succession planning at all levels including the focused recruitment of experienced senior and middle management candidates, with the objective of increasing our available pool of black leadership talent. • Training and development programmes, including specialist training academies. • Aligning talent management programmes to the key current and future skills needed for the Group. • Implementing best people practices, supported by the appropriate systems, in progress within the business segments. • Increasing employee communication, improving the co-ordination and consistency of messages and practices. • Ensuring multi-channels for communication and feedback during COVID-19. • Providing support, advice and clear guidance regarding COVID-19 required actions.
8 **B-BBEE status of South African-based operations**	Changes to the B-BBEE codes require accelerated transformation at all employment levels and higher levels of black ownership in the Group's South African businesses. Failure to achieve set targets may impact on competitiveness and sustainability. The Group had to reassess its footprint and rightsize operations to mitigate the impact of COVID-19. This may have a short-term impact on the Group's ability to achieve its B-BBEE targets.	• Active monitoring and oversight of B-BBEE scorecard and targets. • Clear initiatives in place to meet employment equity targets and skills development driven by Group leadership. • Selective and appropriate joint ventures with strategic B-BBEE partners. • Focused programme to extend our network to historically underserved areas near and around informal communities; this includes, non-OEM branded workshops, the opening of majority owned black dealerships and formalisation of access to parts and services by informal traders and technicians. • Standardised reporting process implemented to report a full B-BBEE scorecard.

Risk	Context	Response
9 Rapid speed of disruption due to innovation	The pace of change has accelerated and will inevitably require established brands to embrace digital capabilities to be competitive. Customers are increasingly product savvy and accustomed to the convenience of the digital experience. Sustained competitive advantage is increasingly achieved through innovation. Innovation has three dimensions – internal innovation; strategic partnerships; and trends, concepts and pilot projects. The implementation of digital strategies has become critical due to the changes brought about by COVID-19, particularly how we engage with our people and our customers.	• Accelerate the implementation of new and improved ways of doing business to reduce costs and increase efficiency. • Keep abreast of innovative changes by competitors. • Ongoing monitoring of market trends and new innovations by executives. • Ongoing focus on how the Group can capitalise on our window of opportunity to create and deliver value. • Drive delivery of the innovation strategy throughout the Group and create a culture of innovation and collaboration using the M^X innovation initiative. The Motus M^x digital platform will help us to harness the talent and energy of our employees and to foster a culture of innovation and collaboration in our business.
10 Reputational risk	Transparent and honest engagement with key stakeholder groups, including investors, financiers, and government, is critical to ensure the continued sustainability of the Group. COVID-19 has necessitated the redesign of key interaction points, a fundamental shift in our operating model and an increased dependence on digital strategies and remote working which limit physical contact. In addition, the increase in new ways of working, especially remote working, driven by COVID-19 regulations and restrictions, requires increased professionalism from our people when engaging with our stakeholders.	• Implement operating and safety procedures to protect our people and customers, designed to prevent the spread of COVID-19 in our environments. • Position the Group clearly as a market leader in South Africa with high levels of professionalism and values. • Carefully manage the impact of retrenchments and rationalisation of operations on our people. • Implement plans that address our social commitment to health and safety, and more general social issues. • Ongoing monitoring of our brands in the media to proactively respond to potential adverse public relations. • Ensure that our treatment of, and response to stakeholders aligns to our values of fairness and transparency.

Material priorities

Our material priorities are those factors most likely to influence the conclusions of our stakeholders when assessing our ability to create value over time.

In determining if a factor is material, we consider its potential to impact strategy (opportunity and risk), performance (financial and non-financial) and prospects in the short, medium and longer term, and ultimately our ability to create, sustain and limit the erosion of value. In line with the six capitals model of value creation, endorsed by King IV, the effectiveness with which we manage our material priorities is likely to influence the decisions of our stakeholders in relation to the capital inputs they provide, and the outcomes they expect in return.

Determining our material priorities

The following inputs informed the determination of the material priorities for Motus in 2020:

- Motus' vision, mission and strategy.
- Discussions to elicit and distil the views and concerns of leadership.
- The material concerns of key stakeholder groups, including customers, business partners, OEMs, our people and investors. These key concerns were obtained from the relevant relationship owners in the Group.
- Top business risks.

Material priorities structure

Within the context of the uncontrollable factors in our operating context (discussed in detail on page 32), our material priorities are those factors we can control. They are grouped into three key themes, which represent the key drivers of value for the Group in view of current market conditions and our expectations for the short, medium and longer-term trends shaping our markets. These material priorities are discussed throughout the integrated report and supplementary sustainable development report available online.

Resilience

1. Sustain capital management discipline.
2. Leverage competitive advantages to recover, replace and diversify earnings streams.
3. Accelerate the implementation of new ways of working and deepen agility.

Relevance

1. Deliver exceptional value to customers as their needs change.
2. Remain the strategic partner of choice for OEMs and suppliers.
3. Be an employer of choice in the automotive industry.
4. Innovate practically and proactively.

Responsibility

1. Demonstrate best-in-class governance.
2. Manage the economic, social and environmental consequences of our activities.
3. Consistently deliver on stakeholder expectations to protect our reputation.

Resilience

1 Sustain capital management discipline

Sub-issue	Strategic priorities
Align cost base to revenue and preserve cash to maintain profitability.	• Rightsize businesses in line with new market realities, including footprint rationalisation and responsible headcount reduction where unavoidable. • Manage costs conservatively while ensuring effective cash flow management, with a particular focus on cash generation to restore the Group to ideal gearing and liquidity position following COVID-19. • Maintain effective controls to monitor and manage currency risk, including the application of the forward cover policy. • Achieve revised revenue and income growth targets and maintain sound financial leverage ratios to ensure we remain within loan covenants.
Maintain working capital management discipline.	• Streamline distribution (vehicles and aftermarket parts) to effectively manage inventory levels. • Improve working capital management while containing costs in a recessionary economic environment. • Maintain healthy liquidity ratios.
Continue to optimise our portfolio to ensure optimal capital allocation.	• Meet changing or declining demand in products and services by realigning our network. • Exit or dispose of non-strategic dealerships and businesses that do not enhance competitive advantage or show low return on effort. • Allocate more capital to digital projects that leverage our existing infrastructure and capability, reducing investment in premises that increase the operating cost base. • Ensure a strong presence in chosen markets by investing in key regions.

2 Leverage competitive advantages to recover, replace and diversify earnings streams

Defend business segment profitability in line with new market realities.	• Maximise the organic growth potential of each business segment in line with emerging opportunities. • Support affordability in a highly constrained consumer environment by offering cost-effective and competitive vehicles, parts, financial service products, product enhancements and extended repayment terms to qualifying customers. • Mitigate against higher cost pressure in the COVID-19 environment by defending operating margins in each business segment through efficiencies and process improvements. • Enable simpler, faster ways of working by accelerating digitisation. • Distribute and sell competitively priced vehicles and parts by leveraging Group buying power. • Drive defensive, annuity income streams from financial services and workshops, and from well sourced imports in the Aftermarket Parts business. • Capitalise on market shifts to pre-owned vehicles through expanded VAPS offerings and competitively priced booster products and expand offerings to entry level vehicle buyers. • Grow the distribution channel for financial services produces by enhancing/growing relationships with importer independent dealers. • Provide a range of products in the aftermarket parts space that satisfies all tiers of demand.

Resilience (continued)

2 Leverage competitive advantages to recover, replace and diversify earnings streams (continued)

Sub-issue	Strategic priorities
Grow competitive market share by leveraging the integrated value chain.	• Trade out of the overstocked position caused by the accelerated de-fleeting in the car rental business by leveraging the Motus dealership network. • Leverage scale and operational synergies across the integrated automotive value chain. • Enable value-led pricing rather than cost-pushed pricing to customers by leveraging the Group's scale and capabilities to create cost efficiencies. • Add value to customers, foster deeper customer loyalty and attract new customers by creating differentiated digital platforms. • Develop a customer-facing centralised vehicle stock aggregator to increase consumer visibility of inventory availability across the Group. • Increase Motus team collaboration and improve customer engagement by harnessing digital platforms and creating specialised digital channels. • Drive importer volumes to support parts sales, panel sales, workshop servicing and financial services. • Provide superior market penetration opportunities through marketing excellence and well-developed distribution channels and retail footprint. • Grow the pre-owned vehicle market share through digital lead generation, improvement of stock mix in line with market demand and excellent customer service. • Extend reach into vehicle servicing beyond the captive OEM space, through franchised dealerships and aftermarket brands. • Understand all variables relating to the vehicle car parc under cover by the Financial Services and optimise revenues and manage related costs. • Offer competitively priced vehicle rentals by leveraging the Motus integrated value chain to procure vehicles.
Leverage data and expertise to drive responsiveness to customer needs and market trends.	• Understand the disruptive impact of COVID-19 on customer preferences for automotive brands, particularly in relation to the current market trend of 'buying-down'. • Develop innovative value-added products by extracting meaningful business insights from our customer and vehicle data. • Drive growth across the automotive value chain by unlocking efficiencies and customer potential through data analytics within existing and new channels. • Explore and develop new partnership opportunities, including opportunities to improve customer loyalty and build online customer platforms and portals.
Pursue highly selective strategic growth in international markets.	• Diversify revenues and mitigate against an economic recession in South Africa by accelerating the planned expansion of Aftermarket Parts operations outside of South Africa. • Delay acquisitions in selected international markets unless critical to protect our market positions and complement existing networks.

3 Accelerate the implementation of new ways of working and deepen agility

Sub-issue	Strategic priorities
Automate and optimise structures, systems and processes to enable business agility.	• Maintain a safe and supportive work environment to safeguard employee and customer health, productivity and engagement, particularly with regard to changes occasioned by COVID-19. • Reduce complexity, duplication, costs and capital employed by continuing to drive operational alignment and collaboration across the value chain. • Support efficiency, connectivity and networking across the Group and access across businesses where appropriate, by streamlining the IT architecture. • Embed standardised IT policies, focusing on cyber-resilience and improved reporting, particularly related to the newly promulgated POPIA. • Provide accurate human capital data and reporting to support strategic human capital decision making by consolidating and streamlining our people management systems across all businesses. • Drive a programme of continuous improvement in line with defined procedures and policies.
Become a digitally astute organisation by harnessing technology.	• Implement technologies and systems that improve organisational efficiency and enhance employee and customer experiences. • Accelerate the digitisation of key functions including communications, marketing, administration and e-commerce, applying learnings from COVID-19. • Improve productivity by enabling the development of new and critical skills requiring higher digital dexterity and effective collaboration across multiple workforce segments (virtual and onsite).
Leverage collective intelligence and entrepreneurial skill of a diverse workforce to drive competitiveness.	• Drive resilience and agility by deepening our entrepreneurial culture. • Safeguard a flat and transparent leadership structure to reduce the time between strategic decisions being made and acted on, to ensure responsiveness amid high uncertainty. • Equip leaders to effectively lead diverse teams and embed practices that facilitate a diverse and inclusive culture, driving business growth and performance.
Enforce sound internal process governance, risk management and approval structures.	• Embed robust policies and practices for an increasingly virtual work environment. • Address the impact of retrenchments on skillsets, capabilities and morale by ensuring transparency, inclusivity and consistency in the related processes. • Embed flexible business continuity processes that can be reconfigured to adapt to emerging threads like COVID-19 without re-engineering or additional investment. • Test and maintain business continuity and disaster recovery processes and ensure these remain relevant in light of other emerging threats, specifically increasingly unstable national infrastructure for power and water provision. • Ensure operational governance standards are met, supported by a well-developed control environment, risk management and deep expertise in finance, treasury and accounting. • Continue to drive improvement in operational risk management practices, in line with agreed governance expectations. • Ensure data security and proprietary systems are fit-for-purpose and that IT operational risk controls are effective to address increased data security and cyber-related risks arising from new ways of working. • Embed risk management processes focusing on the risks and actions that are material in producing a positive outcome, where applicable.

Material priorities (continued)

Relevance

1 Deliver exceptional value to customers as their needs change	
Sub-issue	**Strategic priorities**
Provide exceptional products and services at competitive prices across the automotive value chain.	• Ensure service excellence at points of sale, rental, service, repair and maintenance. • Maintain high dealership standards by empowering dealer principals appropriately. • Provide a superior customer experience to increasingly well-informed and diverse customers by training and developing employees, particularly sales, aftersales and online sales representatives. • Ensure high-quality workshop services and parts supplies for customers by continuing to deepen collaborative and supportive relationships with suppliers and stringently applying our quality controls. • Attract prospective customers by leveraging our high IP and strategically aligning financial service offerings. • Actively manage our brand portfolio, increasing our focus on popular brands and reducing exposure to brands with high return on effort, lower quality, or low customer appeal. • Become the preferred supplier of brands for which the Group does not hold exclusive distribution by continuing to build trust in the Motus brand.

2 Remain the strategic partner of choice for OEMs and suppliers	
Deepen OEM and supplier partnerships, maintaining a superior route-to-market and strong brand positioning.	• Preserve longstanding importer and retail partnerships with OEMs, providing market access through quality marketing, high levels of customer satisfaction and dealerships strategically located in growing urban areas. • Work with OEMs to ensure we offer the most relevant and competitive products, aligned to our view of their market appeal and competitiveness. • Partner with OEMs on new ways of penetrating the market and realign route-to-market channels to match evolving customer expectations of product services and support. • Provide a digital platform to access an additional channel to market. • Extend financial services offerings to more dealers and improve lead generation processes by collaborating with independent dealers. • Deepen collaboration with local and international suppliers in our integrated parts supply chain.
Secure strategic partnerships to drive growth and competitiveness.	• Ensure that our partners are aligned to our strategic objectives and complement our capabilities by proactively managing and deepening our strategic alliances. • Grow strategic partnerships with industry leaders to unlock new channels through tailored financial services products which benefit from access to their customer bases. • Offer relevant and innovative vehicle asset finance (VAF) and VAPS offerings to the large customer bases of financial services partners with established channels to market by leveraging Motus' specialised expertise, data and product design ability. • Gain access to highly specialised skills and innovative thinking by partnering with technology developers and solution providers. • Enhance our competitive advantage in Aftermarket Parts procurement by partnering with selected international distributors and increasing buying power through the forward integration of the parts supply chain.

3 Be an employer of choice in the automotive industry

Sub-issue	Strategic priorities
Attract and retain high-calibre employees.	• Implement best people practices across the Group while ensuring the necessary flexibility to enable practical and cost-effective delivery of human capital management in different business segments. • Ensure effective performance development, talent management and succession planning that aligns employee capabilities and expectations with business objectives and career opportunities. • Develop and empower employees through relevant training interventions, which also promote the mindset, skillset, flexibility and responsiveness required in times of change. • Embed inclusivity and collaboration within the Motus culture. • Develop secondment opportunities for young talent between our operations as a unique employee value proposition in our sector. • Maintain investment in skills development with a particular focus on expanding our learnerships for differently abled people.
Ensure a strong focus on transformation and diversity.	• Deliver diversity training to managers and employees to create an environment in which everyone can perform to their full potential. • Implement targeted interventions to develop and promote internal candidates from designated groups (black people, women and people living with disabilities) and strategically source external talent within these groups to drive transformation and diversity at management level. • Drive talent pipeline programmes at Group level to create a pool of entry-level candidates from designated groups from which we are able to fill posts when they become available.

4 Innovate practically and proactively

Accelerate agility and ability to adapt to market changes and drive innovation.	• Leverage first-hand access to developments in different markets to assess the impact on business models and the expected timeframes, to implement the necessary changes. • Continue to ensure executives understand new technological developments and their potential impact on markets. • Leverage IT solutions and data to drive innovation across the vehicle value chain, with the aim of securing higher market penetration in the medium term. • Identify opportunities to collaborate with key strategic partners to share intellectual property and drive innovation in line with the principles underpinning the 'open economy'. • Closely monitor and increase awareness to understand both automotive trends that could disrupt our business, for example connected, electric vehicles, and broader innovation trends that add value to our business in the form of efficiencies, risk management or new products and services, including artificial intelligence, machine learning, computer vision, cloud computing, block chain and business process automation. • Commercialise mobility service solutions that attract new and non-traditional customers, by identifying appropriate solutions. • Develop brand-agnostic buying tools, for example Moov, leveraging off our broad brand representation which allows us to fulfil on almost any customer buying choice.

Material priorities (continued)

Relevance (continued)

4 Innovate practically and proactively (continued)

Sub-issue	Strategic priorities
Optimise and evolve current business models and structures while designing new solutions and operating models.	• Identify opportunities to accelerate innovation and digitisation as consumer habits and buying behaviour shifts in favour of digital platforms. Align continuously with digital, mobility and automation trends and changing customer needs by working with OEMs to deliver innovative solutions and business model changes. • Use innovation hubs and capabilities to facilitate innovation within all business segments. • Develop new products aligned to the vehicle to extract more meaningful data.
Continue to differentiate our offering through innovative VAF solutions, VAPS and mobility services offerings.	• Deliver the most relevant, personalised and competitive offerings that meet customer mobility needs by leveraging data analytics to monitor customer behaviour and understand customer preferences, increasing our understanding of OEM strategies and mobility-related technologies. • Ensure convenient, consolidated and compelling access to all of the Group's offerings, by consolidating and improving Motus' online presence. • Develop a single view of the customer across all offerings by leveraging existing data warehouses and lakes, which support all direct marketing and customer relationship management initiatives across the value chain. • Deepen understanding of customer data to retain customers and expand market share of vehicle sales and VAPS. • Accelerate the use of technology, leveraging digitisation, big data and ecommerce platforms. • Develop a fully integrated parts e-commerce platform that enhances both our businesses and our franchisees. • Solve for underserved needs of customers (safety, convenience, affordability) by enabling ride-sharing, safe commuting and parts purchasing.

Responsibility

1 Demonstrate best-in-class governance

Sub-issue	Strategic priorities
Establish a credible reputation for ethical, effective and independent leadership.	• Demonstrate the independence and effectiveness of the board. • Ensure relevant skills and experience in relation to strategy by formulating board and management succession plans for the short and long term, including for the CEO, his direct reports and other levels of senior management.
Maintain best governance practices.	• Deepen application of King IV principles and recommendations. • Maintain and enhance robust control and risk management systems. • Embed effective reporting processes for board visibility.
Comply with laws and regulations across multiple jurisdictions and maintain our moral compass.	• Manage the complexity and cost impact of compliance with regulations and fiscal policy, including alignment with the new financial services regulatory landscape. • Proactively monitor and engage with regulators on upcoming legislation, for example the Competition Commission's Automotive Aftermarket Advocacy Programme in South Africa. • Follow international trends to understand potential upcoming regulatory changes and how these can be used to enhance customer experiences. • Embed a strong culture of ethics and integrity, supported by the code of ethics, current ethical practices and governance standards.

2 Manage the economic, social and environmental consequences of our activities

Sub-issue	Strategic priorities
Maintain strong relationships with broader communities.	• Achieve a Level 4 B-BBEE rating (without discounting) by 2021. • Increase the number of black people in management positions and develop the skills of black employees. • Establish a network of second tier workshops and explore potential aftersales product offerings to ensure we successfully participate in right-to-repair. • Direct more spend to B-BBEE-compliant businesses that fall within our controllable spend parameters (including exempt micro-enterprises and qualifying small enterprises). • Continue to deliver supplier and enterprise development initiatives, including training, mentoring and financial assistance for black-owned small, medium and micro-enterprises. • Invest in corporate social investment programmes that support education, health and road safety.
Operate in an environmentally conscious and responsible manner.	• Continue to improve our sustainability reporting to remain eligible for the FTSE4Good Index Series and obtain a CDP[1] rating. • Continue to strengthen engagement between head office and the business segments to ensure accurate reporting on sustainability projects. • Develop specific water and electricity usage strategies. • Understand where solar power installations are feasible.

3 Consistently deliver on stakeholder expectations to protect our reputation

Sub-issue	Strategic priorities
Strengthen relationships with all key stakeholders.	• Maintain high standards of accountability, transparency and integrity in running the business and reporting to shareholders and other stakeholders. • Ensure responsiveness to the legitimate concerns of all stakeholders through accurate and transparent disclosures.
Retain current investors and attract new investors both locally and internationally.	• Deliver on our vision, the related strategic objectives and our investment proposition. • Defend and grow the leading market share in South Africa, continue to grow annuity income streams, and grow in selected international markets. • Maintain strong free cash flows. • Deliver best-in-class earnings and targeted returns. • Maintain a consistent dividend pay-out through the cycle.
Position Motus as a proudly South African market leader.	• Develop and deploy an effective 'thought leadership' public relations strategy that reinforces Motus' agility, entrepreneurial innovation and relevance, developing our brand recognition and online presence. • Improve disclosure of our significant contribution to South Africa's socioeconomic objectives, particularly in terms of black ownership, fiscal contribution and people development and contributing to community-based projects.

[1] *Formerly the Carbon Disclosure Project.*

Import and Distribution

The Import and Distribution business segment provides a differentiated value proposition to the dealership network enhancing the revenue and profits of the entire automotive value chain.

Geography

South Africa and neighbouring countries

Imports

>73 500 vehicles imported annually

Car parc

~1 million

2020 priorities

- Drive vehicle sales volume and annuity income in service parts, panel parts, workshop servicing and financial services.
- Manage currency exposure and rebates from the OEMs.
- Offer the correct product mix, procure vehicle models aligned to our unique market demands and consolidate our market leadership position.
- Enhance our customer value proposition through innovative VAPS that strengthen relationships with our customers, enhance their vehicle-ownership experience and improve customer retention.
- Deepen maturity of importer brands, increasing customer awareness of brands and products.

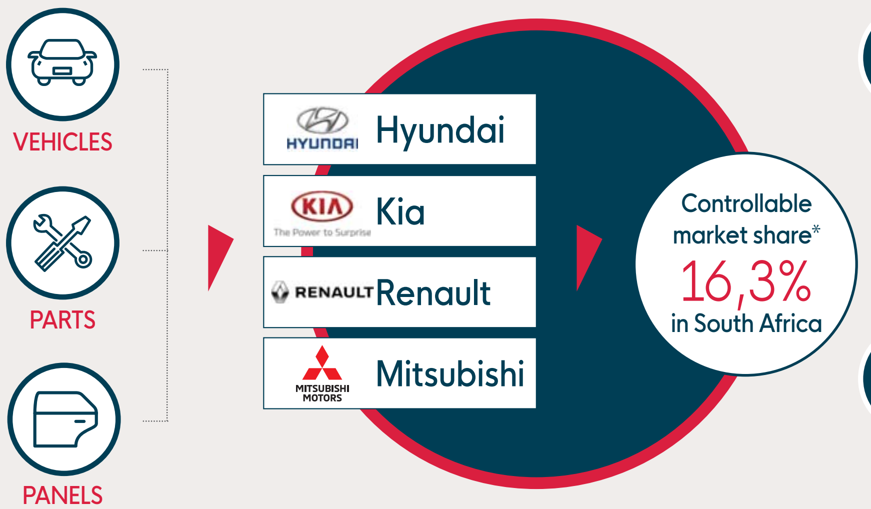
Niall Lynch
CEO Hyundai South Africa

Gary Scott
CEO Kia South Africa

Jaco Oosthuizen
CEO Renault South Africa and
CEO Mitsubishi South Africa

Import and Distribution

Exclusive importer and distributor in South Africa



Imported brand dealerships vehicle volume sales

70%
owned by Motus

30%
independently owned

We distribute and supply to:

- ✓ Motus and independent dealers
- ✓ Government
- ✓ Motus rental brands (Europcar and Tempest)
- ✓ Other independent car rental companies

Financial Services integration
Full value chain presents unique opportunities for innovation and differentiation

* *Market share of passenger and light commercial vehicles only.*

Exclusive distributor in Rest of Africa

Hyundai
in **four countries**

Botswana, Lesotho, Namibia and Swaziland

Kia
in **four countries**

Lesotho, Namibia, Swaziland and Zimbabwe

Renault
in **four countries**

Botswana, Lesotho, Namibia and Swaziland

Mitsubishi
in **eight countries**

Botswana, Lesotho, Malawi, Mozambique, Namibia, Swaziland, Zambia, Zimbabwe

Nissan
in **four countries**

Kenya, Malawi, Tanzania and Zambia

2020 performance

Market leadership

The quality of our relationships with our customers depends on our ability to provide exceptional service, innovative and accessible products and services. We aim to consistently exceed their expectations to deepen customer loyalty and our ability to generate revenue income from sources other than just the vehicle sale. We continue to provide leading-edge mobility solutions at competitive prices through ongoing innovation. We also apply stringent quality and safety measures to ensure we deliver quality products and services.

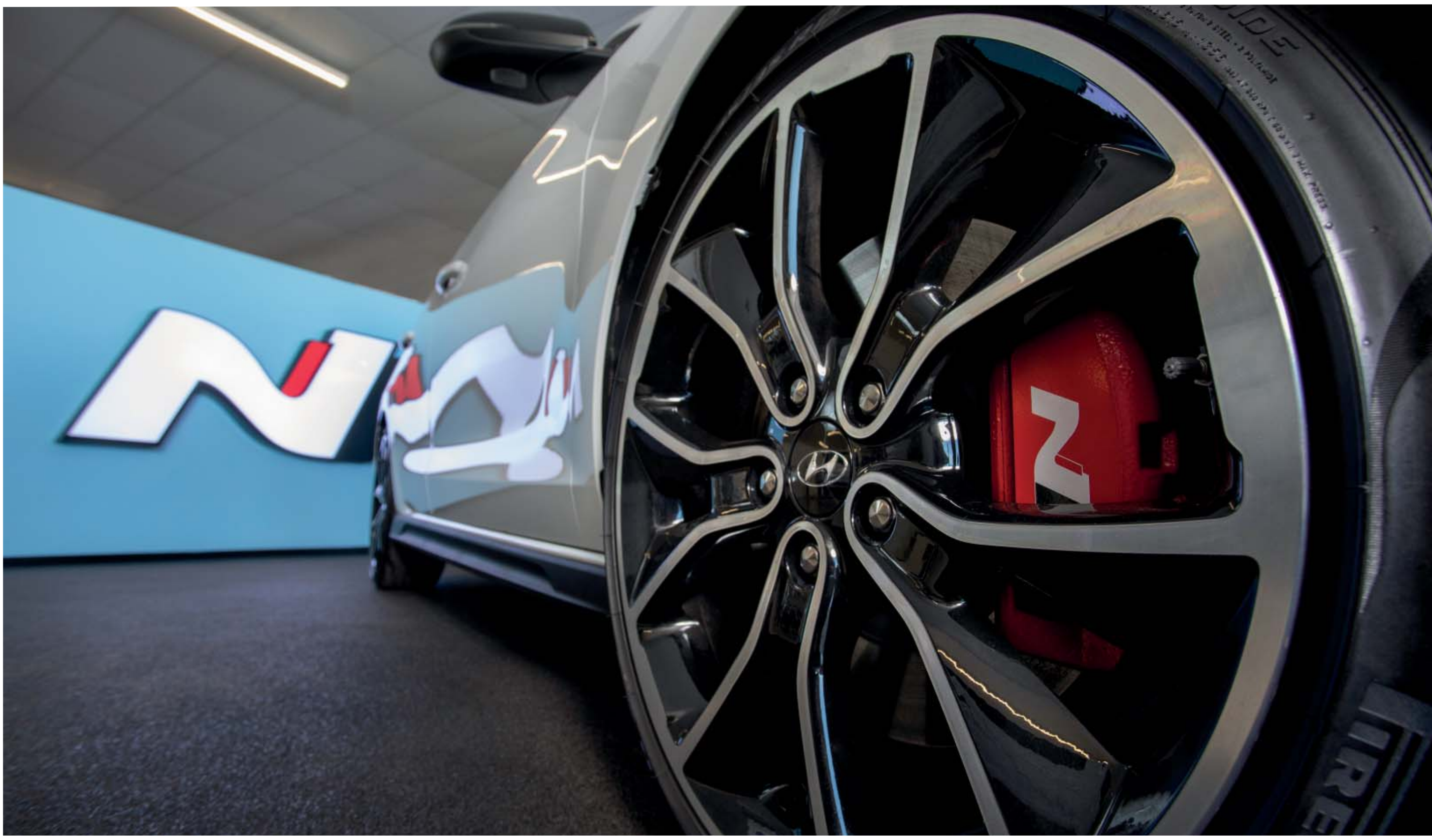
We have longstanding distributor relationships with OEMs, providing market access through quality marketing, high levels of customer satisfaction and strategically located dealerships in growing urban areas. We have regular engagements with them at senior levels. Besides targeted volumes, customer satisfaction scores are critical elements of our agreements with OEMs.

Our ability to meet OEM targets allows us to remain the OEMs dealer of choice, which enables us to leverage better pricing on vehicles, and provide service and parts at competitive prices to customers. Our importer brands are highly reliable and the model variety we offer allows us to take advantage of the consumer trend of buying down to more affordable vehicles, favouring our entry level vehicles, and small and medium-sized SUVs offering.

We partner with OEMs to develop new ways of penetrating the market and to realign route-to-market channels to match evolving customer expectations, and work with them to ensure that we continue to offer the most relevant and competitive products for the medium term.

We received OEM assistance to mitigate the negative impact of COVID-19 through targeted reductions and variable margin pay-outs, extension of floorplans, demonstrator vehicle relief, staff training suspension and the cancellation of accepted vehicle orders. OEMs have also provided sufficient parts inventory to ensure we can continue to service customer vehicles.

We continue to provide leading-edge mobility solutions at competitive prices.



Import and Distribution (continued)

We continue to monitor the ongoing impact of COVID-19 and have sufficient well-priced stock of vehicles and parts. We do not anticipate supply chain disruptions as the OEMs and parts suppliers have commenced operations in the countries in which they operate.

Hyundai and Kia have forward cover on the Euro and US Dollar to March 2021 respectively, at average rates of R16,80 to the Euro and R15,70 to the US Dollar. As agreed between the shareholders, Renault does not take forward cover on committed orders, however, Renault France shares in 50% of the net foreign currency movements between costing and payments rates. With the exception of Renault, the current guideline is to cover seven to nine months of forecast orders.

We will rationalise our dealership footprint in response to the contraction of the new vehicle market and refine the implementation of a multi-franchise model in dealership locations where this is appropriate. Our ability to enhance customer experience across the vehicle ownership cycle will remain critical to maintaining and growing our market share as we continue to adjust our operations to this new operating environment while maintaining our high standards for service excellence.

