Motus

Audited consolidated and separate annual financial statements

for the year ended 30 June 2023

Reporting suite

The 2023 Motus integrated report

Online as PDF

This report

Provides a holistic assessment of the Group's ability to create and preserve value for its stakeholders and guard against value destruction. It assesses management strategies, the risks we face, and the financial, operational and sustainability performance against our material priorities.

Preparation and frameworks

Prepared according to:

- The Listings Requirements of the JSE Limited (JSE Listings Requirements).
- The South African Companies Act 71 of 2008, as amended (Companies Act).

Frameworks applied and/or considered:

- King Report on Corporate Governance for South Africa™ (2016)* (King IV).
- The IFRS Foundation's International <IR> Framework (2021).
- Task Force on Climate-related Financial Disclosures (TCFD).
- United Nations (UN) Sustainable Development Goals (SDGs).

Assurance

Certain financial information contained within the extracts of summarised financial information has been extracted from the audited consolidated and separate annual financial statements which were audited by the external auditors, although the extract itself is not audited. In addition, assurance is provided through an independent accountant's report on the pro forma information, labelled as such in this integrated report within the divisional performance reviews section.

The 2023 Motus environmental, social and governance report and annexures

Online as PDF

Provides an in-depth assessment of the Group's environmental, social and governance (ESG) performance for the year, including the letter from the Chairman of the Social, Ethics and Sustainability (SES) Committee.

Preparation and frameworks

Frameworks applied and/or considered:

- King IV.
- Global Reporting Initiatives (GRI) Standards.
- JSE Sustainability Disclosure Guidance.
- TCFD.
- UN SDGs.

Assurance

Independent limited assurance is provided on selected non-financial information contained within the ESG report.

Audited consolidated and separate annual financial statements

Online as PDF

The audited consolidated and separate annual financial statements for the year ended 30 June 2023, including the report of the Audit and Risk Committee.

Preparation and frameworks

Prepared in accordance with:

- The International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB).
- The South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides issued by the Accounting Practices Committee.
- Financial Reporting Pronouncements issued by the Financial Reporting Standards Council (FRSC).
- Companies Act.
- JSE Listings Requirements.

Assurance

Assurance is provided on the fair presentation of the consolidated and separate annual financial statements in accordance with IFRS and the requirements of the Companies Act.

Shareholders report and notice of 2023 annual general meeting

Online as PDF

Includes an invitation to shareholders to attend Motus' 2023 annual general meeting (AGM), and provides shareholders who want to attend the AGM with the information they need, such as the notice of AGM, extracts of the summarised financial information and an analysis of shareholding.

Key company information

Motus Holdings Limited

Incorporated in the Republic of South Africa

Registration number: 2017/451730/06
ISIN: ZAE000261913

JSE Main Board: Specialty retailers

Listing date: 22 November 2018

Share code: MTH

(Motus or the Group)

Navigating our reports

The following icons refer readers to information elsewhere in this report or additional reports online.

Information in this report.

Information online (corporate website).

Information in our suite of reports.

This report is an interactive PDF. It is best viewed in Adobe Acrobat for desktop, mobile or tablet.

Icons to navigate in this report are located at the top right hand side of each page and within the report.

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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 alongside to be taken there directly.

* *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 Southern Africa NPC and all of its rights are reserved.*

Feedback

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@motus.co.za.**

Contents

The reports and statements set out below comprise the audited consolidated and separate annual financial statements for the financial year ended 30 June 2023, which have been audited by the Group's independent external auditor, Deloitte & Touche.

Refer to the glossary of terms to provide additional information regarding the audited consolidated and separate annual financial statements.

Preparer of the consolidated and separate annual financial statements

The consolidated and separate annual financial statements have been prepared under the supervision of Ms. U Singh CA(SA) in terms of sections 29 and 30 of the Companies Act.

U Singh
Group Finance Executive

29 August 2023

Directors' responsibility and approval

The Board and the Group are responsible for the maintenance of adequate accounting records and the preparation and integrity of the audited consolidated and separate annual financial statements. The audited consolidated and separate annual financial statements have been prepared in accordance with IFRS and its interpretations adopted by the International Accounting Standards Board in issue and effective for the Group as at 30 June 2023 and the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the Companies Act and the JSE Listings Requirements.

The Directors are also responsible for the systems of internal control. The system is designed to provide reasonable, but not absolute, assurance as to the reliability of the audited consolidated and separate annual financial statements and to adequately safeguard, verify and maintain accountability for assets and prevent and detect material misstatements and losses. The systems are implemented and monitored by suitably trained personnel with appropriate segregation of authority and duties. Nothing has come to the attention of the Directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the financial year.

The audited consolidated and separate annual financial statements are prepared on a going concern basis. Nothing has come to the attention of the directors to indicate that they will not remain a going concern for the foreseeable future.

The Group's independent external auditor, Deloitte & Touche, have audited the consolidated and separate annual financial statements for the year ended 30 June 2023, in conformity with International Standards on Auditing. Their unmodified report is set out on pages 20 to 25.

The audited consolidated and separate annual financial statements were approved by the Board on 29 August 2023 and are signed on their behalf by:

MJN Njeke
Chairman

OS Arbee
CEO

OJ Janse van Rensburg
CFO

The audited consolidated and separate annual financial statements are available on the Group's website www.motus.co.za.

Chief Executive Officer and Chief Financial Officer Responsibility statement

Each of the directors whose names are stated below hereby confirm that:

- the consolidated and separate annual financial statements set out on pages 4 to 151, fairly present in all material respects the financial position, financial performance and cash flows of the Group and the Company in terms of IFRS;
- to the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the consolidated and separate annual financial statements false or misleading;
- internal financial controls have been put in place to ensure that material information relating to the Group and the Company has been provided to effectively prepare the audited consolidated and separate annual financial statements of the Group and the Company;
- the internal financial controls are adequate and effective and can be relied upon in compiling the audited consolidated and separate annual financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls;
- where we are not satisfied, we have disclosed to the Audit and Risk Committee and the auditor any deficiencies in the design and operational effectiveness of the internal financial controls and have taken steps to remedy the deficiencies; and
- we are not aware of any fraud involving the Directors.

OS Arbee
CEO

29 August 2023

OJ Janse van Rensburg
CFO

29 August 2023

Certificate by the Company Secretary

In my capacity as Company Secretary, I hereby confirm that, in respect of the financial year under review, the Group has lodged with the Companies and Intellectual Property Commission all such returns and notices as are required in terms of section 88(2)(e) of the Companies Act and that all such returns are true, correct and up to date.

NE Simelane
Company Secretary

29 August 2023

Directors' report

Nature of business

Motus Holdings Limited is a South African based holding company with a selected international presence primarily in the UK and Australia, as well as a limited presence in South East Asia and Southern and East Africa. Through its subsidiaries, associates and joint ventures, it operates as a diversified (non-manufacturing) business in the automotive sector, which provides automotive mobility solutions and vehicle products and services. The Company's shares are traded on the Johannesburg Stock Exchange (JSE) and A2X Exchange (A2X) under the share code MTH.

The Group operates through its five main segments, namely:

Motus Holdings Limited

Import and Distribution

Importer and distributor of passenger vehicles, LCVs and parts to serve a network of dealerships, vehicle rental companies, fleets and government institutions in South Africa.

Retail and Rental

Retailer of new and pre-owned passenger and commercial vehicles across all segments in South Africa and the UK, and passenger vehicles in Australia.

Selling of parts and accessories.

Servicing and maintenance of vehicles.

Rental of passenger vehicles and LCVs in Southern Africa.

Mobility Solutions

Developer, seller, manager and administrator of service, maintenance and warranty contracts and VAPS.

Provider of fleet management services, telemetry and business process outsourcing through sophisticated technology and call centre capabilities.

Custodian of the Group's data warehouse.

Advancing Group innovation, fintech and data capabilities.

Aftermarket Parts

Distributor, wholesaler and retailer of parts and accessories mainly for out-of-warranty vehicles in Southern Africa, the UK and Europe.

Distribution centres in South Africa, Taiwan, China and the UK.

Head Office and Eliminiations

Centralised treasury functions.

Various head office and holding companies.

Inter-segmental and other consolidation eliminations.

Participates in the entire automotive value chain.

Directors

The composition of the Board for the financial year and up to the date of this report is as follows:

Directors	Appointment date	Resignation date	Sub-committees
MJN Njeke (Chairman)[1,4]	22 November 2018		NOM[5] REM
A Tugendhaft (Deputy Chairman)[2,4]	1 August 2018		REM NOM SES
OS Arbee (CEO)[3,4]	12 October 2017		SES
OJ Janse van Rensburg (CFO)[3,4]	12 October 2017		
KA Cassel[3,4]	1 July 2019		
S Mayet[1,4]	22 November 2018		AR[5] AL
MG Mokoka[1,4]	29 August 2023		AR SES
JN Potgieter[1,4]	22 August 2023		AL[5] AR
F Roji[1,4]	1 September 2021		SES[5] AR
R van Wyk[1,4]	29 August 2023		REM[5] NOM AL
GW Dempster[1,4,6,7]	1 August 2018	7 June 2023	AL NOM REM
PJS Crouse[1,4,7]	10 November 2020	28 June 2023	AL
NB Duker[1,4,7]	10 November 2020	28 June 2023	AR

[1] Independent non-executive
[2] Non-executive
[3] Executive
[4] South African
[5] Sub-committee Chairman
[6] Chairman of the Board until date of resignation
[7] Sub-committee member until date of resignation

Directors (continued)

During the financial year, the following Board and sub-committee changes occurred:

- Mr. GW Dempster resigned from the Board (Chairman), AL Committee (Chairman), NOM Committee (Chairman) and REM Committee, effective on 7 June 2023.
- Mr. MJN Njeke was appointed Interim Chairman of the Board, effective on 8 June 2023.
- Mr. PJS Crouse resigned from the Board and the AL Committee, effective on 28 June 2023.
- Ms. NB Duker resigned from the Board and the AR Committee, effective on 28 June 2023.

Subsequent to the end of the financial year, the following Board and sub-committee changes took place:

- Mr. MJN Njeke was appointed Chairman of the Board and the NOM Committee and resigned as Chairman and a member of the SES Committee, effective on 22 August 2023. He will resign as the Chairman of the REM Committee effective on 29 August 2023 and will remain a member thereafter.
- Ms. F Roji was appointed as Chairman of the SES Committee, effective on 22 August 2023.
- Mr. JN Potgieter was appointed to the Board, Chairman of the AL Committee and member of the AR Committee, effective on 22 August 2023.
- Ms. MG Mokoka was appointed to the Board and as a member of the AR and SES Committees, effective on 29 August 2023.
- Mr. R van Wyk was appointed to the Board, Chairman of the REM Committee and a member of the NOM and AL Committees, effective on 29 August 2023.

The Board has satisfied itself that the CFO, Mr. OJ Janse van Rensburg, has the appropriate qualifications, expertise and experience to fulfil his duties. In addition, the Board has satisfied itself that the composition, expertise and skill set of the finance function are appropriate.

The Group's prescribed officers include the following members of the Executive Committee:

- R Gottschick;
- NW Lynch; and
- NE Simelane.

Mr. C Venter tendered his resignation from all his positions held in the Group and is no longer a prescribed officer. The NOM Committee approved Mr. R Gottschick's designation as a prescribed officer on 25 May 2023.

The remuneration paid to directors and prescribed officers is disclosed in notes 10.1 – Directors' and prescribed officers' remuneration and 10.2 – Employee incentive schemes.

Directors' and prescribed officers' interest in shares

The interest of directors and prescribed officers in the ordinary shares of the Company as at 30 June 2023 are:

	Direct holdings		Indirect holdings		Total holdings	
	2023 Number of shares	2022 Number of shares	**2023 Number of shares**	2022 Number of shares	**2023 Number of shares**	2022 Number of shares
Executive directors						
OS Arbee	**132 645**	7 000	**131 393**	131 393	**264 038**	138 393
OJ Janse van Rensburg	**255 453**	140 911	**–**	–	**255 453**	140 911
KA Cassel	**98 557**	16 597	**–**	–	**98 557**	16 597
Non–executive directors						
GW Dempster		99		–		99
A Tugendhaft	**25 000**	15 000	**–**	–	**25 000**	15 000
Prescribed officers						
R Gottschick	**1 800**		**–**		**1 800**	
NW Lynch	**–**	–	**8 247 167**	8 158 865	**8 247 167**	8 158 865
C Venter	**–**	9 440	**–**	–	**–**	9 440
	513 455	189 047	**8 378 560**	8 290 258	**8 892 015**	8 479 305

There has been no change in the directors' and prescribed officers' interest in shares between the end of the financial year and to the date of approval of the audited consolidated and separate annual financial statements.

Company Secretary

The Board is satisfied that Mr. NE Simelane has the appropriate qualifications, expertise and experience with which to fulfil his duties. The Company Secretary's contact details and the business and postal addresses of the Group appear on page 152.

Corporate governance

The Group subscribes to the Code of Good Corporate Practices and Conduct contained in King IV™. The Board is satisfied with the Group's application of the principles of King IV™ and the JSE Listings Requirements throughout the financial year. The corporate governance report will be included in the Integrated Report.

Financial results and review

	2023 Rm	2022 Rm	% change
Revenue	**106 321**	91 978	16
Earnings before interest, taxation, depreciation and amortisation	**8 083**	6 785	19
Operating profit before capital items and net foreign exchange gains	**5 723**	5 029	14
Profit attributable to the owners of Motus	**3 354**	3 290	2
Expansion and replacement capital expenditure (excluding vehicles for hire)	**572**	764	(25)
– Additions	**1 012**	968	5
– Proceeds on disposals	**(440)**	(204)	>100
Replacement capital expenditure on vehicles for hire[1]	**1 277**	2 102	(39)
– Additions	**3 978**	4 017	(1)
– Proceeds on disposals	**(2 701)**	(1 915)	41

[1] *Replacement capital expenditure on vehicles for hire is included in the cash flows from operating activities.*

	2023 cents	2022 cents	% change
Basic earnings per share	**2 008**	1 902	6
Headline earnings per share (HEPS)	**2 046**	2 025	1
Net asset value (NAV) per ordinary share	**10 189**	8 143	25

The Group's results for the 12 months to 30 June 2023 reflect strong strategic and operational achievements, which supported a resilient financial performance in a challenging and evolving trading environment.

The automotive industry is absorbing inflationary pressures, rising interest rates and a heightened global cost-of-living crisis in all geographies we operate in. The Group has responded well, supported by cost containment, resilient demand, supply chain normalisation and continued funding by the banks.

In South Africa, both the import and retail businesses were positively impacted by the higher margins achieved due to the stock shortages in new and pre-owned vehicles in the first half of the financial year, although at lower volumes. The Group focused on maximising the profitability of available stock and offering alternatives when certain derivatives were in short supply.

In the second half of the financial year, supply from the OEMs has stabilised, improving the new and pre-owned vehicle volumes in our Retail South Africa business and coupled with the favourable aftersales performance has increased the business' profitability compared to the prior financial year. However, our Import and Distribution business was negatively impacted by the increase in the landing costs due to the volatility in the exchange rates which in turn reduced the margins and overall profitability achieved.

Our Aftermarket Parts business in South Africa has performed positively even though the business was impacted by headwinds such as loss of trading due to high levels of load shedding and the ripple effect it has on their customers' ability to trade.

Our Mobility Solutions business has experienced improved performance, although it has been impacted by the adverse automotive market conditions. This is due to the increase in VAPS sales, additionally, we have seen an increase in investment income returns due to higher interest rates. The reduction of loss ratios has improved the income from insurance cell captives. Finally, the launch of new product offerings has contributed to our success.

Financial results and review (continued)

The vehicle rental market continues on its journey to recovery and is operating at approximately 80% of the pre-COVID crisis volumes. Our vehicle rental business recovery is in line with the rest of the industry and delivered strong results in this financial year with a stellar performance from the international and corporate channels. The rental fleet continues to grow in line with demand and availability has improved significantly with the stabilisation of the vehicle supply chain. The business achieved a utilisation rate of 71% and continues to improve its rate per day.

In the UK, the economy is facing headwinds with increasing inflation, interest rates and personal taxes putting consumer spending under pressure. New vehicle production has steadily improved throughout the financial year and has stabilised across most OEMs. While the vehicle market has grown, the Retail UK volumes of passenger vehicles and LCVs were negatively impacted by the logistic difficulties faced by the OEMs. The performance was supported by the resilient HCVs' performance and its positive impact on the aftersales performance.

The Aftermarket Parts business in the UK remained buoyant and had a positive impact on both the FAI Automotive plc (FAI) and recently acquired Motor Parts Direct (Holdings) Limited (MPD) businesses. The acquisition of MPD on 3 October 2022 continued to exceed our expectations and has positively contributed to the Aftermarket Parts operations and the Group.

In Australia, the market has exceeded the prior financial year due to increased supply and the fulfilment of long-standing orders. The shipping delays at the Australian ports are still ongoing however the supply of vehicles has started to normalise. Consumer spending is under pressure with an increase in inflation and interest rates. The improved performance was supported by high margins achieved on the new vehicle back orders and improved pre-owned vehicle sales volumes despite these headwinds.

The Aftermarket Parts industry in Asia had a positive performance, as revenue increased in the buoyant global market.

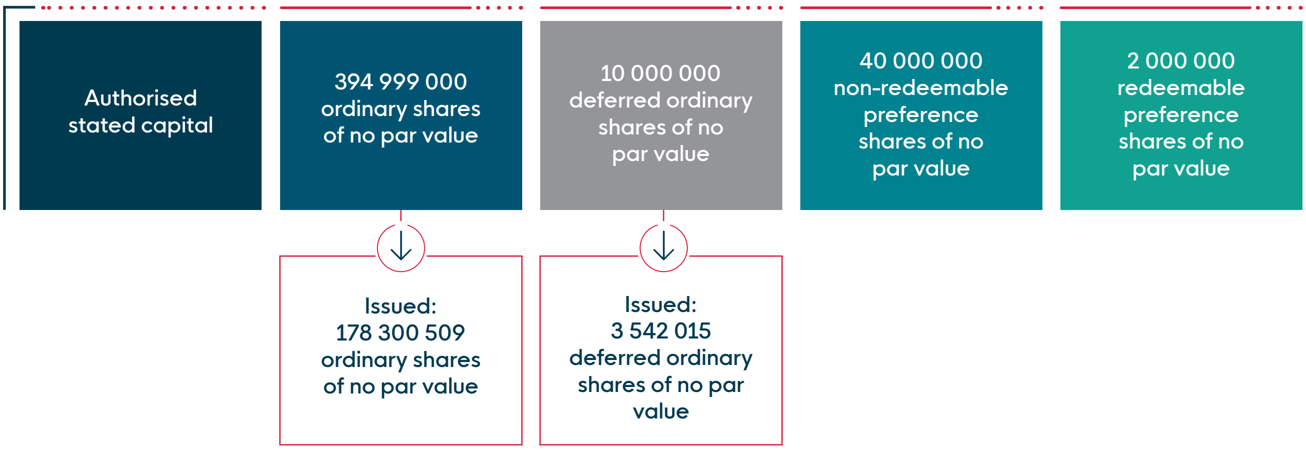
The Group's strategy, which remains unchanged in the current turbulent and uncertain environment, is to ensure the long-term sustainability of the Group and to expand operations to enhance its resilience for the future with organic and selective acquisitive growth opportunities.

Accounting policies

The Group's accounting policies are consistent with those applied at 30 June 2022, except for the amendments to IAS 16, IAS 37 and IFRS 3 as well as the annual improvements made to IFRS 9 and IFRS 16, which were adopted in the financial year. These amendments had no significant impact on the Group's results.

The new and revised standards not yet in effect in the current financial year and which may impact the Group in the future are outlined in note 13 – New issued standards not yet effective.

Stated capital



Further details of the authorised and issued stated capital of the Company are provided in note 5 – Shareholders' interest.

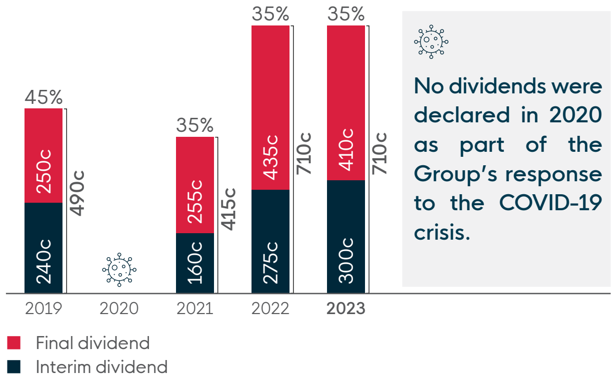
Dividends

Dividend guidance

The Group's dividend guidance is to pay a sustainable dividend based on the headline earnings per share (HEPS) to shareholders. For this financial year, the Board declared dividends of 35% of HEPS amounting to 710 cents (2022: 710 cents) based on HEPS of 2 046 cents (2022: 2 025 cents).