Integration and optimisation

Our ability to leverage opportunities for digitisation and innovation that drive communication throughout the ownership cycle and reward customer loyalty has become a key focus, and we will continue to develop our initiatives and accelerate innovation while conservatively managing costs and inventory levels.

We continue to create a fully integrated distribution and retail business with scale and are working on driving consistency across our dealerships to instil the right behaviours and disciplines for success. This includes implementing standard processes across dealerships, and centralised marketing to ensure consistent brand messaging while benefitting from lower advertising costs. A newly developed IT vehicle bond store and logistics management solution will be fully deployed by end of 2020.

We continue to develop value-added initiatives that include building an e-commerce online buying platform and introducing efficiencies like electronic financing capabilities into our showrooms, to improve our customer experience. We are exploring the benefits of using data analytics to track consumer trends to improve our understanding and develop our responses to maximise related opportunities.

Read more about the Group's approach to innovation and technology on page 26.

Our people

Our people are critical to the success of our business and we continue to consider their safety and wellbeing our top priority during COVID-19. We have adapted how we manage our operations in this new working environment, ensuring that we have a safe workplace for our people who have returned to work, including sanitising all premises, issuing face masks, sanitisers and practising social distancing.

Our culture of high performance and innovation is supported by ongoing improvements in our ability to provide effective and relevant training, job support and career development that improves employee engagement.

Read more about the Group's people strategy on page 82.

2020 financial performance

Revenue
R17 411 million

Operating profit
R827 million

Operating margin
4,7%

	HY1 2020 unaudited^	% change on HY1 2019 unaudited^	**HY2 2020 pro forma***	% change on HY2 2019 pro forma*	**2020 audited**	2019 audited	% change on 2019 audited
Revenue (Rm)	**10 158**	4	**7 253**	(21)	**17 411**	18 949	(8)
Operating profit (Rm)	**430**	11	**397**	(6)	**827**	810	2
Operating margin (%)	**4,2**		**5,5**		**4,7**	4,3	

^ HY1 numbers are unaudited and were released in the interim published results for the six months ended 31 December 2019.
** HY2 numbers are unaudited and derived from deducting the HY1 results from the full year published results of 30 June 2020.*

Revenue declined by 8% in line with the decline in sales volumes and the change in the mix of vehicles sold offset by vehicle inflation. The Import and Distribution segment retailed 35 402 units (2019: 38 172) during the year. The volume declines are attributable to COVID-19, which resulted in severe vehicle market contraction.

Operating profit improved by 2% for the year mainly due to the higher gross profit margins as a result of favourable forward exchange rates, competitive pricing and cost containment.

Our controllable market share (passenger and LCVs) in South Africa at June 2020 is 16,3% (June 2019: 15,1%) with the overall vehicle market contracting by 18,6%. Hyundai achieved 7,0% market share (2019: 6,6%), Kia achieved 3,4% market share (2019: 3,0%), Renault achieved 5,6% market share (2019: 5,0%) and Mitsubishi achieved 0,3% (2019: 0,4%).

Retail and Rental

The Retail and Rental business segment operates an unrivalled dealership footprint in South Africa, which underpins our leading market share of 20%, with a selected presence in the UK and Australia.

Our South African dealerships (71 pre-owned, 239 passenger vehicle and 19 commercial vehicle dealerships) are strategically located in growing urban areas, while our 120 UK dealerships are mainly located in provincial areas and in Australia, our 36 passenger dealerships are located in New South Wales and Victoria.

Geography
Primarily South Africa, with a selected presence in the UK and Australia

Vehicles sold annually
>110 000 new vehicles

>75 000 pre-owned vehicles

Leading retail market share
20,2% in South Africa

Rental market share
~25% in South Africa

Represent
23 OEMs in South Africa

2020 priorities

- Leverage dealership structure to increase sales productivity and improve customer service.
- Maintain strong relationships with OEMs, suppliers and industry players.
- Grow pre-owned car market share through digital lead generation, improved product mix and excellent customer service.
- Assess rental fleet customer service levels and leverage technology to serve new and changing markets, focusing on digitisation of processes and flexible, easy-to-use customer service capabilities.

Corné Venter
CEO Retail and Rental South Africa

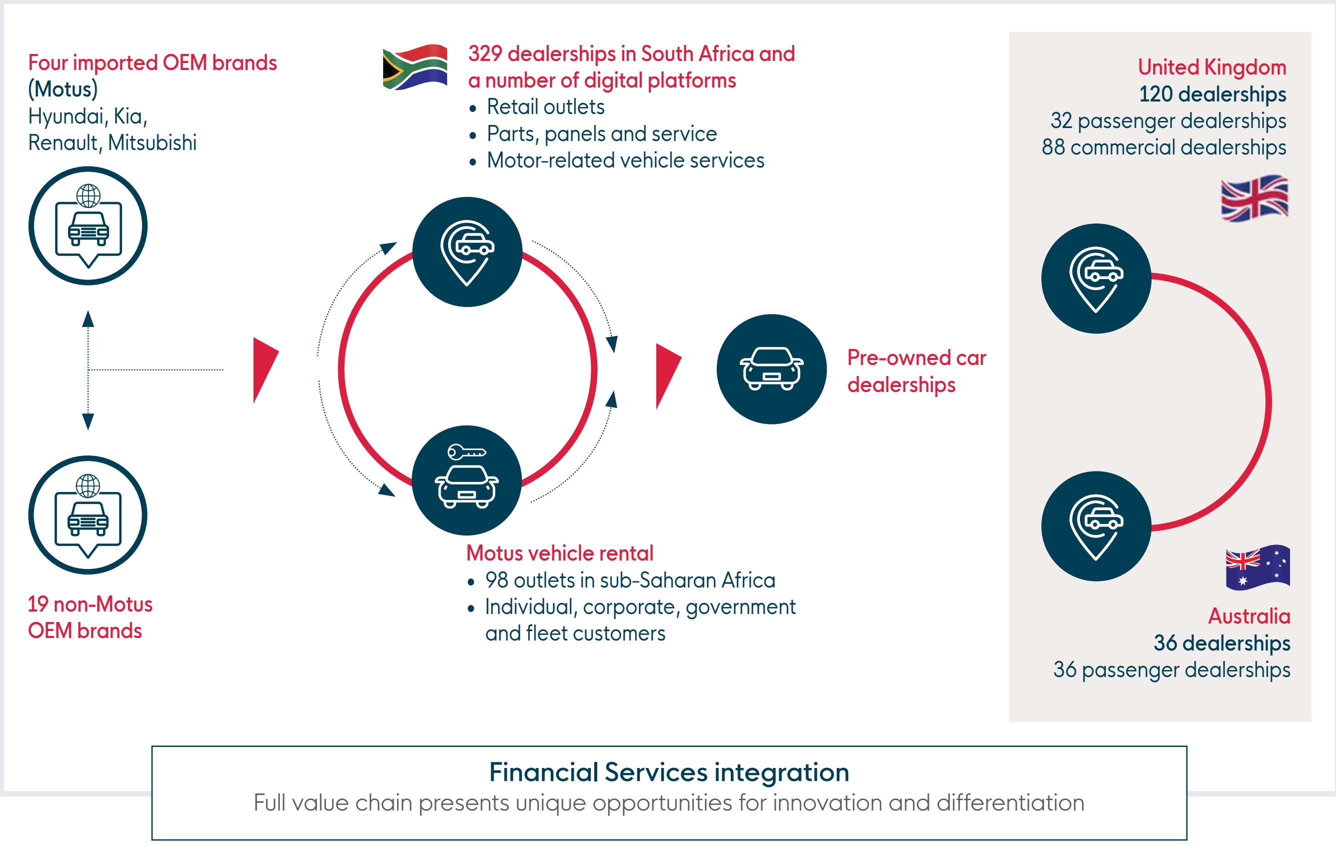
Rob Truscott
CEO Retail UK

John Johnson
CEO Retail Australia

Retail and Rental

We operate a centralised finance and insurance business across the dealer network, which provides economies of scale. Rental vehicles are provided through the Europcar and Tempest brands, each with targeted offerings for customers. We operate 83 car rental outlets in South Africa and 15 outlets in neighbouring countries.

Our dealerships in the UK are based mainly in provincial areas, and in Australia are located in New South Wales and Victoria.



Representing leading brands

South Africa	United Kingdom	Australia

Growth opportunities

We are investing in innovation to improve our digital capabilities in order to improve market share penetration. Limited selective expansion of the retail operations will be driven by the need to protect our market positions and complement existing networks in the shorter term and by the introduction of additional brands in areas close to existing dealerships, via multi-franchise or bolt-on acquisitions, over the medium to longer term. We will expand our pre-owned vehicle offering within the existing footprint.

2020 performance

Market leadership

The political uncertainty in South Africa and negative economic outlook, together with the global recession as a result of COVID-19, will continue to constrain growth in the short term. In addition, the shift by customers away from luxury vehicle brands continues and will result in a permanent structural realignment of the market to more affordable vehicle brands and pre-owned vehicles. Intense competition is driving down prices of vehicles and other services in order to achieve market share targets resulting in profit margin compression.

Our ability to evolve our dealership representation and optimise our structure and footprint allows us to proactively respond to disintermediation trends as OEMs move towards the agency model. Our ability to implement and refine a multi-franchise dealership model will also support the optimisation of our business processes, allowing us to improve efficiencies and reduce cost of operation.

Our ability to implement and refine a multi-franchise dealership model will also support the optimisation of our business processes.

Improve our customers' visibility of our inventory of pre-owned vehicles while also enhancing customer service.

Investing in innovation and improving our digital capabilities will enhance our retail strategy and overall customer experience. We will focus on developing a customer-facing centralised vehicle stock aggregator and online portal that supports digital lead generation. It will allow us to improve our customers' visibility of our inventory of pre-owned vehicles while also enhancing customer service by reducing our time to serve, for example by increasing the speed of providing trade-in values.

Our car rental business de-fleets through our Auto Pedigree network, ensuring that we have a constant and reliable source of pre-owned vehicles, in the right condition and at the right price. The impact of COVID-19 restrictions on tourism and the rental market will require us to refine our footprint, accelerate the de-fleet of rental vehicles to control costs and ensure the longer-term sustainability of our operations.

In the UK, we have expanded our DAF representation to be recognised as the largest DAF dealer group in Europe. This enables us to achieve economies of scale and offer enhanced service solutions to fleet customers over a significant part of the UK.

Continued organic expansion in both commercial and passenger retail sectors will be considered in the UK and selective expansion via bolt-on acquisitions will be driven by the introduction of additional brands in areas close to existing dealerships. In Australia, further selective expansion will be driven by the introduction of additional brands in areas close to existing dealerships via bolt-on acquisitions. We remain focused on growing our provincial town footprint outside of large metropolitan areas.

Integration and optimisation

We continually review our dealership footprint to align it to OEM strategies and to respond to changing customer behaviours, ensuring that we enhance our retail strategy and customer experience. We constantly evolve our footprint by consolidating existing franchises into facilities in key locations, rationalising underperforming dealerships and brands and by selectively expanding our dealership footprint and introducing additional brands through selective bolt-on acquisitions in areas that complement our current network to build critical mass and leverage synergies. During the year, we acquired bolt-on DAF dealerships in the UK and in Australia we purchased eight passenger dealerships, increasing our access to grow market share in these regions.

Over the past 18 months, the car rental business has migrated its legacy IT systems onto a new platform that offers bi-directional system integration capabilities. We will continue to create a sustainable technology environment that supports specialised customer digital applications across multiple platforms.

Rightsizing our operations in response to COVID-19 has meant that we will close 19 of our car rental retail outlets, de-fleet 7 000 vehicles and retrench 45% of workforce. Ongoing work to contain costs and preserve cash includes combining Europcar and Tempest outlets to further consolidate our car rental footprint, in line with new market realities, with appropriate premium and low-cost offerings to customers.

Read more about the Group's approach to innovation and technology on page 26.

Our people

We aim to create a purpose-driven workplace that fosters a culture of continual improvement and innovation by continually embracing change and customer centricity in response to emerging disruption in our industry.

Our people processes are designed to attract, develop and retain talented, diverse and committed employees and we continue to invest in the development of our people, with a strong focus on technical competence development. Our Dealer Principal and Portfolio Manager programmes are focused on transforming these roles in response to the market dynamics.

Read more about the Group's people strategy on page 82.

2020 financial performance

Revenue	Operating profit	Operating margin
R59 898 million	R332 million	0,6%

	HY1 2020 unaudited^	% change on HY1 2019 unaudited^	HY2 2020 pro forma*	% change on HY2 2019 pro forma*	2020 audited	2019 audited	% change on 2019 audited
Revenue (Rm)	34 265	7	25 633	(22)	59 898	65 041	(8)
Operating profit (Rm)	801	(2)	(469)	(<100)	332	1 578	(79)
Operating margin (%)	2,3		(1,8)		0,6	2,4	

^ HY1 numbers are unaudited and were released in the interim published results for the six months ended 31 December 2019.
* HY2 numbers are unaudited and derived from deducting the HY1 results from the full year published results of 30 June 2020.

Revenue declined by 8% as a result of the decline in sales volumes and the change in the mix of vehicles sold (shift to pre-owned) coupled with the poor performance from the car rental division. The Retail and Rental segment retailed 77 772 new units (2019: 94 003) and 74 768 pre-owned units (2019: 83 104) during the year. The reduced unit sales and rental volumes were attributable to the global COVID-19 crisis which resulted in severe vehicle market contraction and no local and international tourism for the last three months of the financial year.

Operating profit declined by 79% mainly due to vehicle market contraction and reduced utilisation of rental vehicles, increased pressure on consumer affordability and lower margins realised on entry level vehicles. We were unable to reduce overheads to the same extent, as the business was negatively impacted by reduced trading levels during lockdown.

The **South African retail** operating profit decreased 53% from the prior year mainly due to the decline in sales volumes of 12%, the change in the mix of vehicles sold, the reduction in profitability of premium branded vehicle sales, price competitiveness and cost of vehicles. The declined volumes were attributable to the global COVID-19 crisis which resulted in severe vehicle market contraction. This was partly offset by increased revenue from pre-owned vehicles in Auto Pedigree.

Car rental revenue and operating profit reduced by 17% and 144% respectively mainly as a result of no local and international tourism, reduced government and corporate travel during the lockdown for the last three months of the financial year with utilisation levels dropping to 60% (2019: 71%) and increased fixed depreciation. The car rental division has subsequently been rightsized by de-fleeting 7 000 vehicles, reducing the workforce by 45% and closing 19 rental outlets.

UK revenue and operating profit reduced by 6% and 138% respectively mainly as a result of the poor performance of passenger dealerships and reduced volumes, partly offset by revenue and operating profit attributable to acquisitions. The UK retailed 22 912 new units (2019: 29 399) and 12 966 pre-owned units (2019: 14 544) during the year. The commercial dealerships performed well in a competitive and contracting market and remained profitable, with continued demand for parts and servicing during the UK lockdown period. The passenger dealerships reported a decline in performance largely related to the contraction in the UK market and limited brand representation. The UK operations have been affected by the global COVID-19 crisis, as well as political uncertainty arising from Brexit.

Australia's revenue and operating profit reduced by 4% and 50% respectively mainly as a result of reduced volumes, offset by revenue and operating profit attributable to acquisitions. Australia retailed 8 675 new units (2019: 10 495) and 3 960 pre-owned units (2019: 4 305) during the year. Both the New South Wales and Victoria operations were negatively impacted by certain underperforming brands in the market, reduced volumes and the discontinuation of the Holden brand in the country.

Financial Services

The Financial Services business segment develops and distributes innovative vehicle-related financial products and services through importers and distributors, dealers, finance houses, call centres and digital channels.

Geography
South Africa

Vehicle contracts
>750 000

Innovation
Defines the Group innovation strategy and drives employee collaboration through the Motus M^X community

2020 priorities
- Unlock efficiencies and customer potential in existing and new channels by expanding offerings in owned and independent dealership networks.
- Grow the business through joint ventures with strategic partners who can provide new channels to market.
- Make selective acquisitions focusing on fleet, fintech and non-paper-based VAPS.
- Evaluate opportunities to expand financial services offering in other jurisdictions where we operate.

Kerry Cassel
Executive director and CEO: Financial Services

Financial Services

Through this business, we manage and administer service, maintenance and warranty plans and develop and sell vehicle-related VAPS to owners of more than 750 000 vehicles. We are also a provider of fleet management services to corporate customers.

Product and services

Motus FINANCIAL SERVICES

VAPS

M-SURE | LIQUID CAPITAL

- Service and maintenance plans
- Extended warranties
- Scratch and dent
- AdCover
- Credit life
- Tyre and rim
- Roadside assistance

Value Asset Finance

HYUNDAI FINANCE | KIA Finance | LIQUID VEHICLE FINANCE

- Instalment sales
- Guaranteed future value offerings
- Lease/rental solutions

Fleet

58Fleet

- Procurement and financing of vehicles
- Fleet maintenance solutions
- Fleet management
- Vehicle de-fleeting

Consumer Mobility

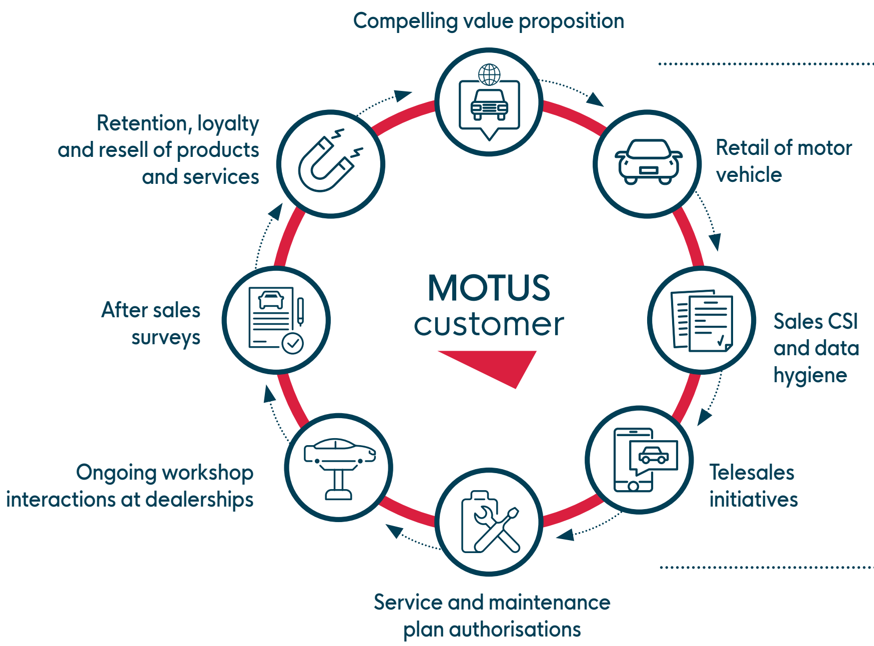
MotorHappy

- Digital VAPS and comprehensive insurance platforms
- Digital vehicle procurement, finance and disposal platforms
- Digital leads rewards programmes

This offering has evolved over many years to enhance the vehicle ownership experience of our customers, identifying and addressing the underserved needs of motorists. This enables Motus to develop meaningful relationships with our customers as our integrated value chain provides us with multiple customers.

Data forms the foundation of the development of customer insights which in turn drives the development of continuously evolving products and services presented to customers at the appropriate time in their vehicle ownership journey. Compelling value propositions ensure that customers return to Motus for all their motoring needs, and this drives value for the Motus value chain.

Ultimately, we strive to deliver a stress-free motoring experience to our customers, while at the same time ensuring that every vehicle sold by Motus generates revenue streams for the Group over its useful life.



Financial Services

- Access to bank credit at preferential rates to enable vehicle sales
- Access to the dealership network provides significant point of sale opportunities.
- Access to market intelligence through the Group's vehicle businesses and its own data.
- Ability to feed market intelligence back into the vehicles businesses, enabling the division to reach clients with the right product at the right time.
- Cash-generative revenue lines that create strong annuity income streams which act as a significant hedge to the cyclical nature of the industry.
- Proven track record of innovative product and channel development and deployment.

This segment complements and leverages the integrated automotive value chain, providing high-margin annuity earnings.

Growth opportunities

Innovation and unlocking customer potential within existing and new channels, represents a significant growth and profit opportunity for the business. We have invested in technology to leverage consumer data, enabling us to offer personalised services aimed at enhancing the customer experience and improving customer retention.

2020 performance

Our core business is to build our financial services offering as an extension of Motus' vehicle businesses. Our vision to be a leading player in the mobility products and services industry will be achieved through continuous product and market innovation, increasing penetration in existing markets and diversifying into new markets.

We continue to grow our channels to market through joint ventures with strategic partners and tailored financial services products which benefit from access to their customer bases, leveraging our specialised expertise, data and product design ability. During the year, we launched a world-first warranty product in partnership with Discovery Insure. The product provides comprehensive and market-leading mechanical breakdown and electrical failure cover for 36 critical vehicle components with no cover limits. The product is offered to Discovery Insure customers and the tailormade premiums are determined using the telematics data of drivers on the Vitality Drive Programme. This programme encourages good driving and rewards drivers for driving well.

We continue to work on strengthening our relationship with independent dealers to drive the adoption of VAPS and targeted lead generation. The decision to expand our industry leading warranties and financial services products to prepaid plans for entry level vehicles and rental returns is increasing the volume of customer leads going into our call centres and will drive workshop throughput, increase parts turnover and improve customer retention.

During the year, we launched a world-first warranty product in partnership with Discovery Insure.

Financial Services (continued)

Extended warranty and servicing plans

In South Africa, the nationwide COVID-19 lockdown created a 19% backlog of the car parc requiring critical safety checks and servicing. LiquidCapital, which manages service and maintenance plans for Hyundai, Kia, Renault and Mitsubishi in South Africa, extended cover under these plans during lockdown, ensuring that our customers did not lose these benefits.

Integration and optimisation

The desirability of our brands, the delivery of innovative VAPS and mobility services, and our ability to consistently meet customer expectations are key factors in defending market share, deepening customer loyalty and growing our sales and customer base.

Our scale and integrated value chain enables us to provide cost-effective and competitive financial products and services to customers in a challenging economic environment, and will be supported by driving vehicle sales underpinned by pricing discounts and product enhancements to qualifying customers. In addition, we will continue to implement innovative digitisation initiatives to improve efficiencies and save costs. The implementation of business process automation technology to streamline processes and ongoing software system upgrades will be supplemented by enhanced data quality across the Group. This will enhance our understanding of customer needs and behaviours so we can provide them with cutting-edge service and relevant offerings and improve our ability to accurately price our VAPS offerings.

The Discovery Insure project was a successful big data project – two independent data sets were combined to extract meaningful customer insights and create a compelling and innovative new offering. The business continues to work on several projects which aim to further leverage our data and better serve our customers, and the broader motoring public.

In addition, we will continue to gain cost savings through improved procurement processes and negotiating preferential procurement deals with suppliers, focusing on negotiating fleet rebates on parts and labour through dealer and workshop networks. We are piloting a model focused on part procurement purchases of motor body repairers to provide full visibility of the supply chain, which will improve parts ordering and leverage insurer importer parts programmes.

Read more about the Group's approach to innovation and technology on page 26.

> Software system upgrades will be supplemented by enhanced data quality across the Group.

Our people

Read more about the Group's people strategy on page 82.

2020 financial performance

Revenue	Operating profit	Operating margin#
R2 173 million	R931 million	42,8%

Operating margin includes profit streams without associated revenue

	HY1 2020 unaudited^	% change on HY1 2019 unaudited^	HY2 2020 pro forma*	% change on HY2 2019 pro forma*	2020 audited	2019 audited	% change on 2019 audited
Revenue (Rm)	1 126	(1)	1 047	1	2 173	2 172	–
Operating profit (Rm)	483	–	448	(2)	931	937	(1)
Operating margin (%)#	42,9		42,8		42,8	43,1	

^ *HY1 numbers are unaudited and were released in the interim published results for the six months ended 31 December 2019.*
* *HY2 numbers are unaudited and derived from deducting the HY1 results from the full year published results of 30 June 2020.*
# ***Operating margin includes profit streams without associated revenue.***

Revenue was stable, clearly demonstrating the resilience of the annuity income streams in this business, despite the negative impact of COVID-19.

Operating profit remained in line with the prior year. The profit streams from banking alliances came under pressure as a result of COVID-19. This was offset by increased contributions from service and maintenance plans and other value-added products and reductions in overheads.

The diversified revenue streams within this division hedged the profits against any severe COVID-19 impact.

Aftermarket Parts

We are a distributor, wholesaler and retailer of accessories and parts for out-of-warranty vehicles through 587 retail stores, franchised outlets and specialised workshops supported by distribution centres in South Africa, Taiwan and China.

Geography

Southern Africa and limited presence in South East Asia

Distribution centres located in South Africa, Taiwan and China

Stores

587 retail stores and distribution points, with 94 owned by Motus

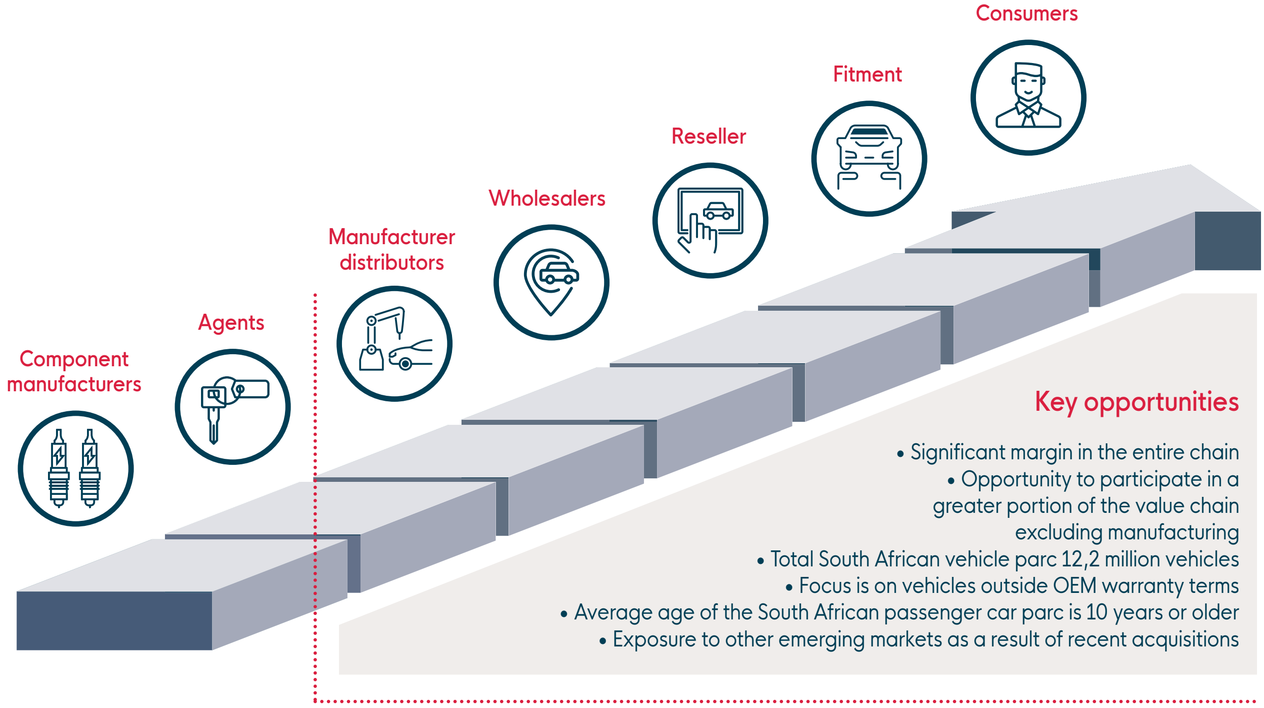
2020 priorities

- Increase efficiency through an integrated regional hub distribution system supported by an offshore distribution centre, to shorten routes to market and improve purchasing power through increased procurement volumes and rebates.
- Improve the availability of products at the point of sale, and enhance premium, value and entry brand offerings.

Malcolm Perrie
CEO Aftermarket Parts

Aftermarket Parts

Our large national and growing footprint enables us to leverage our buying power to distribute and sell competitively priced products for a continually growing car parc of vehicles.



Growth opportunities

Expanding into other developing markets provides a significant opportunity for the business. Increased participation in this segment will include vertical integration to eliminate intermediaries in the wholesale supply chain. Our controlling interest in Arco in Taiwan supports this strategy and enables us to leverage our consolidated buying power to procure parts at competitive prices.

We aim to grow the South East Asian business. We have already set up a distribution centre in this region to facilitate buying and distributing parts and accessories to other business hubs. We will explore selective acquisitions to drive growth, focusing mainly on the Asian businesses to complement wholesale opportunities.

2020 performance

Market leadership

COVID-19, the sovereign downgrade in South Africa, together with high unemployment, has reduced consumer disposable income levels, shifting demand from higher priced premium products to more affordable products. This trend of buying down and increased competition continues to compress margins. We will continue to develop an end-to-end supply chain with a broad product offering that is supported by our access to the right suppliers and ability to leverage our group buying power. Our channels to market are supported by our franchisee model, which gives us an extensive footprint and allows us to offer our products to a range of customers. In addition, the South African car parc has a wide range of vehicle models that are out of warranty, resulting in the need to hold a broad product range of parts and accessories. This requires increased working capital investment initially to meet the demand.

The severity of COVID-19 was mitigated by our ability to supply parts to essential service providers permitted to operate under lockdown. Following the lifting of restrictions, our improved supply chain ensured good inventory levels that allowed us to meet the pent-up customer demand for parts and accessories.

We will continue to strengthen our core business by streamlining our distribution capability, shortening our routes to market and leveraging our ability to procure large volumes at lower prices to cater for broader market penetration. We partner with selected global parts distributors to facilitate competitive purchasing and continue to increase our buying power through the forward integration of the parts supply chain.

We continue to develop an end-to-end supply chain with a broad product offering.

Aftermarket Parts (continued)

We partner with selected global parts distributors to facilitate competitive purchasing and continue to increase our buying power through the forward integration of the parts supply chain.

Informal sector mechanics project

With over half of South Africa's vehicle parc being 10 years or older, ensuring the safety and reliability of these vehicles is important. The Makhaya project aims to create a sustainable micro-network of informal sector mechanics by providing them with equipped workshops, technical support and SMME business training. These workshops will be housed in or adjacent to our own or franchised network of aftermarket parts or pre-owned dealership sites. Aftermarket Parts will supply the network and provide access to our value chain and customers.