There is no assurance that a dividend will be paid in respect of any financial year. Any future dividends will be dependent upon the consolidated operating results, financial condition, investment strategy, capital requirements and other factors affecting the Group. There is no fixed date on which entitlement to dividends arises and the date of payment will be determined by the Board at the time of declaration, subject to the Companies Act and the JSE Listings Requirements.

Dividend declaration payout ratio



Dividend distribution

During the financial year, the Group distributed two dividend payments to its shareholders, namely:

	Payment date	Value per share cents	Dividend payment[1] Rm
Final dividend payment for prior financial year	26 September 2022	435	**738**
Interim dividend payment for current financial year	20 March 2023	300	**501**
			1 239

[1] *Excludes dividends paid to non-controlling interests.*

Refer to note 5.3 – Dividends paid for additional information on the dividend payments made during the financial year.

A final dividend of 410 cents per ordinary share is declared on 29 August 2023 for the current financial year and is payable on 9 October 2023. This dividend will be paid out of income reserves. The ordinary dividend will be subject to a local dividend tax of 20%. The ordinary dividend, to those shareholders who are not exempt from paying dividend tax, is therefore 328 cents per ordinary share. With this dividend, the full dividend for the current financial year amounts to 710 cents.

External auditor

Deloitte & Touche has served as the external auditor for the Group since the unbundling from Imperial in 2018 and prior to that, was appointed as the external auditor to significant subsidiaries of the Group. Deloitte & Touche was appointed as the external auditor of the Group for the 2023 financial year in accordance with section 94(7) of the Companies Act. However, in accordance with the resolution approved at the prior financial year's AGM, PwC has been approved as the incoming external auditor for the 2024 financial year and onwards.

Business acquisitions and disposals

The Group concluded the acquisition of MPD (a wholly-owned subsidiary) in the UK, four Mercedes Benz dealerships (Mercedes Benz retail dealerships), Hyundai Richards Bay and other Aftermarket Parts franchise stores in South Africa. The Mercedes Benz retail dealerships, Hyundai Richards Bay and the other additional Aftermarket Parts acquisitions in South Africa relate to the purchase of the underlying assets and liabilities of the businesses. Refer to note 2.5 – Business combinations for details on acquisitions.

For additional information relating to insignificant disposals, refer to note 2.7 – Cash inflows on the disposal of businesses.

Details of interests in subsidiaries are shown in Annexure A – Interests in subsidiaries, associates and joint ventures.

Events after the reporting period

Business acquisitions

Subsequent to the end of the financial year, the Group purchased the bolt-on acquisition of Solway Vehicles Distribution Limited on 3 July 2023 in the UK. The entire shareholding of the company was acquired for an estimated purchase consideration of R384 million, resulting in an estimated goodwill of R35 million. The company has four DAF commercial vehicle dealerships that operate in North West England and Southern Scotland. The acquisition is funded through our current banking facilities.

As the initial accounting for this acquisition is not complete at the time that the audited consolidated and separate annual financial statements are authorised for issue, no further disclosures are made.

Director appointments

The following independent non-executive directors were appointed to the Board and the following sub-committees:

- Mr. JN Potgieter was appointed as the Chairman of the AL Committee and member of the AR Committee, effective on 22 August 2023.
- Ms. MG Mokoka was appointed as a member of the AR and SES Committees, effective on 29 August 2023.
- Mr. R van Wyk was appointed as the Chairman of the REM Committee and as a member of the NOM and AL Committees, effective on 29 August 2023.

Dividends

The final dividend, as outlined above was declared subsequently.

There were no material subsequent events, apart from those mentioned above, that occurred from the end of the financial year to the date of these audited consolidated and separate annual financial statements.

Going concern

The automotive industry is absorbing inflationary pressures, rising interest rates and a heightened global cost-of-living crisis in all geographies we operate in. The Group has responded well, supported by cost containment, resilient demand, supply chain normalisation and continued funding by the banks.

	2023 Rm	2022 Rm	% change
Total equity	17 762	14 045	26
Core debt	12 042	4 169	>100
Net debt	13 712	5 036	>100
Total banking facilities (excluding floorplans)	17 393	11 278	54
– Committed	17 093	10 388	65
– Uncommitted	300	890	(66)
Cash generated by operations before changes in net working capital	7 837	6 909	13
Cash generated by operations before capital expenditure on vehicles for hire	90	4 835	(98)

The Board has reviewed and approved the Group and Company forecasts prepared by management and the solvency and liquidity positions. The forecast includes a detailed consolidated statement of financial position, profit or loss and cash flows.

Based on this review, the Board concluded that there is a reasonable expectation that the Group and Company will continue to meet its obligations as they fall due and that the Group would remain comfortably within the existing bank facility limits, with significant headroom, for at least the next 12 months from the date of approval of these audited consolidated and separate annual financial statements.

Refer to note 1.3 – Going concern, for additional details regarding the considerations made regarding the assessment of going concern for the Group.

The Board considers it appropriate to adopt the going concern assumption in preparing the audited consolidated and separate annual financial statements.

Liquidity and solvency

The directors have performed the solvency and liquidity tests as required by the Companies Act for the Company.

Borrowing powers

In terms of the MOI, the borrowing powers of the Company are unlimited. Any borrowings by the Group are subject to the provisions of:

- The Group's treasury policy, being a target net debt to Adjusted EBITDA of less than 2,0 times and Adjusted EBITDA to Adjusted net interest of more than 4,0 times; and
- The Companies Act.

The Group monitors capital based on its target gearing ratio of net debt to equity of 55% to 75% (2022: 50% to 70%) under normal trading conditions where significant acquisitions have not taken place. The target gearing ratio in the current financial year was adjusted to cater for the supply chain normalisation across all operating segments. Additional details of interest-bearing borrowings are included in note 6.1 – Interest-bearing debt.

Special resolutions

The Company passed the following special resolutions, the nature of which might be significant to the shareholders in their appreciation of the state of affairs of the Group:

- Approved the proposed fees and remuneration payable to non-executive directors and/or paid any fees related thereto and on any other basis as may be recommended by the Remuneration Committee and approved by the Board for the financial years ending June 2023 and June 2024;
- Authority to provide direct or indirect financial assistance in terms of section 44 and section 45 of the Companies Act; and
- Approved the general authority to repurchase the Company's securities subject to the JSE Listings Requirements and Companies Act as set out in the resolution.

Shareholders are assured that special resolutions passed by subsidiary companies, where required, were pursuant to the authority granted in terms of the abovementioned resolutions and in compliance with relevant provisions of the Companies Act.

AR Committee

The Board has assessed the performance and effectiveness of the AR Committee and its members with reference to the charter and statutory obligations. The Board is satisfied that the AR Committee has effectively discharged all its delegated functions. Further details on the role, function and execution of duties can be found in the Audit and Risk Committee Report and the Integrated Report.

Approval of the audited consolidated and separate annual financial statements

Based on the recommendation received from the AR Committee, the Board has approved the audited consolidated and separate annual financial statements for the financial year ended 30 June 2023.

MJN Njeke
Chairman

29 August 2023

Audit and Risk Committee report

The Audit and Risk Committee (the Committee) has the pleasure of submitting this report for the financial year ended 30 June 2023, which the Board has approved. The report complies with the requirements of the Companies Act, the JSE Listings Requirements, the recommendations of King IV™ and other regulatory requirements.

Members and attendance of the meetings

The Committee is comprised of independent non-executive directors, all of whom meet the requirements set out in the Companies Act and King IV™. The composition of the Committee and the attendance of meetings by its members during the financial year are set out below:

Member	Appointment date	Resignation date	Attendance[1]	
S Mayet (Chairman)	22 November 2018		100%	4/4 meetings
F Roji	1 September 2021		100%	4/4 meetings
JN Potgieter	22 August 2023			
MG Mokoka	29 August 2023			
NB Duker	10 November 2020	28 June 2023	100%	4/4 meetings

Regular invitees

- CEO
- CFO
- CEO of Mobility Solutions and Head Innovation and Information Technology
- Company Secretary and Head of Legal Counsel
- Head of Corporate Affairs, Risk and Sustainability
- Group Finance Executive
- Group Treasurer
- Chief Internal Audit Executive
- CFO: Shared Services
- Representatives from Deloitte & Touche
- Representatives from PwC[2]

[1] *Attendance is based on meetings held in August 2022, October 2022, February 2023 and May 2023.*
[2] *The representatives from PwC only attended the May 2023 committee meeting.*

The Committee held four meetings, as outlined above. The Committee had the opportunity to meet separately with the internal auditors and Deloitte & Touche quarterly and had regular contact with the senior management team to discuss relevant matters directly. The Chief Internal Audit Executive and the representatives from Deloitte & Touche have unrestricted access to the Committee, including closed sessions, where necessary, without the CFO and senior management being present, to raise and discuss any matter that they regard as relevant to the fulfilment of the Committee's responsibilities. The Chief Internal Audit Executive reports functionally to the Chairman and administratively to the CFO.

Qualifications and experience

As a collective and having regard for the size and circumstances of the Group, the Committee is adequately skilled, and all members possess the appropriate financial and related qualifications, skills, expertise and experience required to discharge their responsibilities.

Mr. S Mayet is a seasoned finance professional 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 a non-executive director at Astral Foods Limited.

Ms. F Roji is a Chartered Accountant (SA) with extensive professional experience in finance, audit, private equity, investment management, investor relations, mergers and acquisitions. She currently serves as an executive director of Dlondlobala Capital Proprietary Limited and as a non-executive director of Life Green Group Proprietary Limited and GIC Re SA Limited. Over the last 20 years, she has served on various boards across industries.

Mr. JN Potgieter is a Chartered Accountant (SA) with professional experience in financial management, retail business operations and strategy. His previous work experience includes various financial management roles at The South African Breweries Limited, Financial Director and Chief Executive Officer at Massdiscounters Proprietary Limited, which is part of the Massmart Holdings Limited group of companies and the Chief Executive Officer of Italtile Limited. He currently serves on the boards of various listed companies. Refer to the details of Mr. JN Potgieter's appointment above.

Ms. MG Mokoka is a Chartered Accountant (SA) with professional experience in financial services, audit and risk management, mergers and acquisitions, corporate restructurings and capital raising. Her previous work experience includes being a Financial Analyst at Woolworths Holdings Limited, Corporate Financier at Cadiz Financial Services Proprietary Limited and a management position in the Dealmaker, Leveraged and Acquisition Finance division at The Standard Bank Group Limited. She currently serves on various boards of listed companies. Refer to the details of Ms. MG Mokoka's appointment above.

Qualifications and experience (continued)

Ms. NB Duker is the Chief Operating Officer and an executive director at Rothschild & Co South Africa. Prior to this, she served as the Group Chief Financial Officer of Ubuntu-Botho Investments. She started her career at Deloitte & Touche where she was an audit partner. In this role, she led multi-disciplinary engagement teams servicing JSE-listed clients in geographies spanning Africa, Europe and the United States of America. She currently serves as a non-executive director on the Assupol Holdings Limited board. She previously served as a non-executive director of Imperial. Refer to the details of Ms. NB Duker's resignation above.

Role of the Committee

The Committee has adopted a formal charter, approved by the Board, setting out its duties and responsibilities as prescribed and incorporating additional duties delegated to it by the Board. The Committee reviews the charter annually and ensures that an adequate work plan is in place to meet its mandate.

The Committee's main objectives are to provide independent oversight on the adequacy and efficiency of accounting policies, internal controls, combined assurance model and financial and corporate reporting processes of the Group. In addition, the Committee assesses the effectiveness of the internal audit function, the independence and effectiveness of Deloitte & Touche whilst also considering and recommending the appointment of the incoming external auditor. The Committee oversees and ensures coordination between the activities of the internal auditors and Deloitte & Touche.

The Committee acts for the Company as well as its subsidiaries in the Group where an Audit and Risk Committee has not been established and is required. The Committee is an independent committee accountable to both the Board and the shareholders. It operates within the parameters of its charter and acts in accordance with its statutory duties as well as the delegated authority of the Board.

Divisional FRRCs are constituted and report significant issues to the Committee. The Committee ensures that the Chairman of the divisional FRRCs has no operational role in that particular division and remains independent.

Execution of duties

The purpose of this report is to outline how the Committee has fulfilled its statutory obligations.

Combined assurance

The Group's combined assurance model provides a coordinated Group-wide approach to risk management. The Committee has reviewed the combined assurance model and is satisfied that the model is appropriate, complete and effective in addressing the risks identified in the business. The assessments include considering the outcomes of the reviews performed by the Head of Corporate Affairs, Risk and Sustainability and Chief Internal Audit Executive.

The combined assurance model allows for three lines of defence to mitigate the risks identified, which include:

1

Management is responsible for the identification and management of risks in line with the agreed risk policies, appetite and tolerance levels, and controls at an operational level.

Management includes all levels of management across all businesses, including the Executive Directors.

→

2

Support functions are responsible for overseeing and monitoring various risks and developing appropriate tools and effectively managing these risks.

The support functions include risk management, compliance, legal and quality control functions.

→

3

Assurance providers and internal auditors provide oversight and assurance on the adequacy and effectiveness of the controls implemented.

The assurance providers include Internal Audit and other external assurance providers.

All three lines of defence report to the Board, either directly or indirectly through the Committee. The Committee oversees and ensures coordination between the assurance providers and the Group.

The Committee has reviewed the results of the Group's compliance with internal policies and procedures and assessed the adequacy and effectiveness of internal controls. The Committee assesses the quality of the financial information produced to ensure reliability and integrity.

The Committee satisfied itself that the level of unmitigated risk (both individually and in totality) is within the risk appetite of the Group and that there is sufficient assurance provided to manage risk and the control environment through both internal and external assurance providers.

Execution of duties (continued)

Internal financial controls and risk management

To meet the Group's responsibility to provide reliable financial information, the Group maintains financial and operational systems of internal control, which have been embedded into the day-to-day operations. These controls are designed to provide reasonable assurance that transactions are concluded in accordance with management's authority, that the assets are adequately protected against material losses, unauthorised acquisition, use or disposal and that those transactions are properly authorised and recorded.

The Group has adopted a "Top Down and Bottom Up" approach to internal financial reporting risks and controls. All significant internal financial reporting risks and controls at a Group and underlying business level have been identified and documented across all key reporting processes.

The Committee has assessed the effectiveness of the internal financial control processes by:

- Ensuring that internal financial control processes are maintained and reviewed annually to increase the possibility that unforeseen risks are minimised;
- Ensuring that appropriate responses to risks are implemented and monitored;
- Reviewing instances where deficiencies in design and operational effectiveness of the internal financial controls have been noted and the necessary remedial actions taken;
- Assessing the adequacy of the levels of risk tolerance and appetite applied;
- Ensuring that risk management assessments are regularly performed;
- Ensuring that control self-assessments are completed and their results are adequately monitored;
- Ensuring that suitable business continuity plans are established and implemented;
- Considering all reported instances related to employee theft and assessing the appropriateness of action taken; and
- Considering all reports relating to tip-offs, irregularities or fraud and assessing the appropriateness of action taken, where applicable.

The Group's delegated management remains committed to ongoing improvements ensuring that the internal financial control environment remains robust and sustainable.

The Committee is satisfied that the internal financial controls are adequate and effective to assist in the preparation and presentation of the audited consolidated and separate annual financial statements and support the declarations made by the CEO and CFO. The Committee is satisfied that where deficiencies have been disclosed, they had no material effect for the purposes of the preparation and presentation of the audited consolidated and separate annual financial statements.

Finance function

Reviewed the expertise, resources and experience of the finance function

As required by the JSE Listings Requirements, the Committee has satisfied itself that the CFO, Mr. OJ Janse van Rensburg, has the appropriate expertise and experience to fulfil his role and responsibilities. In addition, the Committee is similarly satisfied that the composition, experience and skill set of the finance function met the Group's requirements.

In evaluating the finance function, the Committee considered and resolved that:

- Management of the finance function had demonstrated a commitment to character and competence;
- The organisational structure of the finance function was appropriately designed, and the finance function assigned authority and responsibility in a manner that promoted accountability and control;
- The finance function had provided the Committee with unrestricted access to financial information;
- The finance function's management philosophy and operating style were consistent with a sound control environment; and
- The finance function had properly applied accounting principles in the preparation of the audited consolidated and separate annual financial statements.

Evaluated the financial control environment

As required by the JSE Listings Requirements paragraph 3.84(k), the Committee satisfied itself as to the effectiveness of the financial control environment by:

- Assessing the adequacy and effectiveness of financial control frameworks implemented by management;
- Reviewing reported deficiencies in the design and operational effectiveness of the controls including the compensating controls and remediation plans instituted;
- Ensuring that none of the deficiencies identified had a material effect for the purposes of the preparation and presentation of the audited consolidated and separate annual financial statements; and
- Reviewing any reported fraud involving directors, if applicable, together with necessary remedial actions instituted.

Execution of duties (continued)

Finance function (continued)

Evaluated the financial reporting and accounting practices

The Committee reviewed the integrity of the unaudited condensed interim results, summarised audited consolidated results and the audited consolidated and separate annual financial statements for the year ended 30 June 2023, including the public announcements of the Group's results.

In the course of its review, the Committee:

- Took steps to ensure that the audited consolidated and separate annual financial statements were prepared in accordance with IFRS and in compliance with the relevant provisions of the Companies Act and the JSE Listings Requirements;
- Ensured that the audited consolidated and separate annual financial statements fairly present the financial position of the Group and of the Company as at the end of the financial year and the results of the operations and cash flows for the financial year;
- Reviewed the representation letter relating to the audited consolidated and separate annual financial statements, which was signed by the Directors;
- Considered the appropriateness of the key audit matters reported in the external audit opinion;
- Considered the appropriateness of significant accounting policies, key estimates, assumptions and disclosures made;
- Considered the appropriateness of accounting treatment of significant unusual transactions and judgements as outlined in 1.5 – Critical accounting judgements, estimates and assumptions, including transactions outlined in the headline earnings calculation (refer to note 8.6 – Earnings per share);
- Considered any problems identified and reviewed any legal and tax matters that could have a significant impact on the audited consolidated and separate annual financial statements;
- Completed a detailed review and confirmed the going concern assumption, taking into account approved budgets and solvency and liquidity profiles, confirming that it was appropriate in the preparation of the audited consolidated and separate annual financial statements;
- Reviewed the solvency and liquidity and working capital adequacy tests and recommended the interim and final dividend proposal for approval to the Board;
- The Group's financial reporting procedures were considered to be effective and reliable with reference to the requirements of paragraph 3.84(g) of the JSE Listings Requirements;
- Confirmed that the findings contained in the JSE Proactive Monitoring reports from 2011 to 2022, thematic reviews, combined findings report, and the JSE letters, documents, and limited-scope thematic reviews were taken into consideration in the audited consolidated and separate annual financial statements and the summarised audited consolidated financial statements; and
- Confirmed the changes to the JSE Listings Requirements for financial reporting were taken into consideration in the audited consolidated and separate annual financial statements and the summarised audited consolidated financial statements.

The Committee similarly challenged and satisfied itself as to the appropriateness of judgements applied in areas of key sources of estimation and uncertainty relating to:

- Future cash flows;
- Growth rates; and
- Forward looking information utilised in the expected credit loss model.

Other areas of judgement are outlined in note 1.5 – Critical accounting judgements, estimates and assumptions.

The Committee considered such matters based on discussions with and submissions by senior management and discussed these with Deloitte & Touche during the planning stage of the audit and again on its completion. The Committee was satisfied that sufficiently robust processes were followed with regard to the judgements relating to the above items.

Execution of duties (continued)

External audit related matters

Deloitte & Touche has served as the external auditor for the Group since unbundling from Imperial in 2018 and prior to that was appointed as the external auditor to significant subsidiaries of the Group. Deloitte & Touche was appointed as the external auditor of the Group for the 2023 financial year in accordance with section 94(7) of the Companies Act. However, in accordance with the resolution approved at the prior year's AGM, PwC has been approved as the incoming external auditor for the 2024 financial year and onwards. Deloitte & Touche will step down after completing the audit work for the 2023 financial year.

External audit independence, objectivity and effectiveness

The Committee formally assessed the effectiveness of the external audit process for the current year and the quality of the audit. The assessment covered all aspects of the audit service provided by Deloitte & Touche and was treated as an ongoing review throughout the audit cycle.

The evaluation focused on:

- Robustness of the audit process;
- Audit quality, including quality controls and indicators;
- Appropriateness of the audit partner, Ms. SJ Nelson, and the dedicated team, including their technical skills, knowledge and character;
- Independence and objectivity; and
- Formal reporting.

As part of the evaluation, the Committee:

- Obtained confirmation of the qualifications and competence of Deloitte & Touche and the audit engagement partner;
- Nominated Deloitte & Touche and Ms. SJ Nelson as the external auditor and designated auditor, respectively, to the shareholders for appointment as the auditor for the 2023 financial year and ensured that both appointments complied with all applicable legal and regulatory requirements for the appointment of an auditor;
- Nominated PwC and Mr. T Howatt as the external auditor and designated auditor, respectively, to the shareholders for appointment as the auditor for the financial years 30 June 2024 and onwards and ensured that both appointments complied with all applicable legal and regulatory requirements for the appointment of an auditor;
- Nominated Deloitte & Touche for reappointment as the external auditor for each significant subsidiary for the 2023 financial year;
- Nominated PwC as the external auditor for each significant subsidiary for the 2024 financial year and onwards;
- Reviewed the audit effectiveness in ensuring that critical risk areas are addressed and assessed Deloitte & Touche's internal quality control procedures;
- Obtained an annual confirmation from Deloitte & Touche that their independence was not impaired;
- Reviewed and approved the external audit engagement letter, the plan and determined budgeted audit fees payable;

	2023 Rm	2022 Rm
Audit related services	67	51
Non-audit related services	3	3
	70	54
Percentage of non-audit related services to the total audit fee (%)	4,3	5,6

- Reviewed and approved non-audit services on an individual basis through an appropriate delegation policy;
- Maintained policies and controls setting out the categories of non-audit services that Deloitte & Touche may and may not provide, split between permitted, permissible and prohibited services;
- Assessed whether any reportable irregularities were identified and reported by Deloitte & Touche in terms of the Auditing Profession Act (No. 26 of 2005);
- Assessed the effectiveness of management responses to identified reportable control weaknesses;
- Considered instances of differences of opinion, if any, between senior management and Deloitte & Touche, including unrecorded errors or differences; and
- Reviewed the quality of reporting to the Committee, including the level of challenge and professional scepticism and understanding demonstrated by Deloitte & Touche of the Group.

Execution of duties (continued)

External audit related matters (continued)

External audit independence, objectivity and effectiveness (continued)

In response to the evaluations performed, Deloitte & Touche:

- Provided the Committee with confirmation that they operate in accordance with the ethical standards required of audit firms by the Independent Regulatory Board for Auditors and other regulatory bodies;
- Provided evidence that the audit firm was accredited by the JSE and that Ms. SJ Nelson does not appear on the disqualified list of individual partners;
- Confirmed that there were no relationships with the Group that could impair their independence, arising from:
  - Personal financial interest;
  - Family and personal relationships;
  - Employment relationships; and
  - Business relationships.
- Confirmed the policies and procedures they have in place to maintain their independence; and
- Provided confirmation that the non-audit services performed and billed during the financial year did not impair their independence or objectivity.

The Committee concluded that it is satisfied that auditor independence, objectivity and effectiveness were maintained during the financial year, having considered the following matters:

- The quality of the designated audit partner and the team were confirmed, with no material issues raised in the feedback received;
- Deloitte & Touche demonstrated a good understanding of the Group and had identified and focused on the areas of greatest risk;
- The reporting to the Committee was clear, transparent and thorough and included explanations of the rationale behind particular conclusions as appropriate;
- The audit had been well planned and delivered, and senior management was comfortable that key findings had been raised appropriately;
- There had been active engagement on misstatements and appropriate judgements on materiality; and
- It was confirmed that there had been an appropriate level of professional scepticism and that Deloitte & Touche had functioned in accordance with their mandate for the financial year.

Internal audit related matters

The Committee reviewed and approved the internal audit charter and internal audit plan for the financial year, ensuring that material risk areas were included and that coverage of significant business processes was acceptable.

The Committee assessed the effectiveness of the internal audit process throughout the audit cycle for the financial year. As part of the evaluation, the Committee:

- Assessed the independence and effectiveness of the internal audit function;
- Assessed whether the Chief Internal Audit Executive has the appropriate qualifications, expertise and experience as well as independence with which to fulfil her duties;
- Reviewed the annual audit plans and scope with regard to their adequacy to address all significant financial risks facing the business;
- Reviewed any proposed changes to the audit plan and the appropriateness thereof;
- Reviewed the performance of the internal audit department and its compliance with the charter;
- Reviewed the internal audit reports on the Group's systems of internal control, including financial controls, business risk management and maintenance of effective internal control systems;
- Reviewed the significant issues identified by the internal audit processes and the adequacy of corrective action taken by management;
- Considered any difficulties encountered during the execution of the audit plan including any restrictions on the scope of work or access to required information; and
- Received assurance that proper and adequate accounting records were maintained and that the systems safeguarded the assets against unauthorised use or the disposal thereof.

Execution of duties (continued)

Internal audit related matters (continued)

The Committee satisfied itself that the internal audit function was independent and had the necessary resources, technical skills, standing and authority to discharge its duties. Furthermore, the Committee confirmed that, in executing the current financial year's plan, there had been no impairments to the objectivity, independence and scope of the internal audit function, which remained effective in carrying out its duties. In addition, the Committee is similarly satisfied that the Chief Internal Audit Executive has the appropriate expertise and experience to fulfil her role and execute her responsibilities.

The Chief Internal Audit Executive provided a written assessment regarding the Group's system of internal controls and confirmed that, based on the results of the work undertaken, these were deemed adequate and effective.

Other governance areas

Integrated Report

The Committee assists the Board in overseeing the quality and integrity of the integrated report process and ensures compliance with the applicable reporting frameworks, guidelines and best practices which inform the integrated reporting process. Furthermore, the Committee ensures consistency in the financial information presented in the Integrated Report and the audited consolidated and separate annual financial statements. The Committee recommends the Integrated Report to the Board for approval.

Information technology (IT) governance

The Committee considered the impact of potentially significant IT governance matters on the Group. The significant risk and impacts thereof are assessed as part of the Group's risk management framework.

The Committee has satisfied itself that these processes and implemented policies are effective and robust by:

- Assessing the effectiveness of risk assessment processes, including the identification of risks such as fraud risks and IT risks and implementation of controls to mitigate the risks;
- Reviewing and aligning all IT strategies across the Group to best practice;
- Providing oversight and monitoring the progress of any significant IT projects, including Board approval of significant capital expenditure;
- Providing additional oversight where any instability has been reported on key financial platforms;
- Reviewing the cybersecurity minimum guidelines and assessing the impact of the emerging risk landscape;
- Ensuring that formalised disaster recovery plans are in place to minimise disruptions in the event of a disaster;
- Ensuring that the Group is compliant with IT laws and applicable rules, codes and standards across all the geographies in which it operates; and
- Ensuring that processes are in place for the management of information so that all personal information is identified and managed appropriately as set out in the applicable legislation and all intellectual property built into the Group's IT systems is protected.

Legal and regulatory requirements

The Committee considered the impact of potential significant matters on the audited consolidated and separate annual financial statements, by:

- Reviewing legal matters as presented to the Committee at its scheduled meetings;
- Assessing the adequacy and effectiveness of the Group's procedures, including its risk management framework, to ensure compliance with legal and regulatory responsibilities;
- Reviewing the processes undertaken to communicate the code of conduct and monitor compliance therewith;
- Monitoring complaints received through the Group's tip-offs and anonymous whistleblowing service; and
- Reviewing the reports provided by senior management, internal audit and Deloitte & Touche regarding compliance with legal and regulatory requirements.

The Committee was satisfied that no significant matters were identified that may impact the audited consolidated and separate annual financial statements.

Key focus areas for 2024

Although the Committee will adhere to the approved charter and handle all mandated matters, there are certain areas that will receive special attention as key focus areas, which include:

- Continual focus on financial sustainability and growth in competitive and high inflationary environments;
- Increasing vigilance on monitoring compliance with financial controls and governance processes due to additional pressures from the changing economic landscape;
- Continual focus on the robustness of the internal control framework over financial reporting to support the CEO and CFO responsibility statements;
- Continual focus on governance and regulatory control environments including the continual improvement of the combined assurance processes;
- Continual focus on upcoming changes to IFRS and the impact thereof on business operations and financial reporting; and
- Continual focus on IT governance and related control environment.

Approval

The performance of the Committee and its members is reviewed annually as part of the effectiveness review performed by the Board. The latest review concluded that the Committee continued to operate effectively and had successfully discharged its duties and responsibilities. Having achieved its objectives, the Committee has recommended the summarised audited consolidated financial statements and the audited consolidated and separate annual financial statements for the year ended 30 June 2023 to the Board, for approval.

S Mayet
Chairman

29 August 2023

Independent auditors' report

To the shareholders of Motus Holdings Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Motus Holdings Limited (the Group and Company) set out on pages 26 to 144, which comprise the consolidated and separate statements of financial position as at 30 June 2023, and the consolidated statement of profit or loss, separate company statement of comprehensive income, consolidated statement of other comprehensive income, consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Motus Holdings Limited and its subsidiaries as at 30 June 2023, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. No key audit matters have been identified in respect of the separate financial statements.

Key Audit Matter	How the matter was addressed in the audit
Valuation of contract liabilities	

The Group has contract liabilities, which includes service, maintenance and warranty contracts (contract liabilities), in terms of which they are obligated to provide maintenance and repair services over a future specified period based on the contract terms. At 30 June 2023 the value of the contract liabilities is R3 086 million (2022: R3 021 million).
 	
The determination of the adequacy of the service maintenance and warranty contract reserves and the recognition of the related revenue from these contracts in accordance with IFRS 15 *Revenue from Contracts with Customers* (IFRS 15) is complex.
 	
There are various information technology (IT) systems which are used to manage the underlying transactions, including the capturing of new policies, automated authorisations of claims and terminations.
 	
The contract liabilities recognised are based on the expected earnings curves of the contracts, which are dependent upon forecasted burn rates derived from key assumptions which are based on the following future estimates and judgements:
• Vehicle parts, consumables and labour inflation;
• Foreign currency movements;
• Policy sale dates; and
• Contract duration and mileage.
 	
The directors engaged actuarial specialists to assist with the determination of the adequacy of the liabilities for the service, maintenance and warranty contracts.
 	
Due to the complexity of the actuarial assumptions and the risk that the quantum of the reserves and consequential revenue recognised is inappropriate, the valuation of the contract liabilities has been identified as a key audit matter.
 	
The disclosure related to the service, maintenance and warranty contract liabilities is disclosed in note 3.7 of the consolidated financial statements.
	To address the key audit matter, the following procedures were performed:
	• Tested the design, implementation and operating effectiveness of the following controls which management has in place over the valuation of the contract liabilities:
	  • Controls over sales of new policies;
	  • Unearned fund monthly reconciliations; and
	  • Reconciliations and reviews of the values determined by the directors' specialists.
	• Our IT specialists tested the automated controls relating to the capturing of new policies, automated authorisations of claims and terminations of contracts, as well as the interfaces between the IT systems.
	• Assessed and challenged the key assumptions the directors determined in valuing the service, maintenance and warranty contracts with a focus on the adequacy of the reserves and the appropriateness of the related revenue recognised. With the assistance of our actuarial specialists our procedures included:
	  • Assessing the independence, objectivity, competence and experience of the directors' actuarial specialists;
	  • Assessing the appropriateness of the financial models utilised by the directors' actuarial specialists; and
	  • Testing the forecasted burn rates which are derived from the key assumptions used in the financial models and the reasonableness of the ranges applied to sensitivities of the key assumptions.
	• Assessed the appropriateness of the disclosures in the consolidated financial statements.
	
	We concur with the directors' actuarial assumptions applied and consequently with the measurement of the contract liabilities as at 30 June 2023 and the consequential revenue recognised.
	
	The related disclosures of the contract liabilities, as contained in note 3.7 of the consolidated financial statements, is considered appropriate.

Independent auditors' report (continued)

Key Audit Matter	How the matter was addressed in the audit

Goodwill and intangible assets arising on acquisition of Motor Parts Direct (Holdings) Limited (MPD)

The Group acquired MPD, effective 3 October 2022, for a purchase consideration of R3 733 million.

As a result of the acquisition, customer list intangible assets, with a value of R1 288 million, and goodwill, with a value of R2 103 million, were recognised.

The accounting for acquisitions of businesses is governed by IFRS 3 *Business Combinations* (IFRS 3), the requirements of which can be complex and requires the directors to exercise judgement in identifying and determining the fair value of the assets acquired.

Based on the quantum of the values and level of judgement involved in their determination, the acquisition of MPD's customer list intangible assets and resulting goodwill has been identified as a key audit matter.

Identification and valuation of the customer list intangible assets.

The directors engaged specialists to assist with the identification and valuation of the customer list intangible assets recognised on the acquisition of MPD.

The most significant inputs to determine the fair value of the customer list intangible assets were:
- The discount rate and
- The growth rates, including the terminal growth rate.

The disclosure related to the valuation of the customer list intangible assets is included in note 2.2 to the consolidated financial statements.

Identification and valuation of goodwill.

Goodwill amounting to R2 103 million, representing the difference between the purchase price paid and the net assets acquired, was recognised as a result of the MPD acquisition.

The valuation of goodwill, through annual impairment assessments, as required by IAS 36 *Impairment of Assets* (IAS 36), is complex. It requires the directors to exercise judgement in determining the value in use for the cash generating unit (CGU) which supports the goodwill value recognised in the consolidated financial statements.

The most significant judgements in valuing the goodwill were:
- The forecast cash inflows and outflows expected to be derived from the continuing use of the MPD CGU;
- The terminal growth rate; and
- The discount rate.

The directors engaged specialists to determine the discount rate.

The disclosure related to the valuation of goodwill is included in note 2.1 to the consolidated financial statements.

To address the key audit matter, the following procedures were performed:

Identification and valuation of the customer list intangible assets.

With the assistance of our valuation specialists, we assessed the identification and valuation of the customer lists. The procedures performed included:
- Assessing the nature of the MPD business to confirm the appropriateness of the customer list intangible assets which had been recognised as part of the acquisition;
- Critically assessing the inputs used in valuing the customer list intangible assets; and
- Performing an independent recalculation of the value of the customer list intangible assets.

Based on the results of our procedures performed, we concurred with the identification and valuation of the customer list intangible assets.

Identification and valuation of goodwill.

Our valuation specialists assisted in performing the following audit procedures to test the valuation of the goodwill:
- Testing whether the logic of the value in use model is in accordance with the requirements of IAS 36;
- Critically assessing the inputs used in the value in use model including comparisons to historical performance of the MPD business and benchmarking to external sources of information;
- Independently determining the appropriate discount rate and performing a comparison to the rate applied by the directors; and
- Performing sensitivity analyses on key inputs used in the value in use model.

Based on the procedures performed, we are satisfied that the goodwill for MPD has been appropriately valued at 30 June 2023.

The disclosures provided in note 2.1 relating to the goodwill and in note 2.2 relating to the customer list intangible assets is considered appropriate.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "*Motus Audited Consolidated and Separate Annual Financial Statements for the year ended 30 June 2023*" which includes the Directors' Report, the Audit and Risk Committee Report, the Company Secretary's Certificate as required by the Companies Act of South Africa and the Chief Executive Officer and Chief Financial Officer Responsibility Statement which we obtained prior to the date of this auditors' report, and the Integrated Report, which is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we will not express an audit opinion or any form of assurance conclusion thereon.

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

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

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

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation: and
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements (continued)

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Deloitte & Touche has been the auditor of Motus Holdings Limited for six years since inception. We further report that Deloitte & Touche has been the auditor of certain subsidiaries within the Motus Holdings Limited Group for 22 years.

Deloitte & Touche

Registered Auditor
Per: Shelly Nelson
Partner

29 August 2023

5 Magwa Crescent
Waterfall City
Waterfall
Johannesburg

Consolidated statement of financial position

as at June 2023	Note	2023 Rm	2022 Rm
Assets			
Non-current assets		**20 209**	13 157
Goodwill	2.1	**4 481**	1 628
Intangible assets	2.2	**2 091**	331
Investments in associates and joint ventures	2.3	**277**	268
Property, plant and equipment	3.1	**8 188**	7 201
Investment properties	3.2	**121**	130
Right-of-use assets	3.3.1	**3 410**	2 046
Derivative financial assets	4.3	**30**	30
Investments and other financial instruments	3.5	**258**	320
Deferred tax	7.2	**1 353**	1 203
Current assets		**46 070**	29 126
Vehicles for hire	3.4	**3 920**	3 677
Investments in associates and joint ventures	2.3	**–**	1
Inventories	3.6.1	**32 302**	18 966
Trade and other receivables	3.6.2	**7 143**	4 646
Derivative financial assets	4.3	**398**	654
Taxation	7.1	**265**	189
Cash resources	6.2	**2 042**	993
Assets classified as held-for-sale	11	**376**	657
Total assets		**66 655**	42 940
Equity and liabilities			
Capital and reserves			
Stated capital	5.1	**21 042**	21 104
Shares repurchased[1]	5.2	**(434)**	(587)
Common control reserve		**(19 407)**	(19 347)
Hedge accounting reserve	4.3	**594**	400
Other reserves		**751**	(586)
Retained income		**15 081**	12 940
Attributable to owners of Motus		**17 627**	13 924
Non-controlling interests	2.4	**135**	121
Total equity		**17 762**	14 045

[1] *Relates to treasury shares.*

as at June 2023	Note	2023 Rm	2022 Rm
Liabilities			
Non-current liabilities		16 045	8 089
Contract liabilities[2]	3.7	1 838	1 823
Lease liabilities	3.3.2	3 065	1 882
Interest-bearing debt	6.1	9 940	3 856
Provisions	3.6.5.1	699	444
Other financial liabilities		7	6
Deferred tax	7.2	496	78
Current liabilities		32 848	20 806
Contract liabilities[2]	3.7	1 248	1 198
Lease liabilities	3.3.2	703	465
Trade and other payables	3.6.3	13 306	11 028
Floorplans from suppliers	3.6.4	10 968	4 988
Provisions	3.6.5.1	416	539
Other financial liabilities		30	56
Derivative financial liabilities	4.3	122	131
Taxation	7.1	241	228
Interest-bearing debt	6.1	4 144	1 306
Floorplans from financial institutions	6.1	1 670	867
Total liabilities		48 893	28 895
Total equity and liabilities		66 655	42 940

[2] *Relates to service and maintenance contracts.*

Consolidated statement of profit or loss

for the year ended 30 June 2023	Note	2023 Rm	2022 Rm
Revenue	8.1	**106 321**	91 978
Net operating expenses	8.2	**(98 192)**	(85 116)
Movements in expected credit losses	3.6.2	**(46)**	(77)
Earnings before interest, taxation, depreciation and amortisation		**8 083**	6 785
Depreciation and amortisation	8.3.1	**(2 400)**	(1 795)
Share of results from associates and joint ventures	2.3	**40**	39
Operating profit before capital items and net foreign exchange gains		**5 723**	5 029
Profit/(losses) on disposal of property, plant and equipment, net of impairments	8.3.2	**17**	(91)
Other capital costs	8.4	**(51)**	(104)
Net foreign exchange gains	4.3	**20**	135
Operating profit before financing costs		**5 709**	4 969
Finance costs	8.5.1	**(1 399)**	(561)
Finance income	8.5.2	**47**	65
Profit before tax		**4 357**	4 473
Income tax expense	7.1	**(947)**	(1 135)
Attributable profit for the year		**3 410**	3 338
Profit attributable to:			
Owners of Motus		**3 354**	3 290
Non-controlling interests		**56**	48
Attributable profit for the year		**3 410**	3 338
Earnings per share (cents)			
– Basic	8.6	**2 008**	1 902
– Diluted	8.6	**1 928**	1 808

Consolidated statement of other comprehensive income

for the year ended 30 June 2023	Note	2023 Rm	2022 Rm
Attributable profit for the year		3 410	3 338
Other comprehensive income		2 519	688
Exchange gains arising on translation of foreign operations		1 402	128
Movement in hedge accounting reserve (net of tax)		1 117	560
– Effective portion of the fair value of the cash flow hedges		1 189	642
– Extension of open hedging instruments		246	66
– Re-classification to profit or loss		4	2
– Deferred tax relating to the hedge accounting reserve movements		(322)	(147)
– Rate changes relating to the hedge accounting reserve movements		–	(3)
Total comprehensive income for the year		5 929	4 026
Total comprehensive income for the year attributable to:			
Owners of Motus		5 864	3 971
Non-controlling interests	2.4	65	55
Total comprehensive income for the year		5 929	4 026

All amounts recognised in other comprehensive income may be subsequently re-classified to profit or loss.