Integration and optimisation

Our ability to leverage our buying power through increased volumes and direct access to our suppliers supports our pricing strategy, and our efforts to deploy a single product catalogue platform, aligned to global standards, will allow us to effectively rationalise our brand portfolio and reduce inventory levels. We offer a full spectrum of private label products and focus on effectively managing our brands, which includes expanding into entry level vehicle products and reducing premium brands. We will continue to expand our existing e-commerce platform by adding new capabilities, including mobile app sales functionality, to enhance the ability of our businesses and our franchisees to provide excellent customer service.

Our improved supply chain and distribution strategy will support product management by providing visibility of stock availability, allowing us to better manage inventory levels. We will continue to optimise our supply chain though selected acquisitions, specifically to grow our distribution capabilities in China.

Our central distribution centre in Shanghai, China is fully operational following the appointment of a general manager and appropriately skilled staff. In South Africa, we are moving our distribution centres closer to customers and continuing to enhance our online product catalogue, to improve lead times, create greater visibility of product availability and therefore improve the overall customer experience.

We continue to grow our independent channel, which supplements the franchisee model, and expand our retail footprint in urban areas and rural areas in collaboration with the franchisee base during the year.

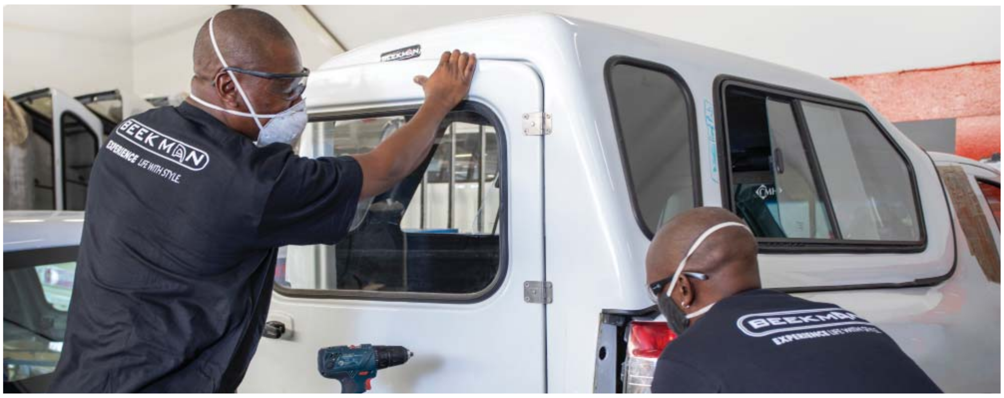
Read more about the Group's approach to innovation and technology on page 26.

Our people

During the first half of the year, we restructured our leadership and product management teams to allow us to build an agile and responsive team, deepen accountability and clarify their focus, as well as reducing our dependency on key individuals as single points of contact.

This initial reorganisation has positioned us well to respond in an agile manner to the impact of COVID-19. Our operations are realigned to the new economic reality.

Read more about the Group's people strategy on page 82.



2020 financial performance

Revenue
R6 050 million

Operating profit
R322 million

Operating margin
5,3%

	HY1 2020 unaudited^	% change on HY1 2019 unaudited^	HY2 2020 pro forma*	% change on HY2 2019 pro forma*	2020 audited	2019 audited	% change on 2019 audited
Revenue (Rm)	3 433	5	2 617	(18)	6 050	6 442	(6)
Operating profit (Rm)	247	–	75	(70)	322	496	(35)
Operating margin (%)	7,2		2,9		5,3	7,7	

^ *HY1 numbers are unaudited and were released in the interim published results for the six months ended 31 December 2019.*
* *HY2 numbers are unaudited and derived from deducting the HY1 results from the full year published results of 30 June 2020.*

Revenue and operating profit decreased by 6% and 35% respectively as a result of the negative impact of COVID-19, coupled with lower demand for commoditised products, increased supplier and competitor activities in a tighter market and a shift by consumers from higher priced premium products to more affordable products in South Africa.

The reduction of the fixed cost base was slightly delayed as pent-up demand was high when the lockdown ended and the benefit will only be achieved in the new financial year.

Michele Seroke
Chief People Officer

Our people

Our people

The impact of COVID-19

Our first priority was to protect our people and stakeholders from infection followed by measures to protect employee salaries and avoid retrenchments as far as reasonably possible.

After reducing capital expenditure and costs related to business activities such as advertising and marketing, as well as salary cuts for all employees earning over R250 000 a year, our measures were not enough to preserve cash reserves and protect the commercial viability of certain of the Group's operations. We have therefore had to implement early retirements, revise employee benefits and embark on voluntary and involuntary retrenchment processes in terms of Section 189 (S189) of the Labour Relations Act to reduce the workforce.

The formal S189 retrenchment consultation processes with labour unions started in May 2020, and the retrenchment process will be completed by the end of September 2020. By mid-September, there were 1 181 voluntary retrenchments, 1 216 compulsory retrenchments and 830 people had left our employ due to resignations and early retirements etc.

We have made an effort to redeploy individuals into other positions within the Group. Going forward, we will address the impact of the reduced workforce on our employment equity, succession and talent management plans for 2021.

Our contingency plans ensure business continuity in the event that our senior leaders and executives within the business are affected by the virus.

Read more in the Chief Executive Officer's review and the remuneration report on pages 20 and 110 respectively.

The economic impact of COVID-19 and the interventions used to contain its spread have been widespread. Our inability to trade during the strict lockdown implemented in South Africa, required urgent measures to contain and reduce costs.

People strategy

During the reporting year, the people strategy was updated to address our fast-changing business context driven by digital transformation, and to ensure that our human capital management continues to support the Group's business objective to be a customer-centric and innovative organisation. Our human capital purpose has been redefined to – provide business informed people practices and frameworks that accelerate innovation and organisation growth.

Our human capital imperatives are to:

- Understand, develop and facilitate mobility of critical skills for business and employee growth.
- Foster and leverage a diverse and inclusive work culture to enhance business performance.
- Develop employees and leaders who embody the Motus Way[1] to enable an adaptable and future ready organisation.

[1] Key behavioural and critical success factors that reflect the Motus strategy, vision and operating model.

The human capital management team received training to enhance their understanding of key accounting concepts, such as profit and revenue, sales and factors that impact essential business metrics. The training has assisted the human resources team to become more aligned to business and will ensure that human resources solutions are better informed by business needs.

Stakeholder engagement

The revised performance development approach drives better engagement between employees and their line managers. Additional engagement has taken place with business leaders and human resources managers on the flexibility and customisation of the system for each business segment. We have also increased the frequency of our engagement with our employees and aligned our messaging across business segments and geographies.

The motor industry successfully signed a wage agreement with the National Union of Metalworkers of South Africa (NUMSA) valid to August 2022. Collective bargaining agreements with NUMSA and the Motor Industry Staff Association (MISA) cover 7 556 employees.

Looking forward

- Test the relevance of the new people strategy following COVID-19, identify and develop the projects to drive the new people strategy and define the key performance indicators to measure progress.
- Manage the impact of COVID-19 on our workforce, addressing the knock-on effect on skill sets, capabilities and morale and ensure transparency, inclusivity and consistency in our processes.
- Review our human capital service offerings and consider new technologies to engage with and develop our people in a new remote working environment.
- Manage the impact of digitisation and automation on people as we accelerate our operations for simpler, faster ways of working.
- Integrate repetitive administrative human capital transactions into a single function to minimise duplication of effort and costs.

Talent management and mobility

The Talent for Growth Framework, established in the reporting year, focuses on strategic talent identification (identifying the critical roles and key skills required today and in the future) and succession planning. The objective of the framework is to future proof our leadership through the effective assessment of talent to identify successors, facilitate internal career growth and address any capability gaps.

Key to attracting and retaining critical skills is being able to move talent between our operations not only as secondment opportunities, which offer an attractive and unique employee value proposition in our sector, but to also unlock organisational value by placing talent where it can make the most impact.

2020 performance

- Started the **second pilot of the performance development** approach in September 2019, which incorporates the feedback received from the first pilot. The individual performance rating score is split between performance and values-based behaviour with the ratio depending on the unique nature of the business concerned. Guidelines and training are assisting the consistent determination of values-based behaviour.
- Effective **career conversations** continued despite the impact of COVID-19. Our managers have had to adapt to leading remote teams, taking new approaches to performance conversations, focusing on outcomes and communicating effectively in a virtual environment.
- Participated in **three career fairs** at the universities of Johannesburg, Witwatersrand and Cape Town to create awareness of the Motus brand as an employer of choice. Over 3 500 students were engaged and 874 curricula vitae sourced, providing a database of young talent from which our businesses can recruit.

Looking forward

- Continue to progress the performance development approach and system to drive greater alignment between employees and business goals, to measure the productivity of employees including those working remotely, and to identify critical roles and key skills.
- Improve human capital processes at business unit level to ensure there are sufficient candidates from designated groups (black people, women and differently abled people) within the senior and middle management levels to fill top management positions in the longer term.
- Develop guidelines to govern internal mobility and deployment of people with critical skills across the Group.

Diverse and inclusive work culture

We aim to drive an inclusive and collaborative high-performance culture that empowers employees to contribute to business growth, and provides Motus with diverse thinking that drives business results and improves engagement with our diverse customer base. A key focus is providing opportunities for all employees and delivering effective collaboration platforms across multiple workforce segments, providing individuals and teams with the opportunity to share new ideas and contribute to problem-solving.

In South Africa, clear, co-ordinated and targeted interventions are used to source, develop and promote candidates from designated groups to transform our workforce to reflect South Africa's demographics. Executive management recognises that this objective requires an accelerated approach to transformation and has tasked the business segments with pursuing more aggressive internal targets supported by effective plans.

Our diversity training and people policies convey the behaviours we expect of our managers and employees to foster a healthy and inclusive working environment where everyone can perform to their full potential. Our Diversity Training Programme raises awareness on the value of diversity, empowers managers to lead diverse teams and educates employees on how to work in diverse teams.

2020 performance

Black representation (South Africa)

30% at top management level
(2019: 31%)

40% at senior management level
(2019: 36%)

45% at middle management level
(2019: 43%)

Black dealer principals

39% of the Group's dealer principals are black
(2019: 40%)

Women representation (Group)

30% of the Group's workforce are women
(2019: 30%)

Diversity training (South Africa)

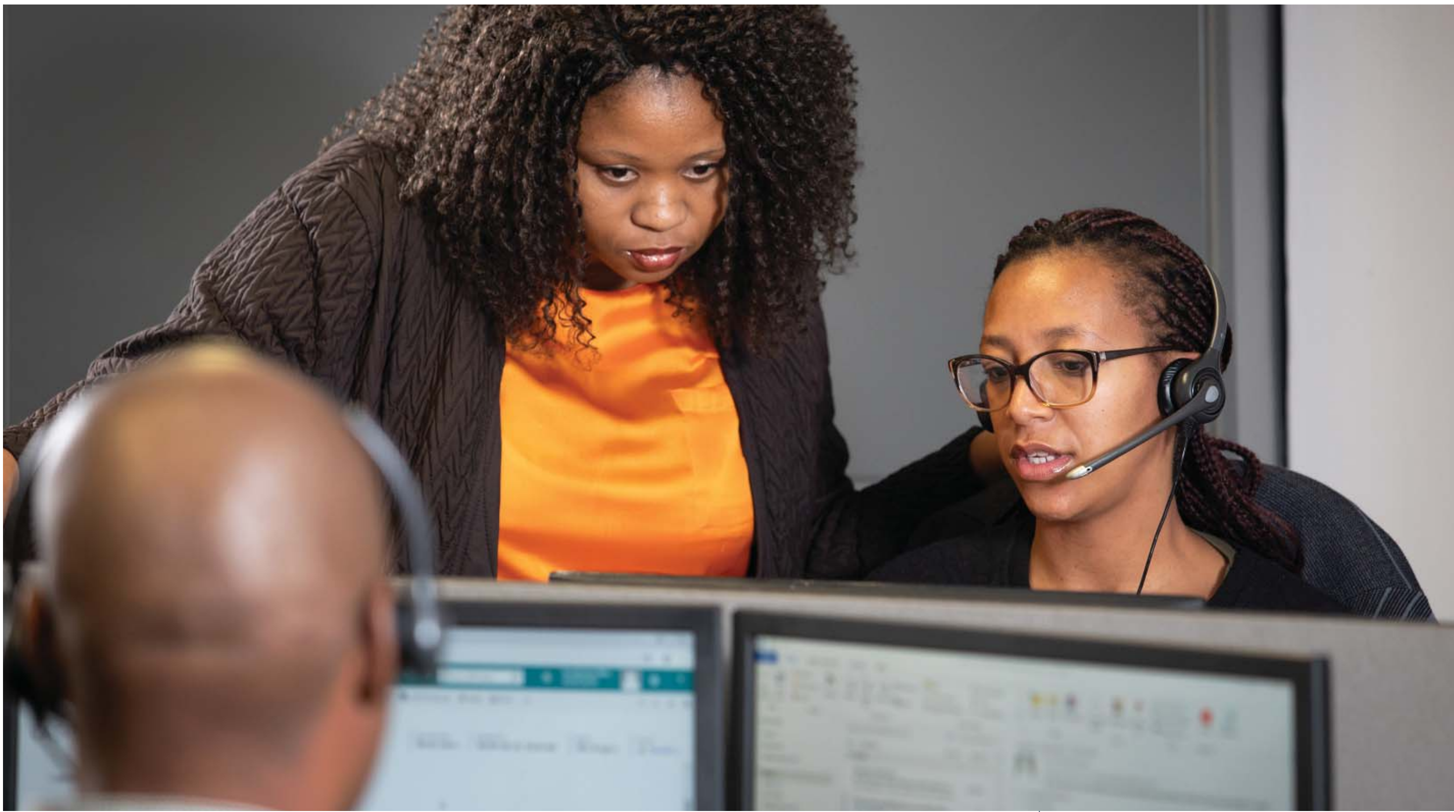
233 managers and **1 881** employees attended diversity training
(2019: 296 and 1 713 respectively)

Differently abled people (South Africa)

Of the **146** differently abled people in the South African workforce, **47%** are **black** and **54%** are **women**
(2019: 269 differently abled people)

Succession

Our succession plans earmark senior and middle management positions for black professionals and include the appointment of two black divisional CEOs in the short term.



- Set ambitious internal employment equity targets to accelerate transformation, particularly at senior and middle management levels. We enhanced the robustness of employment equity reporting to the board to enable a more critical analysis of our progress.
- Developed a disability policy to support the reasonable accommodation of differently abled people and create an inclusive workplace environment. We have also developed a disability awareness campaign to encourage differently abled employees to declare their condition and ask for reasonable accommodation. The launch of the campaign is scheduled for October 2020.

Looking forward

- Provide practices that enable the attitudinal and skills shifts that will accelerate a diverse and inclusive culture.
- Continue to drive robust internal transformation targets and initiatives. We will also engage with business segment CEOs and review our 2023 employment equity targets.
- Review the delivery of diversity training given social distancing requirements.

Our people (continued)

Leadership and people capabilities

Effective leadership mobilises and inspires teams, engages effectively with stakeholders and steers an organisation through the changes needed to address ever-increasing technologically driven industry advances, and uncertain and challenging times.

The fast, supportive and compassionate decision making in response to COVID-19 is testament to the strength, agility and skill of our leadership team. Within two weeks of the national lockdown announcement, the team had a blueprint in place to take the Group forward when restrictions were lifted. This included business segment management teams working together on ways to capture demand and achieve more attractive price points for customers.

Tailored training and development opportunities are delivered at all employee levels. A focused skills development and training approach enables the Group to achieve its strategic objectives, meet its transformation targets and ensure that a pipeline of skilled people are available for appointment to critical positions when required.

While our training and development programmes were suspended due to COVID-19, we are committed to maintaining our investment in skills development, with a particular focus on expanding and repeating our learnerships for differently abled people.

2020 performance

Training spend (South Africa)

R177 million equating to 4% of payroll
(2019: R137 million)

Training hours (South Africa)

63 hours per employee
(2019: 78)

Management training (South Africa)[1]

211 employees participated in a managerial programme – 70% of participants are black and 25% are women
(2019: 654)

Technical training (South Africa)

Technical training accounted for **84%** of total training spend
(2019: 82%)

Motus Technical Academy (South Africa)

795 apprentices trained by the Academy were paid by Motus, **86%** are black
(2019: 686)

95 qualified apprentices were hired and are part of the feeder pipeline for critical workshop positions
(2019: 93)

- Introduced two new managerial development programmes. One is designed to upskill newly appointed line managers to manage people and business challenges effectively. The second is a refresher course for experienced middle managers, covering how to lead teams effectively. The programmes together reached 51 employees.
- Our training spend of R177 million in South Africa, exceeded the Skills Development Act's requirement that training spend equates to 1% of payroll.
- Introduced standard operating procedures applicable across the Group to enhance the accuracy of training data.
- Continued to expose Motus executives and employees at all levels of the Group to innovation through the following initiatives:
  - Our membership with Plug and Play in the Silicon Valley.
  - Innovation sprints in partnership with XU in Berlin.
  - Collaboration across business segments and businesses on proof of concept projects.
  - The launch of the Motus Xponential (M^x) innovation digital platform.

Read more about innovation in the Chief Innovation Officer's review on page 26.

[1] *The 68% decrease is due to the impact of COVID-19 on face-to-face training.*

Looking forward

- Identify the key behavioural and critical success factors that reflect the Motus strategy, vision and operating model (the Motus Way) and develop training programmes to help leaders and employees live these behaviours.
- Continue to facilitate accelerated development programmes for identified succession pools and deliver programmes that help employees become digitally astute.
- Ramp up our efforts to deliver mobile digital learning platforms to enable greater remote access to training material and programmes and reduce learning management costs.

A safe and healthy operating environment

The health and safety of our employees, customers and partners is always top of mind, which during the year extended to ensuring that we prevent and minimise the potential spread of COVID-19. As a business that relies heavily on people, the morale of our employees has a direct impact on our success in meeting our strategic objectives and customer expectations. This was particularly evident during the pandemic where we relied on the resilience of our people to ensure the successful continuity of our day-to-day business processes and the upkeep of our customer service standards under challenging circumstances.

We are saddened to report a fatal accident at one of our parts distribution centres (PDCs) in South Africa on 15 November 2019, where the employee concerned unfortunately did not follow the required safety protocols. A full independent investigation was undertaken and despite a robust and compliant occupational health and safety (OHS) system, the incident reinforced the need for continuous vigilance in enforcing a health and safety culture. The following areas have therefore been prioritised:

- A review of external OHS service providers and consultants aligned to the risks being assured.
- A benchmarking exercise to identify the risks per site to enable customised checklists and assurance suitable for each operation.
- Increased employee training and awareness.
- Increased engagement with CEOs and Managing Directors of all businesses, reinforcing their accountability for OHS performance.

Our employees have had to contend with the impact of COVID-19 on their personal lives and at work where new ways of working were quickly implemented, as well as the uncertainty brought about by the Group's organisational restructures. These changes have added to the stress and financial pressures already felt by many South Africans in a difficult economic environment. Our employee wellness services, available across the Group, continued to be accessible, and in South Africa, usage of these support structures increased during the year.

Protecting our stakeholders during COVID-19

The need for limited physical contact during COVID-19 presents a fundamental shift in our operating model, necessitating the increased dependence on digital strategies and the redesign of a number of key interaction points with customers, our people and other stakeholders.

Health and safety procedures have been implemented across the Group to respond to the pandemic, and are continually modified and enhanced as developments and expectations from governments and health authorities' progress. A COVID-19 crisis committee, led by the Group CEO, is tasked with providing leadership during this uncertain time, including monitoring guidance from health authorities, and in turn, making decisions quickly to implement the necessary controls across the Group. The committee also oversaw the updating of business continuity and resumption plans for each business segment, by business site and covering people, technology and customer management.

New policies and procedures

Employees who are able to work from home have been set up with remote capability. Safe working environments are provided for employees who are critical to our customer relationships and needed on-site for critical business functions. All employees must wear masks and business sites and offices are sanitised and social distancing procedures are enforced.

To ensure the Group's requirements were consistently met across all operations in South Africa, we leveraged our supplier relationships to procure and distribute 22 500 cloth masks, 34 700 disposable masks, 10 000 face shields, 580 thermometers and thousands of litres of sanitiser. Personal protective equipment was also distributed to our employees in other parts of Africa. Our operations beyond South Africa implemented the measures required by their governments and health authorities. In the UK, this includes conducting full site risk assessments.

At the end of August 2020, five of our 17 499 employees had sadly succumbed to the virus and 538 (523 in South Africa, three in Malawi and 12 in the UK) had tested positive. Our procedures have ensured that the affected operations continued to meet required service levels safely.

Regular messages from the Group CEO, clear COVID-19 guidelines and procedures, and information delivered through multiple channels, have kept employees updated on developments within the Group and well informed on new ways of working and how to prevent infection. Guidance was also provided on the management of sick leave during the pandemic, on working from home and travelling to and from work and employee assistance programmes. Feedback indicates that our people have appreciated this increased level of engagement. Listening to and empowering our people is just as important and some good ideas have been generated on how to manage challenges raised by the pandemic.

We have also increased our engagement with our customers and suppliers on safety measures, and we are enhancing our ability to engage remotely with our customers, including through online platforms and apps. In addition, vehicles are collected and delivered to and from a customer's home or workplace, where feasible. Changes have also been made to the way we conduct customer test drives, including the sanitisation of all touch points in the vehicle once a test drive is completed.

Our executives remain committed to preventing the spread of COVID-19 and implementing the necessary procedures to ensure that when a possible infection is detected, we are able to respond quickly and effectively.

2020 performance

Motus Group

Of our 567 sites, including five in East Africa and 30 in Australia, we achieved an **83,6%** audit coverage with an average score of 90%.

South African business sites

88%[1] of our business sites were audited, with **91%** achieving the OHS compliance target score in excess of 85%.
(2019: 88%)

Motus UK

17% reduction in on-site accidents and injuries

100% reduction in road accidents and injuries

UK business sites

81%[1] of our business sites achieved an OHS audit score in excess of 90%
(2019: 93%)

Road accidents

21 road accidents
(2019: 35)

Our OHS framework proved resilient during COVID-19, with all business segments successfully implementing the appropriate health and safety procedures.

[1] Not all sites audited due to COVID-19 restrictions and social distancing requirements.
Note: OHS metrics cover employees and third-parties.

Our people (continued)

- Implemented the necessary changes to adhere to COVID-19 regulations and directives for the automotive industry in all countries of operation. Teams are split into alternating shifts, where possible, to limit the risk of COVID-19 transmission and business interruption in the event of a positive test result.
- Reviewed the health and safety standards and practices applied across South Africa to determine the level of consistency. We have also started to benchmark our external OHS audit service providers, with the exercise already underway in our PDCs.
- Continued to deliver OHS training and awareness to help employees meet their OHS responsibilities and adhere to legislative requirements as well as ensure that equipment is operated safely and hazards are managed responsibly.
- Prior to COVID-19, certain businesses held wellness days, giving employees the opportunity to gain information on how to manage their health and wellbeing. Wellness days were held by Hyundai, Kia and Financial Services. Emerging Brands organised lift clubs for its employees who use public transport, minimising their exposure to COVID-19, and it increased its efforts to raise health and safety awareness. Car Rental launched an online health and safety awareness training video.
- The number of sites in the UK that met the minimum pass score dropped from 93% in 2019 to 81% mainly due to acquisitions in Motus UK's Commercials division, where we have now implemented our standards. We require all acquisitions to adopt our minimum standards, and action plans are in place to align the acquisition's health and safety practices to our required standard. The number of on-site accidents and injuries in the UK dropped 17% to 193, however, fewer people were working on-site during the months of April, May and June 2020 due to COVID-19, contributing to the decrease.
- Motus Australia provided its managers with guidance and training on wellness and tasked them with regularly engaging with employees working from home to ensure that issues such as increasing stress levels, demotivation and resentment, cabin fever, burnout and unhealthy home workspaces are identified and employees receive the appropriate assistance.

Looking forward

- Based on the results of our benchmarking exercise, ensure we maintain a smaller group of preferred OHS service providers in South Africa, capable of meeting our required OHS standards and training requirements.
- Continue to monitor and review the quality and practical fit of OHS training provided in South Africa and improve the OHS audit process, liaising with internal audit and performing random quality assurance checks in high-risk areas.
- Ensure that acquisitions and new sites align to our minimum OHS standards and monitor ongoing enhancements and improvements.
- Implement any new OHS requirements that may be brought about by COVID-19 and leverage the existing COVID-19 site work plans to optimise OHS strategies.

For detailed information, read our sustainable development reporting online. Be an employer of choice in the automotive industry and Provide a safe and healthy operating environment for our stakeholders.

Berenice Francis
Executive: Corporate Affairs,
Risk and Sustainability

Social and environmental impact

Social and environmental impact

Effectively managing the economic, social and environmental consequences of our activities and actively striving to uphold our commitment to all stakeholders, secures stakeholder trust and our reputation as a good corporate citizen to invest in, do business with and work for.

Key outcomes for 2020

FTSE4Good Index Series

Overall score of **3,8** out of five (2019: 4,2)

- Environmental score: 3,3 (2019: 3,6)
- Social score: 3,3 (2019: 4,1)
- Governance score: 4,5 (2019: 5,0)

CDP[2] rating

We submitted our **first CDP disclosure** for benchmarking as the Motus Group in August 2020.

B-BBEE rating[1]

Achieved a **level 5 rating** – discounted to a level 6 – on our 2020 B-BBEE scorecard.

Sustainability-linked loan

Secured our second sustainability-linked loan for £120 million in January 2020.

Compliance

There were no material incidents of non-compliance with OHS and environmental legislation or with regulations that govern our products and services.

[1] Around 80% of our procurement spend is with or linked to OEMs with whom we have stringent distribution and franchise agreements, leaving approximately 20% of our procurement spend that can be directed to preferential suppliers. Our procurement constraints result in our B-BBEE scorecard being discounted. The scorecard is available on our website.

[2] Formerly the Carbon Disclosure Project. Submission was extended to August 2020 due to COVID-19 with results pending.

Our social impact

Motus understands that our social licence to operate depends on being a good corporate citizen and maintaining constructive relationships with our stakeholders and the broader communities in which we operate. In South Africa, our involvement must include sharing our expertise and experience to contribute to broader national strategies and thinking, and investigating new ways within our own operations to contribute to society at large over and above our current community initiatives. Despite the impact of COVID-19, we remain committed to enabling socioeconomic growth, creating employment and making a difference in our communities.

Transformation in South Africa

Small businesses play a critical role in South Africa's socioeconomic recovery, especially in creating desperately needed jobs. Leveraging our entrepreneurial spirit, we have started to develop sustainable working models for black-owned and managed businesses, which also give Motus access to new markets.

Our four key transformation projects are:

1. **A new black-owned dealership within the Motus franchise network** in partnership with Toyota South Africa. Motus will have a minority share in the dealership and provide operational support and training. The dealership is expected to be operational towards the end of the 2021 calendar year.

2. **The Makhaya project**, which aims to create a sustainable micro-network of informal sector mechanics. The first equipped workshop, located in Alexandra, Gauteng, opened in August 2019 and supports four automotive mechanics who previously operated on street pavements. The mechanics have access to preferential pricing at the nearby Midas retail outlet and receive ongoing technical and business training. Three additional sites are under development.

3. **Project Q** – a partnership with the local taxi association in KwaMhlanga, Mpumalanga, to open an independent parts retail store, operational since March 2020. Motus provides guidance to taxi owners and operators on the suitability of products for each application with special emphasis on safety critical components. The initiative contributes towards enhanced roadworthiness of taxis and the safety of passengers.

4. **Department of Trade, Industry and Competition's MotoCity hubs** – NAAMSA co-ordinates this project to create hubs of sustainable black-owned vehicle dealerships in rural areas and townships throughout South Africa. As vice-president of NAAMSA and our participation in its various sub-committees, we contribute our experience and skills to the project.

2020 performance

Skills development (South Africa)

The Motus Technical Academy employs **27 trainers** and is supporting the National Skills Fund's largest project to train **600 apprentices**, who are trained for the broader motor industry.

Non-governmental organisations (Group)

R3 million paid for subscriptions in non-governmental organisations (NGO) and industry bodies.

Tax contribution (Group)

R571 million paid to governments and **R950 million** paid on behalf of employees in South Africa (PAYE[2]).

CSI spend (Group)

R28 million invested in community upliftment initiatives

(2019: R29 million)

Imperial and Motus Community Trust (the Trust)

Invested **R5,6 million** in the Trust, which funded six new school libraries, two of which were handed over in September 2020. The network of 45 school libraries and resource centres reaches over 50 250 young learners and assists over 1 400 teachers.

Preferential procurement spend (South Africa)

R1,3 billion

spent with 50% black-owned businesses

(2019: R1,5 billion)

R498 million

spent with 30% black women-owned businesses

(2019: R520 million)

R1,3 billion

spent with EMEs and QSEs[1]

(2019: R2,0 billion)

Qualifying enterprise and supplier development spend (South Africa)

R26 million

3,7% of NPAT[3]

(2019: R62 million)

Qualifying socioeconomic development spend (South Africa)

R14 million

2,0% of NPAT[3]

(2019: R17 million)

Solidarity Fund (South Africa)

Contributed **R4 million** to the Solidarity Fund to assist with food and medical supplies for vulnerable households and communities in need during COVID-19.

COVID-19 response (South Africa)

Donated **eight** Hyundai, **eight** Kia vehicles and Beekman canopies, worth **R2,9 million** in total, to various organisations involved in the delivery of food parcels and medical supplies to communities in need.

[1] *Exempt micro-enterprises (EMEs) and qualifying small enterprises (QSEs).*
[2] *Pay-as-you-earn tax.*
[3] *Net profit after tax (NPAT) of the Group's South African operation.*

Preferential procurement

- Pleasingly, efforts to improve compliance reporting in line with the Group's procurement policy is driving better procurement data received from our businesses. We have improved the level of compliance (suppliers having valid B-BBEE scorecards) from 49% to over 77%. A minimum scorecard rating for suppliers will be implemented in 2021, including procurement from black women-owned business.
- 70% of our controllable procurement spend in South Africa was with preferential suppliers (2019: 59,2%).
- Total enterprise and supplier development spend decreased 66% due to COVID-19 constraints and the postponement of the implementation of our SMME fund. Approximately R30 million has been ear marked for the 2021 financial year, however new beneficiaries are yet to be shortlisted.
- Tasked business segments with ensuring that the sustainability of SMMEs in their supply chains was not compromised as a result of measures to respond to COVID-19. The procurement of personal protective equipment (PPE), approximately R3 million worth, was facilitated through SMMEs.