Consolidated statement of cash flows

for the year ended 30 June 2023	Note	2023 Rm	2022 Rm
Cash flows from operating activities			
Cash receipts from customers		105 093	92 059
Cash paid to suppliers and employees		(103 033)	(85 770)
Cash generated from operations before interest, taxation paid and capital expenditure on vehicles for hire	9.1	2 060	6 289
Finance costs paid	8.5.1	(1 320)	(574)
Finance income received	8.5.2	44	13
Dividend income received	8.2	377	297
Taxation paid	7.1	(1 071)	(1 190)
Cash generated by operations before capital expenditure on vehicles for hire		90	4 835
Replacement capital expenditure – vehicles for hire		(1 277)	(2 102)
– Additions	3.4	(3 978)	(4 017)
– Proceeds on disposals	3.4	2 701	1 915
		(1 187)	2 733
Cash flows from investing activities			
Cash outflow on the acquisition of businesses	2.6	(4 693)	(657)
Cash inflow on the disposal of businesses	2.7	56	34
Cash outflow on payment of contingent consideration arising on acquisition of business	4.4.2	(4)	(10)
Capital expenditure – property, plant and equipment, investment properties and intangible assets	9.2	(572)	(764)
Expansion of property, plant and equipment, investment properties and intangible assets	9.2	(293)	(445)
Replacement capital expenditure – property, plant and equipment, investment properties and intangible assets	9.2	(279)	(319)
– Replacement of property, plant and equipment, investment properties and intangible assets	9.2	(719)	(523)
– Proceeds on disposal of property, plant and equipment, investment properties and intangible assets	9.2	440	204
Movements in investments in associates and joint ventures		35	(27)
– Additions at cost		–	(68)
– Proceeds on disposal		8	29
– Share of dividends		26	18
– Loans repaid/(advanced)		1	(6)
Advances of other financial assets		(1)	(39)
		(5 179)	(1 463)

for the year ended 30 June 2023	Note	2023 Rm	2022 Rm
Cash flows from operating and investing activities		(6 366)	1 270
Cash flows from financing activities			
Repurchase of own shares		(101)	(1 351)
Dividends paid to equity holders of Motus		(1 239)	(928)
Dividends paid to non-controlling interests		(52)	(36)
Acquisition of non-controlling interests		–	(40)
(Repayments)/advances of loans from non-controlling interests and associates		(1)	4
Payment of contingent consideration arising on remeasurement subsequent to the acquisition of the business	4.4.2	–	(19)
Repayment of lease liabilities	3.3.2	(669)	(466)
Increase/(decrease) in floorplans from financial institutions		664	(32)
Advances/(repayments) of banking facilities	6.1	7 699	1 505
– Advances of banking facilities	6.1	50 139	41 293
– Repayment of banking facilities	6.1	(42 440)	(39 788)
		6 301	(1 363)
Decrease in cash and cash equivalents		(65)	(93)
Effects of exchange rate changes on cash and cash equivalents		265	(19)
Cash and cash equivalents at the beginning of the year		721	833
Cash and cash equivalents at the end of the year	6.3	921	721

Consolidated statement of changes in equity

for the year ended 30 June 2023	Stated capital Rm	Shares repurchased Rm	Common control reserve Rm	Hedge accounting reserve Rm
Opening balance as at 1 July 2021	22 321	(517)	(19 268)	(266)
Total comprehensive income for the year	–	–	–	560
– Attributable profit for the year	–	–	–	–
– Other comprehensive income	–	–	–	560
11 632 021 shares repurchased and cancelled at an average of R104,62 per share	(1 217)	–	–	–
1 307 000 shares repurchased at an average of R102,52 per share	–	(134)	–	–
Issue of 749 155 treasury shares at an average price of R85,43 per share as settlement of share-based equity	–	64	–	–
Purchase of non-controlling interest	–	–	–	–
Incremental interest purchased from non-controlling interests	–	–	–	–
Share-based equity costs charged to profit or loss (including the effects of taxation)	–	–	–	–
Dividends paid to Motus and non-controlling shareholders	–	–	–	–
Amounts transferred to inventory from hedge accounting reserve (including the effects of taxation)	–	–	–	106
Transfers between reserves	–	–	(79)	–
Other movements	–	–	–	–
Closing balance as at 30 June 2022	**21 104**	**(587)**	**(19 347)**	**400**
Total comprehensive income for the year	–	–	–	1 117
– Attributable profit for the year	–	–	–	–
– Other comprehensive income	–	–	–	1 117
664 350 shares repurchased and cancelled at an average of R93,32 per share	(62)	–	–	–
418 795 shares repurchased at an average of R93,12 per share	–	(39)	–	–
Issue of 2 171 313 treasury shares at an average price of R88,43 per share as settlement of share-based equity	–	192	–	–
Share-based equity costs charged to profit or loss (including the effects of taxation)[1]	–	–	–	–
Dividends paid to Motus and non-controlling shareholders	–	–	–	–
Amounts transferred to inventory from hedge accounting reserve (including the effects of taxation)	–	–	–	(923)
Transfers between reserves[2]	–	–	(60)	–
Other movements	–	–	–	–
Closing balance as at 30 June 2023	**21 042**	**(434)**	**(19 407)**	**594**
Note	**5.1**	**5.2**		**4.3**

[1] Refer to note 7.1 – Current tax and 7.2 – Deferred tax for the impact of taxation on the share-based equity costs.
[2] Transfers between reserves relate to:
- *Shares initially obtained from Imperial, which resulted in common control on unbundling, were settled. This resulted in a pro rata R60 million transfer from the common control reserve to retained income.*
- *The remaining portion of vested plans in the share-based payment reserve of R31 million was transferred to retained income.*
- *Statutory reserve allocation of R1 million from retained earnings to other reserves in line with the regulatory requirements of Motus Trading Shanghai Company Limited.*

Share-based payment reserve Rm	Foreign currency translation reserve Rm	Statutory reserves Rm	Premium paid on the purchase of non-controlling interests Rm	Total other reserves Rm	Retained income Rm	Attributable to the owners of Motus Rm	Non-controlling interests Rm	Total equity Rm
191	(5)	12	(896)	(698)	10 480	12 052	114	12 166
–	121	–	–	121	3 290	3 971	55	4 026
–	–	–	–	–	3 290	3 290	48	3 338
–	121	–	–	121	–	681	7	688
–	–	–	–	–	–	(1 217)	–	(1 217)
–	–	–	–	–	–	(134)	–	(134)
(64)	–	–	–	(64)	–	–	–	–
–	–	–	–	–	–	–	1	1
–	–	–	(27)	(27)	–	(27)	(13)	(40)
100	–	–	–	100	–	100	–	100
–	–	–	–	–	(928)	(928)	(36)	(964)
–	–	–	–	–	–	106	–	106
(21)	–	3	–	(18)	97	–	–	–
–	–	–	–	–	1	1	–	1
206	**116**	**15**	**(923)**	**(586)**	**12 940**	**13 924**	**121**	**14 045**
–	1 393	–	–	1 393	3 354	5 864	65	5 929
–	–	–	–	–	3 354	3 354	56	3 410
–	1 393	–	–	1 393	–	2 510	9	2 519
–	–	–	–	–	–	(62)	–	(62)
–	–	–	–	–	–	(39)	–	(39)
(192)	–	–	–	(192)	–	–	–	–
101	–	–	–	101	–	101	–	101
–	–	–	–	–	(1 239)	(1 239)	(52)	(1 291)
–	–	–	–	–	–	(923)	–	(923)
31	–	1	–	32	28	–	–	–
4	–	(1)	–	3	(2)	1	1	2
150	**1 509**	**15**	**(923)**	**751**	**15 081**	**17 627**	**135**	**17 762**
							2.4	

Segment financial position

as at 30 June 2023	Group 2023 Rm	Group 2022 Rm	Import and Distribution 2023 Rm	Import and Distribution 2022 Rm
Financial position				
Assets				
Goodwill and intangible assets	6 572	1 959	4	3
Carrying value of associates and joint ventures (excluding loans to associates)	204	194	–	37
Property, plant and equipment	8 188	7 201	628	607
Investment properties	121	130	121	130
Right-of-use assets	3 410	2 046	23	19
Investments and other financial instruments	258	320	4	4
Vehicles for hire	3 920	3 677	931	1 072
Inventories	32 302	18 966	6 960	3 648
Trade and other receivables[1]	7 571	5 330	2 661	2 468
Operating assets	62 546	39 823	11 332	7 988
– South Africa	34 978	26 689	11 332	7 988
– International	27 568	13 134	–	–
Liabilities				
Contract liabilities[2]	3 086	3 021	–	–
Lease liabilities	3 768	2 347	25	23
Provisions	1 115	983	292	268
Trade and other payables[1]	24 396	16 147	3 571	4 579
Other financial liabilities	37	62	–	–
Operating liabilities	32 402	22 560	3 888	4 870
– South Africa	14 976	13 970	3 888	4 870
– International	17 426	8 590	–	–
Net working capital	14 362	7 166	5 758	1 269
– South Africa	12 246	5 831	5 758	1 269
– International	2 116	1 335	–	–
Core debt[3]	12 042	4 169	4 692	903
– South Africa	11 554	4 459	4 692	903
– International	488	(290)	–	–
Net debt	13 712	5 036	4 692	903
– South Africa	12 315	4 706	4 692	903
– International	1 397	330	–	–
Net capital expenditure	(1 849)	(2 866)	(224)	(651)
– South Africa	(1 535)	(2 719)	(224)	(651)
– International	(314)	(147)	–	–
Non-current assets (including equity investment in associates and joint ventures, excluding investments, deferred tax and other financial instruments)	18 525	11 560	776	796
– South Africa	8 035	6 825	776	796
– International	10 490	4 735	–	–
United Kingdom	8 848	3 180	–	–
Other regions (Australia and South East Asia)[4]	1 642	1 555	–	–

1 Includes amounts pertaining to derivative financial instruments.
2 Relates to service and maintenance contracts.
3 Core debt has been included to enhance disclosure. The comparative amounts have been amended to align with that of the current financial year.
4 Retail and Rental operates in Australia and Aftermarket Parts operates in South East Asia.

Retail and Rental		Mobility Solutions		Aftermarket Parts		Head Office and Eliminations	
2023 Rm	2022 Rm	**2023 Rm**	2022 Rm	**2023 Rm**	2022 Rm	**2023 Rm**	2022 Rm
1 546	1 074	**12**	19	**4 993**	859	**17**	4
32	29	**55**	4	**113**	120	**4**	4
6 822	6 088	**160**	136	**518**	322	**60**	48
–	–	**–**	–	**–**	–	**–**	–
2 058	1 720	**1**	1	**1 328**	306	**–**	–
–	–	**252**	315	**6**	5	**(4)**	(4)
2 988	2 591	**1 000**	1 143	**–**	–	**(999)**	(1 129)
21 094	12 389	**417**	349	**3 897**	2 630	**(66)**	(50)
4 112	3 090	**366**	441	**2 065**	940	**(1 633)**	(1 609)
38 652	26 981	**2 263**	2 408	**12 920**	5 182	**(2 621)**	(2 736)
19 797	15 436	**2 263**	2 408	**4 175**	3 598	**(2 589)**	(2 741)
18 855	11 545	**–**	–	**8 745**	1 584	**(32)**	5
110	86	**2 976**	2 935	**–**	–	**–**	–
2 339	1 988	**–**	1	**1 404**	335	**–**	–
410	291	**253**	236	**82**	4	**78**	184
19 851	11 811	**571**	706	**2 358**	1 524	**(1 955)**	(2 473)
33	47	**–**	–	**–**	11	**4**	4
22 743	14 223	**3 800**	3 878	**3 844**	1 874	**(1 873)**	(2 285)
7 709	6 156	**3 800**	3 878	**1 428**	1 355	**(1 849)**	(2 289)
15 034	8 067	**–**	–	**2 416**	519	**(24)**	4
4 945	3 377	**(41)**	(152)	**3 522**	2 042	**178**	630
4 464	2 609	**(41)**	(152)	**1 880**	1 475	**185**	630
481	768	**–**	–	**1 642**	567	**(7)**	–
4 252	2 504	**(4 270)**	(4 148)	**4 564**	1 587	**2 804**	3 323
5 016	2 431	**(4 270)**	(4 212)	**1 857**	1 203	**4 259**	4 134
(764)	73	**–**	64	**2 707**	384	**(1 455)**	(811)
5 412	3 181	**(3 760)**	(3 958)	**4 564**	1 587	**2 804**	3 323
5 267	2 488	**(3 760)**	(4 022)	**1 857**	1 203	**4 259**	4 134
145	693	**–**	64	**2 707**	384	**(1 455)**	(811)
(1 640)	(2 086)	**(64)**	(434)	**(140)**	(101)	**219**	406
(1 392)	(1 942)	**(64)**	(434)	**(74)**	(98)	**219**	406
(248)	(144)	**–**	–	**(66)**	(3)	**–**	–
10 458	8 911	**228**	160	**6 952**	1 607	**111**	86
5 558	4 759	**228**	160	**1 362**	1 024	**111**	86
4 900	4 152	**–**	–	**5 590**	583	**–**	–
3 372	2 705	**–**	–	**5 476**	475	**–**	–
1 528	1 447	**–**	–	**114**	108	**–**	–

Segment profit or loss

for the year ended 30 June 2023	Group 2023 Rm	Group 2022 Rm	Import and Distribution 2023 Rm	Import and Distribution 2022 Rm
Profit or loss				
Revenue	**106 321**	91 978	**24 596**	23 883
– South Africa	**65 650**	61 493	**24 596**	23 883
– International	**41 555**	31 381	**–**	–
United Kingdom	**31 851**	23 188	**–**	–
Other regions (Australia and South East Asia)[1]	**9 704**	8 193	**–**	–
– Eliminations between geographic regions	**(884)**	(896)	**–**	–
Earnings before interest, taxation, depreciation and amortisation	**8 083**	6 785	**1 768**	1 798
– South Africa	**5 887**	5 410	**1 768**	1 798
– International	**2 218**	1 398	**–**	–
– Eliminations between geographic regions	**(22)**	(23)	**–**	–
Depreciation, amortisation and impairments net of recoupments	**(2 383)**	(1 886)	**(353)**	(296)
– South Africa	**(1 667)**	(1 467)	**(353)**	(296)
– International	**(716)**	(419)	**–**	–
Operating profit before capital items and net foreign exchange gains	**5 723**	5 029	**1 416**	1 508
– South Africa	**4 250**	4 074	**1 416**	1 508
– International	**1 495**	978	**–**	–
– Eliminations between geographic regions	**(22)**	(23)	**–**	–
Finance costs	**(1 399)**	(561)	**(515)**	(195)
– South Africa	**(1 035)**	(430)	**(515)**	(195)
– International	**(364)**	(131)	**–**	–
Finance income	**47**	65	**127**	76
– South Africa	**25**	64	**127**	76
– International	**22**	1	**–**	–
Other capital costs	**(51)**	(104)	**–**	–
– South Africa	**(52)**	(41)	**–**	–
– International	**1**	(63)	**–**	–
Profit/(loss) before tax	**4 357**	4 473	**1 142**	1 507
– South Africa	**3 293**	3 681	**1 142**	1 507
– International	**1 086**	815	**–**	–
– Eliminations between geographic regions	**(22)**	(23)	**–**	–
Income tax expense	**(947)**	(1 135)	**(200)**	(300)

[1] *Retail and Rental operates in Australia and Aftermarket Parts operates in South East Asia.*

Retail and Rental		Mobility Solutions		Aftermarket Parts		Head Office and Eliminations	
2023 Rm	2022 Rm	**2023 Rm**	2022 Rm	**2023 Rm**	2022 Rm	**2023 Rm**	2022 Rm
84 404	74 209	**2 291**	2 107	**12 406**	8 163	**(17 376)**	(16 384)
48 506	44 583	**2 291**	2 107	**7 605**	7 304	**(17 348)**	(16 384)
35 898	29 626	**–**	–	**5 685**	1 755	**(28)**	–
27 513	22 693	**–**	–	**4 366**	495	**(28)**	–
8 385	6 933	**–**	–	**1 319**	1 260	**–**	–
–	–	**–**	–	**(884)**	(896)	**–**	–
4 078	3 455	**1 310**	1 165	**1 493**	802	**(566)**	(435)
2 727	2 294	**1 310**	1 165	**644**	580	**(562)**	(427)
1 351	1 161	**–**	–	**871**	245	**(4)**	(8)
–	–	**–**	–	**(22)**	(23)	**–**	–
(1 542)	(1 344)	**(190)**	(164)	**(462)**	(176)	**164**	94
(1 102)	(969)	**(190)**	(164)	**(186)**	(132)	**164**	94
(440)	(375)	**–**	–	**(276)**	(44)	**–**	–
2 550	2 206	**1 141**	1 004	**1 043**	644	**(427)**	(333)
1 643	1 420	**1 141**	1 004	**473**	466	**(423)**	(324)
907	786	**–**	–	**592**	201	**(4)**	(9)
–	–	**–**	–	**(22)**	(23)	**–**	–
(1 110)	(525)	**(77)**	(60)	**(369)**	(108)	**672**	327
(709)	(386)	**(75)**	(60)	**(206)**	(97)	**470**	308
(401)	(139)	**(2)**	–	**(163)**	(11)	**202**	19
150	21	**–**	–	**3**	3	**(233)**	(35)
9	14	**–**	–	**1**	2	**(112)**	(28)
141	7	**–**	–	**2**	1	**(121)**	(7)
(28)	(65)	**–**	(39)	**(23)**	–	**–**	–
(28)	(65)	**–**	24	**(24)**	–	**–**	–
–	–	**–**	(63)	**1**	–	**–**	–
1 552	1 540	**1 058**	904	**646**	543	**(41)**	(21)
900	885	**1 060**	967	**243**	371	**(52)**	(49)
652	655	**(2)**	(63)	**425**	195	**11**	28
–	–	**–**	–	**(22)**	(23)	**–**	–
(406)	(452)	**(202)**	(218)	**(160)**	(134)	**21**	(31)

Segment profit or loss (continued)

for the year ended 30 June 2023	Group 2023 Rm	Group 2022 Rm	Import and Distribution 2023 Rm	Import and Distribution 2022 Rm
Additional information				
Revenue by nature				
Sale of goods	**95 417**	82 339	**24 530**	23 809
– New motor vehicle sales	**49 472**	43 746	**20 864**	20 576
– Pre-owned vehicle sales	**23 327**	21 353	**1 281**	1 018
– Parts and other goods sales	**22 618**	17 240	**2 385**	2 215
Rendering of services	**10 904**	9 639	**66**	74
– Vehicle workshops, maintenance, service and warranty	**6 239**	5 617	**44**	49
– Motor vehicle rental	**2 636**	2 123	**–**	–
– Fees on vehicles, parts and services sold	**2 029**	1 899	**22**	25
Total revenue	**106 321**	91 978	**24 596**	23 883
Classified as follows[1]:				
– Revenue recognised at a point in time	**102 182**	88 581	**24 574**	23 861
– Revenue recognised over a period of time (maintenance, service and warranty revenue)	**1 481**	1 252	**–**	–
– Motor vehicle and property rental	**2 658**	2 145	**22**	22
Inter-group revenue	**–**	–	**(16 256)**	(15 482)
Total external revenue	**106 321**	91 978	**8 340**	8 401
Depreciation, amortisation and impairments net of recoupments	**(2 383)**	(1 886)	**(353)**	(296)
– Depreciation and amortisation	**(2 400)**	(1 795)	**(352)**	(302)
– Profit/(losses) on disposals and impairments	**17**	(91)	**(1)**	6
(Costs)/income included in profit before tax				
Fair value movements on preference share arrangements	**308**	294	**–**	–
Total employee costs	**(8 680)**	(7 307)	**(448)**	(452)
Operating lease charges	**(221)**	(237)	**(12)**	(11)
Movements in expected credit losses	**(46)**	(77)	**6**	(9)
Net foreign exchange gains/(losses)	**20**	135	**115**	113
Share of results from associates and joint ventures	**40**	39	**–**	12
Operating margin (%)	**5,4**	5,5	**5,8**	6,3

[1] *The revenue classification has been included in the current financial year to enhance disclosure. The comparative amounts have been amended to align with that of the current financial year. Refer to 8.1 – Revenue for additional information.*

Retail and Rental		Mobility Solutions		Aftermarket Parts		Head Office and Eliminations	
2023 Rm	2022 Rm	**2023 Rm**	2022 Rm	**2023 Rm**	2022 Rm	**2023 Rm**	2022 Rm
75 190	66 158	**11**	–	**12 326**	8 081	**(16 640)**	(15 709)
42 199	36 378	**–**	–	**–**	–	**(13 591)**	(13 208)
23 277	21 220	**11**	–	**–**	–	**(1 242)**	(885)
9 714	8 560	**–**	–	**12 326**	8 081	**(1 807)**	(1 616)
9 214	8 051	**2 280**	2 107	**80**	82	**(736)**	(675)
4 871	4 316	**1 583**	1 490	**–**	–	**(259)**	(238)
2 430	1 928	**497**	443	**–**	–	**(291)**	(248)
1 913	1 807	**200**	174	**80**	82	**(186)**	(189)
84 404	74 209	**2 291**	2 107	**12 406**	8 163	**(17 376)**	(16 384)
81 853	72 281	**434**	412	**12 406**	8 163	**(17 085)**	(16 136)
121	–	**1 360**	1 252	**–**	–	**–**	–
2 430	1 928	**497**	443	**–**	–	**(291)**	(248)
(597)	(452)	**(476)**	(424)	**(47)**	(33)	**17 376**	16 391
83 807	73 757	**1 815**	1 683	**12 359**	8 130	**–**	7
(1 542)	(1 344)	**(190)**	(164)	**(462)**	(176)	**164**	94
(1 534)	(1 252)	**(184)**	(163)	**(468)**	(178)	**138**	100
(8)	(92)	**(6)**	(1)	**6**	2	**26**	(6)
–	–	**308**	294	**–**	–	**–**	–
(5 699)	(5 155)	**(568)**	(540)	**(1 787)**	(957)	**(178)**	(203)
(199)	(200)	**–**	(2)	**(10)**	(54)	**–**	30
(48)	(16)	**2**	(8)	**(7)**	(11)	**1**	(33)
(2)	(3)	**–**	–	**(15)**	2	**(78)**	23
6	3	**15**	2	**18**	21	**1**	1
3,0	3,0			**8,4**	7,9		

Notes to the consolidated annual financial statements

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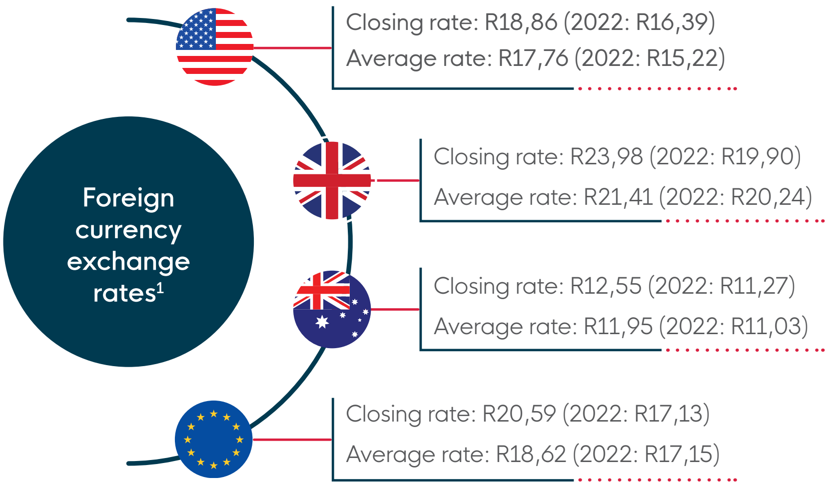
1. Accounting framework and critical judgements

1.1 Basis for preparation

The audited consolidated and separate annual financial statements have been prepared in accordance with IFRS and its interpretations adopted by the International Accounting Standards Board in issue and effective for the Group at 30 June 2023 and the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the Companies Act and the JSE Listings Requirements.

The preparation of the audited consolidated and separate annual financial statements are in conformity with IFRS and requires the use of certain critical accounting estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the audited consolidated and separate annual financial statements have been disclosed in note 1.5 – Critical accounting judgements, estimates and assumptions.

The audited consolidated and separate annual financial statements are presented in South African Rand (ZAR), the functional currency of the Group and the Company and all amounts are rounded to the nearest million, except where otherwise indicated. Foreign currency exchange rates used in the preparation and converting into Rand are set out below:



[1] *Average rates represent the average rates for the financial year.*

The foreign currency translation reserve consists of the accumulation of the exchange rate differences that occur when translating the foreign subsidiaries from their functional currency into the Group's functional currency. On disposal of the investment, the accumulated foreign currency translation reserve related to the foreign subsidiary is recognised in profit or loss. The reduction of an investment in a foreign subsidiary that does not result in loss of control is not treated as a disposal.

The audited consolidated and separate annual financial statements have been prepared on the historical cost basis, except for the following significant items included in the consolidated statement of financial position:

Item	Measurement	Note
Derivative financial instruments		
– Forward exchange contracts	Fair value	4.3 – Currency and hedge accounting
– Interest rate derivative contracts	Fair value	6.1 – Interest-bearing debt
Investment in preference shares	Fair value	3.5 – Investment and other financial instruments
Common control reserve	The differential between the purchase consideration originally paid and that of the Group	1.2 – Business combinations including common control transactions
Share-based payment reserve	Fair value	10.2 – Employee incentive schemes

1. Accounting framework and critical judgements (continued)

1.2 Business combinations including common control transactions

The Group's businesses prior to their unbundling from Imperial did not historically constitute a combined legal group. The historical audited consolidated and separate annual financial statements of the Group are prepared on the assumption that the Company and its subsidiaries Motus Capital Proprietary Limited, Motus Corporation Proprietary Limited and Motus Group Limited traded together as a legal group.

IFRS does not provide guidance on the accounting for common control transactions. In the absence of specific guidance relating to common control transactions, entities should select an appropriate accounting policy using the hierarchy described in IAS 8. The hierarchy permits the consideration of pronouncements of other standard-setting bodies. The acquisition by Motus Holdings Limited of Motus Capital Proprietary Limited, Motus Corporation Proprietary Limited and Motus Group Limited in prior years meets the definition of a common control transaction as all the combining entities were ultimately controlled by the same party, being Imperial, before and after the combination, and that control was not transitory.

The following principles of US GAAP have been applied to the transfer of assets between entities under common control and IFRS principles for business combinations:

- When accounting for a transfer of assets or exchange of shares between entities under common control, the entity that receives the net assets or the equity interests shall initially measure the recognised assets and liabilities transferred at their carrying amounts in the accounts of the transferring entity at the date of transfer. If the carrying amounts of the assets and liabilities transferred differ from that of the parent of the entities under common control, for example, because fair value adjustments in business combinations have been recognised on consolidation, then the annual financial statements of the receiving entity shall reflect the transferred assets and liabilities at the historical cost of the transferring entity. As a result, the receiving entity effectively applies pushdown accounting in its audited consolidated annual financial statements.
- There is no change in the basis for the net assets received because there is no change in control over the net assets or equity interests from the parent's perspective. Any difference between any proceeds transferred and the carrying amounts of the net assets received is recognised in equity as a common control reserve arising on common control transactions in the receiving entity's audited consolidated annual financial statements. No additional goodwill is created.
- Transactions with parties external to the Group where a change in shareholding occurred, have been accounted for at the effective date of the change in shareholding. Subsidiaries and associates which were sold to external parties to the Group had their share of assets and profits included in the consolidated results when legal ownership was held.
- The purchase price for the acquisitions of Motus Capital Proprietary Limited, Motus Corporation Proprietary Limited and Motus Group Limited had been compared to their historical cost in Imperial in determining the common control for the periods 30 June 2015 to the date of unbundling.
- Where businesses or assets that were acquired under the common control principle, are disposed of, the attributable common control relating to the underlying assets will be derecognised directly through equity, this will result in the attributable common control reserve being transferred to retained earnings. Where businesses or assets that were acquired under the common control principle, are disposed of internally, the attributable common control relating to the underlying assets will be transferred to the acquiree.
- At the acquisition date for business combinations not under common control, the identifiable assets acquired and liabilities assumed are measured at fair values except for deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements which are recognised and measured in accordance with IAS 12 and IAS 19 respectively.
- The excess of the aggregate of the consideration transferred, the non-controlling interest and the acquisition date fair value of previously held equity interest over the fair value of the identifiable net assets acquired is recognised as goodwill.
- The non-controlling interests are measured at their proportionate share of the fair value of the identifiable assets acquired and liabilities assumed.
- When the consideration transferred includes a contingent consideration, that contingent consideration is recognised as a liability and measured at its acquisition date fair value and included in the consideration transferred in a business combination. The contingent consideration is remeasured at subsequent dates to its fair value through profit or loss.
- When the business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value with the resulting gain or loss recognised in profit or loss at the acquisition date.

1. Accounting framework and critical judgements (continued)

1.2 Business combinations including common control transactions (continued)

- If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Group reports provisional amounts for the items where the accounting is incomplete. Those provisional amounts are adjusted during the measurement period where applicable.
- Any increases or decreases in ownership interests in subsidiaries without a change in control are recognised as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any differences between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received are recognised directly in equity and attributed to the owners of the entity. These changes in ownership that have occurred in the respective historical financial years is reflected as such to present the legal ownership applicable for that period.
- The equity method of accounting for associates and joint ventures is adopted in the audited consolidated annual financial statements. In applying the equity method, account is taken of the Group's share of accumulated retained earnings and movements in reserves from the effective dates on which the group of or separate companies became associates and up to the effective dates of disposal. In the event of associates making losses, the Group recognises losses to the extent of the Group's exposure.

1.3 Going concern

The Group's results for the 12 months to June 2023 reflect strong strategic and operational achievements, which supported a resilient financial performance in a challenging and evolving trading environment.

The automotive industry is absorbing inflationary pressures, rising interest rates and a heightened global cost-of-living crisis in all geographies we operate in. The Group has responded well, supported by cost containment, resilient demand, supply chain normalisation and continued funding by the banks.

	2023 Rm	2022 Rm	% change
Total equity	**17 762**	14 045	26
Core debt	**12 042**	4 169	>100
Net debt	**13 712**	5 036	>100
Total banking facilities (excluding floorplans)	**17 393**	11 278	54
– Committed	**17 093**	10 388	65
– Uncommitted	**300**	890	(66)
Cash generated by operations before changes in net working capital	**7 837**	6 909	13
Cash generated by operations before capital expenditure on vehicles for hire	**90**	4 835	(98)

When managing its cash and banking resources, the Group's objectives are to safeguard its ability to continue as a going concern and strive to create long-term value for stakeholders through strategic clarity, capital allocation, financial discipline, operational excellence, and strict cash utilisation.

The Board has reviewed and approved the Group and Company forecasts prepared by management and the solvency and liquidity positions. The forecast includes a detailed consolidated statement of financial position, profit or loss and cash flows.

Due to the inherent level of uncertainty over key assumptions used in the Group's projections, a sensitivity analysis has been performed to model the impact of adverse trends on the Group's ability to operate as a going concern. The result indicated that the Group remains a going concern in these adverse situations. The projections assumed that the Group would continue to trade with no significant restrictions over the next 12 months.

Notes to the consolidated annual financial statements (continued)

1. Accounting framework and critical judgements (continued)

1.3 Going concern (continued)

The Group has access to fixed and variable interest-bearing debt facilities with financial institutions and floorplan facilities with financial institutions and suppliers.

In terms of the banking agreements, the following bank covenants are in place:

- The net debt to Adjusted EBITDA must be below 3,0 times; and
- The Adjusted EBITDA to Adjusted net interest must be above 3,0 times.

The Group has complied with these banking covenants as at 30 June 2023, with net debt to Adjusted EBITDA at 1,8 times (2022: 0,8 times) and Adjusted EBITDA to Adjusted net interest at 6,4 times (2022: 17,9 times).

This compliance is expected to continue into the foreseeable future as the Group has sufficient unutilised banking facilities available to fund normal trading operations.

The Group is not currently involved in any significant litigation that could significantly affect the Group's ability to operate as a going concern.

The Group's assets are adequately insured or, in certain instances, self-insured where the Group considers the risks are of such a nature that it can be self-insured without creating undue risk to the Group. The full extent of the insurance cover and self-insurance arrangements have been reviewed by senior management and is considered acceptable.

Based on this review, the Board concluded that there is a reasonable expectation that the Group and Company will continue to meet its obligations as they fall due and that the Group would remain comfortably within the existing bank facility limits, with significant headroom, for at least the next 12 months from the date of approval of these audited consolidated and separate annual financial statements.

The Board considers it appropriate to adopt the going concern assumption in preparing the audited consolidated and separate annual financial statements.

1.4 Accounting policies

Accounting policies for which no choice is permitted in terms of IFRS have been included only if senior management concluded that the disclosure would assist users in understanding the audited consolidated and separate annual financial statements as a whole and considering the significance of the item discussed. Accounting policies that are not applicable from time to time have been removed but will be included if the type of transaction occurs in future or becomes material to the understanding of the audited consolidated and separate annual financial statements. Accounting policies that refer to "consolidated" or "Group" apply equally to the consolidated annual financial statements and the separate annual financial statements of the Company, where relevant.

The accounting policies applicable to each note, together with its critical judgements applicable, are included in related notes to the audited consolidated and separate annual financial statements and are consistent with the prior financial year with the exception of new and revised policies as required by new and revised IFRS issued and in effect.

The amendments made to IAS 16, IAS 37 and IFRS 3 as well as the annual improvements made to IFRS 9 and IFRS 16 were applicable to the current financial year and had no significant impact on the results of the Group.

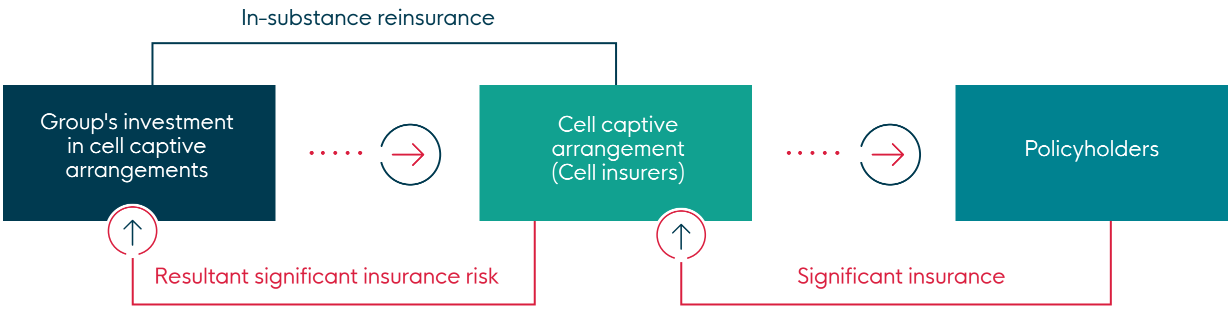
1. Accounting framework and critical judgements (continued)

1.4 Accounting policies (continued)

Adoption of IFRS 17

IFRS 17 was introduced to replace IFRS 4, an interim standard that permitted entities to use a wide variety of accounting practices for insurance contracts.

The Group will apply IFRS 17 to the investment in preference shares (the cell captive arrangements) for the 2024 financial year. The Group offers life and non-life insurance products to its customers through contractual cell captive arrangements with registered insurance companies (the cell captive insurers) that transfer certain risks and rewards associated with the insurance activities to the Group. In terms of IFRS 17, the cell captive arrangements are considered to have transferred significant insurance risk to the Group due to the contractual requirement imposed on the Group to maintain the capital requirements of the cells and the settlement of existing liabilities. The cell captive arrangements create an in-substance reinsurance contract relationship between the Group and the cell insurers, with the Group acting as an in-substance reinsurer to the cell captive arrangements.



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

The Group is working closely with the cell captive insurers, the Group's actuaries, and external service providers to finalise the transition results and the impact on the audited consolidated and separate financial statements is still currently being assessed.

1.5 Critical accounting judgements, estimates and assumptions

When preparing the audited consolidated and separate annual financial statements, it is necessary that senior management makes several accounting estimates and judgements that affect the results disclosed. The estimates and underlying assumptions are reviewed on an ongoing basis.

The critical accounting judgements, estimates and assumptions identified are those that have a risk of resulting in a significant adjustment. The estimates are expectations of the future, or other sources of estimation uncertainty, based on assumptions. These assumptions are to the extent possible supported by historical trends or reasonable expectations.

Accounting judgements are made when applying accounting policies. Critical accounting judgements are the judgements made, that can have a significant impact on the amounts recognised in the audited consolidated and separate annual financial statements.

Senior management believes that the estimates are the most likely outcome of future events. Senior management bases the estimates on historical experience and other assumptions that are reasonable under the given circumstances. Actual results may differ from these estimates under different assumptions or conditions.

Notes to the consolidated annual financial statements (continued)

1. Accounting framework and critical judgements (continued)

1.5 Critical accounting judgements, estimates and assumptions (continued)

Further information on the areas that involve a significant degree of judgement, assumption and estimation can be obtained in the respective notes.

Note		Critical judgement, assumption or estimate
Consolidated annual financial statements		
2.1	– Goodwill	Identification of CGUs as well as the estimation of future cash flows, growth rates and discount rates used when assessing the CGUs for impairment.
2.2	– Intangible assets	Identification of separately identifiable intangible assets and valuation thereof. Identification of CGUs as well as the estimation of the useful lives of the intangible assets. Estimation of future cash flows, growth rates and discount rates used when assessing the indefinite useful life intangible asset for impairment.
2.3	– Investments in associates and joint ventures	Assessment of control over Ukhamba.
3.1	– Property, plant and equipment	Estimation of residual values and useful lives of property, plant and equipment. Estimation of future cash flows, growth rates and discount rates used when assessing the owner-occupied properties for impairment.
3.2	– Investment properties	Estimation of future cash flows, growth rates and discount rates used when determining the value of the investment properties.
3.4	– Vehicles for hire	Estimation of residual values and useful lives of the vehicles for hire.
3.6.1	– Inventories	Estimation in the calculation of the NRV of inventory.
3.6.2	– Trade and other receivables	Forward looking information utilised in the expected credit loss model.
3.6.4	– Floorplans from suppliers	Assumptions applied in the classification of the floorplans from suppliers and those from financial institutions.
3.6.5.1	– Provisions	Estimation of amount and timing of settlement.
3.7	– Contract liabilities	Estimates of inputs used to determine the stage of completion or the burn rates of the contracts and related revenue recognition.
4.3	– Currency risk and hedge accounting	Assumptions applied in determining the forecasted purchases and delivery dates.
4.4.2	– Fair value of financial instruments	Estimation of future cash flows, growth rates, discount rates, solvency capital rate and effective interest rates used when determining the fair value of the investments in preference shares.
6.1	– Interest-bearing debt	Assumptions applied in the classification of the floorplans from financial institutions and those from suppliers.
7.2	– Deferred tax	Recoverability of deferred tax assets in respect of future taxable profits.
10.2	– Employee incentive schemes	Estimates and assumptions applied when determining the inputs into the valuation models at inception.
Separate annual financial statements		
2	– Investment in subsidiaries	Estimation of future cash flows, growth rates and discount rates used when assessing the investments for impairment or reversal of impairment.

1. Accounting framework and critical judgements (continued)

1.6 Basis of preparation of segment information

Operating segments are reported in a manner consistent with the internal reporting requirements of the Group as provided to the chief operating decision makers, being the CEO and the CFO. The chief operating decision makers are responsible for allocating resources and assessing the performance of the operating segments. The operations have been allocated to each operating business segment based on senior management's assessment of their core operating activities, nature of the revenue streams and where they participate in the automotive value chain. Due to the integrated businesses of Retail and Rental, wherein vehicles are sold to the retail business at the end of the rental term, this is regarded as one operating segment and accordingly, no business segments have been aggregated. Central costs are allocated to the segment which derives the benefits from the costs.

Segment revenue reflects both sales to external parties and intragroup transactions across segments, which are eliminated under Head Office and Eliminations.

The products and services of each of the operating segments are described below:

Motus Holdings Limited

Import and Distribution	Retail and Rental	Mobility Solutions	Aftermarket Parts	Head Office and Eliminiations
Importer and distributor of passenger vehicles, LCVs and parts to serve a network of dealerships, vehicle rental companies, fleets and government institutions in South Africa.	Retailer of new and pre-owned passenger and commercial vehicles across all segments in South Africa and the UK, and passenger vehicles in Australia. Selling of parts and accessories. Servicing and maintenance of vehicles. Rental of passenger vehicles and LCVs in Southern Africa.	Developer, seller, manager and administrator of service, maintenance and warranty contacts and VAPS. Provider of fleet management services, telemetry and business process outsourcing through sophisticated technology and call centre capabilities. Custodian of the Group's data warehouse. Advancing Group innovation, fintech and data capabilities.	Distributor, wholesaler and retailer of parts and accessories mainly for out-of-warranty vehicles in Southern Africa, the UK and Europe. Distribution centres in South Africa, Taiwan, China and the UK.	Centralised treasury functions. Various head office and holding companies. Inter-segmental and other consolidation eliminations.

Revenues are recorded in the country where the sales occur. Revenues between geographical areas within the Group are eliminated in the applicable operating segments.

2. Arising on consolidation

2.1 Goodwill

Goodwill is allocated to the CGU that is expected to benefit from the synergies of the business combination. Goodwill is measured and managed at an operating segment level.

When determining each CGU, the Group considers various factors such as the nature of operations, interdependence of cash flows generated and how the operations are practically managed and measured.

None of the goodwill arising on the acquisitions during the financial year is expected to be deductible for tax purposes (2022: Rnil million).

2023	Carrying value at the beginning of the year Rm	Acquisition of businesses[1] Rm	Impairment charge Rm	Currency adjustments Rm	Carrying value at the end of the year Rm
Rental and Retail	1 064	77	(28)	170	1 283
South Africa	–	77	(28)	–	49
– Mercedes Benz Passenger[2]	–	49	–	–	49
– Daimler Truck and Bus[2]	–	14	(14)	–	–
– Richards Bay Multifranchise[3]	–	14	(14)	–	–
United Kingdom	542	–	–	110	652
– Motus Commercials	229	–	–	46	275
– Motus Truck and Van[4]	122	–	–	24	146
– Passenger Division	191	–	–	40	231
Australia Passenger Division	522	–	–	60	582
– SWT	220	–	–	26	246
– Ballarat	302	–	–	34	336
Aftermarket Parts	564	2 198	(24)	460	3 198
South Africa	334	95	(24)	–	405
– Motus Aftermarket Parts	231	95	(24)	–	302
– Vehicle Canopy Operations	103	–	–	–	103
United Kingdom	153	2 103	–	444	2 700
– FAI	153	–	–	31	184
– MPD	–	2 103	–	413	2 516
Taiwan	77	–	–	16	93
– ARCO Motor Industry	77	–	–	16	93
Carrying value of goodwill	1 628	2 275	(52)	630	4 481

[1] Refer to note 2.5 – Business combinations for additional information relating to the acquisition of businesses.
[2] Included in this CGU are the operations acquired as part of the Mercedes Benz retail dealership acquisition.
[3] Included in this CGU are the operations acquired as part of the Hyundai Richards Bay acquisition.
[4] Formerly known as Mercedes Commercials.