Community upliftment

- The Motus Technical Academy delivered training to 1 435 motor artisans, 1 031 of whom were trained for the broader motor industry. 290 artisans qualified during the year with 70% being from other companies.
- Grounded in our belief of using "mobility for good", we supported vulnerable communities impacted by COVID-19 by donating Hyundai and Kia vehicles and Beekman canopies to various organisations involved in the delivery of food parcels and medical supplies. Our vehicle donations are valued at R2,9 million.
- Motus Africa donated large volumes of PPE to various NGOs and government organisations in East Africa and in the UK, vans were made available to employees to assist with community support projects. Hyundai donated medical grade PPE (received from our principals) and sanitisers to the Helen Joseph hospital in South Africa.
- Launched the Motus Family Bursary Fund for the children of qualifying employees in South Africa who are in their second year or higher of tertiary education. A total of R8 million will be disbursed through the fund over the next three years (2020 to 2022). An amount of R30 000 per beneficiary has been set aside for the 2020 academic year (nine beneficiaries).
- Spent R1,2 million in the 'Road Safety – Powered by Motus' initiative, which drives road safety education and awareness across South Africa, including among school children, parents and holidaymakers (2019: R1,0 million). Our road safety programme has now reached almost 1,7 million learners in over 1 800 schools.

Looking forward

- Achieve a level 4 B-BBEE rating without being discounted for the 2021 B-BBEE scorecard due to a high level of procurement from OEM suppliers. In addition, key drivers to meeting this objective include identifying a suitable black partner for our fleet management business, 58Fleet, appointing African candidates in management positions, returning our skills development spend to prior levels, and driving our enterprise development strategy. Identifying a suitable partner for the fleet business has been delayed due to COVID-19 and will be revisited in 2021.
- Cost containment measures to respond to the impact of COVID-19 are likely to impact the rate at which we are able to deliver our CSI objectives.

Ownership

- Maintain and possibly improve the level of black ownership in Motus through a new B-BBEE equity share scheme to be implemented post-2025.
- Preferential procurement.

Preferential procurement

- Continue to develop the database of suppliers in South Africa to enable Group buying power from B-BBEE compliant suppliers.
- Increase our spend with EMEs and QSEs, particularly in workshops and for post-delivery inspection and logistics supply services.

Our environmental impact

In the execution of its business strategy, Motus aims to operate in an environmentally conscious and responsible manner and adopt practices that support the growth of the economies in which it operates. This is clearly articulated in our set of values.

Our biggest impact on the environment is the water used in our parts manufacturing plants and to wash vehicles in our dealership and rental depots. Other areas of focus are electricity consumption, given the supply concerns facing South Africa, the responsible disposal of hazardous waste oil generated from the servicing of vehicles and equipment, and the fuel needed to support our operating model, for example customer test drives and the delivery of aftermarket parts. We measure our environmental performance and the effectiveness of our projects to maximise operational efficiency against clear resource consumption targets.

2020 performance

Installed **solar photovoltaic (PV) systems** at an Autoworx depot and the Hyundai parts distribution centre (PDC), both located in Gauteng. Hyundai's PDC now operates off the grid around 70% of the time.

Environmental compliance

No environmental-related fines or penalties incurred.

Carbon footprint[1] (Group)

116 667 tCO_2 Scope 1 and 2 emissions

(2019: 128 270)

1 625 tCO_2 Scope 3 emissions

Water purchased from municipalities (Group)

603 509 kilolitres

(2019: 611 223)

Electricity purchased (Group)

75 713 megawatt hours

(2019: 80 146)

Road fuel consumption (Group)

19 186 337 litres

(2019: 22 250 296)

[1] *Scope 1 and scope 2 emissions: tonnes of carbon dioxide. Scope 3 reported for the first time.*

- Achieved our internal targets for fuel and water consumption (10% reduction over three years using 2018 as the base year), under the first BNP Paribas sustainability linked loan.
- The second sustainability-linked loan for £120 million (secured in January 2020) is a three-year facility co-ordinated by BNP Paribas and Sumitomo Mitsui Banking Corporation among others, which links preferential interest rates with pre-agreed targets to reduce water and fuel consumption (flat range reduction relative to 2019 consumption). This loan replaces the first BNP Paribas facility.
- Motus Commercials in the UK (one of the largest DAF truck dealers globally) successfully completed its ISO 14001 audits, maintaining its accreditation for eight consecutive years.
- While water consumption decreased 1,3% compared to 2019, prior to business closures due to the COVID-19 lockdown, our water usage was above our internal stretch target. Contributors to the increase included municipal-related issues in South Africa, for example burst pipes and estimated council meter readings, water leakages which have now been repaired, a number of building renovations and new business sites opened in the UK and Australia.
- Decreased activity due to COVID-19 is the main reason for the 9% decrease in scopes 1 and 2 emissions, however, a number of fuel cost initiatives were implemented in many businesses also contributing to lower fuel consumption. In addition, the use of digital platforms for remote meetings has significantly reduced business travel, particularly to international destinations.

Looking forward

- Reduce municipal water consumption and the carbon footprint by 15% over three years to 2021 (base year: 2018). To achieve these reductions, we will develop specific water usage strategies (more accurate reporting and the reduction of our reliance on municipal estimates) and analyse the feasibility of solar energy plants at certain sites. Cost containment measures to respond to COVID-19 are, however, likely to impact future solar installations in the short term.
- Deliver refresher training on the Motus sustainability management system and the importance of accurate reporting.
- Work to ensure that automotive policy in South Africa includes a target and stimulus package that drive increased penetration of hybrid and alternative energy vehicles in the market.
- COVID-19 and the need to work remotely is expected to reduce our environmental footprint going forward and may present an opportunity to reduce or use existing office space more efficiently in the short and medium term.
- Financial Services aims to design relevant products to support lower carbon vehicles and to make meaningful contributions to "mobility as a service" through initiatives like Lifti, a ride sharing app.
- In the UK, where 50% of the vehicle parc is expected to comprise electric vehicles (EV) by 2040, we are reviewing our charging infrastructure at our dealerships to ensure we meet OEM expectations. In addition, we will develop our EV policy and invest in skills development in this area.

Read more in our sustainable development reporting online: Maintain strong relationships with broader communities and Operate in an environmentally conscious and responsible manner.

Janine Jefferies
Company Secretary

Corporate governance report

Motus has a well-constituted, independent and diverse board, with deep industry knowledge and expertise, that subscribes to ethical leadership, sustainability, stakeholder inclusivity and high standards of corporate governance. The board is supported by a highly experienced management team with knowledge of regional and global markets, and a proven track record with years of collective experience.

Motus has developed strong relationships with its shareholders and key stakeholders, such as debt providers, industry bodies, government and social partners.

The board recognises that effective governance is fundamental to Motus' reputation, building and maintaining trust, and delivering value creation. The JSE Limited Listings Requirements, the Companies Act and the principles and practices of the King Code of Corporate Governance for South Africa (King IV) form the foundation upon which Motus' governance practices are founded.

The board is satisfied with the Group's application of the principles of King IV.

Read our King IV application register online.

Our governance framework

By setting the tone at the top and leading ethically and with integrity, the board ensures that a culture of good corporate governance filters down throughout the organisation. A high level of accountability and integrity is applied in the running of the business, supported by transparent reporting to shareholders and stakeholders. Motus' overarching approach to corporate governance is guided by the principles of fairness, accountability, responsibility and transparency, with particular attention being given the following:

- The provision of clear, concise, accurate and timely information about the Group's operations and results.
- Ensuring transparent reporting to shareholders on a financially integrated basis.
- Ensuring robust business and financial risk management is embedded across the Group.
- Ensuring that no director or executive management team member may deal directly or indirectly in Motus' shares on the basis of unpublished price-sensitive information regarding Motus, or otherwise during any prohibited period.
- Recognising Motus' social responsibility at large.

The accountability, sustainability and performance for the Group's ethics is held at board level, with the board formally delegating it to the CEO, who in turn delegates it to his direct reports. In this way, the board is given the assurance that the Group's ethics are filtered down into the operations, thus becoming part of everyone's day-to-day lives. The diversity of Motus' operations necessitates differences in the nature, structure and processes of delegation, excepting financial expenditure for which authority limits are consistent across the Group.

The leaders of Motus are mindful that entrepreneurial creativity and responsiveness is a strong competitive advantage and every effort is made to integrate governance processes in the least bureaucratic way possible, with the ultimate responsibility for governance resting with the Motus' board and its sub-committees.

Our board

Motus has a well-constituted and diverse board, with expertise and experience relevant to the strategy and operating context within which the Group operates. The board comprises six non-executive directors (five of whom are independent) and three executive directors.

Details of our board members, including a brief CV, can be found in the leadership section from page 13.

The responsibilities of the board are clearly defined in a written board charter, which outlines a clear balance of power and authority within the board to ensure that no single director has unfettered powers of decision making.

Motus recognises its obligation to be relevant in society and embraces the benefits of having a diverse board membership with differences in backgrounds, skills and experience. Through the adoption of a formal board diversity policy, gender and race diversity is promoted.

Board appointment and nomination

Board appointments are based on the recommendations from the nominations committee, regard being had to skill, experience, expected level of contribution to, and impact on, the activities of Motus. New directors are formally inducted to facilitate their understanding of the Group.

Board evaluation process

The board conducts a facilitated evaluation of the board, the Chairman, board committees and individual directors at least every three years. The Chairman, assisted by the Company Secretary, conducts the evaluation process. Due to COVID-19, the board evaluation process was not conducted during the year and is now planned for completion during 2021.

Board changes

Ms KA Cassel was appointed to the Motus board as an executive director effective 1 July 2019. There have been no other changes to the board for the year.

Ms P Langeni tendered her resignation as an independent non-executive director and will serve on the board until the annual general meeting on 10 November 2020.

Board attendance to 30 June 2020

	Board meetings	Annual board strategy and budget meeting	Independent	Appointment
Total meetings	6*	1		
Non-executive directors				
GW Dempster (Chairman)	6/6	1/1	Yes	1 August 2018
A Tugendhaft (Deputy Chairman)	6/6	1/1	No	1 August 2018
P Langeni	6/6	0/1#	Yes	1 August 2018
S Mayet	6/6	1/1	Yes	22 November 2018
KR Moloko	6/6	1/1	Yes	22 November 2018
MJN Njeke	6/6	1/1	Yes	22 November 2018
Executive directors				
OS Arbee	6/6	1/1		12 October 2017
OJ Janse van Rensburg	6/6	1/1		12 October 2017
KA Cassel	6/6	1/1		1 July 2019

* *Two special board meetings were constituted during the financial year, which focused mainly on the impact of COVID-19 as well as the various actions plans that were taken.*

\# *Did not attend.*

Separation of roles and responsibilities

The Chairman is an independent non-executive director whose role is clearly defined and separate from that of the CEO. The role of the Chairman is to set the ethical tone of the board and to ensure that the board remains efficient, focused, and operates as a unit. The Chairman provides overall leadership to the board without limiting the principle of collective responsibility for board decisions.

The responsibility for the executive management of Motus vests with the CEO, Mr OS Arbee, who reports and is accountable to the board on the Group's objectives and strategy.

Delegation of authority

The board has adopted, and regularly reviews, a written policy governing the authority delegated to management, and matters reserved for decisions by the board.

The responsibilities of the board include issues of strategic direction, business plans and annual budgets, major acquisitions and disposals, changes to the board and other matters that have a material effect on the Group or are required by legislation.

Without abdicating its responsibility, the board has delegated the day-to-day management of the Group to the CEO. The board still ensures that key functions are managed by competent and appropriately qualified individuals who are adequately resourced.

Company Secretary

The Company Secretary during the year was Ms JK Jefferies, who holds BA, BProc, LLM degrees and is an admitted attorney.

The board considered the competence, qualifications, and experience of the Company Secretary in considering her appointment and confirmed that the Company Secretary is adequately qualified and experienced. The board also concluded that there were no direct or indirect relationships between the Company Secretary and any of the board members which could compromise an arm's length transaction with the board.

Directors have unlimited access to the services of the Company Secretary, who is responsible to the board for ensuring that proper corporate governance principles are adhered to.

Ethical conduct

The Group's values reflect a board that is committed to ethical conduct and good corporate governance which subscribes to those generally accepted norms of conduct that find application in society as a whole.

Motus has a written code of ethics that applies to all staff members and directors equally. The code of ethics also guides the interaction between employees, clients, stakeholders, suppliers, and the communities within which it operates.

The responsibility for the implementation of the code of ethics and for the reporting any material breaches to the SES committee lies with management. The content and principles embodied in the code of ethics are also integrated in employee training.

For more detailed information, refer to our sustainable development report online – Demonstrate consistently ethical business conduct.

Corporate governance report (continued)

Compliance

The Group is committed to compliance with all the applicable laws and regulations, as well as the adopted non-binding codes and standards. Accordingly, the regulatory universe impacting the Group has been defined, to enable the board, with the assistance of management and the audit and risk committee, to focus on laws and regulations that are relevant to Motus. The day-to-day responsibility for compliance has been delegated by the board to management. Motus complies with the relevant laws of establishment and in conformity with its Memorandum of Incorporation (MOI).

Responsible corporate citizenship

The board oversees the governance and activities of the Group which affects Motus' status as a responsible corporate citizen

The SES committee approves the strategy and monitors the implementation of the Group's impact on the environment, its ongoing corporate social investment and overall good corporate citizenship.

Stakeholder engagement

When engaging with stakeholders and communities, Motus is committed to improving the material wellbeing of societies in which it operates. Careful consideration is given to the utilisation of energy, water, and other environmental resources to ensure an effective contribution is made to sustain the environment for the future.

Key stakeholders are identified by management and the board. Management pursue appropriate engagements with material stakeholders to balance their legitimate and reasonable needs, interests, and expectations with those of the Group. The board encourages proactive engagement with stakeholders.

Our AGM provides an opportunity for the board to interact with shareholders and for shareholders to ask questions and vote on resolutions. Minutes of the meeting are available from the Company Secretary's office.

Read more in our stakeholder engagement section from page 40.

Combined assurance

In our commitment to implementing risk management, Motus recognises the relationship as set out in the risk management framework and the combined assurance framework. The combined assurance framework is intended to ensure that Motus has a co-ordinated effort in the management of risks throughout the organisation and to provide comfort on the management of the key significant risks to the relevant stakeholders.

The board, with the assistance of management and the audit and risk committee, recognises the key role of appropriate group-wide risk management in the strategy, performance, and sustainability of the Group.

The implementation of processes to ensure that risks to the sustainability of the business are identified and managed within acceptable parameters and appropriately delegated to management, who continuously identify, assess, mitigate and manage risks within the existing operating environment. Mitigating controls are in place to address identified risks which are monitored on a continuous basis.

Read more in our risk management section from page 42.

Technology, information and innovation

The board, through the audit and risk committee, oversees the governance of IT. Technology and information, as well as ongoing investment in the Group's innovation strategy, have been identified as being of key importance in relation to the achievement of the Group's strategy and support value creation.

Read more about our innovation strategy in our Chief Innovation Officer's review from page 26.

Conflicts of interest

The Group has a formal conflicts of interest policy that guides directors on acting in the best interests of the Group and with due care and diligence in discharging their responsibilities as directors. The policy requires directors to declare and avoid conflicts of interest in accordance with the Companies Act, and to account to the Group for any advantages gained in discharging their duties on behalf of the Group.

Share trading and dealing in securities

No director or employee with inside information about the Group may deal, directly or indirectly, in Motus' securities, which include allocations of and dealings in the Group's share incentive schemes. Motus' closed periods are from 1 January to the interim results' reporting date and 1 July to the full-year results' reporting date. In addition, the Group has adopted a policy that requires directors, executives, the Company Secretary, and directors of major subsidiaries to obtain permission from designated individuals before trading in the Group's securities. No infringements were reported during the year.

Board sub-committees

The board has established a number of sub-committees, including statutory committees, which operate within specific terms of reference. Each committee has a formal charter, approved by the board, detailing its duties and responsibilities, and has a minimum of three members to ensure sufficient capability and capacity to function effectively.

Any member of the board is entitled to attend any committee meeting as an observer and management may attend by standing or ad hoc invitation.

The performance of each committee is regularly assessed in accordance with their terms of reference. No instances of non-compliance were noted.

The following section outlines the board sub-committees, their responsibilities, and memberships at the time of publication of this report.

Social, ethics and sustainability committee

Responsibility

The role of the SES committee encompasses all aspects of sustainability. The committee performs statutory duties, as set out in the Companies Act, for the Group and on behalf of subsidiary companies. In addition to its statutory duties, it assists the Group in discharging its social, ethics and sustainability responsibilities and implementing practices consistent with good corporate citizenship, with particular focus on:

- King IV.
- Motus' sustainability commitments.
- B-BBEE requirements as described in the Department of Trade, Industry and Competition combined generic scorecard (excluding ownership targets) and associated codes of good practice.
- Transformation commitments, as described in the Group's transformation strategy and business segment specific B-BBEE plans.
- Environmental commitments, as described by the Group's environmental policy framework.
- Socioeconomic development commitments.
- Motus' code of ethics and corporate values.

Transformation remains a key focus area and the committee will continue to guide the Group to achieve its goal of increasingly reflecting the diversity of South Africa.

Membership

The committee comprises three non-executive directors, and three executive directors, with standing invitees being members of management. It is chaired by a non-executive director.

Members	Attendance	Invitees
MJN Njeke (Chairman)	4/4	B Francis
A Tugendhaft (member)	4/4	M Seroke
KR Moloko (member)	4/4	B Moroole[2]
OS Arbee (member)	4/4	
OJ Janse van Rensburg (member)	4/4	
KA Cassel (member)[1]	3/3	

[1] *Member from November 2019.*
[2] *Resigned from Motus in December 2019.*

Performance
During the year, the committee discharged its regular statutory duties through the monitoring of activities relating to the following:
- Social economic activity, including the Group's standing in terms of the goals and purposes of the 10 United Nations Global Compact principles, the Organisation for Economic Cooperation and Development recommendations regarding corruption, the Employment Equity Act, and the B-BBEE Act. The potential impact of COVID-19 on achievement of the Group's employment equity targets and transformation was dealt with in detail by the committee.
- Good corporate citizenship, including the Group's promotion of equality, prevention of unfair discrimination and corruption, and contribution to the development of the communities in which it operates or within which its products or services are marketed and where it undertakes sponsorship, donations and charitable giving.
- The environment, health and public safety, including the impact of the Group's activities, products and services.
- Consumer relationships, including the Group's advertising, public relations and compliance with consumer protection laws.
- Labour and employment, including the Group's standing in terms of the International Labour Organization Protocol on decent work and working conditions, as well as its employment relationships and contribution towards the training and development of its employees.

For more detailed information, refer to our sustainable development report online – How social and environmental priorities are governed.

Audit and risk committee
Responsibility
The board has combined the functions of audit and risk into a single committee to ensure that there is co-ordination in respect of the evaluation and reporting of risks, and the internal and external audit processes for the Group, taking into account the significant risks, the adequacy and functioning of the Group's internal controls and the integrity of its financial reporting. The committee also oversees and manages the Group's combined assurance approach.

The committee performs an advisory and oversight role in respect of non-statutory duties it is assigned by the board and is objective and independent in the recommendations it makes to the board for its approval or final decision.

The committee assists the Group in discharging its responsibilities and implementing robust internal control and risk processes, with particular focus on:
- Safeguarding of assets and investments.
- Ensuring the operationalisation of adequate systems and controls.
- Reviewing of financial information and preparation of annual financial statements.
- Communicating and overseeing the processes, models and frameworks for managing risk across the Group.
- Managing the Group's combined assurance approach.
- Oversight of IT governance.

Membership
The committee comprises three non-executive directors, with standing invitees being members of management. It is chaired by a non-executive director.

Members	Attendance	Invitees
S Mayet (Chairman)	4/4	OS Arbee
MJN Njeke (member)	4/4	OJ Janse van Rensburg
KR Moloko (member)	4/4	B Francis
		K Cassel
		R Mumford
		N Bell

Performance

During the year, the committee discharged its statutory duties to monitor activities relating to the following:

- Recommending to the board the appointment of the external auditors.
- Approving the terms of engagement and remuneration for the external audit engagement.
- Defining and approving the policy for non-audit services provided by the external auditor.
- The preapproval of contracts for non-audit services to be rendered by the external auditor.
- Preparation of a report for inclusion in the annual financial statements describing the activities of the audit committee, whether the audit committee is satisfied that the auditor was independent, and commenting on the financial statements, the accounting practices and the internal financial controls of the company.
- Making submissions to the board on any matter concerning the company's accounting policies, financial controls, records and reporting.
- Appropriately addressing any concerns or complaints whether from within or outside the company, or on its own initiative relating to the accounting practices and internal audit and/or external audit of the company.
- Considering and satisfying itself of the appropriateness of the expertise and experience of the Chief Financial Officer, on an annual basis.
- Assisting the board in overseeing the quality and integrity of Motus' integrated reporting process, including the financial statements, sustainability reporting and announcements in respect of the financial results. The potential impact of COVID-19 on the Group's financial results was dealt with in detail by the committee.
- Performing such other oversight functions as may be determined by the board from time to time.

For more detailed information, refer to audit and risk report in the full annual financial statements, available online.

Asset and liability committee

Responsibility

ALCO is responsible for implementing best practice asset and liability risk management policies. Its primary objective is to manage the liquidity, debt levels, interest rate and foreign exchange rate risk of the Group within an acceptable risk profile:

- Ensure effective management of liquidity risk through appropriate access to sources of funding on a timeous and cost-effective basis.
- Assess the debt profile of the Group and deploy appropriate strategies including interest rate derivatives, to manage interest rate risk.
- Monitor the impact of the risk of a credit rating downgrade of the sovereign rating by rating agencies and mitigate this to the extent possible.
- Ensure the appropriate allocation of capital across the Group and measure returns using WACC and ROIC to adequately fund business activity.
- Foreign exchange management through appropriate forward cover and hedging mechanisms is in place.

Membership

The committee comprises three non-executive directors, with standing invitees being members of management. It is chaired by the Group Chairman.

Members	Attendance	Invitees
GW Dempster (Chairman)	4/4	OS Arbee
S Mayet (member)	4/4	OJ Janse van Rensburg
MJN Njeke (member)	4/4	R Mumford

Performance

During the year, the committee discharged its statutory duties to monitor activities relating to the following:

- Assisting directors in the discharging of their duties relating to best practice for asset and liability risk management.
- Overseeing effective financial risk management policies and procedures, specifically relating to liquidity risk, interest rate management, foreign exchange rates, credit rating risk and capital management.
- Making recommendations to the Group regarding funding strategies based on accessing various sources of funding including the domestic and global bond markets, commercial paper and banking facilities.
- Analysing trends in the domestic and global economy in general, interest rate and exchange rates in particular and advise on their potential impact.
- The potential impact of COVID-19 on the Group's liquidity and funding strategies and arrangements were considered in detail by the committee.

Nominations committee

Responsibility

The nominations committee assists the board with the nomination, election and appointment of directors in accordance with board policies and the succession strategy. The committee is also responsible for executive succession.

Membership

The committee comprises three non-executive directors, with standing invitees being members of management. It is chaired by the Group Chairman.

Members	Attendance	Invitees
GW Dempster (Chairman)	4/4	OS Arbee
A Tugendhaft (member)	4/4	OJ Janse van Rensburg
P Langeni (member)	4/4	

Remuneration committee

Responsibility

The remuneration committee advises and guides the board on director remuneration, setting and implementing the remuneration policy, approval of the general composition of remuneration packages, and criteria for executive bonus and incentive rewards and administration of share-based incentive schemes.

Membership

The committee comprises three non-executive directors, with standing invitees being members of management. It is chaired by a non-executive director.

Members	Attendance	Invitees
A Tugendhaft (Chairman)	4/4	OS Arbee
GW Dempster (member)	4/4	OJ Janse van Rensburg
P Langeni (member)	4/4	

Full details of the remuneration committee is set out in the remuneration report from page 110.

Remuneration report

This report comprises five sections

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Section 1: Introduction

As a result of the global COVID-19 pandemic and its negative impact on the South African and global economies and businesses, the company and its management made certain decisions aimed at protecting the sustainability of the Group and to retain key management skills.

Once-off decisions and related actions taken by the board members and management in response include:

- A 20% reduction in the remuneration of the CEO, 15% reduction for non-executive and executive directors, and the rest of the executive committee members for six months starting on 1 April 2020. The savings of R4 million were donated to the Solidarity Fund to assist businesses and communities in dealing with the current crisis.
- A 20% reduction in the remuneration of the UK CEO and 15% reduction for the executive board members for six months starting on 1 April 2020.
- A 10% reduction in the remuneration for employees earning above R500 000 per annum, apart from those mentioned above, for six months starting on 1 July 2020.
- A 5% reduction in the remuneration for employees earning between R250 000 and R500 000 per annum, for six months starting on 1 July 2020.
- No annual inflationary increases in the remuneration of all employees and directors for the 12 months to 30 June 2021.
- No medical aid contribution increases for the six months to 31 December 2020.
- Six-month pension and provident fund contribution holiday from 1 June 2020 to 30 November 2020.

Section 2: Remuneration committee Chairman's statement

I am pleased, on behalf of the Remuneration Committee (Remco), to present the Group's remuneration report which sets out the governance of the remuneration policies, remuneration and its implementation for the financial year.

Oshy Tugendhaft
Remco Chairman

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Background statement

At the 2019 AGM, 85% of shareholders voted in favour of the Group's remuneration policy. However, certain shareholders did not support the way Motus implemented the remuneration policy, with only 62% of shareholders voting in favour of the resolution to confirm the remuneration implementation.

Although a non-binding advisory vote, the board continues to consider the views expressed by shareholders in its deliberations. Motus strives to ensure that our governance and disclosures relating to executive remuneration are transparent and that we do not compromise on performance criteria when external factors outside our control stifle or enhance performance. Remuneration policies are also consistent with long-term strategic decision making, which in turn will lead to sustainable value creation. Throughout the Group, we attempt to compensate individuals fairly for a specific role, with due regard to their skills, areas in which they operate and their specific performance.

In line with the Group's policy and King IV, if 25% or more of the votes exercised at the AGM vote against the remuneration policy and/or its implementation, selected members of the board will engage with the shareholders to understand the reasons for their vote.

As a result of these interactions with shareholders, we have implemented changes, detailed in this Chairman's statement, aimed at addressing the concerns raised during our engagement with shareholders. Changes have been made to the remuneration policy and we have enhanced disclosures in the implementation report. Due to the current COVID-19 crisis, some of these changes will only be implemented for the June 2021 financial year.

Key focus areas

The Group regularly benchmarks the remuneration packages of the CEO, CFO, non-executive directors, executive directors and senior staff members, with the assistance of independent remuneration experts. No benchmarking exercise was performed in the current year due to the unique environment created by the global COVID-19 crisis and the decisions taken by the company and management to reduce fixed remuneration for six months and no annual inflationary increases for the 12 months to 30 June 2021, as outlined in the introduction of this report.

Remco considered and approved the following:
- Feedback from engagement with shareholders (refer to detail below).
- The general composition of executive remuneration packages.
- The criteria for short and long-term incentive awards.
- Executive management short and long-term incentive awards in accordance with set criteria.
- Minimum share levels to be held by executive directors and prescribed officers.
- The CEOs, CFOs, non-executive and executive directors, and prescribed officers' remuneration.

Shareholder engagement and changes to the remuneration policy and disclosure

The board, through its Chairman and the Chairman of Remco, proactively contacted and engaged with shareholders, through meetings held either in person at their offices or via teleconference. The board also considered the recommendations of Institutional Shareholder Services (ISS), a proxy advisory service based in the UK and Legae, a proxy advisory service based in South Africa.

Remuneration report (continued)

Although these engagements focused primarily on the implementation of the Group's remuneration policy, broader policy issues were also raised and considered. Concerns raised by shareholders and the Group's response and action plans are summarised below:

<table>
<tr><th>Shareholder feedback</th><th>Comment</th><th>Action</th></tr>
<tr><td colspan="3">Remuneration policy</td></tr>
<tr><td>Reflect linkage between the business strategy and its implementation to executive director's remuneration.</td><td>Remuneration for the executive directors is closely aligned to the strategy of the business where the achievement and reward of certain performance outcomes of the short-term incentive (STI) is as a result of supporting the strategy and implementation thereof.</td><td>Greater disclosure of the linkage between the strategy and executive directors' achievement is provided.</td></tr>
<tr><td>Consideration of minimum shareholding requirements for executive directors and prescribed officers. This was proposed by management and implemented from 1 July 2019.</td><td>The current target of minimum shareholding of executive directors is considered appropriate.<table><tr><td>CEO</td><td>1,5 times annual post-tax fixed remuneration</td></tr><tr><td>CFO</td><td>1,25 times annual post-tax fixed remuneration</td></tr><tr><td>Executive directors and prescribed officers</td><td>1 times annual post-tax fixed remuneration</td></tr></table></td><td>Policy implemented and monitored.</td></tr>
<tr><td>Request to include malus and clawback provisions.</td><td></td><td>Malus and clawback provisions are now disclosed. These clauses were included in the share scheme since the inception of the scheme.</td></tr>
<tr><td>An understanding on why the Imperial Holdings remuneration policy was appropriate for Motus, due to the very different nature of the two businesses.</td><td>The executive directors and executive management team were transferred from the Imperial Holdings to the Motus Group.

The salaries were benchmarked at the time of the unbundling and were deemed appropriate. The long-term incentives (LTI) are linked to the Imperial Holdings and Motus share price for three years from unbundling.</td><td>The current remuneration policy is considered appropriate at this time but is continuously reassessed.</td></tr>
<tr><td colspan="3">Implementation</td></tr>
<tr><td>Disclosure of STI targets.</td><td>The 2021 STI criteria include financial criteria (more than 50% weighting) and non-financial criteria.</td><td>Further detail has been provided in the report for the 2021 criteria.</td></tr>
<tr><td>No disclosure of the peer group.</td><td>Previous disclosure deficiency.</td><td>The peer group is now disclosed.</td></tr>
<tr><td>Improved disclosure around TCTC benchmarking.</td><td>It was decided not to perform benchmarking in the current year as a result of the unique environment created by the global COVID-19 crisis and the decisions taken by the company and management to reduce fixed remuneration for six months with no annual inflationary increases for the 12 months to 30 June 2021.</td><td>Regular benchmarking of the remuneration packages of the CEO, CFO, non-executive directors, executive directors, prescribed offices and senior staff members, with the assistance of independent remuneration experts, will re-commence in the 2021 financial year.</td></tr>
</table>

Shareholder feedback	Comment	Action
Implementation		
Concern around certain performance criteria not being considered, namely capital allocation and an appropriate cash conversion measurement.	The LTI criteria include strategy implementation and the growth of ROIC, which addresses capital allocation. A cash conversion criteria has now been included. The STIs include working capital management for divisional CEO's.	Criteria have been revised and Remco continuously assesses performance against criteria.
LTI awards with a longer vesting profile will be better supported with careful consideration for the quantum of the award.	LTI awards have a three-year vesting period and are market related. The quantum of allocations of LTI awards are calculated using a model developed by PwC and is determined using the expected value of an allocation expressed as a percentage of fixed remuneration. The value of LTI awards is determined using the binomial tree valuation methodology. The determination of the quantum of the award is considered appropriate.	Remco assesses vesting profiles and the quantum of awards prior to the awards being made. Advice from external advisors is obtained where deemed appropriate and necessary.
The once-off allocation of conditional share plan (CSPs) awarded upon listing Motus are not supported.	Prior to listing, certain key executive management, who were with the Group in excess of 35 years, retired. On the listing of Motus, and as part of the unbundling from Imperial Holdings, the Group made exceptional CSP allocations to certain key members of management who were viewed as essential to the continued success of the newly listed entity into the future. The awards were considered exceptional but warranted in the circumstances to serve both as a retention tool and an incentive aligned to the interests of shareholders.	This was a once-off allocation in 2018 that will not be repeated.
Consider more stretching vesting conditions for LTI awards and reduce the high percentage and the weightings on qualitative metrics.	The vesting criteria are reviewed annually and have been revised this year to ensure they are aligned with shareholder interests and have sufficient stretch.	Criteria have been revised and Remco continuously assesses performance against criteria.

The Remco, on behalf of the Motus Group, would like to thank the shareholders for taking the time to engage with us, and we commit to ongoing constructive engagement with shareholders on the remuneration policy and implementation thereof.

Independent external advice

Remco engages with independent external experts who advise on remuneration trends and benchmarks.

Conclusion

In keeping with the recommended practices contained in King IV, both the remuneration policy and the implementation thereof will be tabled for approval by shareholders by separate non-binding advisory votes at the AGM on 10 November 2020.

Although a non-binding advisory vote, the board continues to take into account the views expressed by shareholders in its deliberations and remains deeply committed to responsible conduct, sound governance and transparency regarding executive compensation.

Should 25% or more of the voting rights exercised at the 2020 AGM be voted against the remuneration policy and/or its implementation, the board will in good faith commence engaging with shareholders to ascertain the reasons and take steps to address their valid objections and concerns raised, which may include amending the remuneration policy or clarifying or adjusting remuneration governance and/or processes.

The board will also disclose the steps taken to address any concerns that may be raised.

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Section 3: Governance

Remuneration committee

Committee chairman

The committee is chaired by Mr A Tugendhaft, a non-executive director.

Role of the committee

Remco advises and guides the board on the following:

- Accurate and transparent disclosure of directors' remuneration.
- The establishment and implementation of remuneration policies for non-executive directors, executive directors and other executives, to ensure that the company remunerates directors and executives fairly and responsibly.
- Approval of the general composition of remuneration packages and the criteria for executive short and long-term awards.
- Increases to non-executive directors' fees to be proposed for shareholder approval.
- Material changes to the Group pension and provident funds, and medical aid schemes where appropriate.
- The administration of share-based incentive schemes.
- Ad-hoc advice on remuneration and related issues impacting the Group's executives.

Committee membership

All the members are non-executive directors and the majority of the members are independent. Mr Tugendhaft, who is a non-executive director, is not classified as independent in terms of King IV, as his firm, TWB, provides legal services to the Group. Mr Tugendhaft, however, provides continuity and guidance on account of his seniority and long standing Remco membership, both at Imperial Group prior to unbundling and with Motus since unbundling.

The Group CEO and CFO attend committee meetings by invitation and assist the committee in its deliberations, except when issues relating to their own remuneration and performance are discussed. No director is able to decide his or her own remuneration.

Member	Attendance
A Tugendhaft (Chairman)	4/4
GW Dempster (member)	4/4
P Langeni (member)	4/4

Section 4: Remuneration policy

Reward philosophy

Motus' remuneration policy is formulated to attract and retain high-calibre executives and motivate them to develop and implement the Group's strategy to optimise long-term shareholder value. The Group's remuneration policy also aims to align the entrepreneurial ethos and long-term interests of senior managers and executives with those of the shareholders.

Fair and responsible remuneration

The remuneration policy is intended to conform to best practice. It is structured around the following key principles:

- Total rewards are set at levels that are responsible and competitive within the relevant market.
- Incentive-based rewards (STI and LTI) are capped and earned through the achievement of demanding growth and return targets consistent with shareholder interests over the short, medium and long term.
- Incentive plans, performance measures and targets are structured to operate soundly throughout the business cycle.
- The design and implementation of LTI schemes are prudent and do not expose shareholders to unreasonable financial risk.

Determination of performance incentives

Motus has various formal and informal frameworks for performance management that are directly linked either to increases in TCTC and/or annual STIs. Performance management and assessment sessions take place regularly throughout the Group, where company performance, personal achievement of key performance indicators (KPIs), and delivery on key strategic imperatives are discussed.

	2020	2019
Total number of employees	**17 499**	18 628
Total compensation paid to employees (Rm)	**6 633**	6 822

Remuneration breakdown

The Group's employees are key determinants of its success. Employee remuneration, particularly guaranteed pay, is a significant component of the Group's total operating costs. The Group's remuneration policy seeks to attract and retain quality employees at all levels. Remuneration is structured to be competitive and relevant in the sectors in which the Group operates.

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Salaried employees

Total cost to company (TCTC)	Short-term incentives	Long-term incentives	Other benefits
• TCTC is monitored and benchmarked on an ongoing basis. • Remuneration levels take into account industries, sectors and geographies from which skills are acquired or to which skills are likely to be lost, the general market and the market in which each business operates. • TCTC and the mix of fixed and variable pay are designed to meet each business' industry, operational needs and strategic objectives, based on stretch targets that are verifiable and relevant. • The structure of remuneration for unionised employees is driven by collective bargaining and sectoral determinations. • General adjustments to guaranteed pay levels are effective from 1 July each year. In unionised environments, collective bargaining arrangements may come into operation at other agreed times. • Annual increase parameters are set using guidance from Group budgeting processes, market movements, individual performance, the performance of the division and/or company and other relevant factors. • Increases above inflation depend on divisional or departmental and individual performance.	Divisions pay STIs aligned to industry best practice and in some cases include a guaranteed bonus equal to one month's salary. However, in the majority of cases, incentives depend on the performance of the individual and business in which they are employed. Performance criteria are set for each individual, depending on the requirements of the job.	Only salaried employees at senior management level qualify for LTIs.	Company car, travel allowances, pension and provident fund, medical aid (includes both regular and budget options).

Executive directors and prescribed officers

Executives are responsible for leading others and taking significant decisions about the short and long-term operation of the business, its assets, funders and employees. They require specific skills and experience and are held to a higher level of accountability.

Elements of executive remuneration

Executive remuneration comprises the following elements:

1. Total cost to company.
2. Annual short-term incentive (STI).
3. Share-based long-term incentive schemes.

Remco seeks to ensure an appropriate balance between the fixed and performance-related elements of executive remuneration and between those aspects of the package linked to short-term performance and those linked to longer-term shareholder value creation.

The Group's general philosophy for executive remuneration is that the performance-based pay of executive directors and senior managers should form a significant portion of their expected total compensation. There should also be an appropriate balance between rewarding operational performance (through annual incentives) and rewarding long-term sustainable performance (through long-term share-based incentives). Since Motus operates in the Retail sector, STIs are critical to incentivise divisional CEO's and senior team members to achieve annual targets.

- Total cost to company (TCTC)

TCTC is the fixed remuneration including benefits before short-term incentives. The TCTC of each executive is based on roles in similar companies, which are comparable in terms of size, market sector, business complexity and international scope. When determining fixed remuneration, the factors relating to divisional performance, individual performance and changes in responsibilities are considered.

Executive directors are entitled to vehicle benefits, pension and/or provident fund contributions, medical insurance and death and disability insurance. Providing these benefits is considered to be market competitive for executives and is included in fixed remuneration.

- Annual short-term incentive (STI)

All executives are eligible to receive a performance related STI. The incentive is non-contractual and not pensionable. Remco reviews incentives annually and determines the level of each incentive payment based on performance criteria set at the beginning of the performance period.

The annual STI criteria for the executive directors and prescribed officers include:

Financial performance

Group return on invested capital (ROIC)
The base target for ROIC is achievement of the weighted average cost of capital (WACC) and the measurement pays on the gap between ROIC and WACC.

Group headline earnings per share (HEPS) growth
The measurement starts to pay out above a base target for HEPS growth.

Divisional return on invested capital (ROIC)
The base target for ROIC is achievement of the WACC and the measurement pays on the gap between ROIC and WACC.

Divisional operating profit growth
The measurement starts to pay out above a base target for profit before interest and tax (PBIT) growth.

Transformation and talent management

This measurement is based on sub-measurements for the organisation as a whole and at divisional level:

- Management control.
- Employment equity.
- Skills development.
- Growth in black top, senior and middle management.
- Implementation of a strategic talent management plan and the development of a three- to five-year succession plan for key staff members.
- Implementing diversity workshops and assisting staff with diversity.

Special projects (for certain executive directors and Exco members)

The purpose of this measurement is based on specific projects identified critical to the success of the business at the Group and divisional level. Some examples of specific projects include:

- Regulatory compliance.
- Specific business requirements and projects.
- Specific innovation projects.
- Specific IT projects.

Discretionary

This component allows Remco to make adjustments in circumstances which could not be foreseen at the start of the period or are not in the control of a particular executive. This component of STI has been reduced to a maximum of 20%.

Annual STI

Remco sets the minimum performance targets at which annual STIs become payable and the targets at which the maximum incentive is paid. STIs are capped at maximum levels as a percentage of TCTC. The committee has the discretion to make adjustments to payments in exceptional circumstances where application of the formula will result in payments which are not aligned with shareholder expectations or fair remuneration practice.

	Maximum STI as % of TCTC
CEO and CFO	150
Executive director	100
Other staff	30 to 100

The criteria for STI going forward will be reassessed and determined with performance targets set by Remco. Targets will differ depending on the position of each executive and the division in which they operate, and will encompass financial performance, employment equity and talent management criteria.

Share-based long-term incentive and retention schemes

Executive participation in LTI and retention schemes is based on criteria such as seniority, performance during the year and retention drivers. Any senior employee with significant managerial or other responsibility, including any director holding salaried employment or office in the Group, is eligible to participate in LTI schemes. Non-executive directors may not be awarded rights in any of the incentive schemes.

The Group has three LTI plans:

- Share appreciation rights (SARs) scheme, discontinued from 1 July 2020.
- Deferred bonus plan (DBP), discontinued from 1 July 2019.
- Conditional share plan (CSP).

Share appreciation rights (SAR)

The SAR scheme has been discontinued from 1 July 2020 however, the criteria have been included below as these shares may vest in June 2022. Selected participants receive annual grants of SARs, which are conditional rights to receive Motus shares equal to the difference between the exercise price and the grant price. Vesting of rights are subject to performance conditions being met and participants remaining employed with the Group for the vesting period. The performance conditions and the performance period are determined by the board annually in respect of each new grant of rights.

The SARs allocated vest after three years and lapse two years after vesting.

The performance targets employed in the SARs scheme are the achievement of specified targets set by Remco at the time of issue. These include:

	% of SARs awards
Growth in HEPS relative to the growth in HEPS of a selected peer group of JSE-listed companies	50
ROIC in excess of WACC	50

The extent to which each performance condition has been met is determined on the vesting date as follows:

HEPS growth over the performance period	% of SARs awards
If the HEPS growth of the company is below the lower quartile of the peer group	0
If the HEPS growth of the company is equal to the lower quartile of the peer group	30
If the HEPS growth of the company is equal to or above the upper quartile of the peer group	100

Linear vesting occurs between 30% and 100%, depending on the company's performance relative to the peer group if HEPS growth falls in the second or third quartile.

ROIC	% of SARs awards
If the average ROIC of the company over the performance period is lower than the average WACC of the company over the performance period	0
If the average ROIC over the performance period is equal to the average WACC of over the performance period	30
If the average ROIC over the performance period is equal to or above a predetermined target percentage	100

Linear vesting occurs between 30% and 100%, depending on the company's if ROIC is between WACC and the target percentage.

The targets and measures relating to each issue are detailed in a letter of grant. After vesting, the rights may be exercised by a participant within two years after vesting. Upon exercise by a participant, the difference between the exercise price and the grant price is paid by:

- Delivering Motus shares that will or have been purchased on the open market; or
- Delivering Motus shares that will be received through call options (hedges); or
- The issue of new shares; or
- As a fall-back provision only, by settling the value in cash.

Deferred bonus plan (DBP)

Qualifying senior employees are required to purchase Motus shares which are held in escrow by the company. On the condition that the participant remains in the employ of the Group and retains the shares over a three-year period, a matching award of Motus shares is made on vesting. A participant remains the owner of the shares for the duration of the three-year period and enjoys all shareholder rights in respect of the shares. Although shares can be sold by the participant at any stage, the matching award is forfeited in line with the level of sales of the shares.

This scheme is replaced by the CSPs from the 2020 year and the last vesting of DBPs will take place in September 2021.

Conditional share plan

Employees receive grants of conditional awards and the vesting is subject to performance conditions. The performance conditions for the CSP are based on performance targets set by the board.

The performance conditions applicable to annual CSP allocations are the same as those used in respect of SARs explained above. For the 2021 financial year, the CSP criteria will be adjusted to accommodate the current crisis as set out below.

CSPs are only awarded to the most senior employees and replace annual SARs and DBP allocations.

Allocation of SARs and CSPs

Allocations of SARs and CSPs are made annually based on the following criteria:

- Performance of the participant.
- The job grading of the participant.
- Key retention considerations regarding participants.

The quantum of allocations of SARs and CSPs are calculated using a model developed by PwC and is determined using the expected value of an allocation expressed as a percentage of TCTC (fixed remuneration). The percentage allocated is determined based on retention considerations and the job grading of the participant, which also determines whether a participant receives both SARs and CSPs or only SARs or only CSPs. From 1 July 2020, only CSPs will be issued and the number of participants in the scheme has been reduced.

Benchmark awards for SARs and CSPs

	Expected values as % of total guaranteed package
CEO and CFO	100
Executive directors	75
Exco member: Business Unit Leader	50
Exco member: Support role	35
Other senior staff	30

The value of long-term share-based incentives is determined in the financial year of allocation using the binomial tree valuation methodology. This is based on a number of assumptions, which include the original award price, the expected rate of share price growth and the expected fulfilment of related performance conditions. The eventual gains from long-term share-based incentives will vary from year to year depending on vesting and exercise patterns, as well as the impact on share price performance and external factors such as market sentiment, interest rates, commodity prices and exchange rates.

Alignment to strategy

Our strategic focus is centred on deepening our competitiveness and relevance across the automotive value chain, by driving organic growth through optimisation and innovation to leverage existing capabilities and networks. Further selective expansion will be driven by the introduction of additional brands and businesses in areas close to existing dealerships via bolt-on acquisitions locally and internationally, strategic acquisitions in the Aftermarket Parts business to enhance the supply chain and bolt on technology companies to enhance the Financial Services business.

Our five strategic pillars include:

- Ensure market leadership.
- Enhance financial performance.
- Drive innovation.
- Improve technology solutions.
- Invest in human capital and transformation initiatives.

In order to focus on the achievement of the Group's or entity's strategy, up to 80% to 85% of an individual's performance measurement includes objectives aligned with the achievement of the operating entity's strategic focus areas. In the case of the Group CEO and CFO the focus is on the group's strategies. The remaining 10% to 15% measures the employee's behaviours against the Group's values.

Reduction or forfeiture of share scheme awards (malus and clawback)

Share scheme awards are subject to reduction or forfeiture (in whole or in part) if:

- There is reasonable evidence of fraud or material error by a participant; or
- The financial performance of the Group or the relevant business unit for any financial year in respect of which an award is based have subsequently appeared to be materially inaccurate; or
- The Group or the relevant business unit suffers a material downturn in its financial performance, for which the participant can be held responsible; or
- Resignation or dismissal on grounds of misconduct, poor performance or proven dishonest or fraudulent conduct (whether such cessation occurs as a result of notice given by the employee or otherwise or if he/she resigns to avoid dismissal on grounds of misconduct, poor performance or proven dishonest or fraudulent conduct) before the vesting date, all share appreciation rights, conditional awards and all matching awards will lapse, unless the board determines otherwise.

Vesting of any awards may be postponed while there is an ongoing investigation or other procedure being carried on to determine whether the forfeiture provisions apply in respect of a participant, or if further investigation is warranted.

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Retirement, retrenchment, death, ill health, disability or other reasons for cessation of employment

If a participant ceases to be an employee due to retirement at normal retirement age, the unvested SARs and/or unvested conditional awards and/or matching awards will remain subject to the performance criteria and will vest (subject to these) on the normal vesting date.

If a participant ceases to be an employee due to retrenchment, death, ill health, disability or reasons other than resignation or dismissal, the board will by written notice to the participant or the executor of the deceased estate permit a pro rata portion of the unvested SARs and CSPs and/or unvested conditional awards and/or matching awards to vest on the date of cessation of employment.

The pro rata portion of the SARs and CSPs that vest will, unless the board determines otherwise, reflect the number of months served since the date of grant and the extent to which the performance conditions have been satisfied. In the case of matching awards, the allocation will be based on the number of bonus shares held and the DBP period at the time of cessation of employment, unless the board determines otherwise. The balance of the unvested SARs and CSPs not permitted to be exercised or matching awards that do not vest will lapse.

Share buy-backs and hedges

The Group buys back shares or buys hedges to limit its exposure to deliver shares in terms of share-based LTI schemes. SARs awards are hedged through a combination of shares purchased and the purchase of call options, after allowing for attrition over the vesting period. DBPs and CSPs are hedged with shares held in treasury for that purpose.

Retirement schemes

Executives participate in contributory retirement schemes which include pension and provident funds established by the Group. Executive retirement is governed by their retirement scheme rules, subject to the ability of the company to enter into fixed-term contracts to extend the services of any executive within certain prescribed limits.

The nominations committee governs the succession policy and plans, external appointments and directors' service contracts covered below. These items are included in the report as both the nominations committee and Remco are relevant decision makers on these matters.

Succession policy and plans

The committee considers succession plans regularly for executives and non-executive directors and senior management. This process includes:

- The identification of current incumbents in key positions.
- An assessment of how long the current incumbent is expected to remain in the position.
- Identification of candidates that are vulnerable due to age, health or attractiveness to competitors.
- Identification of potential short-term and long-term successors, both internally and externally.
- Positioning and development of potential successors.

In line with its strategic objective of implementing leading-edge talent management processes, the Group has embarked on a process to measure and develop the executive talent pool.

External appointments

Executives are not permitted to hold external directorships or offices without the approval of the board.

Directors' service contracts

Directors' contracts can be terminated by giving them between three and six months' notice.

Directors' appointments are made in terms of the company's MOI and are initially confirmed at the first AGM of shareholders following their appointment, and thereafter by rotation.

Minimum shareholding requirements (MSR)

In line with ensuring alignment between executives and shareholders, on the recommendation of management, the Group adopted a minimum shareholding requirement (MSR) for executive directors and prescribed officers.

Each executive's MSR target is determined using the executive's fixed annual remuneration after tax. The target has to be achieved within five years from 1 July 2019 (or from the joining date in the case of new appointees), unless otherwise determined by the Remco considering market conditions and related factors. It is not the intention of the scheme to compel executives to incur debt to acquire Motus shares but rather that executives should retain shares acquired through the operation of share incentive schemes up to the MSR target.

Compliance with the MSR will be measured annually and executives subject to MSR will have to declare the extent of their personal shareholdings in the company at each year-end or as and when directed by the company. The Remco will assess compliance with the MSR before making future discretionary LTI awards.

MSR targets are set as follows:

CEO	**1,5 times post-tax annual fixed remuneration**
CFO	**1,25 times post-tax annual fixed remuneration**
Executive directors and prescribed officers	**1 times post-tax annual fixed remuneration**

Non-executive directors' fees

The Remco reviews and recommends to the board the fees payable to non-executive directors. The board in turn makes recommendations to shareholders after considering the fees paid by comparable companies, responsibilities of the non-executive directors and considerations relating to the retention and attraction of high-calibre individuals. The Group has decided to maintain a structure where directors' fees are not split between membership and attendance fees, as the efforts and contribution of non-executive directors goes well beyond their attendance at formal board or sub-committee meetings, and the Group has not had significant instances of non-attendance of meetings.

Changes for the 2021 financial year

Due to the current COVID-19 crisis, and the related economic impact both globally and in South Africa, the annual STI and LTI criteria for 2021 have been revised as follows:

2021 annual short-term incentive

The 2021 annual STI criteria for the CEO and CFO will include:

	Maximum STI as % of TCTC
Achieving Group operating profit target	30
Achieving Group profit before tax target	30
Achieve free cash flow target	30
Strategy execution	25
• Cost cutting	
• Bank covenants compliance	
• Restructuring the business for the 'new normal'	
Transformation	20
• Enhance transformation and diversity across all operations	
• Improve race and gender representation	
• Implement a strategy to attract, develop and retain talent	
Discretionary	15
• Matters which are outside the performance measures set out above	
Maximum as percentage of fixed compensation	150

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The 2021 annual STI criteria for the executive director will include:

	Maximum STI as % of TCTC
Achieving Group operating profit target	20
Achieving divisional profit before tax target	30
Transformation	20
• Enhance transformation and diversity across all operations	
• Implement a strategy to attract, develop and retain talent	
• Growth in black senior and middle management, B-BBEE scorecard, succession and talent management	
Project specific tasks (innovation, POPIA legislation preparation and IT projects)	20
Discretionary	10
• Matters which are outside the performance measures set out above	
Maximum as percentage of fixed compensation	**100**

The 2021 annual STI criteria for the prescribed officers, will include:

	Maximum STI as % of TCTC
Achieving Group operating profit target	15
Divisional operating profit growth	30
Achieving working capital target	15
Transformation	20
• Enhance transformation and diversity across all operations	
• Implement a strategy to attract, develop and retain talent	
• Growth in black senior and middle management, black dealer principals B-BBEE scorecard, succession and talent management	
Market share/specific projects	10
Discretionary	10
• Matters which are outside the performance measures set out above	
Maximum as percentage of fixed compensation	**100**

The 2021 annual STI criteria for the Company Secretary, will include:

	Maximum STI as % of TCTC
Achieving Group operating profit target	13
Achieving Group profit before tax target	13
Transformation	13
• Enhance transformation and diversity across all operations	
• Implement a strategy to attract, develop and retain talent	
• Growth in black senior and middle management, B-BBEE scorecard, succession and talent management	
Specific projects (legal and governance projects)	13
Discretionary	13
• Matters which are outside the performance measures set out above	
Maximum as percentage of fixed compensation	**65**

Long-term incentives and criteria for 2021

The Group will issue only CSPs for the 2021 financial year and the maximum allowable CSPs are a percentage to fixed compensation as follows:

	Maximum LTI as % of TCTC
CEO and CFO	100
Executive director	75
Executive committee member: CEO of a business	50
Executive committee member: Head of a support role	35
Other participants	30

The CSPs were issued at R29,20 per share.

Criteria for participants will include:

	% of CSP awards
Growth in HEPS relative to the growth in HEPS of a selected peer group of JSE-listed companies	25
ROIC in excess of WACC (average over F2020 and F2023 years)	25
Achieve free cash flow generation target in aggregate, set annually by Remco (over three years)	25
Discretionary	25

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Section 5: Implementation of remuneration policy

Historical Imperial Holdings share schemes

Motus' employees who had been awarded rights in Imperial Holdings share schemes prior to the listing of Motus on the JSE continue to participate in those schemes. Upon exercise, their SARs will be settled by Motus in Motus shares and their DBPs will be settled in Imperial Holdings and Motus shares. A total of 5 470 194 SARs remain unexercised in terms of the Imperial Holdings SAR scheme at an average price of R151,80 per share. A total of 164 877 DBPs have been taken up and remain unvested in the Imperial Holdings DBP scheme. There were no CSP awards.

Motus share scheme allocations

A total of 6 647 691 SARs remain unexercised in terms of the SAR scheme at an average price of R80,11 per share. A total of 240 097 DBPs have been taken up and remain unvested. A total of 1 398 763 CSPs have been allocated and remain unvested.

Annual share scheme allocations

The Group will be making annual allocations of CSPs during July 2020 according to the allocation benchmarks in the remuneration policy.

The peer group of JSE-listed companies was selected based on an independent report prepared by PwC and considers comparative metrics including revenue, number of employees, industry and complexity.

Current peer group	Sector
AVI Limited	Consumer goods
Barloworld Limited	Industrials
Bidvest Limited	Industrials
Clicks Group Limited	Consumer services
CMH Group	Consumer services
Foschini Group	Consumer services
KAP Industrial Holdings Limited	Industrials
Massmart Holdings Limited	Consumer services
Mr Price Group Limited	Consumer services
Pick n Pay Stores Limited	Consumer services
RCL Foods Limited	Consumer services
Super Group Limited	Industrials
The Spar Group Limited	Consumer services
Tiger Brands Limited	Consumer goods
Truworths International Limited	Consumer services
Woolworths Holdings Limited	Consumer services

Proposed non-executive directors' fees for 2021 and 2022

At the AGM to be held on 10 November 2020, shareholders will be requested to approve the following non-executive directors' remuneration by special resolution in terms of section 66(9) of the Companies Act, granting authority to pay fees for services as directors, which will be valid with effect from the date of the AGM until 30 June 2022.

The approved fees for the 2020 financial year have been reduced by 15% for three months starting on 1 April 2020. The approved fees for the 2021 financial year have been reduced to reflect no increase from the 2020 financial year, as well as a reduction of 15% for three months starting 1 July 2020. The proposed increase in fees for the 2022 financial year is 5% for all boards and committees.

The table below provides a breakdown per committee for the year ended 30 June 2020, as well as proposed fees for years ended 30 June 2021 and 30 June 2022:

R'000	Approved fee from 1 July 2019 to 30 June 2020	**Actual fee from 1 July 2019 to 30 June 2020**	Proposed fee from 1 July 2020 to 30 June 2021	Proposed fee from 1 July 2021 to 30 June 2022
Chairman*	1 042 650	**1 003 551**	1 003 551	1 053 730
Deputy chairman and lead independent director*	521 325	**501 775**	501 775	526 870
Board member	298 200	**287 018**	287 018	301 340
Assets and liabilities committee chairman*	190 050	**182 923**	182 923	192 069
Assets and liabilities committee member	126 525	**121 780**	121 780	127 870
Audit and risk committee chairman*	393 750	**378 984**	378 984	397 940
Audit and risk committee member	196 875	**189 492**	189 492	198 970
Divisional board member	176 925	**170 290**	170 290	178 810
Divisional finance and risk committee member	70 875	**68 217**	68 217	71 630
Remuneration committee chairman*	142 275	**136 940**	136 940	143 790
Remuneration committee member	94 500	**90 956**	90 956	95 510
Nominations committee chairman*	142 275	**136 940**	102 705	107 840
Nominations committee member	94 500	**90 956**	68 217	71 628
Social, ethics and sustainability chairman*	190 575	**183 428**	183 428	192 600
Social, ethics and sustainability member	126 525	**121 780**	121 780	127 870

** Fee paid in addition to a member's fee.*

The nominations committee meetings will be reduced to three times a year with a resultant decrease in the committee fees from 2021. The committee will meet more frequently as the need arises.

In determining the proposed fees, cognisance was taken of market trends and the additional responsibilities of non-executive directors in terms of increased legal and governance requirements.

Executive directors receive no directors' or committee fees for their services as directors in addition to their normal remuneration as employees.

Non-executive directors' fees for 2020

The table below provides an analysis of the emoluments paid to non-executive directors for the year to 30 June 2020:

	Directors' fees R'000	Sub-committee fees R'000	COVID-19 salary sacrifice R'000	**12 months 2020 Total R'000**	7 months 2019 Total R'000
Non-executive directors					
GW Dempster	1 341	648	(75)	**1 914**	1 105
P Langeni	298	238	(18)	**518**	380
S Mayet	298	717	(38)	**977**	564
KR Moloko	298	323	(23)	**598**	345
MJN Njeke	298	591	(35)	**854**	412
A Tugendhaft	820	458	(48)	**1 229**	710
Total	3 353	2 975	(237)	**6 090**	3 516

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Executive remuneration

The Group remunerated its executive directors during the year as follows:

1. Annual remuneration
2. Short term incentive
3. Long term incentive

The maximum STI's are:

	Maximum STI as % of TCTC
CEO and CFO	150
Senior management	50 to 100
Other senior staff	20 to 35

The criteria for the LTI's are:

The CSPs awarded during September 2019 to the executive directors and prescribed officers are subject to performance criteria set out below and will vest in September 2022.

CSP performance conditions

Condition	Weighting %
ROIC >2% over WACC	50
HEPS versus peer group	50

Osman Arbee – Group CEO

2020 remuneration

Cash component R'000	Retirement and medical contributions R'000	Other benefits R'000	STI bonus R'000	**Total cash remuneration R'000**	Gains on exercise of LTI awards R'000	**2020 Total taxable remuneration realised R'000**	2019 Total taxable remuneration realised R'000
9 746	468	386	8 348	**18 948**	7 049	**25 997**	29 613

TCTC

Osman's TCTC was increased by 5% for inflation and then reduced by 20% for the three months to 30 June 2020 for COVID-19. His revised TCTC amount is R10 600 000 (2019: R10 600 000). In addition, the TCTC will be reduced by 20% for the three months to 30 September 2020. The remuneration for this position was externally benchmarked in the prior year against companies with a similar size, complexity and geographic spread.

Short-term incentive

Based on the STI criteria set during July 2019, Osman achieved 40% of the set criteria and 10% was added for the additional efforts of managing the business during the COVID-19 crisis. This equates to 50% of the maximum amount payable. An annual incentive of R8 347 500 was paid (2019: R12 500 000).