2. Arising on consolidation (continued)

2.1 Goodwill (continued)

2022	Carrying value at the beginning of the year Rm	Acquisition of businesses Rm	Impairment charge Rm	Currency adjustments Rm	Carrying value at the end of the year Rm
Rental and Retail	**1 033**	**81**	**(81)**	**31**	**1 064**
South Africa	–	81	(81)	–	–
– Other insignificant goodwill	–	81	(81)	–	–
United Kingdom	536	–	–	6	542
– Motus Commercials	226	–	–	3	229
– Motus Truck and Van[1]	120	–	–	2	122
– Passenger Division	190	–	–	1	191
Australia Passenger Division	497	–	–	25	522
– SWT	210	–	–	10	220
– Ballarat	287	–	–	15	302
Aftermarket Parts	**410**	**156**	**–**	**(2)**	**564**
South Africa	334	–	–	–	334
– Motus Aftermarket Parts	231	–	–	–	231
– Vehicle Canopy Operations	103	–	–	–	103
United Kingdom	–	156	–	(3)	153
– FAI	–	156	–	(3)	153
Taiwan	76	–	–	1	77
– ARCO Motor Industry	76	–	–	1	77
Carrying value of goodwill	1 443	237	(81)	29	1 628

[1] *Formerly known as Mercedes Commercials.*

Impairment testing

The Group tests its assets, including goodwill, for impairment when there is an indicator of impairment or annually. Impairment of goodwill arises when the recoverable amount of the CGU is less than the carrying value, including the goodwill. The recoverable amount is determined as the greater of the fair value less costs to sell and the value in use. The Group has determined the recoverable amount using the value in use method in assessing goodwill for impairment purposes. The model uses cash flow projections based on forecasts approved by senior management for a five-year period, with an appropriate terminal growth rate. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is first allocated to the goodwill and then to the other assets on a pro rata basis.

The Group examines each individual CGU which carries goodwill and routinely impairs all individual amounts lower than R15 million (2022: R15 million). Impairments as a result of the application of the policy during the financial year amounts to R52 million (2022: R 24 million). In the prior financial year, R57 million related to impairments raised as a result of the annual assessments performed.

Notes to the consolidated annual financial statements (continued)

2. Arising on consolidation (continued)

2.1 Goodwill (continued)

Impairment testing (continued)

Assumptions used in determining the recoverable amounts

Cash flow projections

The value in use is calculated using the forecast cash inflows and outflows, expected to be derived from the continuing use of the CGU and its ultimate disposal. Cash flow projections, which are approved by senior management, are based on the Group's best estimate of the future cash flows relating to those assets or CGUs, considering the following:

- Expected revenues, EBITDA, operating margins, working capital requirements and capital expenditure, including replacement capital expenditure on right-of-use assets using past experience but adjusting for the changes in the economic environment in which the CGU operates;
- Volume growth and price increases;
- The Group's market share assumptions in which the CGU operates; and
- Exchange rates used which are consistent with external sources of information.

Growth rates

Growth rates applied are determined based on future trends within the industry and geographic location. Growth rates can fluctuate from year to year based on the assumptions used to determine these rates. The growth rate assumptions include anticipated inflation rates, price increases, exchange rate fluctuations and expected volume growth.

Where publicly published information relating to the long-term average rates is available, senior management will utilise these when determining the appropriate growth rate for the respective CGUs.

The Group used steady growth rates to extrapolate revenues beyond the forecast period for each of the markets in which each of the respective CGUs operates. A conservative growth rate was applied and was based on sustainable earnings and a growth model into perpetuity.

	Compound annual growth rate in revenue prior to terminal period		Terminal growth rate	
	2023 %	2022 %	**2023 %**	2022 %
Rental and Retail				
South Africa				
– Mercedes Benz Passenger	**6,5**		**5,0**	
United Kingdom				
– Motus Commercials	**2,1**	1,8	**1,9**	1,7
– Motus Truck and Van	**2,1**	1,8	**1,9**	1,7
– Passenger Division	**2,1**	1,8	**1,9**	1,7
Australia Passenger Division				
– SWT	**2,0**	2,0	**2,0**	2,0
– Ballarat[1]	**0,6**	2,0	**2,0**	2,0
Aftermarket Parts				
South Africa				
– Motus Aftermarket Parts[2]	**4,6**	5,0	**5,0**	5,0
– Vehicle Canopy Operations	**5,0**	5,0	**5,0**	5,0
United Kingdom				
– FAI	**2,5**	2,5	**2,5**	2,5
– MPD[3]	**5,0**		**2,5**	
Taiwan				
– ARCO Motor Industry[4]	**3,1**	2,5	**2,5**	2,5

[1] *The decline in the compound annual growth rate of Ballarat is attributable to the anticipated exit of an OEM from Australia.*
[2] *The decline in the compound annual growth rate of Motus Aftermarket Parts is attributable to the lagging impact of the floods and riots on customers however, it is expected to stabilise.*
[3] *The compound annual growth rate of MPD is linked to anticipated higher inflation and volume growth.*
[4] *The higher compound annual growth rate of ARCO Motor Industry is linked to the anticipated increase in customer demand.*

2. Arising on consolidation (continued)

2.1 Goodwill (continued)

Impairment testing (continued)

Assumptions used in determining the recoverable amounts (continued)

Discount rates

The discount rates represent the current market assessment of the risks for each CGU, taking into consideration its geographic location, the time value of money and the individual risks of the underlying assets that have not been incorporated in the cash flow projections. The discount rate calculations, as obtained from an independent expert, are derived from the CGU's market-related weighted average cost of capital and take into account the cost of debt, leases and equity for each CGU on a post-tax basis. The pre-tax discount rate is determined using the abovementioned underlying cash flows for each CGU by excluding the effects of taxation and the value in use that was determined by using the post-tax discount rates.

The cost of equity was arrived at by using the CAPM, which, where necessary, takes into account an equity risk premium and a small stock premium. The CAPM uses market betas of comparable entities in arriving at the cost of equity. The cost of debt is based on the future interest rate benchmarks on the interest-bearing debt the CGU is obliged to service. The cost of leases is based on the incremental borrowing rate applicable to the leases within the CGU.

The net debt to equity ratio, including the effect of leases, was determined by applying market value weightings based on theoretical target gearing levels, giving consideration to industry averages and using data of comparable entities.

	Pre-tax discount rate 2023 %	Pre-tax discount rate 2022 %
Rental and Retail		
South Africa		
– Mercedes Benz Passenger	17,5	
United Kingdom		
– Motus Commercials	11,0	10,6
– Motus Truck and Van	11,0	10,6
– Passenger Division	10,4	10,4
Australia Passenger Division		
– SWT	12,5	11,0
– Ballarat	12,1	11,0
Aftermarket Parts		
South Africa		
– Motus Aftermarket Parts	19,9	19,2
– Vehicle Canopy Operations	21,8	21,2
United Kingdom		
– FAI	13,9	13,0
– MPD	13,8	
Taiwan		
– ARCO Motor Industry	16,8	15,6

Sensitivity analysis

The estimated recoverable amounts of most CGUs exceeded their carrying values and due to the significant headroom, they are not impacted by a 10% variation in the cash flow projections, growth rates and discount rates when comparing the carrying value to the recoverable amount. Where this is not the case, the impact is not significant to the Group.

Senior management has used a reasonable possible variation of 10% in the determination of the sensitivity of the key inputs. This has been deemed reasonable based on senior management's expectation of the key inputs to differ from those used and, as such, provides relevant and sufficient guidance on the sensitivity of goodwill.

2. Arising on consolidation (continued)

2.2 Intangible assets

The assumptions regarding the estimated useful lives for the financial year were as follows:

- Customer lists vary between three and 15 years.
- Supplier agreements are indefinite.
- Computer software varies between one and ten years.
- Trademarks and reacquired rights vary between six months and ten years.

When assessing intangible assets with definite useful lives, the Group uses historical experience and other relevant factors, such as the expected future use of the intangible asset, technological advances, current market benchmarks and contractual rights included in the applicable agreements in assessing the useful lives.

The supplier agreements concluded with the OEM are indefinite in nature and will only be terminated on request by one of the counterparties. Senior management has assessed the likelihood of such termination based on historical experience with the OEM and the Group's current strategy and has concluded that the likelihood is remote.

Based on the assessments performed, the estimated useful lives of the intangible assets with definite and indefinite useful lives are reasonable.

	Customer lists Rm	Supplier agreements Rm	Computer software Rm	Trademarks and reacquired rights Rm	Total Rm
As at 30 June 2023					
Cost	1 832	236	252	146	2 466
Accumulated amortisation and impairments	(167)	–	(147)	(61)	(375)
Carrying value	1 665	236	105	85	2 091
Carrying value at the beginning of the year	179	–	83	69	331
Movement during the year					
Acquisition of businesses[1]	1 311	236	–	18	1 565
Additions	–	–	55	1	56
Amortisation	(104)	–	(32)	(12)	(148)
Impairments	–	–	(2)	–	(2)
Currency adjustments	279	–	1	9	289
Carrying value at the end of the year	1 665	236	105	85	2 091

[1] *As part of the acquisitions concluded in the financial year, various intangible assets have been identified and recognised as they meet the requirements of a separately identifiable asset.*

	Customer lists[1] Rm	Computer software Rm	Trademarks[1] Rm	Total Rm
As at 30 June 2022				
Cost	223	235	114	572
Accumulated amortisation and impairments	(44)	(152)	(45)	(241)
Carrying value	179	83	69	331
Carrying value at the beginning of the year	11	63	29	103
Movement during the year				
Acquisition of businesses	193	–	49	242
Additions	–	52	4	56
Amortisation	(21)	(31)	(11)	(63)
Impairments	–	(3)	–	(3)
Currency adjustments	(4)	2	(2)	(4)
Carrying value at the end of the year	179	83	69	331

[1] *Customer lists and trademarks have been disaggregated to enhance disclosure. The comparative amounts have been amended to align with that of the current financial year.*

2. Arising on consolidation (continued)

2.2 Intangible assets (continued)

Intangible assets that have reached the end of their economic useful lives are derecognised. During the financial year, the Group derecognised intangible assets with cost and accumulated amortisation and impairment of R44 million (2022: R34 million) which had no impact on profit or loss.

Identification and valuation of separately identifiable assets

As part of the assessment of assets acquired and liabilities assumed, separately identifiable assets were identified in the form of customer lists, supplier agreements and reacquired rights which are critical to the operation of the businesses.

These intangible assets on acquisition have been measured at fair value using the following inputs:

	Discount rate %	Growth rate %	Terminal growth rate %	Useful life	Fair value Rm
2023					
Customer lists					
– MPD[1]	13,8	2,0 – 6,0	2,1	3 – 15 years	1 288
– Aftermarket Parts franchise stores[2]	16,1	5,0	n/a	Ten years	23
					1 311
Supplier agreements					
– Mercedes Benz retail dealerships[1]	16,1	7,2 – 12,0	4,7	Indefinite	236
Reacquired rights					
– Hyundai Richards Bay[2]	15,2	6,5	n/a	Six months to three years	17

	Discount rate %	Growth rate %	Useful life	Fair value Rm
2022				
Customer lists				
– FAI[2]	13,2	2,0	Ten years	193
Trademark				
– FAI[2]	13,2	2,0	Ten years	49

[1] *The multi-period excess earnings method was applied.*
[2] *The discounted cash flow method was applied.*

Impairment testing

All intangible assets are assessed for impairment where such indicators arise or at least annually for intangible assets with indefinite useful lives. The indicators include the factors assessed in the determination of useful life as outlined above. The intangible assets with definite useful lives are considered on a single standalone basis. Where impairment is required, the intangible asset is written down to the recoverable amount.

Intangible assets with indefinite useful lives are assessed as part of their greater CGU. If the recoverable amount of the CGU, based on the calculated value in use, is less than its carrying amount, the impairment loss is first allocated to the goodwill and then to the other assets, including the intangible assets, on a pro rata basis. Refer to note 2.1 – Goodwill for additional information on impairment testing performed on a CGU level.

The carrying value of the supplier agreements recognised as intangible assets with indefinite useful lives include:

	2023 Rm
Mercedes Benz Passenger	183
Daimler Truck and Bus	53
	236

2. Arising on consolidation (continued)

2.3 Investments in associates and joint ventures

Associates and joint ventures are those entities in which the Group has significant influence, but not control, over financial and operating policies. The assessment of control relating to associates and joint ventures is reassessed annually. The Group's investments in associates and joint ventures are accounted for using the equity method.

	2023 Rm	2022 Rm
Shares at cost	40	47
Share of post-acquisition reserves	164	147
Carrying value of associates and joint ventures	204	194
Loans advanced to associates and joint ventures	73	75
– Less than one year	–	1
– Between one and two years[1]	1	–
– More than five years[2]	72	74
Investments in associates and joint ventures	277	269
Maturity profile		
Current assets expected to be repaid within one year	–	1
Non-current assets expected to be repaid in more than one year	277	268
	277	269

[1] *The loan relates to advances made to Auto MPA Limitada. The loan is interest-free and settlement is expected beyond the current financial year.*
[2] *The loan is a shareholder loan advanced to C2 Computer Investments Proprietary Limited. The loan bears no interest and has no fixed terms of repayment. Settlement is expected beyond the current financial year.*

The Group has assessed the significance of equity-accounted associates and joint ventures. The quantitative factors includes the net asset value of the equity-accounted entity and the entity's contribution to the profitability of the Group. The nature of the business was used as a basis for the qualitative factor.

The following equity-accounted associates are significant to the Group:

	Nature of relationship with the Group	Principal place of business	Statutory year end	Ownership interest/voting rights held 2023 %	Ownership interest/voting rights held 2022 %
Ukhamba Holdings Proprietary Limited	B-BBEE partner who currently owns ordinary and deferred ordinary Motus shares	South Africa	30 June	23,45	23,45
Niterra South Africa Proprietary Limited (Formerly NGK Spark Plugs South Africa Proprietary Limited)	Associate that manufactures and sells spark plugs and other parts	South Africa	31 March[1]	25,00	25,00

[1] *The results are adjusted to align with the Group's financial year end.*

Ukhamba has issued five different classes of shares, namely:

- Class A and B: represent the previous investment held in Imperial ordinary shares prior to the DP World Limited buy out. These classes of shares are still in effect however, there are no longer voting rights attached.
- Class C: represents investments in a portfolio of shares in various companies.
- Class D and E: represent an investment in Motus ordinary shares.

The Group owns two types of shares in Ukhamba, namely the Class E shares and 23,45% of the Class C shares. The Class E shares entitle the Group to receive 46,9% of any remaining listed Motus ordinary shares owned by Ukhamba after the sale of shares to settle bank financing and any other obligations due by Ukhamba. The Class C shares entitles the Group to share in any profits of the remaining investments held by Ukhamba.

2. Arising on consolidation (continued)

2.3 Investments in associates and joint ventures (continued)

The Group applies significant judgement when performing the assessment of control over Ukhamba. Senior management has assessed whether the Group has power over the structure and has concluded that the Group does not have control as it does not have a majority of representatives on the board of Ukhamba.

During the financial year, Ukhamba made changes to its MOI, in anticipation of the unwinding of the structure in 2025. The changes to the MOI triggered a further reassessment of control by senior management. Senior management concluded that the changes to the MOI did not result in control for the Group as the changes to the MOI have not affected the decisions of the board of Ukhamba or the current appointments held by the Board. However, as the Group does have representation on the board of Ukhamba, this remains regarded as an associate of the Group.

In addition, senior management further considered whether the consequential changes to the MOI noted above would trigger an additional IFRS 2 charge by the Group. None of the changes to the MOI and the related terms and conditions of the original arrangement will result in an incremental benefit accruing to the external B-BBEE shareholders when the structure unwinds and therefore there is no additional IFRS 2 exposure to the Group.

The following is summarised financial information for the significant associates at 100%, based on their respective consolidated management accounts or signed annual financial statements, if available, prepared in accordance with IFRS.

	Ukhamba Holdings Proprietary Limited		Niterra South Africa Proprietary Limited	
	2023 Rm	2022[1] Rm	2023 Rm	2022 Rm
Revenue	135	93	600	670
Net profit/(loss) for the year	128	(178)	60	74
Other comprehensive (loss)/income[2]	(98)	450	–	–
Total comprehensive income	30	272	60	74
Total assets	2 133	2 293	601	629
– Non-current assets	2 087	2 225	55	61
– Current assets	46	68	546	568
Total liabilities	1 273	1 385	201	224
– Non-current liabilities	1 270	1 380	37	25
– Current liabilities	3	5	164	199
Total equity	860	908	400	405
The Group's proportional interest in net assets of associate at the beginning of the year	625	529	101	93
Share of total comprehensive income	–	–	15	18
Adjustment relating to the Group's share of investments	4	122	–	–
Dividends received	(35)	(26)	(16)	(10)
The Group's proportional interest in net assets of associate at the end of the year[3]	594	625	100	101
Reversal of fair value adjustment on Motus shares and losses that exceed the Group's net interest in the associate[4]	(594)	(625)	–	–
Carrying value of the interest in the associate at the end of the year	–	–	100	101

[1] *The summarised financial information presented above has been amended. The only material amendment related to the fair value gain on Imperial shares which was incorrectly presented as part of net profit instead of other comprehensive income. This did not have any impact on the consolidated statement of profit or loss, earnings per share measures or the consolidated statement of financial position.*
[2] *The other comprehensive (loss)/income from Ukhamba relates to the fair value adjustment in the investments held in Motus shares.*
[3] *Refer to the below table for the calculation of the Group's proportionate share of net assets in Ukhamba.*
[4] *The Group does not share in the fair value adjustments in Ukhamba's investments in Motus. The remaining investments are loss-making. As the net investment in Ukhamba is Rnil million, no further losses are recognised. The Group is under no obligation to fund future losses.*

The unrecognised losses on Ukhamba for the financial year amounted to R4 million (2022: R7 million). These losses are exclusive of the fair value adjustments relating to the Motus shares, which are reversed on consolidation.

Notes to the consolidated annual financial statements (continued)

2. Arising on consolidation (continued)

2.3 Investments in associates and joint ventures (continued)

Calculation of proportionate share of net assets in Ukhamba

	2023 Rm	2022 Rm
Fair value of the investment Ukhamba holds in Motus	2 087	2 225
Less: Financing payable to Investec	(820)	(892)
Net investment	1 267	1 333
Attributable to the Group at 46,9%	594	625

Contribution from associates and joint ventures

	Significant associates		Individually insignificant associates and joint ventures		Total associates and joint ventures	
	2023 Rm	2022 Rm	2023 Rm	2022 Rm	2023 Rm	2022 Rm
Total comprehensive income for the year attributable to the Group	15	18	25	21	40	39
Carrying value of interest in associates and joint ventures	100	101	104	93	204	194
Number of entities	2	2	10	10	12	12

The following summarised financial information for the Group's interest in individually insignificant associates and joint ventures is based on their respective consolidated management accounts prepared in accordance with IFRS:

	Associates		Joint ventures		Total individually insignificant associates and joint ventures	
	2023 Rm	2022 Rm	2023 Rm	2022 Rm	2023 Rm	2022 Rm
Total comprehensive income for the year attributable to the Group	22	18	3	3	25	21
Carrying value of interest in insignificant associates and joint ventures	98	88	6	5	104	93

Where restrictions exist on the ability to remit funds due to regulatory or economic restrictions in the jurisdictions in which the associate operates, cash dividends are only recognised when dividend income is received. The cumulative unrecognised profits on these associates amounts to R20 million (2022: R17 million).

2. Arising on consolidation (continued)

2.4 Non-controlling interests

The Group has assessed the significance of non-controlling interests. The quantitative factors includes the net asset value of the entity and the entity's contribution to the profitability of the Group. The nature of the business was used as a basis for the qualitative factor.

The following non-controlling interest is significant to the Group:

	Principal place of business	Operating segment	Statutory year end	Ownership interest held by NCI 2023 %	Ownership interest held by NCI 2022 %
ARCO Motor Industry Company Limited	Taiwan	Aftermarket Parts	31 December[1]	**40,0**	40,0

[1] *The results are adjusted to align with the Group's financial year end.*

The following is summarised financial information for the company based on its respective management accounts prepared in accordance with IFRS, modified for fair value adjustments made at the time of acquisition and differences in accounting policies. The information is before intercompany eliminations with other entities in the Group.