Long-term incentive and retention payments

Annual allocation of CSPs in line with LTI award benchmarks for executive directors to a value of R11 130 000. The allocation for the CEO was split between CSPs of R6 326 560 and the balance in cash. The CSPs are subject to performance criteria and will vest in 2023.

Ockert Janse van Rensburg – Group CFO

2020 remuneration

Cash component R'000	Retirement and medical contributions R'000	Other benefits R'000	STI bonus R'000	**Total cash remuneration R'000**	Gains on exercise of LTI awards R'000	**2020 Total taxable remuneration realised R'000**	2019 Total taxable remuneration realised R'000
5 027	412	169	4 350	**9 958**	708	**10 666**	14 356

TCTC

Ockert's TCTC was increased by 5% for inflation and then reduced by 15% for the three months to 30 June 2020 for COVID-19. His revised TCTC amount is R5 608 000 (2019: R5 500 000). In addition, the TCTC will be reduced by 15% for the three months to 30 September 2020. The remuneration for this position was externally benchmarked in the prior year against companies with a similar size, complexity and geographic spread.

Short term incentive

Based on the STI criteria set during July 2019, Ockert achieved 40% of the set criteria and 10% was added for the additional efforts of managing the business during the COVID-19 crisis. This equates to 50% of the maximum amount payable. An annual incentive of R4 350 000 was paid (2019: R8 250 000).

Long-term incentive and retention payments

Annual allocation of CSPs in line with LTI award benchmarks for executive directors to a value of R5 800 000. The CSPs are subject to performance criteria and will vest in 2023.

Remuneration report (continued)

Kerry Cassel – CEO: Financial Services and Executive Director

2020 remuneration

Cash component R'000	Retirement and medical contributions R'000	Other benefits R'000	STI bonus R'000	**Total cash remuneration R'000**	Gains on exercise of LTI awards R'000	**2020 Total taxable remuneration realised R'000**	2019 Total taxable remuneration realised R'000
4 076	385	248	3 000	**7 709**	–	**7 709**	8 836

TCTC

Kerry's TCTC was increased by 13% for inflation and following her appointment to the board of Motus which resulted in additional responsibilities, including Head of Innovation and Information Technology, and then reduced by 15% for the three months to 30 June 2020 for COVID-19. Her revised TCTC amount is to R4 709 000 (2019: R4 500 000). In addition, the TCTC will be reduced by 15% for the three months to 30 September 2020. The remuneration for this position was externally benchmarked in the prior year against companies with a similar size, complexity and geographic spread.

Annual incentive bonus

Based on the STI criteria set during July 2019, Kerry achieved 60% of the set criteria. An annual incentive of R3 000 000 was paid (2019: R4 250 000).

Long-term incentive and retention payments

Annual allocation of CSPs in line with LTI award benchmarks for executive directors to a value of R3 675 000. The CSPs are subject to performance criteria and will vest in 2023.

Prescribed officer remuneration

Prescribed officers are persons, not being directors, who either alone or with others exercise executive control and management of the whole or a significant portion of the business of the company.

Corné Venter – CEO: Retail and Rental South Africa

2020 remuneration

Cash component R'000	Retirement and medical contributions R'000	Other benefits R'000	STI bonus R'000	**Total cash remuneration R'000**	Gains on exercise of LTI awards R'000	**2020 Total taxable remuneration realised R'000**	2019 Total taxable remuneration realised R'000
3 432	453	242	2 150	**6 277**	–	**6 277**	6 386

TCTC

Corné's TCTC was increased on 1 April 2019 to R3 900 000 per annum to compensate him for his additional responsibilities for being appointed as the CEO of the Retail and Rental Division in South Africa, then increased on 1 July 2019 to R4 300 000 per annum for inflation. This amount was reduced by 15% for the three months to 30 June 2020 for COVID-19. His revised annual compensation is R4 127 000 (2019: R3 506 250 average for 2019). The increase is 18% for the year for inflation and the change in role. In addition, the TCTC will be reduced by 15% for the three months to 30 September 2020. The remuneration for this position was externally benchmarked in the prior year against companies with a similar size, complexity and geographic spread.

Short term incentive

Based on the STI criteria set during July 2019, Corné achieved 40% of the set criteria and 10% was added for the additional efforts of managing the business during the COVID-19 crisis. This equates to 50% of the maximum allowable amount payable. An annual incentive of R2 150 000 was paid (2019: R3 000 000).

Long-term incentive and retention payments

Annual allocation of CSPs in line with LTI award benchmarks for an executive committee member and business unit leader to a value of R2 150 000. The CSPs are subject to performance criteria and will vest in 2023.

Niall Lynch – CEO: Hyundai South Africa

2020 remuneration

Cash component R'000	Retirement and medical contributions R'000	Other benefits R'000	STI bonus R'000	**Total cash remuneration R'000**	Gains on exercise of LTI awards R'000	**2020 Total taxable remuneration realised R'000**	2019 Total taxable remuneration realised R'000
2 745	419	255	2 500	**5 919**	584	**6 503**	6 800

TCTC

Niall's TCTC was increased by 15% for inflation and additional responsibilities resulting from being appointed to the board of the United Kingdom business and then reduced by 15% for the three months to 30 June 2020 for COVID-19. His revised TCTC amount is R3 419 000 (2019: R3 200 000). In addition, the TCTC will be reduced by 15% for the three months to 30 September 2020. The remuneration for this position was externally benchmarked in the prior year against companies with a similar size, complexity and geographic spread.

Short term incentive

Based on the STI criteria set during July 2019, Niall achieved 70% of the set criteria. An annual incentive of R2 500 000 was paid (2019: R3 250 000).

Long-term incentive and retention payments

Annual allocation of CSPs in line with LTI award benchmarks for executive committee member and business unit leader to a value of R1 775 000. The CSPs are subject to performance criteria and will vest in 2023.

Janine Jefferies – General Counsel and Company Secretary

2020 remuneration

Cash component R'000	Retirement and medical contributions R'000	Other benefits R'000	STI bonus R'000	**Total cash remuneration R'000**	Gains on exercise of LTI awards R'000	**2020 Total taxable remuneration realised R'000**	2019 Total taxable remuneration realised R'000
1 847	168	183	715	**2 913**	–	**2 913**	2 618

TCTC

Janine's TCTC was increased by 18% for inflation and new responsibilities resulting from being appointed as the Company Secretary to R2 198 000 (2019: R1 860 000). The remuneration for this position was externally benchmarked in the prior year against companies with a similar size, complexity and geographic spread.

Short term incentive

Based on the STI criteria set during July 2019, Janine achieved 50% of the set criteria. An annual incentive of R715 000 was paid. (2019: R750 000).

Long-term incentive and retention payments

Annual allocation of CSPs in line with LTI award benchmarks for a Company Secretary and legal counsel to a value of R660 000. The CSPs are subject to performance criteria and will vest in 2023.

Summarised financial information

for the year ended 30 June 2020

Extracts of summarised financial information

Extract of Group profit or loss

for the year ended 30 June 2020	2020 Rm	2019 Rm	% change
Revenue	**73 417**	79 711	(8)
Operating profit	**2 136**	3 620	(41)
Impairment of properties, net of profit/(loss) on sale	**(60)**	15	(>100)
Net foreign exchange losses	**(13)**	(14)	(7)
Net finance costs	**(1 116)**	(774)	44
Other net costs	**(220)**	(77)	>100
Profit before tax, IFRS 2 charge and restructuring costs	**727**	2 770	(73)
Once-off restructuring costs	**(186)**	–	100
Issue of shares at a discount and modification of share appreciation rights	**–**	(160)	(100)
Profit before tax	**541**	2 610	(79)
Income tax expense	**(356)**	(714)	(50)
Profit for the year	**185**	1 896	(90)
Attributable to non-controlling interests	**121**	(28)	(<100)
Attributable to shareholders of Motus Holdings	**306**	1 868	(84)
Operating profit (%)	**2,9**	4,5	
Effective tax rate (%)	**68,6**	27,6	

Revenue decreased by 8% with all business segments impacted, except for the Financial Services business which was in line with the prior year. This is mainly due to lower vehicle unit volumes of 13% attributable to the global COVID-19 crisis which resulted in severe vehicle market contraction across all geographies in which we operate, as well as a reduction in parts and service sales. This was partially offset by an increase in selling prices and the bolt-on acquisitions in the UK and Australia.

The revenue decrease of 8% was as a result of a 10% decrease from new vehicle sales, a 7% decrease from pre-owned vehicle sales, a 5% decrease from parts sales and a 7% decrease from rendering of services.

Operating profit deterioration of 41% was as a result of a decrease in gross profit due to reduced sales volumes, lower margin realisation resulting from the shift to entry level vehicles and more affordable parts, reduced car rental income and pressure experienced in a competitive environment. This was partially offset by the decrease in operating expenses.

Impairment of properties, net of profit/(loss) on sale

Properties (mainly in the Retail and Rental and Aftermarket Parts segments) amounting to R101 million were impaired due to reduced future cash flow projections related to reduced rental increases and the rightsizing of the operational footprint as a result of the COVID-19 crisis, offset by profit/(loss) on the disposal of properties.

Other net costs

A number of once-off costs were incurred during the year. These once-off costs included goodwill and intangible asset impairments amounting to R289 million. These costs were partly offset by profits on the disposal of associates and subsidiaries.

Once-off restructuring costs

A number of once-off costs amounting to R186 million were incurred as a result of the current economic crisis caused by the COVID-19 crisis. These once-off costs included retrenchment and other business closure costs.

Depreciation increased by 64%

Depreciation increased primarily due to the impact of the IFRS 16 adjustment and an increase in vehicles for hire in the Import and Distribution and Retail and Rental segments.

Net finance costs increased by 44%

Net finance costs increased mainly as a result of the application of IFRS 16, higher average working capital and vehicles for hire levels and fair value adjustments on interest rates swaps due to the interest rate cuts.

Foreign currency loss decreased by 7%

Foreign exchange losses relate only to items that do not qualify for hedge accounting.

Effective tax rate increased by 41%

The effective tax rate increased significantly year-on-year. This was mainly due to impairment of properties, goodwill, other intangible assets and deferred tax assets written down.

Extracts of summarised financial information
(continued)

Reconciliation of earnings to headline earnings

	2020 Rm	2019 Rm	% change
Earnings	**306**	1 868	(84)
Profit on disposal of assets	**(42)**	(28)	50
Impairment of goodwill and other assets	**402**	142	>100
Profit on sale of businesses and other	**(35)**	(3)	>100
Adjustments included in results of associates and joint ventures	**2**	–	>100
Tax and non-controlling interests	**(83)**	(2)	>100
Headline earnings	**550**	1 977	(72)
Weighted average number of ordinary shares	**186**	196	(5)
Earnings and headline earnings per share			
Basic EPS (cents)	**165**	953	(83)
Basic HEPS (cents)	**296**	1 009	(71)

The Group repurchased and cancelled 4 723 000 shares during the year which resulted in lower shares in issue. This reduction was partially offset by the conversion of 831 469 deferred ordinary shares into ordinary shares related to the B-BBEE scheme. The net movement positively impacted both EPS and HEPS.

Extract of financial position

as at 30 June 2020	2020 Rm	2019 Rm	% change
Assets			
Goodwill and intangible assets	**1 671**	1 273	31
Property, plant and equipment	**7 784**	7 198	8
Right-of-use assets	**2 279**	–	>100
Investments in associates and joint ventures	**232**	258	(10)
Vehicles for hire	**3 167**	3 385	(6)
Investments and other financial assets	**445**	509	(13)
Net working capital[1]	**8 515**	7 580	12
Other assets	**1 355**	1 178	15
Assets classified as held-for-sale	**146**	182	(20)
Core interest-bearing debt	**(5 794)**	(4 777)	21
Floorplans from financial institutions	**(1 648)**	(1 841)	(10)
Lease liabilities	**(2 658)**	–	>100
Contract liabilities	**(2 797)**	(2 818)	(1)
Other liabilities	**(224)**	(270)	(17)
Liabilities held-for-sale	**(21)**	(19)	11
Total shareholders' equity	**12 452**	11 838	5
Total assets	**43 678**	38 872	12
Total liabilities	**(31 226)**	(27 034)	16

[1] *Net working capital includes R6 511 million (2019: R5 619 million) floorplan creditors.*

Factors impacting the financial position as at 30 June 2020 compared to 30 June 2019

Goodwill and intangibles increased mainly due to the acquisition of the DAF dealerships in the UK (R133 million) and the passenger dealerships in Ballarat Australia (R340 million), coupled with currency adjustments, offset by a decrease in intangibles due to their amortisation and the impairment of goodwill and other intangible assets.

Goodwill and intangible asset impairments relate to:

- Intangible assets amounting to R107 million were impaired. This was due to reduced cash flow projections for the foreseeable future relating to the contracting South African vehicle market as a result of COVID-19.
- Goodwill amounting to R85 million relating to the Australian operations was impaired. This was due to the unexpected discontinuation of the Holden brand in Australia and reduced future cash flow projections related to the contracting Australian passenger market as a result of COVID-19. A legal claim was instituted against Holden relating to the discontinuation of the Holden brand. We expect the claim to be resolved in the 2021 financial year.
- Goodwill amounting to R13 million relating to the Mercedes commercial operations in the UK was impaired. This relates to diesel taxis no longer being sold.
- Goodwill amounting to R75 million relating to the UK passenger division was impaired. This was due to reduced future cash flow projections related to the contracting UK passenger market as a result of COVID-19, coupled with the uncertainty around Brexit.

Property, plant and equipment

Property, plant and equipment increased as a result of the acquisition of dealerships in the UK and Australia. Enhanced by currency adjustments, offset by a decrease in property, plant and equipment due to depreciation and impairment.

Properties amounting to R101 million were impaired due to reduced future cash flow projections relating to reduced rental increases and the rightsizing of the operational footprint as a result of COVID-19, offset by profit/(loss) on the disposal of properties.

Right-of-use assets

Right-of-use assets relate to the application of IFRS 16 – *Leases*.

Vehicles for hire

The decrease in vehicles for hire is primarily due to the accelerated de-fleet of vehicles for hire in the Retail and Rental segment to align to the reduced demand related to local and international tourism, offset by the increase in car rental sales in the Import and Distribution segment.

Net working capital

Net working capital increased primarily due to higher inventory levels carried at the dealerships due to a slowdown of sales of vehicles and parts, accelerated vehicle for hire de-fleets, currency adjustments and acquisitions. Reduced trading activity for the last three months of the financial year also resulted in decreased trade payables and trade receivables.

Assets classified as held-for-sale

The assets held-for-sale relate to the non-strategic properties identified for sale, mainly retail properties in South Africa and Australia.

Core interest-bearing debt

The increase in core interest-bearing debt was primarily due to increased working capital as a result of COVID-19 and funding of acquisitions and operational losses during the lockdown period.

Lease liabilities

Lease liabilities relate to the application of IFRS 16 – *Leases*.

Contract liabilities

Contract liabilities relates mainly to service and maintenance plans, which were negatively impacted by reduced levels of new business, representative of the current economic conditions.

Shareholders' equity

Shareholders' equity was enhanced through current year attributable profits, favourable hedging reserve adjustments amounting to R671 million, favourable translation reserve adjustment as a result of the weakening of the rand amounting to R570 million and an increase in share-based equity amounting to R98 million.

Shareholders' equity was reduced by the final dividend declared of R490 million relating to June 2019 which was paid in September 2019, the repurchase and cancellation of shares during the year totalling R313 million and the IFRS 16 adoption resulting in an adjustment of R108 million.

Extracts of summarised financial information
(continued)

Cash flow movements

	2020 Rm	2019 Rm
Cash generated from operations before movements in net working capital	3 788	4 819
Movements in net working capital	333	(636)
Cash generated by operations before interest, tax paid and capital expenditure on vehicles for hire	4 121	4 183
Finance costs paid	(1 067)	(765)
Finance income received	59	57
Dividend income	462	496
Taxation paid	(571)	(910)
Free cash flow generated from operations	3 004	3 061
Net capital expenditure (vehicles for hire)	(795)	(318)
Cash generated by operations	2 209	2 743
Net cash outflow on the acquisitions and disposals of businesses	(561)	(358)
Net capital expenditure (excluding vehicles for hire)	(324)	(592)
Net movements in investments in associates	50	19
Net movements in investments and loans	(89)	(63)
Cash received on finance lease receivables	53	–
Cash generated from operating and investing activities	1 338	1 749
Shares repurchased (cancelled and treasury)	(313)	(780)
Change in non-controlling interests	–	(29)
Dividends paid	(490)	(1 097)
Other	2	(33)
Decrease/(increase) in net debt	537	(190)

Net working capital inflow of R333 million primarily due to the realisation of inventory and trade receivables.

The cash outflow on vehicles for hire increased by R795 million due to the Import and Distribution segment investing in increased car rental units during the year.

The net cash outflow on acquisition of businesses of R561 million relates mainly to the dealerships acquired in the UK and Australia, and businesses in the Aftermarket Parts segment.

The final dividend for the 2019 financial year was paid to shareholders amounting to R490 million. The interim dividend for 2020 was cancelled to bolster the solvency and liquidity of the Group.

Debt decreased by R537 million in the statement of cash flows, with debt increasing by R3 482 million in the statement of financial position. The year-on-year increase of R3 482 million was primarily due to the application of IFRS 16, which resulted in recognising lease liabilities amounting to R2 658 million and increased debt of R824 million.

Non-cash items amounting to R4 019 million were largely attributable to the application of IFRS 16 which required an additional R2 389 million in interest-bearing debt to be raised on the balance sheet for a day 1 adjustment. Refer to the reconciliation provided below:

	2020 Rm	2019 Rm	Movement Rm
Core interest-bearing debt	**5 794**	4 777	1 017
Floorplans from financial institutions	**1 648**	1 841	(193)
Lease liabilities	**2 658**	–	2 658
Debt movements per statement of financial position	**10 100**	6 618	3 482
Non-cash items			(4 019)
Application of IFRS 16 – day 1 adjustment			(2 389)
Currency adjustments on debt			(825)
New leases entered into or derecognised			(466)
Debt acquired through business combination			(339)
Decrease in debt per statement of cash flows			(537)

Summarised segment financial position

as at 30 June 2020	Group 2020 Rm	Group 2019 Rm	Import and Distribution 2020 Rm	Import and Distribution 2019 Rm
Financial position				
Assets				
Goodwill and intangible assets	**1 671**	1 273	**1**	108
Carrying value of associates and joint ventures (excluding loans to associates)	**145**	177	**16**	10
Property, plant and equipment	**7 625**	7 023	**555**	579
Right-of-use assets	**2 279**	–	**161**	–
Investment properties	**159**	175	**148**	156
Investments and other financial instruments	**345**	509	**4**	4
Net investment in lease receivable	**100**	–	**100**	–
Inventories	**20 179**	19 069	**4 596**	5 680
Vehicles for hire	**3 167**	3 385	**1 554**	1 222
Trade and other receivables[1]	**4 299**	4 778	**1 809**	2 123
Operating assets	**39 969**	36 389	**8 944**	9 882
– South Africa	**26 263**	26 034	**8 944**	9 882
– International	**13 706**	10 355	**–**	–
Liabilities				
Contract liabilities	**2 797**	2 818	**–**	–
Lease liabilities[3]	**2 658**	–	**274**	–
Provisions	**857**	797	**164**	134
Trade and other payables[1]	**15 106**	15 470	**4 425**	5 683
Other financial liabilities	**30**	53	**–**	10
Operating liabilities	**21 448**	19 138	**4 863**	5 827
– South Africa	**12 434**	12 934	**4 863**	5 827
– International	**9 014**	6 204	**–**	–
Net working capital	**8 515**	7 580	**1 816**	1 986
– South Africa	**7 387**	5 943	**1 816**	1 986
– International	**1 128**	1 637	**–**	–
Net interest-bearing debt[3]	**7 442**	6 618	**1 330**	2 281
– South Africa	**5 024**	4 808	**1 330**	2 281
– International	**2 418**	1 810	**–**	–
Net capital expenditure	**(1 119)**	(910)	**(703)**	170
– South Africa	**(1 005)**	(662)	**(703)**	170
– International	**(114)**	(248)	**–**	–
Non-current assets (excluding investments, deferred tax and other financial instruments)	**11 879**	8 649	**881**	853
– South Africa	**6 865**	6 164	**881**	853
– International	**5 014**	2 485	**–**	–
Source of internationally based adjusted non-current assets	**5 014**	2 485	**–**	–
– United Kingdom	**2 901**	1 445	**–**	–
– Other regions (Australia and South East Asia)[2]	**2 113**	1 040	**–**	–

[1] *Includes amounts pertaining to derivative financial instruments.*
[2] *Retail and Rental and Head Office and Eliminations operates in Australia and Aftermarket Parts operates in South East Asia.*
[3] *In comparison to December 2019, we have separately disclosed the lease liabilities from the net interest-bearing debt.*

Retail and Rental		Financial Services		Aftermarket Parts		Head Office and Eliminations	
2020 Rm	2019 Rm	**2020 Rm**	2019 Rm	**2020 Rm**	2019 Rm	**2020 Rm**	2019 Rm
1 159	656	**23**	16	**474**	468	**14**	25
26	37	**10**	41	**88**	82	**5**	7
6 448	5 831	**129**	113	**438**	447	**55**	53
1 921	–	**1**	–	**196**	–	**–**	–
11	19	**–**	–	**–**	–	**–**	–
–	–	**338**	490	**–**	–	**3**	15
–	–	**–**	–	**–**	–	**–**	–
13 382	11 514	**261**	316	**1 976**	1 594	**(36)**	(35)
1 613	2 161	**1 628**	1 289	**–**	–	**(1 628)**	(1 287)
2 738	3 089	**477**	339	**627**	702	**(1 352)**	(1 475)
27 298	23 307	**2 867**	2 604	**3 799**	3 293	**(2 939)**	(2 697)
14 208	13 199	**2 867**	2 604	**3 183**	3 046	**(2 939)**	(2 697)
13 090	10 108	**–**	–	**616**	247	**–**	–
123	121	**2 674**	2 697	**–**	–	**–**	–
2 156	–	**3**	–	**225**	–	**–**	–
139	78	**268**	286	**3**	2	**283**	297
11 735	10 449	**525**	541	**1 042**	1 119	**(2 621)**	(2 322)
7	11	**–**	–	**22**	30	**1**	2
14 160	10 659	**3 470**	3 524	**1 292**	1 151	**(2 337)**	(2 023)
5 400	4 536	**3 470**	3 524	**1 038**	1 070	**(2 337)**	(2 023)
8 760	6 123	**–**	–	**254**	81	**–**	–
4 246	4 076	**(55)**	(172)	**1 558**	1 175	**950**	515
3 347	2 507	**(55)**	(172)	**1 329**	1 107	**950**	515
899	1 569	**–**	–	**229**	68	**–**	–
7 065	5 404	**(2 105)**	(2 231)	**1 247**	1 131	**(95)**	33
4 720	3 520	**(2 105)**	(2 231)	**1 180**	1 204	**(101)**	34
2 345	1 884	**–**	–	**67**	(73)	**6**	(1)
(284)	(969)	**(508)**	281	**(82)**	(55)	**458**	(337)
(184)	(724)	**(508)**	281	**(68)**	(52)	**458**	(337)
(100)	(245)	**–**	–	**(14)**	(3)	**–**	–
9 565	6 543	**163**	170	**1 196**	997	**74**	86
4 738	4 156	**163**	170	**1 011**	899	**72**	86
4 827	2 387	**–**	–	**185**	98	**2**	–
4 827	2 387	**–**	–	**185**	98	**2**	–
2 901	1 445	**–**	–	**–**	–	**–**	–
1 926	942	**–**	–	**185**	98	**2**	–

Summarised segment profit or loss

for the year ended 30 June 2020	Group		Import and Distribution	
	2020 Rm	2019 Rm	**2020 Rm**	2019 Rm
Profit or loss				
Total revenue	**73 417**	79 711	**17 411**	18 949
– South Africa	**48 351**	53 176	**17 411**	18 949
– International (see next page)	**25 451**	26 652	**–**	–
– Eliminations between geographical regions	**(385)**	(117)	**–**	–
Operating profit	**2 136**	3 620	**827**	810
– South Africa	**2 112**	3 264	**827**	810
– International	**24**	356	**–**	–
Depreciation, amortisation, impairments net of recoupments	**(2 018)**	(1 188)	**(419)**	(264)
– South Africa	**(1 653)**	(1 086)	**(419)**	(264)
– International	**(365)**	(102)	**–**	–
Net finance costs	**(1 116)**	(774)	**(310)**	(176)
– South Africa	**(883)**	(622)	**(310)**	(176)
– International	**(233)**	(152)	**–**	–
Profit/(loss) before tax and non-trading items	**773**	2 690	**487**	645
– South Africa	**1 048**	2 504	**487**	645
– International	**(275)**	186	**–**	–
Non-trading items	**(232)**	(80)	**(102)**	(30)
– South Africa	**(58)**	(80)	**(102)**	(30)
– International	**(174)**	–	**–**	–
Profit/(loss) before tax	**541**	2 610	**385**	615
– South Africa	**990**	2 424	**385**	615
– International	**(449)**	186	**–**	–
Income tax expense	**(356)**	(714)	**(257)**	(207)

	Retail and Rental		Financial Services		Aftermarket Parts		Head Office and Eliminations	
	2020 Rm	2019 Rm	**2020 Rm**	2019 Rm	**2020 Rm**	2019 Rm	**2020 Rm**	2019 Rm
	59 898	65 041	**2 173**	2 172	**6 050**	6 442	**(12 115)**	(12 893)
	35 099	38 759	**2 173**	2 172	**5 783**	6 189	**(12 115)**	(12 893)
	24 799	26 282	**–**	–	**652**	370	**–**	–
	–	–	**–**	–	**(385)**	(117)	**–**	–
	332	1 578	**931**	937	**322**	496	**(276)**	(201)
	370	1 291	**931**	937	**260**	431	**(276)**	(205)
	(38)	287	**–**	–	**62**	65	**–**	4
	(1 355)	(830)	**(161)**	(145)	**(189)**	(52)	**106**	103
	(1 015)	(732)	**(161)**	(145)	**(164)**	(51)	**106**	106
	(340)	(98)	**–**	–	**(25)**	(1)	**–**	(3)
	(772)	(586)	**(67)**	(61)	**(125)**	(113)	**158**	162
	(544)	(440)	**(67)**	(61)	**(121)**	(108)	**159**	163
	(228)	(146)	**–**	–	**(4)**	(5)	**(1)**	(1)
	(656)	991	**866**	878	**117**	371	**(41)**	(195)
	(340)	867	**866**	878	**76**	309	**(41)**	(195)
	(316)	124	**–**	–	**41**	62	**–**	–
	(169)	22	**16**	(5)	**23**	(57)	**–**	(10)
	5	22	**16**	(5)	**23**	(57)	**–**	(10)
	(174)	–	**–**	–	**–**	–	**–**	–
	(825)	1 013	**882**	873	**140**	314	**(41)**	(205)
	(335)	889	**882**	873	**99**	252	**(41)**	(205)
	(490)	124	**–**	–	**41**	62	**–**	–
	115	(201)	**(172)**	(153)	**(59)**	(101)	**17**	(52)

Summarised segment profit or loss (continued)

for the year ended 30 June 2020	Group 2020 Rm	Group 2019 Rm	Import and Distribution 2020 Rm	Import and Distribution 2019 Rm
Additional segment information				
Revenue by nature				
New motor vehicles sales	**32 979**	36 708	**13 393**	14 159
Pre-owned motor vehicles sales	**17 751**	19 027	**2 122**	2 648
Parts and other goods sales	**13 617**	14 268	**1 772**	2 023
Sale of goods	**64 347**	70 003	**17 287**	18 830
Vehicle workshop, maintenance, service and warranty	**5 166**	5 435	**72**	74
Motor vehicle rental	**2 139**	2 564	**2**	9
Fees on vehicles, parts and services sold	**1 765**	1 709	**50**	36
Rendering of services	**9 070**	9 708	**124**	119
Total divisional revenue	**73 417**	79 711	**17 411**	18 949
Inter-group revenue	**–**	–	**(11 458)**	(12 006)
Total external revenue	**73 417**	79 711	**5 953**	6 943
Source of internationally derived revenue				
– United Kingdom	**19 172**	20 395	**–**	–
– Other regions (Australia and South East Asia)[1]	**6 279**	6 257	**–**	–
	25 451	26 652	**–**	–
Analysis of depreciation, amortisation, impairments and recoupments	**(2 018)**	(1 188)	**(419)**	(264)
Depreciation and amortisation	**(1 947)**	(1 176)	**(457)**	(267)
(Losses)/profits on disposals and impairments	**(59)**	5	**38**	3
Amortisation and impairment of intangible assets arising on business combinations	**(12)**	(17)	**–**	–
(Costs)/income included in profit before tax and non-trading items				
Employee costs	**(6 633)**	(6 822)	**(447)**	(486)
Operating lease charges	**(106)**	(699)	**(10)**	(39)
Once-off restructuring costs	**(186)**	–	**(8)**	–
Issue of shares at a discount to a B-BBEE partner (Ukhamba) and modification of share appreciation rights	**–**	(160)	**–**	–
Net foreign exchange (losses) and gains	**(13)**	(14)	**(70)**	4
Associate income included in pre-tax profits	**22**	27	**–**	4
Operating profit margin (%)	**2,9**	4,5	**4,7**	4,3

[1] *Retail and Rental operates in Australia and Aftermarket Parts operates in South East Asia.*

Retail and Rental		Financial Services		Aftermarket Parts		Head Office and Eliminations	
2020 Rm	2019 Rm	**2020 Rm**	2019 Rm	**2020 Rm**	2019 Rm	**2020 Rm**	2019 Rm
28 448	31 437	**–**	–	**–**	–	**(8 862)**	(8 888)
17 172	18 294	**–**	–	**–**	–	**(1 543)**	(1 915)
7 016	7 398	**–**	–	**5 985**	6 415	**(1 156)**	(1 568)
52 636	57 129	**–**	–	**5 985**	6 415	**(11 561)**	(12 371)
3 719	3 986	**1 534**	1 525	**2**	2	**(161)**	(152)
1 885	2 274	**481**	481	**–**	–	**(229)**	(200)
1 658	1 652	**158**	166	**63**	25	**(164)**	(170)
7 262	7 912	**2 173**	2 172	**65**	27	**(554)**	(522)
59 898	65 041	**2 173**	2 172	**6 050**	6 442	**(12 115)**	(12 893)
(248)	(489)	**(388)**	(363)	**(21)**	(35)	**12 115**	12 893
59 650	64 552	**1 785**	1 809	**6 029**	6 407	**–**	–
19 172	20 395	**–**	–	**–**	–	**–**	–
5 627	5 887	**–**	–	**652**	370	**–**	–
24 799	26 282	**–**	–	**652**	370	**–**	–
(1 355)	(830)	**(161)**	(145)	**(189)**	(52)	**106**	103
(1 309)	(838)	**(161)**	(146)	**(128)**	(43)	**108**	118
(46)	13	**–**	1	**(49)**	3	**(2)**	(15)
–	(5)	**–**	–	**(12)**	(12)	**–**	–
(4 539)	(4 789)	**(516)**	(514)	**(820)**	(795)	**(311)**	(238)
(82)	(566)	**(2)**	(6)	**(16)**	(85)	**4**	(3)
(159)	–	**(3)**	–	**(8)**	–	**(8)**	–
–	–	**–**	–	**–**	–	**–**	(160)
(4)	–	**–**	–	**(21)**	(16)	**82**	(2)
3	(1)	**6**	2	**12**	15	**1**	7
0,6	2,4	**42,8**	43,1	**5,3**	7,7		

Five-year review

	Financial definitions	2020	2019	2018	2017	2016
Extracts from the statement of profit or loss						
Revenue		**73 417**	79 711	77 001	66 129	65 538
Operating profit		**2 136**	3 620	3 593	3 339	3 292
Net financing costs		**(1 116)**	(774)	(737)	(889)	(675)
Income tax expense		**(356)**	(714)	(897)	(671)	(677)
Tax rate (%)		**68,6**	27,6	28,3	34,1	29,4
Attributable profit for the year		**185**	1 896	2 313	1 310	1 503
Headline earnings		**550**	1 977	1 991	1 669	1 847
Extracts from the statement of cash flows						
Cash generated by operations before interest, tax paid and capital expenditure on vehicles for hire		**4 121**	4 183	6 784	4 272	2 417
Cash flow from investing activities (including capital expenditure on rental assets)		**(1 666)**	(1 312)	(1 018)	(1 930)	(1 987)
Net debt repaid/(raised)		**537**	(190)	1 387	(142)	(3 030)
Extract from statement of financial position						
Total assets		**43 678**	38 872	36 716	34 576	34 037
Operating assets	1	**39 969**	36 389	33 739	31 599	31 054
Operating liabilities	2	**21 448**	19 138	16 933	14 194	13 951
Net working capital	3	**8 515**	7 580	6 731	8 235	8 193
Net interest-bearing debt	4	**7 442**	6 618	5 900	6 803	6 746
Motus owners' interest		**12 508**	11 875	11 640	12 196	11 979
Non-controlling interest		**(56)**	(37)	4	(274)	30
Ratios						
Efficiency						
Revenue to average net operating assets (times)	5	**4,1**	4,7	4,5	3,8	3,8
Revenue relating to sales of goods to average inventory (times)	6	**3,3**	4,0	4,4	3,9	4,1
Revenue to average net working capital (times)		**9,1**	11,1	10,3	8,1	8,4
Profitability						
Operating profit to average net operating assets (%)	7	**11,9**	21,3	21,0	19,4	19,2
Operating profit to average gross operating assets (%)		**5,6**	10,3	11,0	10,7	10,6
Operating margins (%)	8	**2,9**	4,5	4,7	5,0	5,0
Return on average shareholders' interest (%)	9	**4,5**	16,8	16,7	13,8	15,5
Return on invested capital (%)	10	**6,4**	13,5	13,5	11,8	12,2
Weighted average cost of capital (%)	11	**9,8**	10,7	10,7	10,1	10,2
Solvency						
Interest cover by operating profit (times)		**1,9**	4,7	4,9	3,8	4,9
Net interest-bearing debt to EBITDA (times)		**1,8**	1,4	1,2	1,4	1,5
Adjusted net interest by adjusted EBITDA (times)	12 – 14	**3,6**	6,2	n/a	n/a	n/a
Net interest-bearing debt to adjusted EBITDA (times)	12, 15	**2,2**	1,4	n/a	n/a	n/a
Total equity to total assets (%)		**28,5**	30,5	31,7	34,5	35,3
Net interest-bearing debt as a percentage of total equity (%)		**56,9**	55,9	50,7	57,1	56,2
Liquidity						
Unutilised facilities		**7 555**	7 525	n/a	n/a	n/a

	Financial definitions	2020	2019	2018	2017	2016
Investing in the future						
Cost of new acquisitions		**583**	367	731	(33)	93
Net capital expenditure/(inflows) (excluding vehicles for hire and capital expenditure on discontinued operations)		**324**	592	(756)	609	545
Capital commitments		**101**	254	343	88	441
Statistics						
Total new and pre-owned vehicles sold		**187 942**	215 279	227 587	198 257	209 432
Number of vehicles for hire (car rental owned only)		**8 554**	13 380	14 991	13 750	13 903
Number of employees		**17 499**	18 628	18 305	17 403	19 515
Employees' cost (R'000)		**6 633**	6 822	6 425	5 781	5 755
Wealth created per employee (R'000)		**612**	624	621	n/a	n/a
Total taxes and levies	16	**898**	1 106	1 134	n/a	n/a
Share performance						
Basic HEPS (cents)		**296**	1 009	986	826	914
Dividends per share (cents)		**–**	490	n/a	n/a	n/a
Earnings yield (%)	17	**9,7**	13,8	n/a	n/a	n/a
Price-earnings ratio (times)	18	**10,3**	7,2	n/a	n/a	n/a
Net asset value per share (cents)	19	**6 653**	6 185	5 762	6 038	5 930
Market prices (cents)						
– Closing		**3 062**	7 312	n/a	n/a	n/a
– High		**8 468**	10 238	n/a	n/a	n/a
– Low		**2 380**	7 152	n/a	n/a	n/a
Total market capitalisation at closing prices	20	**5 898**	14 369	n/a	n/a	n/a
Value of shares traded once unbundled		**11 901**	10 120	n/a	n/a	n/a
Annualised value of shares traded	21	**11 901**	15 813	n/a	n/a	n/a
Annualised value traded as a percentage of average capitalisation (%)		**107**	110	n/a	n/a	n/a
Exchange rates used						
Rand to US Dollar						
– Average		**15,67**	14,18	12,86	13,58	14,51
– Closing		**17,37**	14,10	13,71	13,06	14,70
Rand to British Pound						
– Average		**19,73**	18,35	17,31	17,23	21,47
– Closing		**21,46**	17,95	18,10	17,02	19,58
Rand to Australian Dollar						
– Average		**10,49**	10,14	9,97	10,24	10,56
– Closing		**11,96**	9,90	10,13	10,04	10,95
Rand to Euro						
– Average		**17,31**	16,18	15,34	14,81	16,10
– Closing		**19,51**	16,06	16,01	14,92	16,32

Financial definitions

1	**Operating assets**	All assets less loans receivable, taxation assets, cash and cash equivalents and assets classified as held-for-sale.
2	**Operating liabilities**	All liabilities less all interest-bearing borrowings, taxation liabilities and liabilities directly associated to assets classified as held-for-sale.
3	**Net working capital**	Consists of inventories, trade and other receivables, derivative assets, provisions for liabilities and other charges (short and long term), trade and other payables and derivative liabilities.
4	**Net interest-bearing debt**	Includes total interest-bearing borrowings less lease liabilities and cash resources.
5	**Revenue to average net operating assets (times)**	Calculated by dividing revenue with average net operating assets (operating assets less operating liabilities).
6	**Revenue relating to sales of goods to average inventory (times)**	Revenue relating to sales of goods divided by average inventory.
7	**Operating profit to average net operating assets (%)**	Operating profit per the statement of comprehensive income divided by average net operating assets.
8	**Operating margin (%)**	Operating profit per the statement of comprehensive income divided by revenue.
9	**Return on equity (%)**	Return is calculated as the headline earnings divided by the average shareholders' equity attributable to the owners of Motus Holdings.
10	**Return on invested capital (%)**	Return divided by invested capital. The return is calculated by reducing the operating profit by a blended tax rate, which is an average of the actual tax rates applicable in the various jurisdictions in which Motus operates, increased by the share of result of associates and joint ventures. Invested capital is a 12-month average of total equity plus interest-bearing borrowings less cash resources.
11	**Weighted average cost of capital (%)**	Is calculated by multiplying the cost of each capital component by its proportional weight, therefore: WACC = (after tax cost of debt % multiplied by average debt weighting plus (cost of equity multiplied by average equity weighting). The cost of equity is blended recognising the cost of equity in the different jurisdictions in which Motus operates.
12	**Adjusted EBITDA**	Adjusted EBITDA is calculated as the EBITDA less the profits attributable to non-controlling interests, plus the EBITDA relating to acquisitions grossed up for a full year, if the underlying acquisitions only contributed for a portion of the year, less EBITDA relating to businesses disposed of during the current year; and adjustments relating to the impacts on the EBITDA that arose of the application of IFRS 16, adjustments include the reversal of profit on terminations of leases and includes lease payments.
13	**Adjusted net interest**	Adjusted net interest is calculated as the finance cost (excluding the finance cost on lease liabilities) less finance income (excluding interest earned on net investment in lease receivables.
14	**Adjusted EBITDA by adjusted net interest (bank facilities) (times)**	Calculated as adjusted EBITDA divided by the adjusted net interest. This is one of the key measures of the covenants of the interest-bearing borrowings relating to our bank facilities.

15	**Net interest-bearing debt to adjusted EBITDA (bank facilities) (times)**	Calculated as net interest-bearing debt divided the adjusted EBITDA. This is one of the key measures of the covenants of the interest-bearing borrowings relating to our bank facilities.
16	**Total taxes and levies**	Made up of current taxation, secondary taxation on companies, foreign taxation, rates and taxes, skills development, unemployment insurance fund levies and carbon emissions tax.
17	**Earnings yield (%)**	The headline earnings per share divided by the closing price of a share.
18	**Price earnings ratio (times)**	The closing price of a share divided by the headline earnings per share.
19	**Net asset value per share**	Equity attributable to owners of Motus divided by total ordinary shares in issue net of shares repurchased.
20	**Total market capitalisation at closing prices (Rm)**	Total ordinary shares in issue before treasury shares multiplied by the closing price per share.
21	**Annualised value of shares traded**	This being the value of shares traded post-unbundling, grossed up for trading for full year.

Value-added statement

for the year ended 30 June 2020	Note	2020 Rm	2020 %	2019 Rm	2019 %
Revenue		73 417		79 711	
Paid to suppliers for materials and services		62 702		68 083	
Total wealth created		10 715		11 628	
Wealth distribution					
Salaries, wages and other benefits	1	6 569	61	6 757	58
Providers of capital		1 919	18	2 651	23
Net financing costs		1 116	10	774	7
Dividends paid to Imperial Holdings		–	–	567	5
Dividends paid to Motus shareholders		474	5	470	4
Dividends paid to non-controlling interest		16	–	60	–
Share buy-backs and cancellations		313	3	780	7
Government	2	898	8	1 106	10
Reinvested in the Group to maintain and develop operations		1 329	13	1 114	9
Depreciation, amortisation, impairments and recoupments		2 018		1 188	
Future expansion (including vehicles for hire)		(689)		(74)	
		10 715	100	11 628	100
Value-added ratios					
– Number of employees		17 499		18 628	
– Revenue per employee ('000)		4 195		4 279	
– Wealth created per employee ('000)		612		624	

Notes

	2020 Rm	2019 Rm
1. Salaries, wages and other benefits		
Salaries, wages, overtime, commissions, bonuses, allowances	6 104	6 323
Employer contributions	529	499
Less: Unemployment Insurance Fund and Skills Development Levy (included in note 2)	(64)	(65)
	6 569	6 757
2. Central and local governments		
Taxation expense	621	860
Withholding and secondary tax on companies	2	7
Rates and taxes	171	138
Skills Development Levy	43	48
Unemployment Insurance Fund	21	17
Carbon emissions tax	40	36
	898	1 106

Shareholder analysis

Shareholder information as at 30 June 2020

Top 10 shareholders

	Number of shares '000	% of issued voting capital
Ordinary shares		
Public Investment Corporation (South Africa)	23 936	12,05
M&G Investment Management (United Kingdom)	17 363	8,74
Ukhamba Holdings Proprietary Limited (South Africa)	16 719	8,42
Visio Capital Management (South Africa)	10 979	5,53
Fairtree Capital Proprietary Limited (South Africa)	10 614	5,34
Mr NW Lynch (South Africa)	7 886	3,97
Mr Manuel P De Canha (South Africa)	6 454	3,25
PSG Asset Management (South Africa)	6 365	3,20
Vanguard Group (United States of America)	5 604	2,82
Coronation Fund Managers (South Africa)	4 883	2,46
Deferred ordinary shares		
Ukhamba Holdings Proprietary Limited (South Africa)	6 036	3,04

Stock exchange performance

	2020	2019
Number of shares in issue (million)	**193**	197
Number of shares traded (million)	**208**	121
Value of shares traded (Rand million)	**11 901**	10 120
Market price (cents per share)		
– Closing price	**3 062**	7 312
– High	**8 468**	10 238
– Low	**2 380**	7 152
Earnings yield (%)[1]	**9,7**	13,8
Price-earnings ratio[1]	**10,3**	7,2

[1] *Calculated using headline earnings per share.*

Distribution of shareholders (listed ordinary shares)

	Number of shareholders	Number of shares '000	% of ordinary shares listed
Public shareholders	5 800	155 802	80,88
Non-public shareholders			
– Shareholder holding more than 10%	1	23 936	12,43
– Shareholder entitled to appoint a director	–	–	–
– Directors, their associates and employees	32	8 473	4,40
– Treasury shares	1	4 411	2,29
Total	**5 834**	**192 622**	**100**

Spread of listed holdings

	Number of shareholders	%	Number of shares '000	%
1 – 1 000	4 458	76,41	954	0,49
1 001 – 10 000	826	14,16	2 749	1,43
10 001 – 100 000	353	6,05	12 459	6,47
Over 100 000	197	3,38	176 460	91,61
Total	**5 834**	**100,00**	**192 622**	**100,00**

Shareholder analysis (continued)

Shareholder type

Shareholder type	Number of shares '000	% of voting shares net of treasury shares
Financial institutions, pension and provident funds	129 780	66,81
Unit trusts	28 004	14,42
Individuals	4 143	2,13
Directors and employees	8 473	4,36
Corporate holdings	17 812	9,17
Listed ordinary shares (net of treasury shares)	188 212	96,89
Unlisted deferred ordinary shares	6 036	3,11
Total voting shares in issue net of treasury shares	194 248	100,00
Treasury shares	4 411	
Total shares in issue	**198 659**	

Directors' interests in shares

Directors' interests in shares	2020		2019	
	Direct number of shares	**Indirect number of shares**	Direct number of shares	Indirect number of shares
Executive directors				
OS Arbee	**128 211**	**168 240**	180 455	53 993
OJ Janse van Rensburg	**100 137**	**–**	74 716	–
KA Cassel[1]	**694**	**–**	744	–
Non-executive directors				
GW Dempster	**99**	**–**	99	–
A Tugendhaft	**–**	**15 000**	–	–
Prescribed officers				
JK Jefferies[2]	**61**	**–**	–	–
NW Lynch[2]	**14 540**	**7 871 074**	–	–
C Venter	**15 073**	**–**	15 073	–
Total	**258 815**	**8 054 314**	271 087	53 993

[1] *Appointed as an executive director effective 1 July 2019.*
[2] *Appointed as prescribed officers during the 2020 financial year.*

Shareholder information

Notice of annual general meeting

Introduction

Dear shareholder

Notice of annual general meeting of shareholders

On behalf of the board of Motus Holdings Limited, you are invited to attend the 2020 annual general meeting (AGM) to be held at 09:00 on Tuesday, 10 November 2020, through electronic participation.

The board believes that the safest way to hold the AGM and still allow shareholders their right to vote and ask questions at the meeting, is through electronic participation. This is as a result of the impact of COVID-19, the resultant health distancing imperatives, legal restrictions, the official advice on gatherings and movement and the health of shareholders and stakeholders, which is of paramount importance to the Company.

It is therefore confirmed that the AGM of Motus will be held though electronic communication, and shareholders wishing to participate in the AGM electronically will need to register by latest at 09:00 on Monday, 9 November 2020. A "registration to participate" form and a "virtual meeting guide for participants" are included in the notice of AGM, in Annexures A and B.

The AGM provides the board with the opportunity to present the Group's performance for the year ended 30 June 2020 to our shareholders. The Chairmen of the various board committees, senior members of management, as well as the Group's external auditors will be present to engage with shareholders.

The notice of the meeting and explanatory notes, which accompany this letter, set out the effects of all proposed resolutions included in this notice. In accordance with section 31(1) of the Companies Act, No 71 of 2008, as amended ("Companies Act") you are notified that the 2020 Motus Holdings integrated report and audited annual financial statements are available on the Motus website at **www.motus.co.za** on 30 September 2020. Should you wish to receive a printed copy of our 2020 integrated report and the audited annual financial statements, you may request these from the Motus Company Secretary at **janinej@motuscorp.co.za**. However due to the limited physical printing of documents and restrictions during COVID-19 lockdown, there might be a delay in delivering physical copies.

The Company has retained the services of The Meetings Specialists (Proprietary) Limited ("TMS") to host the AGM on an interactive electronic platform in order to facilitate remote participation and voting by shareholders. TMS will also act as scrutineer.

We request that shareholders send their proxies to TMS, at proxy@tmsmeetings.co.za by no later than 09:00 on Monday, 9 November 2020 to allow time for the tallying of votes and completion of the administrative processes relating to the meeting. Forms of proxy submitted on the day of the AGM must be emailed simultaneously to TMS at **proxy@tmsmeetings.co.za** and the Motus Company Secretary at **janinej@motuscorp.co.za**, prior to the commencement of the AGM, before any proxy seeks to exercise any right granted to it.

Further details for the form of proxy submission are contained on page 167 and in the notes to the form of proxy on page 168.

I look forward to your participation in the meeting.

Yours sincerely

Graham Dempster
Chairman

Notice of annual general meeting of shareholders

Motus Holdings Limited
(Incorporated in the Republic of South Africa)
(Registration number: 2017/451730/06)
ISIN: ZAE000261913
JSE share code: MTH
(Motus, or the company or the Group)

Notice is hereby given to the shareholders of Motus that the 2nd AGM will be held on Tuesday, 10 November 2020 at 09:00 (CAT) entirely through electronic participation (subject to any adjournment or postponement thereof), as permitted by the JSE Limited Listings Requirements, the provisions of the Companies Act, 71 of 2008 (as amended) and the Memorandum of Incorporation ("MOI"), in order to consider, and if deemed fit, pass with or without modification, the resolutions as set out in this notice.

Shareholders will need to register by latest on Monday, 9 November 2020 at 09:00 to participate in the AGM. A virtual meeting guide for shareholders is also included as Annexure A on page 164 of this AGM notice. Details on how to register are explained hereunder and in Annexure B, the "Registration to participate" form on page 165 of this notice of AGM.

The minutes of the meeting held on 12 November 2019 will be available for inspection at the registered office of the company until 17:00 on Monday, 9 November 2020 and up to 30 minutes immediately preceding the meeting.

Record date

The record date for the purpose of determining which shareholders of the company are entitled to receive notice of the AGM is Friday, 25 September 2020.

The record date for the purposes of determining which shareholders of the company are entitled to participate in and vote at the AGM is Friday, 30 October 2020.

Accordingly, only shareholders who are registered in the register of members of the company on Friday, 30 October 2020 will be entitled to participate, speak and vote at the AGM. Therefore, the last day to trade in order to be eligible to, participate and vote at the meeting is Tuesday, 27 October 2020.

Purpose of the meeting

The purpose of the AGM is to:
- Present the directors' report and the annual financial statements of the Group for the year ended 30 June 2020;
- Present the independent auditor's report;
- Present the audit and risk committee report;
- Consider any matters raised by shareholders; and
- Consider and, if deemed fit, pass the resolutions set out below.

Electronic participation

The board has determined that it is necessary and appropriate that the AGM be held by way of electronic participation only, and not by way of a physical meeting. The AGM will accordingly only be accessible through electronic communication.

The Company has retained the services of The Meeting Specialist ("TMS") to remotely host the AGM on an interactive electronic platform, in order to facilitate remote participation and voting by shareholders.

Shareholders who have dematerialised their shares, other than those shareholders who have dematerialised their shares with "own name" registration, should contact their Central Securities Depositary Participant ("CSDP") or broker in the manner and time stipulated in their agreement with their CSDP or Broker:
- To furnish them with voting instructions; and
- In the event that they wish to participate in the meeting, to obtain the necessary authority to do so.

Shareholders who intend participating in the virtual meeting and who wish to vote at the meeting are required to contact TMS at **proxy@tmsmeetings.co.za** by submitting the completed registration form, attached to this notice of AGM on page 167 as soon as possible, but no later than 09:00 Monday, 9 November 2020. Shareholders who wish to attend the virtual meeting, should instruct their CSDP or Broker to issued them with the necessary letter of representation to attend the meeting as stipulated in the agreement with their CSDP or Broker.

Although the electronic platform provides for voting during the meeting, shareholders are strongly encouraged to still lodge their votes by proxy prior to the meeting to TMS at email **proxy@tmsmeetings.co.za**.

Notice of annual general meeting (continued)

Shareholders will be liable for their own network charges and these will not be for the expense of the company or TMS. Neither the company nor TMS can be held accountable in the case of loss of network connectivity or network failure due to insufficient airtime/internet connectivity/power outages which would prevent you from voting or participating in the virtual meeting.

This document is important and requires your immediate attention

If you are in any doubt about what action you should take, consult your broker, CSDP, banker, financial adviser, accountant or other professional adviser immediately.

If you have disposed of all or some of your shares in Motus, please forward this document together with the enclosed form of proxy to the purchaser of such shares or the broker, banker or other agent through whom you disposed of such shares.

This notice of AGM is only available in English. Copies may be obtained from the registered office of the company.

Included in this document are the following:
- The notice of AGM setting out the resolutions to be proposed at the meeting, together with explanatory notes.
- Virtual meeting guide for participants.
- Registration form for participation in the virtual AGM.
- A proxy form for completion, signature and submission to TMS by shareholders holding Motus ordinary shares in certificated form or recorded in sub-registered electronic form in own name.
- Notes to the proxy form.

Reference in this notice of AGM to the term "MOI", including references to a provision in the company's MOI, in this notice of AGM (including all of the relevant ordinary and special resolutions contained herein) is used throughout to refer to the company's memorandum of incorporation.

Registered and corporate office

1 Van Buuren Road, corner Geldenhuis and Van Dort Streets, Bedfordview, 2008 (PO Box 1719, Edenvale, 1610).

Resolutions

Part A – ordinary resolutions

Unless otherwise indicated, in order for the ordinary resolutions to be adopted, the support of at least 50% (fifty percent) plus one vote of the total number of votes, which the shareholders present or represented by proxy at this meeting are entitled to cast, is required.

1. Adoption of the annual financial statements

The audited annual financial statements for the year ended 30 June 2020 as set out in the integrated report and full audited annual financial statements, which can be found online on the company's website at **www.motus.co.za**, will be presented to the shareholders.

Ordinary resolution number one

"Resolved that the audited consolidated company annual financial statements of Motus for the year ended 30 June 2020, including the directors' report, the audit committee report and the auditors' report, be adopted."

2. Appointment of auditors

As set out in the audit and risk committee report on pages 07 – 11 of the full audited consolidated annual financial statements, the audit and risk committee has considered the performance, independence and suitability of Deloitte & Touche as external auditors of the company following receipt of the information detailed in paragraph 22.15(h) of the JSE Limited (JSE) Listings Requirements (Listings Requirements) and has recommended and nominated them for re-appointment as independent external auditors of the Group, to hold office until the next AGM, with Mr M Bierman (IRBA No 455563) as the designated partner.

Furthermore, in terms of paragraph 3.86 of the Listings Requirements, the audit and risk committee has considered and satisfied itself that Deloitte & Touche is accredited on the JSE list of Auditors and Accounting Specialists and the aforementioned designated audit partner does not appear on the JSE list of disqualified individual auditors.

Ordinary resolution number two

"Resolved that Deloitte & Touche be and is hereby appointed as auditors of the company with Mr M Bierman as designated partner until the date of the next AGM."

3. Appointment of the members of the audit and risk committee

Section 94 of the Companies Act requires that, at each AGM, shareholders of the company must elect the audit committee comprising at least three members, all of whom must be non-executive directors. The company wishes to confirm the ongoing appointments of Mr S Mayet, Ms KR Moloko and Mr MJN Njeke.

A brief curriculum vitae of each of the non-executive directors offering themselves for election as members of the audit committee is contained on page 14 of the integrated report. The board has reviewed the expertise, qualification and relevant experience of the appointed members and recommends that each of these directors be re-elected.

Ordinary resolution number three

"Resolved that the following independent non-executive directors be elected as members of the company's audit and risk committee by a separate vote in respect of each member:

3.1 Mr S Mayet
3.2 Ms K Moloko
3.3 Mr MJN Njeke."

4. Reappointment of retiring directors

The company's MOI stipulates that:

- at each AGM at least one-third of the directors shall retire from office, the directors so retiring being those who have been longest in office since their last election; and
- the retiring directors shall be eligible for re-election.

The board has considered the performance of the directors standing for re-election and found them suitable for re-appointment.

A brief curriculum vitae of each of the directors offering themselves for re-election is contained on page 14 of the integrated report.

Ordinary resolution number four

"Resolved that the re-election of the following directors, who retire by rotation in terms of the MOI but, being eligible and offering themselves for re-election, be authorised and confirmed by a separate vote with respect to each re-election:
4.1 Mr GW Dempster
4.2 Mr A Tugendhaft."

5. Authority to issue ordinary shares

In terms of the JSE Listings Requirements, the MOI and the Companies Act, the authorised but unissued ordinary shares are to be placed under the control of the directors by way of a general authority that shall remain valid until the next AGM. The directors shall be permitted to allot and issue such shares.

Ordinary resolution number five

"Resolved that the authorised but unissued ordinary shares be and are hereby placed under the control of the directors by way of a general authority that shall remain valid until the next AGM and the directors authorised to allot and issue those shares at their discretion, which authority shall include the authority to issue any option/convertible securities that are convertible into ordinary shares, provided that the aggregate number of ordinary shares be able to be allotted and issued in terms of this resolution, shall be limited to 5% (five percent) of the issued share capital at 30 June 2020."

6. Authority to issue shares for cash

Subject to the JSE Listings Requirements and the condition that the aggregate number of ordinary shares that can be allotted be limited to 5% (five percent) of the issued share capital as at 30 June 2020, the directors shall be permitted to allot and issue any of the company's unissued shares which are placed in their control, for cash.

Ordinary resolution number six

"Resolved that, the directors of the company be and are hereby authorised by way of a general authority, to allot and issue any of the company's unissued shares placed under their control for cash, as they in their discretion may deem fit, without restriction, subject to the provisions of the JSE Listings Requirements, and subject to the proviso that the aggregate number of ordinary shares able to be allotted and issued in terms of this resolution, shall be limited to 5% (five percent) of the issued share capital at 30 June 2020, provided that:

- the approval shall be valid until the date of the next AGM of the company, provided it shall not extend beyond 15 months from the date of this resolution;
- an announcement giving full details, including the impact on net asset value and earnings per share in the case of convertible securities, will be published after any issue representing, on a cumulative basis within any one financial year, 3% (three percent) or more of the number of shares in issue prior to such issue;
- the company's securities which are the subject of the general issue of shares for cash, in the aggregate in any one financial year may not exceed 5% (five percent) of the applicant's issued share capital (number of securities) of that class;
- in determining the price at which an issue of shares will be made in terms of this authority the maximum discount permitted will be 10% (ten percent) of the weighted average traded price of such shares, as determined over the 30 trading days prior to the date that the price of the issue is agreed between the issuer and the party subscribing for the securities. The JSE should be consulted for a ruling if the securities have not traded in such 30-business day period;
- any such issue will only be made to public shareholders as defined in paragraphs 4.25 to 4.27 of the JSE Listings Requirements and not to related parties; and
- any such issue will only be securities of a class already in issue or, if this is not the case, will be limited to such securities or rights that are convertible into a class already in issue."

In terms of the JSE Listings Requirements, the minimum percentage of voting rights that is required for ordinary resolution six to be adopted is 75% (seventy-five percent) of the voting rights majority of the vote to be cast on each of the resolutions.

For listed entities wishing to issue shares for cash, it is necessary for the board not only to obtain the prior authority of the shareholders as may be required in terms of the MOI, but it is also necessary to obtain the prior authority of shareholders in accordance with the JSE Listings Requirements. The reason for this resolution is accordingly to obtain a general authority from shareholders to issue shares for cash in compliance with the Listings Requirements.

Part B – non-binding advisory votes

Ordinary resolutions seven and eight are of an advisory nature only and failure to pass these resolutions will therefore not have any legal consequences on the existing arrangements.

In the event that either the remuneration policy or the implementation report, or both, are voted against by 25% (twenty-five percent) or more of the votes exercised at the AGM, the company will, in its voting results announcement, as required by paragraph 3.84(k) of the JSE Listings Requirements, extend an invitation to dissenting shareholders to engage with the company. Motus will provide a report back on the outcome thereof in the 2021 integrated report, if applicable".

7. Confirmation of the Group's remuneration policy

In accordance with the King IV Report on Corporate Governance for South Africa 2016, commonly referred to as King IV, and the JSE Listings Requirements, it is recommended that the Group's remuneration policy be tabled for a non-binding advisory vote by shareholder at every AGM, thus providing the shareholders with an opportunity to express their views. The remuneration report is set out on pages 110 – 131 of the integrated report.

Ordinary resolution number seven

"Resolved that the Group's remuneration policy for the financial year ended 30 June 2020, as set out in the remuneration report on pages 110 – 131 of the integrated report, be and is hereby endorsed by way of a non-binding vote."

8. Confirmation of the Group's implementation report

In accordance with the King IV and the JSE Listings Requirements, it is recommended that the implementation of the Group's remuneration policy be tabled for a non-binding advisory vote by shareholder at every AGM. The remuneration report is set out on pages 110 – 131 of the integrated report.

Ordinary resolution number eight

"Resolved that the Group's remuneration implementation report, as set out in the remuneration report on pages 110 – 131 of the integrated report, be and is hereby endorsed by way of a non-binding vote."