	ARCO Motor Industry Company Limited 2023 Rm	ARCO Motor Industry Company Limited 2022 Rm
Revenue	**594**	525
Profit for the year	**118**	112
Other comprehensive income	**9**	11
Total comprehensive income	**127**	123
Total comprehensive income attributable to non-controlling interests	**51**	49
– Profit attributable to non-controlling interests	**47**	45
– Other comprehensive income attributable to non-controlling interests	**4**	4
Total assets	**300**	296
– Non-current assets	**12**	11
– Current assets	**288**	285
Total liabilities	**59**	63
– Current liabilities	**59**	63
Total equity	**241**	233
Equity attributable to non-controlling interests	**96**	93
Purchase price allocation attributable to non-controlling interests	**6**	3
Total non-controlling interest	**102**	96

Notes to the consolidated annual financial statements (continued)

2. Arising on consolidation (continued)

2.4 Non-controlling interests (continued)

Amounts attributable to non-controlling interests

The following summarised financial information for the Group's non-controlling interests is based on their respective management accounts prepared in accordance with IFRS:

	Significant non-controlling interest[1]		Individually insignificant non-controlling interest		Total[1]	
	2023 Rm	2022 Rm	**2023 Rm**	2022 Rm	**2023 Rm**	2022 Rm
Total comprehensive income attributable to non-controlling interests	**51**	52	**14**	3	**65**	55
Carrying value of non-controlling interests	**102**	96	**33**	25	**135**	121

[1] *The prior financial year includes the results of SWT Group Proprietary Limited.*

2.5 Business combinations

Acquisitions during the financial year

The following acquisitions occurred during the financial year:

- MPD was acquired on 3 October 2022 by Motus Holdings UK Limited. The company is a business-to-business parts distributor based in the UK, which primarily supplies passenger and LCV parts to workshops in and around the UK. The company had 173 branches, including 16 regional distribution centres, at the time of the acquisition and forms part of the Aftermarket Parts operating segment.
- The Mercedes Benz retail dealerships were acquired by Motus Group Limited on 1 November 2022. These dealerships include three passenger dealerships in Sandton, Bryanston, Constantia Kloof and a commercial dealership in Roodepoort. These dealerships form part of the Retail South Africa operating segment.
- Hyundai Richards Bay was acquired by Motus Group Limited on 1 May 2023. The multifranchise dealership forms part of the Retail South Africa operating segment.
- Ten franchise stores were acquired in the Aftermarket Parts South Africa operating segment throughout the financial year to complement the existing businesses. Motus Group Limited acquired the underlying assets and liabilities of these businesses.

The Group has assessed the significance of each of the businesses acquired. The quantitative factors included the net asset value of the underlying business, purchase consideration and contribution to the profitability of the Group. The nature of the business was used as the basis for qualitative factors. Based on this assessment, the acquisitions of MPD and the Mercedes Benz retail dealerships were deemed significant.

An assessment of control was performed based on whether the Group has control over the financial and operating policies of these businesses acquired. MPD is a wholly-owned subsidiary, thus obtaining full control of the business. The remaining acquisitions relate to the purchase of the underlying assets and liabilities of the businesses, which were absorbed into Motus Group Limited as operating divisions. On this basis, the Group concluded it has control over the acquired businesses.

2. Arising on consolidation (continued)

2.5 Business combinations (continued)

Acquisitions during the financial year (continued)

The fair value of assets acquired and liabilities assumed were as follows:

	MPD[1] Rm	Mercedes Benz retail dealerships Rm	Other individually insignificant acquisitions: Retail South Africa Rm	Other individually insignificant acquisitions: Aftermarket Parts South Africa Rm	Total[2] Rm
Assets					
Intangible assets	1 288	236	17	24	**1 565**
Property, plant and equipment	121	53	–	19	**193**
Right-of-use assets	760	243	–	–	**1 003**
Deferred tax	35	10	–	–	**45**
Inventories	750	433	44	46	**1 273**
Trade and other receivables	668	–	–	–	**668**
Taxation	13	–	–	–	**13**
Cash resources	101	–	–	–	**101**
	3 736	975	61	89	**4 861**
Liabilities					
Lease liabilities	760	243	–	–	**1 003**
Provisions	65	4	–	–	**69**
Deferred tax	322	64	5	6	**397**
Trade and other payables	859	12	1	1	**873**
Interest-bearing debt[3]	100	–	–	–	**100**
	2 106	323	6	7	**2 442**
Net assets acquired	**1 630**	**652**	**55**	**82**	**2 419**
Total purchase consideration is determined as follows:					
Cash outflow on acquisition of businesses	3 732	715	69	177	**4 693**
Add: Net cash acquired on acquisition	1	–	–	–	**1**
	3 733	715	69	177	**4 694**
Goodwill	**2 103**	**63**	**14**	**95**	**2 275**
Goodwill impaired[4]	–	(14)	(14)	(24)	**(52)**

[1] *The fair value of the assets acquired and liabilities assumed have been remeasured since the initial acquisition, resulting in an R18 million adjustment to the net assets acquired and the resultant goodwill.*
[2] *Due to the recent nature of the acquisitions, the fair value of the assets and liabilities acquired are still regarded as provisional.*
[3] *Relates to bank facilities acquired.*
[4] *The Group examines each individual CGU which carries goodwill and routinely impairs all individual amounts lower than R15 million (2022: R15 million).*

Reasons for the acquisitions

These acquisitions are strategically in line with the Group's objective of achieving economies of scale and increasing our footprint with selective bolt-on acquisitions in local and international markets that complement the Group's existing networks and structures supporting the recognition of goodwill. The various acquisitions in the Aftermarket Parts division will also reduce the Group's dependence on vehicle sales.

Notes to the consolidated annual financial statements (continued)

2. Arising on consolidation (continued)

2.5 Business combinations (continued)

Acquisition costs

Acquisition costs incurred for the business acquisitions during the financial year amounted to R35 million and have been recognised in profit or loss as part of "Net operating expenses".

Impact of the acquisitions on the results of the Group

	Actual contributions			Annualised contributions		
	Revenue Rm	EBITDA Rm	Profit after tax[1] Rm	Revenue Rm	EBITDA Rm	Profit after tax[1] Rm
MPD	3 567	610	228	4 769	816	314
Mercedes Benz retail dealerships	952	39	(35)	1 454	68	(44)
Hyundai Richards Bay	28	(1)	(2)	245	4	(7)
Aftermarket Parts franchise stores	105	12	7	335	49	31
	4 652	660	198	6 803	937	294

[1] *Includes the after-tax impact of depreciation on right-of-use assets and property, plant and equipment, the amortisation of intangible assets arising on business combinations and finance costs incurred on funding and lease liabilities.*

Had all the acquisitions been consolidated from 1 July 2022, the Group's total revenue would have been R108 472 million, EBITDA of R8 360 million and an after-tax profit of R3 506 million.

Separately identifiable intangible assets

The following intangible assets and related deferred tax liability have been recognised as a result of the acquisitions and will be amortised over their appropriate economic useful lives.

	Category	Economic useful lives
MPD	Customer lists	3 – 15 years
Mercedes Benz retail dealerships	Supplier agreements	Indefinite
Hyundai Richards Bay	Reacquired rights	Six months to three years
Aftermarket Parts franchise stores	Customer lists	Ten years

The key inputs and methods used to determine the initial value of the intangible assets are outlined in note 2.2 – Intangible assets.

The excess purchase consideration over the net asset value, including the abovementioned separately identifiable intangible assets along with the related deferred tax liability, is recognised as goodwill. Refer to 2.1 – Goodwill for additional information.

Other details

Trade and other receivables had a gross contractual amount of R675 million and an expected credit loss allowance of R7 million.

2. Arising on consolidation (continued)

2.6 Cash outflow on the acquisition of businesses

	2023 Rm	2022 Rm
Non-current assets	5 081	605
Goodwill	2 275	237
Intangible assets	1 565	242
Property, plant and equipment	193	31
Right-of-use assets	1 003	94
Deferred tax	45	1
Current assets	2 055	583
Inventories	1 273	216
Trade and other receivables	668	176
Taxation	13	2
Cash resources	101	189
Non-current liabilities	(1 469)	(153)
Lease liabilities	(1 003)	(94)
Provisions	(69)	–
Other financial liabilities	–	(12)
Deferred tax	(397)	(47)
Current liabilities	(973)	(158)
Trade and other payables	(873)	(141)
Interest-bearing debt	(100)	(17)
Non-controlling interest	–	(1)
Net assets acquired	4 694	876
Less: Investment in an associate now recognised as a subsidiary	–	(30)
Total purchase consideration	4 694	846
Cash resources acquired	(101)	(189)
Interest-bearing debt acquired	100	–
Cash outflow on the acquisition of businesses	4 693	657

2.7 Cash inflow on the disposal of businesses

During the financial year, the Group disposed of the underlying assets of AMHA Finance Proprietary Limited and Hyundai Namibia Proprietary Limited.

	2023 Rm	2022 Rm
Non-current assets	–	2
Property, plant and equipment	–	2
Current assets	56	19
Inventories	55	19
Trade and other receivables	1	–
Net assets disposed of	56	21
Profit on disposal of businesses	–	13
Cash inflow on disposal of businesses	56	34

3. Operating assets and liabilities

3.1 Property, plant and equipment

Property, plant and equipment mainly comprise the following:

- Land, buildings and leasehold improvements;
- Equipment and furniture; and
- Motor vehicles.

The Group's properties are located in South Africa, the UK and Australia. They mainly relate to retail vehicle dealerships, workshops, depots, warehouses and administrative buildings, which the Group currently occupies.

Land is stated at cost less accumulated impairment and is not depreciated. All other assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation commences when the assets are ready for their intended use and is recognised in profit or loss. Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method.

Depreciation is calculated over the following useful lives:

- Land – indefinite;
- Buildings – varies between eight and 50 years;
- Leasehold improvements – varies between two and 50 years;
- Equipment and furniture – varies between three and 20 years; and
- Motor vehicles – varies between three and ten years.

When assessing the useful lives, the Group uses historical experience and other relevant factors, such as the expected future use of the asset, expected wear and tear, technological obsolescence arising from changes or improvements and legal or similar limits on the use of the asset.

To arrive at the residual value of a building in today's values, the usage of the building and its forecast residual value at the end of its useful life needs to be assessed and thereafter present valued. The assumptions and techniques utilised in determining the residual value of properties are consistent with those utilised in the impairment of properties.

Residual values are also assessed for plant and equipment. In arriving at estimated residual values, the Group considers the existing condition of the asset, the expected condition of the assets at the end of its useful life, technological innovations, product lifecycles, maintenance programmes and projected disposal values.

The Group reassesses the estimated useful lives, residual values and depreciation methods of the property, plant and equipment annually. Actual useful lives, residual values and depreciation methods can vary from those previously estimated, with the effect of any changes in estimate accounted for on a prospective basis. Based on this assessment, the estimated useful lives, residual values and depreciation methods are reasonable.

3. Operating assets and liabilities (continued)

3.1 Property, plant and equipment (continued)

	Land, buildings and leasehold improvements Rm	Equipment and furniture Rm	Motor vehicles Rm	Total Rm
As at 30 June 2023				
Cost	7 847	2 679	724	11 250
Accumulated depreciation and impairments	(920)	(1 751)	(391)	(3 062)
Carrying value	6 927	928	333	8 188
Carrying value at the beginning of the year	6 308	697	196	7 201
Movement during the year				
Acquisition of businesses	38	114	41	193
Additions	378	376	202	956
Re-classification to assets held-for-sale	(21)	–	–	(21)
Re-classification from assets held-for-sale as owner-occupied due to the change in intention	39	–	–	39
Re-classification from assets held-for-sale and now sold	286	–	–	286
Proceeds on disposal	(334)	(20)	(71)	(425)
Profit/(losses) on disposal	38	(1)	14	51
Depreciation	(69)	(293)	(74)	(436)
Impairments	(34)	–	–	(34)
Gain on sale and leaseback transferred to right-of-use assets	17	–	–	17
Currency adjustments	281	55	25	361
Carrying value at the end of the year	6 927	928	333	8 188

Notes to the consolidated annual financial statements (continued)

3. Operating assets and liabilities (continued)

3.1 Property, plant and equipment (continued)

	Land, buildings and leasehold improvements Rm	Equipment and furniture Rm	Motor vehicles Rm	Total Rm
As at 30 June 2022				
Cost	7 112	2 104	421	9 637
Accumulated depreciation and impairments	(804)	(1 407)	(225)	(2 436)
Carrying value	6 308	697	196	7 201
Carrying value at the beginning of the year	6 038	645	189	6 872
Movement during the year				
Acquisition of businesses	8	21	2	31
Disposal of businesses	–	(2)	–	(2)
Additions	507	293	112	912
Re-classification to assets held-for-sale	(80)	–	–	(80)
Re-classification from assets held-for-sale and now sold	98	–	–	98
Proceeds on disposal	(131)	(9)	(64)	(204)
Profit/(losses) on disposal	33	(5)	19	47
Depreciation	(62)	(251)	(66)	(379)
Impairments	(134)	(1)	–	(135)
Currency adjustments	31	6	4	41
Carrying value at the end of the year	6 308	697	196	7 201

Refer to note 11 – Assets classified as held-for-sale for further information.

Impairment testing

All properties are assessed on a three-year cyclical basis for impairment or earlier should an impairment indicator arise. The valuations are performed externally and, in some cases, internally using the income approach method. The valuation is also utilised to assess the residual values of the properties and whether depreciation should be recorded. The recoverable amounts, as determined by the external and internal valuations performed, were lower than the carrying value on certain properties. Impairment losses were recognised in profit or loss for the following operating segments:

	2023 Rm	2022 Rm
Import and Distribution	**–**	20
Retail and Rental	**30**	109
Mobility Solutions	**4**	–
Head Office and Eliminations	**–**	5
	34	134

The recoverable amount of the properties impaired in the financial year was R99 million (2022: R717 million).

3. Operating assets and liabilities (continued)

3.1 Property, plant and equipment (continued)

Impairment testing (continued)

Assumptions used in determining the recoverable amounts

	2023 %	2022 %
Rental growth per annum		
The property valuators approximate future escalations in rental income, taking into account various microeconomic and macroeconomic factors in each geographic location. Net rental income used is the current pre-tax rental given normal arm's length market conditions, after deducting property maintenance and running costs. For each individual property, the rate is adjusted for conditions, contractual or other, that are specific to the property under consideration.		
– South Africa	**6,0**	6,0
– Australia	**3,0**	2,0
In the UK, the arm's length rental for the next financial year is determined by gaining comparable rental evidence in the nearby vicinity for properties of a similar size, use and location.		
Average discount rates		
The discount rates represent the medium-term to long-term view of the market conditions for the property portfolio, taking into consideration the geographic location, the time value of money and the individual risks of the properties.		
– South Africa	**8,6**	6,3
– Australia	**4,4**	2,9
In the UK, discounting is not applied as the arm's length rental utilised is for one year.		
Capitalisation rate		
The capitalisation rate is determined by taking into account the quality and geographic location of each individual property under consideration. This rate is determined with reference to market transactions of comparable properties and takes economic risk factors into consideration.		
– South Africa	**9,3 – 13,0**	9,3 – 13,0
– UK	**6,8 – 8,0**	6,8 – 8,0
– Australia	**5,3 – 7,0**	6,5
Other considerations		
The estimated economic useful lives of all refurbishments is considered to be five years and for properties, this is limited to 20 to 25 years. Where properties have been occupied for five years or longer it is assumed to have been occupied for five years.		

Impairments were raised in the following geographic locations:

	2023 Rm	2022 Rm
South Africa	**34**	125
UK	**–**	9
	34	134

Notes to the consolidated annual financial statements (continued)

3. Operating assets and liabilities (continued)

3.1 Property, plant and equipment (continued)

Security

Property, plant and equipment has been held as security for interest-bearing debt to the value of R504 million (2022: Rnil million). Refer to 6.1 – Interest-bearing debt for additional information.

Capital commitments

The commitments are predominantly for the construction of buildings to be used by the Group. The proceeds from the disposal of properties and existing banking facilities will finance this expenditure.

	2023 Rm	2022 Rm
Contracted	**370**	382
Authorised by the directors, but not contracted	**148**	133
	518	515

3.2 Investment properties

Investment properties are initially measured at cost and subsequently measured in accordance with the cost model as set out in IAS 16.

Depreciation is calculated on a straight-line basis to write off the cost of each component of an asset to its residual value over its estimated useful life as follows:

- Land – indefinite;
- Buildings – 20 years; and
- Carports – 10 years.

When assessing the useful lives, the Group uses historical experience and other relevant factors, such as the expected future use of the properties and the expected wear and tear.

To arrive at the residual value of a building in today's values, the usage of the building and its forecast residual value at the end of its useful life needs to be assessed and thereafter present valued. The assumptions and techniques utilised in determining the residual value of investment properties are consistent with those utilised in the impairment of properties.

Residual values are also assessed for the carports. In arriving at estimated residual values, the Group considers the existing condition of the carports, the expected condition of the assets at the end of their useful lives and planned maintenance programmes.

The Group reassesses the estimated useful lives, residual values and depreciation methods of its investment properties annually. Actual useful lives, residual values and depreciation methods can vary from those previously estimated, with the effect of any changes in estimate accounted for on a prospective basis. Based on this assessment, the estimated useful lives, residual values and depreciation methods are reasonable.

3. Operating assets and liabilities (continued)

3.2 Investment properties (continued)

	2023 Rm	2022 Rm
Cost	194	194
Accumulated depreciation and impairments	(73)	(64)
Carrying value	121	130
Carrying value at the beginning of the year	130	152
Movement during the year		
Depreciation	(9)	(9)
Re-classification from assets held-for-sale and now sold	13	–
Proceeds on disposal	(15)	–
Profit on disposal	2	–
Re-classification to assets held-for-sale	–	(13)
Carrying value at the end of the year	121	130

Rental income amounting to R22 million (2022: R22 million) was earned during the financial year and direct costs of R11 million (2022: R8 million) were incurred.

Refer to note 8.1 – Revenue for further disclosure of the rental income and note 11 – Assets classified as held-for-sale for further disclosure.

Investment properties are valued annually by an external expert using the income approach method. These properties include:

	Operating segment	Location	External utilisation rate[1] 2023 %	External utilisation rate[1] 2022 %	Capitalisation rate 2023 %	Capitalisation rate 2022 %
Storage facilities	Import and Distribution	South Africa	79,4	94,6	10,0 – 10,5	9,3

[1] *The external utilisation rate is based on revenue generated for the financial year.*

These storage facilities are used to store vehicles on behalf of the importers and external parties until they are distributed to the relevant retail dealerships.

Security

No investment properties have been held as security for the interest-bearing debt.

Capital commitments

There are no commitments in place relating to the investment properties.

Movement in fair values of investment properties

The movement in the fair value is as follows:

	2023 Rm	2022 Rm
Opening balance	215	226
Re-classification to assets held-for-sale	–	(14)
Fair value adjustment of properties	45	3
	260	215

No individual property is carried at a value that is higher than its fair value.

3. Operating assets and liabilities (continued)

3.2 Investment properties (continued)

Sensitivity analysis

Senior management has used a reasonable possible variation of 10,0% of net operating income and 1,5% of capitalisation rate in the determination of the sensitivity of the key inputs. These possible variations have been deemed reasonable based on senior management's expectation analysis of the key inputs to differ to those used and as such provides relevant and sufficient guidance on the sensitivity of fair value of investment properties.

The impact of the sensitivity analysis is as follows:

	Fair value Rm	Decrease in carrying value Rm	Increase in carrying value Rm
Fair value of investment properties	260	(55)	73

The process and parameters used in determining impairments and residual values are consistent with those used for the South African properties. Refer to note 3.1 – Property, plant and equipment.

3.3 Leases

The Group leases land and buildings, equipment and motor vehicles. The lease terms vary between one and ten years and, in some cases, have the option to renew for an additional period after the end of the contractual term.

The following is applicable for leases falling within the scope of IFRS 16:

- Where leases are renegotiated, either in terms of payment per month, lease term, or both, the liability is remeasured based on the new parameters at an appropriate incremental borrowing rate. The difference between the previous value of the lease liability and the revised value is then adjusted to the lease liability as well as to the right-of-use asset. The revised values are then amortised over the lease term with regards to the lease liability and depreciated over the updated useful lives in terms of the right-of-use assets.
- Extension and termination options are included in various lease agreements in the Group. Upon initial recognition, judgement is applied to determine the lease term for these lease contracts taking into consideration whether the Group is reasonably certain to exercise such options. Exercising such options would impact the lease term, impacting the value of the right-of-use assets and lease liabilities recognised.
- Where leases are terminated earlier as agreed or negotiated with the relevant lessor, the remaining right-of-use asset and the related lease liability is derecognised and any termination costs, in terms of penalties, is recognised in profit or loss.
- Where right-of-use assets are impaired in terms of IAS 36, the carrying amount is reduced to the recoverable amount. The related lease liability is assessed as to whether the obligation still exists. If the obligation still exists, the lease liability is maintained and will unwind in terms of the expected future lease payments.
- Leases that are either short-term in nature or less than R100 000 in value (low-value) are not capitalised. However, they are expensed on a straight-line basis through profit or loss.