Part C – Special resolutions

In order for each of the special resolutions to be adopted, the support of at least 75% (seventy-five percent) of the voting rights exercised on the resolutions by shareholders, present or represented at the AGM and entitled to exercise voting rights on the resolution, is required.

9. Non-executive directors' fees

Section 66(8) (read with section 66(9)) of the Companies Act provides that, to the extent permitted in the company's MOI, the company may pay remuneration to its directors for their services as such, provided that such remuneration may only be paid in accordance with a special resolution approved by shareholders within the previous two years. These requirements are reaffirmed in King IV and the JSE Listings Requirements.

The approved fees for the 2020 financial year have been reduced by 15% (fifteen percent) for three months starting on 1 April 2020. The approved fees for the 2021 financial year have been reduced to reflect no increase from the 2020 financial year, as well as a reduction of 15% (fifteen percent) for three months starting 1 July 2020. The proposed increase in fees for the 2022 financial year is 5% (five percent) for all boards and committees.

Special resolution number one

"Resolved that the Company be and is hereby authorised, by a separate vote in respect of each item, to remunerate its directors for their services as non-executive directors and/or pay any fees related thereto and on any other basis as may be recommended by the remuneration committee and approved by the board of directors for the period from the date of the AGM to 30 June 2022 as follows:

	Fees from 1 July 2020 to 30 June 2021	Fees from 1 July 2021 to 30 June 2022
Chairman*	**R1 003 551**	R1 053 730
Deputy chairman and lead independent director*	**R501 775**	R526 870
Board member	**R287 018**	R301 340
Assets and liabilities committee chairman*	**R182 923**	R192 069
Assets and liabilities committee member	**R121 780**	R127 870
Audit and risk committee chairman*	**R378 984**	R397 940
Audit and risk committee member	**R189 492**	R198 970
Divisional board member	**R170 290**	R178 810
Divisional finance and risk committee member	**R68 217**	R71 630
Remuneration committee chairman*	**R136 940**	R143 790
Remuneration committee member	**R90 956**	R95 510
Nominations committee chairman*	**R102 705**	R107 840
Nominations committee member	**R68 217**	R71 628
Social, ethics and sustainability chairman*	**R183 428**	R192 600
Social, ethics and sustainability member	**R121 780**	R127 870

* *Fee paid in addition to a member's fee.*

The nominations committee meetings will be reduced to three times a year and will meet more frequently as the need arises, which is why the fees have been reduced.

Executive directors do not receive directors' fees.

Fees are stated excluding value added tax.

Reason and effect

The reason for special resolution number one is for the company to obtain the approval of shareholders by way of a special resolution for the payment of remuneration to its non-executive directors in accordance with the requirements of the Companies Act.

The effect of special resolution number one is that the company will be able to pay its non-executive directors for the services they render to the company as directors without requiring further shareholder approval until the next AGM.

10. General authority to repurchase company securities

Special resolution number two is proposed to authorise the acquisition by the company or any of its subsidiaries of shares issued by the company. The board's intention is for the shareholders to pass a special resolution granting the company or its subsidiaries general authority to acquire ordinary shares issued by the company, subject to the requirements of the Companies Act, the JSE Listings Requirements and the MOI, should the board consider that it would be in the interests of the company or its subsidiaries to acquire such shares while the general authority subsists.

Special resolution number two

"Resolved that, the company, or a subsidiary of the company, be and is hereby authorised, by way of a general authority, to acquire securities issued by the company, in terms of the provisions of sections 46 and 48 of the Companies Act and in terms of the JSE Listings Requirements, it being recorded that the Listings Requirements currently require, inter alia, that the company may make a general repurchase of securities only if:

- any such repurchase of securities is effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counterparty (reported trades are prohibited);
- authorised by the company's MOI;
- the general authority shall be valid until the next AGM of the company, provided that it shall not extend beyond 15 months from the date of this special resolution number two;
- when the company has cumulatively repurchased 3% (three percent) of the initial number of securities in issue on the date of passing of special resolution number two, and for each 3% (three percent) thereof, in aggregate acquired thereafter, an announcement is published as soon as possible and not later than 08:30 on the second business day following the day on which the relevant threshold is reached or exceeded, and the announcement complies with the requirements of the JSE Listings Requirements;
- any general repurchase by the company of its own ordinary shares shall not, in aggregate in any one financial year exceed 10% (ten percent) of the company's issued ordinary shares as at the date of passing of this special resolution number two;
- at any time, only one agent is appointed to effect any repurchase on the company's behalf;
- the company or its subsidiary does not repurchase securities during a prohibited period unless the company has a repurchase programme in place where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation) and full details of the programme have been provided to the JSE prior to the commencement of the prohibited period. The company will instruct an independent third party, which makes its investment decisions in relation to the company's securities independently of, and uninfluenced by, the Company, prior to the commencement of the prohibited period to execute the repurchase programme submitted to the JSE;
- in determining the price at which the securities are repurchased by the company or its subsidiary in terms of this general authority, the maximum price at which such securities may be repurchased will not be greater than 10% (ten percent) above the weighted average of the market value for such securities for the five business days immediately preceding the date of repurchase of securities.

The directors of the company confirm that no repurchase will be implemented in terms of this authority unless, after each such repurchase:

- the company and the Group will be able to pay its debts as they become due in the ordinary course of business for a period of 12 (twelve) months after the date of the notice of the AGM;
- the consolidated assets of the company and the Group, fairly valued in accordance with the accounting policies used in the latest audited annual group financial statements, will exceed its consolidated liabilities for a period of 12 (twelve) months after the date of the notice of the AGM;
- the share capital and reserves of the company and the Group will be adequate for ordinary business purposes for a period of 12 (twelve) months after the date of the notice of the AGM; and
- the working capital of the company and the Group will be adequate for ordinary business purposes for a period of 12 (twelve) months after the date of the notice of the AGM, and the directors have passed a resolution authorising the repurchase, resolving that the company and its subsidiary/ies, as the case may be, have satisfied the solvency and liquidity test as defined in the Companies Act and since the solvency and liquidity test had been applied, there have been no material changes to the financial position of the Group.

The Listings Requirements require the following disclosures with respect to general repurchases, some of which appear elsewhere in the integrated report of which this notice forms part:

- Major shareholders – page 149
- Share capital of the company– page 149.

Directors' responsibility statement

The directors, whose names are given on pages 13 – 14 of the integrated report, collectively and individually accept full responsibility for the accuracy of the information pertaining to the general repurchase resolution and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the aforementioned resolution contains all information required by law and the JSE Listings Requirements.

No material changes to report

Other than the facts and developments reported on in the integrated report, there are no material changes in the affairs or financial position of the company and its subsidiaries that have occurred subsequent to the 30 June 2020 year end until the date of the notice of AGM.

Reason and effect

The reason for and effect of special resolution two is to authorise the company and/or its subsidiaries by way of a general authority to acquire their own securities for such terms, conditions and in such amounts as determined from time to time by the directors of the company subject to the limitations set out above and in compliance with section 48 of the Companies Act.

Statement of board's intent

Pursuant to and in terms of paragraph 11.26 of the JSE Listings Requirements, the directors of the company hereby state that:

- the intention of the company and its subsidiaries is to utilise the general authority to repurchase, if at some future date the cash resources of the company are in excess of its requirements; and
- the method by which the company and any of its subsidiaries intend to repurchase its securities and the date on which such repurchase will take place, has not yet been determined.

The board has considered the impact of a repurchase of up to 10% (ten percent) of the company's securities, under a general authority in terms of the JSE Listings Requirements. Should the opportunity arise and should the directors deem it in all respects to be advantageous to the company to repurchase such securities, it is deemed appropriate that the company or a subsidiary be authorised to repurchase the company's securities.

11. Authority to provide financial assistance in terms of section 44

Motus is from time to time, as an essential part of conducting its business, required to provide direct or indirect financial assistance in the form of loans, guarantees, the provision of security or otherwise as contemplated in section 44 of the Companies Act for the purpose of or in connection with the subscription for securities to be issued by the company or related and interrelated companies or for the purchase of securities of the company or related and interrelated companies. The financial assistance is generally provided in the form of guarantees to capital market investors who invest in bonds and other financial instruments issued by subsidiaries of the company.

In terms of the Companies Act, companies are required to obtain the approval of their shareholders by way of special resolution in order to provide financial assistance to subscribe for such securities and Motus seeks approval for the board of the company until the next AGM to authorise the provision by the company of financial assistance to investors in securities to be issued by the company or related and interrelated companies as contemplated in section 44 of the Companies Act. The financial assistance will be provided as part of the day-to-day operations of the company in the normal course of its business and in accordance with its MOI and the provisions of the Companies Act.

Approval is not sought for loans to directors and no such financial assistance will be provided under this authority.

Special resolution number three

"Resolved that in terms of section 44 of the Companies Act, as a general approval, the board of the company may from time to time authorise the company to provide any direct or indirect financial assistance, as defined in section 44 of the Companies Act, to any related and interrelated companies for such amounts and on such terms and conditions as the board of the company may determine for the purpose of or in connection with the subscription for securities to be issued by the company or any related and interrelated companies or for the purchase of securities of the company or related and interrelated companies, provided that the aforementioned approval shall be valid until the date of the next AGM of the company."

Effect

Special resolution number three will grant the directors of the company the authority until the next AGM to authorise the provision by the company of financial assistance as contemplated in section 44 of the Companies Act.

Compliance with section 44(3)(b)

The directors of Motus will, in accordance with the Companies Act, ensure that financial assistance is only provided if the requirements of that section are satisfied, inter alia, that immediately after providing the financial assistance, the company would satisfy the solvency and liquidity test set out in section 4(1) of the Companies Act.

12. Authority to provide financial assistance in terms of section 45

Motus is a listed holding company with a large number of subsidiary companies, which together comprise the Motus Group of companies. Motus is not an operating company and all operations in the Motus Group are conducted by subsidiary companies of Motus.

Motus is from time to time, as an essential part of conducting its business, required to provide financial assistance to its subsidiary and associate companies including related and interrelated companies in the form of operational loan funding, credit guarantees and general financial assistance as contemplated in section 45 of the Companies Act.

In terms of the Companies Act, companies are required to obtain the approval of their shareholders by way of special resolution in order to provide financial assistance to subsidiaries and Motus seeks approval for the board of the company until the next AGM to authorise the provision by the company of financial assistance to any related or interrelated company as contemplated in section 45 of the Companies Act. This means that the company is authorised to grant loans to its subsidiaries and to guarantee the debts of its subsidiaries. The financial assistance will be provided as part of the day-to-day operations of the company in the normal course of its business and in accordance with its MOI and the provisions of the Companies Act.

Special resolution number four

"Resolved that in terms of section 45 of the Companies Act, as a general approval, the board of the company may from time to time authorise the company to provide any direct or indirect financial assistance, as defined in section 45 of the Companies Act, to any related or interrelated company or corporation for such amounts and on such terms and conditions as the board of the company may determine, provided that the aforementioned approval shall be valid until the date of the next AGM of the company."

Effect

Special resolution number four will grant the directors of the company the authority until the next AGM to authorise the provision by the company of financial assistance to any related or interrelated company as contemplated in section 45 of the Companies Act.

Compliance with section 45(3)(b)

The directors of Motus will, in accordance with the Companies Act, ensure that financial assistance is only provided if the requirements of that section are satisfied, inter alia, that immediately after providing the financial assistance, the company would satisfy the solvency and liquidity test set out in section 4(1) of the Companies Act.

13. To transact such other business as may be transacted at an AGM of shareholders

Voting and proxies

A shareholder entitled to attend and vote at the AGM may appoint one or more persons as its proxy to attend, speak and vote (or abstain from voting) in its stead. A proxy need not be a shareholder of the company.

A form of proxy is attached for the convenience of certificated shareholders and own-name dematerialised shareholders who are unable to attend the AGM but who wish to be represented thereat. In order to be valid, duly completed forms of proxy must be submitted electronically to TMS, at **proxy@tmsmeetings.co.za**, by no later than 09:00 on Monday, 9 November 2020, subject to the proxy instructions meeting all other criteria. Alternatively, a duly completed form of proxy may be handed to the Chairperson of the AGM prior to the commencement of the AGM. Any shareholder who completes and lodges a form of proxy will nevertheless be entitled to attend and vote electronically at the AGM should the shareholder decide to do so.

Dematerialised shareholders, other than with own-name registration, who have not been contacted by their CSDP or broker with regard to how they wish to cast their votes should contact their CSDP or broker and instruct their CSDP or broker as to how they wish to cast their votes at the AGM in order for their CSDP or broker to vote in accordance with such instructions. If such dematerialised shareholders wish to attend the AGM in person, they must request their CSDP or broker to issue the necessary letter of representation to them. This must be done in terms of the custody agreement entered into between such dematerialised shareholders and their CSDP or broker.

By order of the board

JK Jefferies
Company Secretary

15 September 2020

Annexure A

Virtual meeting guide for participants

How to access the virtual meeting

1. In order to participate and vote in the meeting, each user must have an internet-enabled device (phone, laptop, desktop, tablet) capable of browsing to a regular website (in order to vote and participate).
2. Closer to the meeting date or on the day of the virtual meeting, you will receive a link and a password to enter the virtual meeting room.
3. Click on the link and you will be directed to the meeting platform.
4. An additional unique link will be sent, individually, to each shareholder who has made contact with The Meeting Specialist (Pty) Limited on **proxy@tmsmeetings.co.za** and who has successfully be validated to vote at the meeting.
5. Guests will only be allowed to observe and listen to the proceedings of the meeting.

Navigating the meeting platform

1. Participant who would like to pose questions, please click on the Q&A icon on the bottom of your screen, to ask your question.
2. If you have a question on a particular resolution, please type your name, the resolution number, followed by your question and press enter or send.
3. Alternatively, if you would like to address the meeting directly, please click on the raise your and icon. Once the Chairman has identified you, your microphone will be un-muted, and you will be able to address the meeting.

How to exercise your votes

1. All shareholders or their representatives, who have requested to vote, would have received a link from Digital Cabinet to either their phone number or email address
2. The voting will be available on all the resolutions when the Chairman opens the meeting.
3. Please click on the vote now link and it will direct you to the voting platform.
4. You will notice that the voting platform contains all the resolutions which have been published in the notice of meeting, with your votes automatically defaulted to Abstain.
5. Please note – once you click submit, your votes cannot be retracted and re-voted.
6. You may vote on all the resolutions simultaneously by defaulting all your votes as either "For" or "Against" or keeping it as an "Abstained" voted and then clicking on the submit button on the bottom of the electronic ballot form.
7. You may also indicate your votes individually, per resolution, by selecting the relevant option (For, Against, Abstain), on a resolution by resolution basis.
8. Once you have voted on all the resolutions, scroll down to the bottom of the page and click submit.
9. You will receive a message on your screen confirming that your votes have been received.
10. Once again, please ensure that you have selected the correct option on a resolution (For, Against, Abstain) before clicking the submit button.

You will only be able to access both the meeting platform and the voting platform, 10 minutes prior to commencement of the virtual meeting.

Annexure B

To participate in the virtual annual general meeting: registration form

Motus Holdings
(Incorporated in the Republic of South Africa)
Registration number: 2017/451730/06
Share code: MTH
ISIN: ZAE000261913
(Motus or the company)

To be held on 10 November 2020 at 09:00

Shareholders or their proxies who wish to participate in the annual general meeting via electronic participation ("Participants"), must register with the Company's meeting scrutineers by delivering the signed form below ("the application") to The Meeting Specialists (Pty) Limited ("TMS") at email **proxy@tmsmeetings.co.za** by no later than 09:00 on 9 November 2020.

- Shareholders who have dematerialised their shares, other than those shareholders who have dematerialised their shares with 'own name' registration, should contact their Central Securities Depository Participant ("CSDP") or broker in the manner and time stipulated in their agreement with their CSDP or Broker:
  - To furnish them with their voting instructions; and
  - In the event that they wish to participate in the meeting, to obtain the necessary authority to do so.
- Participants will be able to vote during the annual general meeting through an electronic participation platform. Such Participants, should they wish to have their votes(s) counted at the annual general meeting, must provide TMS with the information requested below.
- Each shareholder, who has complied with the requirements below, will be contacted between 5 November 2020 and 9 November 2020 via email/mobile with a unique link to allow them to participate in the virtual general meeting.
- The cut-off time, for administrative purposes, to participate in the meeting will be at 09:00 on 9 November 2020. The Participant's unique access credentials will be forwarded to the email/cell number provided below.
- Please take note of the virtual meeting guide for shareholders on page 164.

Annexure B (continued)

Application form

Name and surname of shareholder:

Name and surname of shareholder representative (if applicable):

ID number of shareholder or representative:

Email:

Cell number:

Telephone number:

Name of CSDP or Broker:

(if shares are held in dematerialised format):

SCA number/Broker account number or own name account number:

Number of shares:

- The cost of dialling in using a telecommunication line/webcast/web-streaming to participate in the general meeting is for the expense of the Participant and will be billed separately by the Participant's own telephone service provider.
- The Participant acknowledges that the telecommunication lines/webcasts/web-streaming are provided by a third party and indemnifies Motus, the Johannesburg Stock Exchange Limited ("JSE"), The Meeting Specialists (Pty) Limited ("TMS") (virtual platform service provider) and/or its third party service providers against any loss, injury, damage, penalty or claim arising in any way from the use or possession of the telecommunication lines/webcast/web-streaming, whether or not the problem is caused by any act or omission on the part of the Participant or anyone else. In particular, but not exclusively, the Participant acknowledges that he/she will have no claim against Motus, the JSE, TMS and/or its third party service providers, whether for consequential damages or otherwise, arising from the use of the telecommunication lines/webcast/web-streaming or any defect in it or from total or partial failure of the telecommunication lines/webcast/web-streaming and connections linking the telecommunication lines/webcast/web-streaming to the general meeting.
- Participants will be able to vote during the general meeting through an electronic participation platform. Such Participants should they wish to have their vote(s) counted at the general meeting, must act in accordance with the requirements set out above.
- Once the Participant has received the link, the onus to safeguard this information remains with the Participant.
- The application will only be deemed successful if this application form has been fully completed and signed by the Participant and sent by email to TMS at **proxy@tmsmeetings.co.za**.

By signing this registration form, I agree and consent to the processing of my personal information above for the purpose of participation in the annual general meeting.

Shareholder Name:

Signature:

Date:

Form of proxy

Motus Holdings Limited
(Incorporated in the Republic of South Africa)
(Registration number: 2017/451730/06)
ISIN: ZAE000261913
JSE share code: MTH
(Motus, or the company or the Group)

Form of proxy for the 2nd Annual General Meeting to be held on Tuesday, 10 November 2020 at 09:00 entirely through electronic participation.

To be completed by certified ordinary shareholders and dematerialised shareholders with "own name" registrations only.

A shareholder entitled to attend and vote at the annual general meeting is entitled to appoint one or more proxies to attend, speak and vote in his/her stead. A proxy need not be a member of the company.

Dematerialised ordinary shareholders who do not have own-name registration who wish to attend or send a proxy to represent them at the AGM must inform their central securities depository participant (CSDP) or broker of their intention to attend or be represented at the AGM and request their CSDP or broker to issue them with the relevant letter of representation to attend or be represented at the AGM and vote. If they do not wish to attend or be represented at the AGM, they must provide their CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker. In the absence of such instructions, the CSDP or broker will be obliged to vote in accordance with the instructions contained in the custody agreement mandate between them and their CSDP or broker. These shareholders must not use this form of proxy..

I/We (please print name in full)

of (address)

Telephone number | Cellphone number

email address

being an ordinary shareholder(s) of the company holding | ordinary shares in the company do hereby appoint

1. | or failing him/her

2. | or failing him/her

		Fees from 1 July 2020 to 30 June 2021	Fees from 1 July 2021 to 30 June 2022	Number of votes (one per share) For#	Against#	Abstain#
1.	**Ordinary resolution 1 – Financial statements**					
2.	**Ordinary resolution 2 – Appointment of auditors**					
3.	**Ordinary resolution 3 – Appointment of audit and risk committee**					
	Ordinary resolution 3.1 – Mr S Mayet					
	Ordinary resolution 3.2 – Ms K Moloko					
	Ordinary resolution 3.3 – Mr MJN Njeke					
4.	**Ordinary resolution 4 – Reappointment of directors**					
	Ordinary resolution 4.1 – Mr GW Dempster					
	Ordinary resolution 4.2 – Mr A Tugendhaft					
5.	**Ordinary resolution 5 – Authority over unissued ordinary shares**					
6.	**Ordinary resolution 6 – Authority to issue shares for cash**					
7.	**Ordinary resolution 7 – Confirmation of remuneration policy**					
8.	**Ordinary resolution 8 – Confirmation of remuneration implementation report**					
9.	**Special resolution 1 – Directors' fees**					
9.1	Chairman*	R1 003 551	R1 053 730			
9.2	Deputy chairman and lead independent director*	R501 775	R526 870			
9.3	Board member	R287 018	R301 340			
9.4	Assets and liabilities committee chairman*	R182 923	R192 069			
9.5	Assets and liabilities committee member	R121 780	R127 870			
9.6	Audit and risk committee chairman*	R378 984	R397 940			
9.7	Audit and risk committee member	R189 492	R198 970			
9.8	Divisional board member	R170 290	R178 810			
9.9	Divisional finance and risk committee member	R68 217	R71 630			
9.10	Remuneration committee chairman*	R136 940	R143 790			
9.11	Remuneration committee member	R90 956	R95 510			
9.12	Nominations committee chairman*	R102 705	R107 804			
9.13	Nominations committee member	R68 217	R71 628			
9.14	Social, ethics and sustainability chairman*	R183 428	R192 600			
9.15	Social, ethics and sustainability member	R121 780	R127 870			
10.	**Special resolution 2 – General authority to repurchase company securities**					
11.	**Special resolution 3 – Authority to provide financial assistance – section 44**					
12.	**Special resolution 4 – Authority to provide financial assistance – section 45**					

 # Insert an X in the appropriate block. If no indications are given, the proxy will vote as he/she deems fit.

Please read the notes on the reverse side hereof.

Signed at | on | 2020

Signature

Assisted by (where applicable)

Please provide contact details | Tel: ( ) | Email:

Notes to the form of proxy

Notes and summary of salient rights in terms of section 58 of the Companies Act:

1. A shareholder entitled to participate and vote at the AGM may insert the name of a proxy or the names of two alternative proxies of his/ her/its choice in the space provided, with or without deleting "the chairperson of the AGM". A proxy need not be a Shareholder of the company. The person whose name stands first on this form of proxy and who is present at the AGM will be entitled to act as proxy to the exclusion of those whose names follow.
2. All resolutions put to the vote shall be decided by way of a poll. A shareholder is entitled on a poll, to 1 (one) vote per share held. A shareholder's instructions on the proxy must be indicated by inserting the relevant number of votes exercisable by the shareholder in the appropriate box(es). An "X" in the appropriate box indicates the maximum number of votes exercisable by that shareholder. Failure to comply with the above will result in the proxy not being authorised to vote or to abstain from voting, except in the case where the Chairman of the AGM is the proxy.
3. If a shareholder does not indicate on this form that his proxy is to vote in favour of or against any ordinary resolution or to abstain from voting, or gives contradictory instructions, or should any further resolution/s or any amendment/s which may properly be put before the AGM be proposed, the proxy shall be entitled to vote as he thinks fit.
4. The chairperson of the AGM may reject or accept any form of proxy which is completed and/or received, other than in compliance with these notes.
5. The appointment of a proxy or proxies is suspended at any time to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder.
6. Documentary evidence establishing the authority of a person signing the form of proxy in a representative capacity must be attached to this form of proxy, unless previously recorded by the company or unless the chairperson of the AGM waives this requirement.
7. A minor or any other person under legal incapacity must be assisted by his/her parent or guardian, as applicable, unless the relevant documents establishing his/her capacity are produced or have been registered by the company.
8. Where there are joint holders of shares, any one of such shareholders may sign the form of proxy provided that if more than one of such holders is present or represented at the AGM, the holder whose name stands first in the register of the company in respect of such shares, or his proxy, as the case may be, shall alone be entitled to vote in respect thereof.
9. Where this form of proxy is signed under power of attorney, such power of attorney must accompany this form of proxy, unless it has previously been registered with the company or the transfer secretaries.
10. A proxy may delegate his/her authority to act on behalf of a shareholder to another person subject to any restriction therefore set out in this instrument of proxy.
11. The proxy appointment must be in writing, dated and signed by the shareholder, and remains valid only until the end of the meeting at which it was intended to be used, unless the proxy appointment is revoked, in which case the proxy appointment will be cancelled with effect from such revocation.
12. A vote given in accordance with the terms of this form of proxy shall be valid notwithstanding the death or mental disorder of the principal or revocation of the proxy of the authority under which the proxy is given, provided that no intimation in writing of such death, insanity, revocation or transfer as aforesaid shall have been received by the company before the commencement of the AGM (or any adjournment thereof).
13. Any alteration or correction made to this form of proxy, other than the deletion of alternatives, must be initialled by the signatory/ies.
14. Forms of proxy must be emailed to: The Meeting Specialist Proprietary Limited, **proxy@tmsmeetings.co.za**, to be received by them for administrative purposes by no later than 09:00 on Monday, 9 November 2020. Should this form of proxy not be returned to The Meeting Specialist Proprietary Limited, it may be delivered to the Chairman of the AGM before that meeting is due to comments by email to the Motus Company Secretary at **janinej@motuscorp.co.za**.

FTSE4Good certificate

FTSE Russell

CERTIFICATE OF MEMBERSHIP

This is to certify that

Motus Holdings

is a constituent company in the FTSE4Good Index Series

FTSE4Good

June 2020

The FTSE4Good Index Series is designed to identify companies that demonstrate strong environmental, social and governance practices measured against globally recognised standards.

Independent limited assurance report
to the directors of Motus Holdings Limited

We have performed our limited assurance engagement in respect of the key performance indicators for the year ended 30 June 2020.

The subject matter comprises the selected key performance indicators conducted in accordance with management's basis of preparation, as supported by the Global Reporting Initiative Standards (GRI Standards), as prepared by the responsible party, during the year ended 30 June 2020.

The terms of management's basis of preparation comprise the criteria by which the company's compliance is to be evaluated for purposes of our limited assurance engagement. The key performance indicators are as follows:

No	Key performance indicator	Metric
	Safety	
1	Kilometres travelled	Kilometres
2	Road accidents	Absolute
3	Accidents per million kilometres	Ratio
	Environmental	
4	Diesel consumed	Litres
5	Petrol consumed	Litres
6	Electricity consumed	kWh
7	Municipal water consumed	Litres
8	Scope 1 emissions	Carbon emission tonnes (tCO_2e)
9	Scope 2 emissions	Carbon emission tonnes (tCO_2e)
10	Scope 3 emissions – Air travel	Carbon emission tonnes (tCO_2e)
	Social	
11	Training hours	Hours
12	Training spend	Rands
13	Corporate Social Responsibility spend	Rands

Directors' responsibility

The directors being the responsible party, and where appropriate, those charged with governance are responsible for the key performance indicator information, in accordance with management's basis of preparation.

The responsible party is responsible for:

- ensuring that the key performance indicator information is properly prepared and presented in accordance with management's basis of preparation;
- confirming the measurement or evaluation of the underlying key performance indicators against the applicable criteria, including that all relevant matters are reflected in the key performance indicator information and;
- designing, establishing and maintaining internal controls to ensure that the key performance indicator information is properly prepared and presented in accordance with management's basis of preparation.

Assurance Practitioner's responsibility

We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historic Financial Information*. This standard requires us to comply with ethical requirements and to plan and perform our limited assurance engagement with the aim of obtaining limited assurance regarding the key performance indicators of the engagement.

We shall not be responsible for reporting on any key performance indicator events and transactions beyond the period covered by our limited assurance engagement.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (IRBA Code)*, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards).

Deloitte applies the International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Summary of work performed

We have performed our procedures on the key performance indicator transactions of the Company, as prepared by management in accordance with management's basis of preparation for the year ended 30 June 2020.

Our evaluation included performing such procedures as we considered necessary which included:

- interviewing management and senior executives to obtain an understanding of the internal control environment, risk assessment process and information systems relevant to the sustainability reporting process for the selected subject matter;
- testing the systems and processes to generate, collate, aggregate, validate and monitor the source data used to prepare the selected subject matter for disclosure in the Integrated Report,
- inspected supporting documentation and performed analytical review procedures; and
- evaluated whether the selected key performance indicator disclosures are consistent with our overall knowledge and experience of sustainability processes at Motus Holdings Limited.

Our assurance engagement does not constitute an audit or review of any of the underlying information conducted in accordance with International Standards on Auditing or International Standards on Review Engagements and accordingly, we do not express an audit opinion or review conclusion.

We believe that our evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

In a limited assurance engagement, the procedures performed vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether the key performance indicator information has been properly prepared and presented, in all material respects, in accordance with management's basis of preparation.

Limited assurance conclusion

Based on our work described in this report, nothing has come to our attention that causes us to believe that the key performance indicators are not prepared, in all material respects, in accordance with management's basis of preparation.

Other matters

Our report includes the provision of limited assurance on "Scope 3 emissions – Air travel" for the year ended 30 June 2020. We were previously not required to provide assurance on this indicator.

Deloitte & Touche

Deloitte & Touche
Registered Auditors
Per Mark Victor
Partner

15 September 2020

5 Magwa Crescent
Waterfall City, Waterfall
Private Bag X6, Gallo Manor, 2052
South Africa

Corporate information

Directors
GW Dempster (Chairman)*
A Tugendhaft (Deputy Chairman)**
OS Arbee (CEO)#
OJ Janse van Rensburg (CFO)#
KA Cassel#
P Langeni*
S Mayet*
KR Moloko*
MJN Njeke*

* *Independent non-executive*
** *Non-executive*
\# *Executive*

Company Secretary
JK Jefferies

Group Investor Relations Manager
J Oosthuizen

Business address and registered office
1 Van Buuren Road
Corner Geldenhuis and Van Dort Streets
Bedfordview, 2008
(PO Box 1719, Edenvale, 1610)

Share transfer secretaries
Computershare Investor Services Proprietary Limited
1st Floor Rosebank Towers
15 Biermann Avenue
Rosebank
Johannesburg
2196

Auditors
Deloitte & Touche
5 Magwa Crescent
Waterfall City
Waterfall
Midrand
2066

Sponsor
The Standard Bank of South Africa Limited
30 Baker Street
Rosebank
Johannesburg
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This report is available on the Motus website at:
www.motus.co.za

Motus

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