The Group leases motor vehicles and properties to external parties. Lessor accounting is applied and the relevant income is recognised as part of revenue. Refer to note 8.1 – Revenue for additional information.

3.3.1 Right-of-use assets

Right-of-use assets are measured at cost, which includes the initial measurement from the lease liability, any lease payments made on or before the commencement date, any direct costs and any estimated rehabilitation costs required by the contract.

Depreciation is calculated on a straight-line basis to write off the cost of the asset over the shorter of the lease term or estimated economic useful life as follows:

- Land and buildings – varies between one and ten years;
- Equipment – varies between one and five years; and
- Motor vehicles – varies between one and four years.

Where the lessee has the option to take up ownership of the underlying asset at the end of the lease term and there is reasonable certainty the option will be exercised, the right-of-use asset is depreciated to the end of its useful life. Where the option to take up ownership of the underlying assets is not available, the right-of-use asset is depreciated over the abovementioned useful lives.

When assessing the useful lives, the Group uses historical experience and other relevant factors, such as the expected future use of the asset and legal or similar limits on the use of the asset.

3. Operating assets and liabilities (continued)

3.3 Leases (continued)

3.3.1 Right-of-use assets (continued)

The Group reassesses the estimated useful lives and depreciation methods of its right-of-use assets annually in terms of the related contractual agreements. Actual useful lives and depreciation methods can vary from those previously estimated, with the effect of any changes in estimate accounted for on a prospective basis. Based on this assessment, the estimated useful lives and depreciation methods are reasonable.

	Land and buildings Rm	Equipment Rm	Motor vehicles Rm	Total Rm
As at 30 June 2023				
Cost	5 622	28	227	5 877
Accumulated depreciation and impairments	(2 304)	(26)	(137)	(2 467)
Carrying value	3 318	2	90	3 410
Carrying value at the beginning of the year	2 012	8	26	2 046
Movement during the year				
Acquisition of businesses	929	–	74	1 003
New leases entered into or renegotiated	700	1	35	736
– New leases entered into or renegotiated	717	1	35	753
– Gain on sale and leaseback transferred from property, plant and equipment	(17)	–	–	(17)
Provision for estimated rehabilitation costs	98	–	–	98
Derecognition of right-of-use assets	(46)	–	(1)	(47)
Impairment of right-of-use assets	(30)	–	–	(30)
Depreciation	(697)	(6)	(61)	(764)
Currency adjustments	352	(1)	17	368
Carrying value at the end of the year	3 318	2	90	3 410

	Land and buildings Rm	Equipment Rm	Motor vehicles Rm	Total Rm
As at 30 June 2022				
Cost	3 575	28	84	3 687
Accumulated depreciation and impairments	(1 563)	(20)	(58)	(1 641)
Carrying value	2 012	8	26	2 046
Carrying value at the beginning of the year	2 088	13	31	2 132
Movement during the year				
Acquisition of businesses	94	–	–	94
New leases entered into or renegotiated	372	1	18	391
Derecognition of right-of-use assets	(91)	–	–	(91)
Impairment of right-of-use assets	(20)	–	–	(20)
Depreciation	(464)	(6)	(22)	(492)
Currency adjustments	33	–	(1)	32
Carrying value at the end of the year	2 012	8	26	2 046

Impairment testing

Right-of-use assets are assessed for indicators of impairment. Indicators may include the worsening performance of the underlying business, the deterioration of the location in the case of properties or senior management's intention to exit the lease. The right-of-use asset is tested for impairment on a single standalone basis unless it forms part of a CGU. Where impairment is required, the right-of-use asset is written down to the recoverable amount. The related lease liability will continue to be amortised over the period of the lease.

Impairments amounting to R30 million (2022: R20 million) were recognised during the financial year. The recoverable amounts on these right-of-use assets amounted to Rnil million (2022: Rnil million) as the Group intends to exit the leases.

Notes to the consolidated annual financial statements (continued)

3. Operating assets and liabilities (continued)

3.3 Leases (continued)

3.3.2 Lease liabilities

The lease liabilities are the present value of the minimum lease payments using the appropriate incremental borrowing rate or the rate implicit in the lease.

The Group has applied judgement in assessing the incremental borrowing rate taking the following into account:

- The lease terms including extension and termination options;
- Nature of the lease;
- The geography and currencies in which the leases are denominated;
- An appropriate base risk-free rate; and
- Credit spread and credit risk.

	2023 Rm	2022 Rm
Carrying value at the beginning of the year	**2 347**	2 449
Movement during the year		
Acquisition of businesses	**1 003**	94
New leases entered into or renegotiated	**753**	391
Derecognition	**(58)**	(118)
Repayment of lease liabilities	**(669)**	(466)
– Finance costs	**189**	137
– Lease payments	**(858)**	(603)
Termination of lease liability relating to net investment in lease receivable	**–**	(40)
Currency adjustments	**392**	37
Carrying value at the end of the year	**3 768**	2 347
Incremental borrowing rates (%)	**1,5 – 10,0**	1,5 – 8,3

	Future lease commitments 2023 Rm	Finance costs 2023 Rm	Net present value 2023 Rm	Net present value 2022 Rm
Current liabilities expected to be settled within one year	885	(182)	**703**	465
Non-current liabilities expected to be settled in more than one year	3 692	(627)	**3 065**	1 882
– Between one and two years	756	(144)	**612**	378
– Between two and three years	678	(114)	**564**	322
– Between three and four years	582	(83)	**499**	277
– Between four and five years	453	(62)	**391**	241
– More than five years	1 223	(224)	**999**	664
	4 577	(809)	**3 768**	2 347

The Group does not face a significant liquidity risk with regard to its lease liabilities. The Group has sufficient banking facilities available to fund normal trading operations, including these lease liabilities. Refer to note 4.2 – Liquidity risk for further details on liquidity risk.

3. Operating assets and liabilities (continued)

3.3 Leases (continued)

3.3.3 Short-term and low-value leases

The Group has entered into various lease agreements on land and buildings, equipment and motor vehicles that fall into the category of short-term leases and those that are deemed as low-value assets:

Underlying asset	Period	Escalations	2023 Rm	2022 Rm
Short-term leases			**(203)**	(226)
– Land and buildings	Less than one year	–	**(161)**	(158)
– Equipment	Less than one year	–	**(3)**	(33)
– Motor vehicles	Less than one year	–	**(39)**	(35)
Low-value leases			**(18)**	(11)
– Equipment	One to four years	5,0% – 7,5%	**(18)**	(11)
			(221)	(237)

There are lease charges contingent upon revenue in terms of short-term leases. In the current financial year, these lease charges amounted to R71 million (2022: R42 million).

At 30 June 2023 the future non-cancellable minimum lease rentals during the following financial years are:

Operating lease payables

	One to five years Rm	Less than one year Rm	2023 Rm	2022 Rm
Land and buildings	–	(1)	**(1)**	–
Equipment	(2)	(5)	**(7)**	(3)
Motor vehicles	–	(32)	**(32)**	(27)
	(2)	(38)	**(40)**	(30)

3. Operating assets and liabilities (continued)

3.4 Vehicles for hire

Vehicles for hire have an operating lifecycle averaging 12 months, after which they are sold to dealerships, where they are sold as part of the inventory. This lifecycle is the reason vehicles for hire are classified as current assets. While extensions are available, they are not provided for a prolonged period.

Depreciation is calculated on a straight-line basis to write off the cost of the vehicle to its residual value over its estimated useful life of between one and five years.

When assessing the useful lives, the Group uses historical experience and other relevant factors, such as the expected future use of the vehicle, expected wear and tear, lease periods agreed with the customers and cyclical demand for short-term leases.

To arrive at the residual value of the vehicle in today's values, the usage of the vehicle and its anticipated retail value at the end of its useful life needs to be assessed and thereafter present valued. The anticipated retail value of the vehicle is estimated with reference to the open market price for a vehicle with similar specifications and mileage.

The Group reassesses the estimated useful lives, residual values and depreciation methods of its vehicles for hire annually. Actual useful lives, residual values and depreciation methods can vary from those previously estimated, with the effect of any changes in estimate accounted for on a prospective basis. Based on this assessment, the estimated useful lives, residual values and depreciation methods are reasonable.

	2023 Rm	2022 Rm
Cost	4 626	4 356
Accumulated depreciation	(706)	(679)
Carrying value	3 920	3 677
Carrying value at the beginning of the year	3 677	2 426
Movement during the year		
Additions	3 978	4 017
Proceeds on disposal	(2 701)	(1 915)
Depreciation	(1 043)	(852)
Currency adjustments	9	1
Carrying value at the end of the year	3 920	3 677

Security

Certain vehicles for hire have been encumbered as security for interest-bearing debt as follows: 2023: R504 million (2022: R185 million). Refer to note 6.1 – Interest-bearing debt for additional information.

3. Operating assets and liabilities (continued)
3.5 Investments and other financial instruments

	2023 Rm	2022 Rm
Preference shares (Level 3 in the fair value hierarchy)	252	314
Unlisted investment (Level 3 in the fair value hierarchy)	6	5
Other financial assets	–	1
– Gross other financial assets	73	73
– Expected credit loss allowance	(73)	(72)
	258	320

The preference shares are cell captive arrangements. Investment income received from preference shares has been disclosed in note 8.2 – Net operating expenses, being dividend income and fair value movements on cell captive arrangements. These shares are carried at fair value through profit or loss. The asset has been assessed for impairment based on the historical and forecasted dividends received and no expected credit loss is required.

Credit risk on other financial assets

The carrying value of the other financial assets represents the Group's maximum credit risk exposure. Senior management has assessed the recoverability of the amounts due taking into consideration the nature of the transactions and the underlying performance of the counterparties. Based on these assessments an expected credit loss allowance has been recognised.

Movements in Level 3 financial instruments carried at fair value

	Preference shares Rm	Unlisted investments Rm	2023 Rm	2022 Rm
Carrying value at the beginning of the year	314	5	319	371
Movement during the year				
Fair value movements on preference share arrangements	(62)	–	(62)	(52)
– Dividend income received	(272)	–	(272)	(230)
– Fair value through profit or loss as unrealised gains	210	–	210	178
Currency adjustments	–	1	1	–
Carrying value at the end of the year	252	6	258	319

Refer to note 4.4.2 – Fair value of financial instruments for additional information relating the fair value of the Level 3 financial instruments.

Notes to the consolidated annual financial statements (continued)

3. Operating assets and liabilities (continued)

3.6 Net working capital

Assets that the Group expects to realise, or intends to sell or consume in its normal operating cycle, would include inventory and trade and other receivables. Liabilities that the Group expects to settle in its normal operating cycle would include trade and other payables, floorplans from suppliers and provisions. The operating cycles for these assets and liabilities are generally not more than 12 months, except for long-term provisions.

3.6.1 Inventories

The cost of inventory is determined as follows:

- Vehicles – specific cost; and
- Parts, accessories, finished goods, work in progress, fuels and oils – weighted average cost.

	2023 Rm	2022 Rm
New vehicles	**18 500**	8 696
Goods in transit	**1 030**	1 004
Pre-owned vehicles	**4 653**	3 611
Demonstration vehicles	**2 530**	1 861
Parts accessories and finished goods	**5 378**	3 726
Work in progress, fuels and oils	**211**	68
	32 302	18 966
Inventories carried at net realisable value included above	**8 622**	3 711
Inventories expensed to profit or loss during the year	**82 661**	71 885

Net realisable value assessment of inventory

A provision is raised against new, pre-owned and demonstration vehicles and parts for loss in the value of inventory held, likely to be incurred through obsolescence, damage and future expected movement in NRV.

This is assessed as follows:

- New, pre-owned and demonstration vehicles – the carrying amount is compared to the expected selling value. The selling value is estimated with reference to the recent sales history and market acceptance for the vehicle less its cost to sell.
- Parts, accessories and finished goods – the ageing of parts, accessories and finished goods are assessed and appropriate percentage write-downs are allocated based on past experience.

3. Operating assets and liabilities (continued)
3.6 Net working capital (continued)
3.6.1 Inventories (continued)
Net realisable value assessment of inventory (continued)

New vehicles	Generally, the retail dealerships' policy is not to raise provisions on new vehicle inventory, as various OEMs have a vested interest in gaining market share. The market share rankings are published by The Automotive Business Council (naamsa), with monthly comparisons between the brands. When inventory is moving slower than desired, or there is an anticipated decrease in demand, OEMs often assist dealerships, which essentially lowers the selling price to the customer to improve sales. This approach has proven to be an industry norm which is expected to remain in place for the foreseeable future. The importers will provide the abovementioned assistance to the retail dealerships and raise the appropriate provisions against new vehicle inventory based on the ageing and movement of the exchange rate against the major trading currencies. If there is a significant depreciation of the Rand compared to major currencies, a higher provision may be necessary.
Pre-owned and demonstration vehicles	The Group applies the "priced right to sell" principle across all pre-owned and demonstration vehicles which ensure the retailing of the vehicles at a reasonable margin in the open market. Where the cost of pre-owned vehicles is higher than the current open market price, a provision must be raised accordingly. All businesses are required to compare the current pricing versus the open market price using various methods, including the application of the M&M Auto Dealer guide in respect of published trade and retail prices.
Parts, accessories and finished goods	Generally, the Group's policy is to provide for parts, accessories and finished goods based on their ageing. Most parts do not have an expiry date like perishable products, however, they could become obsolete when a new vehicle model is launched while the business has ageing parts of older models. Parts inventory is generally supplied and priced by the various OEMs. These parts are sold in the dealerships or aftermarket parts stores or utilised in retail, maintenance and warranty repair jobs within our workshops at the prices set by the OEMs, including a reasonable margin. The parts are also utilised and sold in the panelshops at the OEMs' prices and, in some cases, with a settlement discount when required.

Based on the application of the Group provisions and through the application of appropriate inventory management, the Group concludes that inventory is adequately valued.

Security

The carrying value of vehicle inventory that has been encumbered as security is:

	2023 Rm	2022 Rm
Floorplans from suppliers[1]	9 237	4 190
Floorplans from financial institutions	1 053	634
	10 290	4 824

[1] *The carrying value of the vehicle inventory encumbered on the floorplans from suppliers has been included to enhance disclosure. The comparative amounts have been amended to align with that of the current financial year.*

Refer to 3.6.4 – Floorplans from suppliers and 6.1 – Interest-bearing debt for further information.

Notes to the consolidated annual financial statements (continued)

3. Operating assets and liabilities (continued)
3.6 Net working capital (continued)
3.6.2 Trade and other receivables

Senior management considers the carrying amounts of the trade and other receivables to approximate their fair values, as the carrying amounts are based on contractual rights and obligations and are short-term in nature. Refer to note 4 – Financial management and instruments for the Group's financial risk management policies.

	2023 Rm	2022 Rm
Trade receivables	**5 462**	3 861
– Gross receivables	**5 837**	4 172
– Expected credit loss allowance	**(375)**	(311)
Prepayments[1]	**652**	359
Value added taxation	**133**	73
Warranty claims, volume incentives, rebates and commissions receivable[2,3,4]	**515**	54
Municipal deposits, recoveries and other sundry receivables[2,3,4]	**381**	299
	7 143	4 646

[1] *The prepayments mainly relate to production rebate certificates used to reduce import duties and other prepayments for insurance, service and other contracts. These are expensed when utilised or over the period of the contract and do not exceed 12 months.*
[2] *Warranty claims, volume incentives, rebates and commissions receivable have been disaggregated from municipal deposits, recoveries and other sundry receivables to enhance disclosure. The comparative amounts have been amended to align with that of the current financial year.*
[3] *The significant increase in the current financial year is as a result of the MPD acquisition.*
[4] *These amounts are considered to be recoverable.*

Credit risk

Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Counterparty credit limits are in place and are reviewed and approved by the respective senior management.

Trade receivables consist of a large, widespread customer base and each business monitors the financial position of its customers on an ongoing basis. The creditworthiness of each customer is assessed when credit is first extended and is reviewed regularly thereafter. The granting of credit is controlled by the application of account limits. Where considered appropriate, use is made of credit guarantee insurance.

The carrying amount of trade and other receivables represents the maximum credit exposure at 30 June 2023 and was not provided as collateral for any security.

3. Operating assets and liabilities (continued)
3.6 Net working capital (continued)
3.6.2 Trade and other receivables (continued)
Credit risk (continued)

The movement in the expected credit loss allowance for the financial year was:

	2023 Rm	2022 Rm
Carrying value at the beginning of the year	(311)	(275)
Movement during the year		
Acquisition of businesses	(7)	(1)
Movements of the expected credit losses charged to profit or loss	(46)	(31)
– Amounts reversed to profit or loss	237	211
– Amounts charged to profit or loss	(283)	(242)
Currency adjustments	(11)	(4)
Carrying value at the end of the year	(375)	(311)
Expected credit loss ratio (%)	6,4	7,5

The movement in the expected credit loss allowance primarily relates to non-credit impaired trade receivables.

Reconciliation of movements in expected credit losses

	2023 Rm	2022 Rm
Movements in expected credit losses on trade and other receivables	(46)	(31)
Movements in expected credit losses on other financial assets[1]	(1)	(41)
Movements in expected credit losses on loans to associates and joint ventures	1	(5)
Movements in expected credit losses recognised in profit or loss	(46)	(77)

[1] *Refer to note 3.5 – Investments and other financial instruments for additional information.*

3. Operating assets and liabilities (continued)

3.6 Net working capital (continued)

3.6.2 Trade and other receivables (continued)

Credit risk exposure

Credit risk exposure relating to the sale of goods and rendering of services

Each operating segment has credit terms which are appropriate to the industry in which it operates. The terms are:

New, pre-owned and demonstration vehicles	Vehicles supplied by the importers to external retail dealerships are generally secured by a dealer floorplan with a financial institution. The financial institution will settle the obligation on behalf of the dealership. The average credit period on these sales ranges from 30 to 90 days. Full settlement or confirmation of financing from a respected financial institution is required before delivery for all vehicles sold to external customers. The financial institution will settle the obligation on behalf of the customer within 7 days of delivery. These measures minimise the credit risk exposure.
Parts, services and motor vehicle rental	This credit risk exposure is mitigated and managed by stringent background checks and credit limits for all customers, continuous review of credit limits, a monthly review of trade receivables ageing, as well as legal action against defaulting customers. The average credit period on these sales is 30 days however, extended credit terms may be negotiated during the account application process. Apart from certain corporate customers, all vehicle services need to be settled before the vehicle is released to the customer. Customers are required to pay a deposit and the required fees upfront on short-term motor vehicle rentals before the vehicle is released. Any additional costs such as fuel, tolls and accident damage repair costs are deducted from the deposit, and any excess funds are refunded to the customer. Where the deposit is insufficient to cover the additional costs, the customer is notified and where necessary, legal action is taken. The credit risk exposure on the sale of service, maintenance and warranty contracts in Mobility Solutions is minimised as no repair work will be authorised in terms of the contract until payment is received from the customer or financial institution. The dealerships must obtain authorisation before commencing the repair work and any item that falls outside the scope of the contract must be settled by the customer before releasing the vehicle.

3. Operating assets and liabilities (continued)

3.6 Net working capital (continued)

3.6.2 Trade and other receivables (continued)

Expected credit loss model

The Group has adopted the simplified approach in terms of IFRS 9 whereby the lifetime ECL is recognised on the trade receivables. The Group does not offer credit terms beyond 12 months therefore, the 12-month ECL would be the same as the lifetime ECL. The ECL on trade receivables is assessed upfront and on an ongoing basis using a provision matrix with reference to past default experience, an analysis of the customers' current financial position and supportable forward looking information. Any changes in the general economic environment has little impact on the ECL due to the short-term nature of the credit terms provided. There has been no change in the estimation techniques applied in determining the ECLs from the prior financial year.

The following forward looking information was utilised to estimate the ECL:

- The geography and industry in which the customers operate for example customers based in other African countries and panelshop customers are considered to be riskier.
- The current and expected future economic conditions in the jurisdiction in which we operate.
- The type of customer is considered for example, government institutions in certain geographies we operate in are considered riskier when compared to corporate customers.
- The period overdue and the time taken to settle the amounts due, older accounts are considered a higher risk.
- Past default experience of the operating segment for example Mobility Solutions which has a very low default experience.

The ECL allowance raised covers both credit defaults and credit notes passed for agreed changes to the sales values that may become an issue. The Group considers a receivable to be in default from 90 days past due.

The ECL allowance has reduced from 7,5% to 6,4% taking into consideration the improvement of the factors outlined as well as the impact of the business acquisitions where the risk profile is lower.

The Group writes off a trade receivable when there is information indicating that the customer has defaulted and is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the customer has been placed under liquidation or has entered into bankruptcy proceedings or where the Group has exercised all legal possibilities.

Senior management does not consider there to be any significant credit risk exposure not already covered by the ECL allowance. There is no significant concentration of risk in respect of any particular customer or industry segment nor is there a single customer whose revenue streams exceed 5% of the Group's revenue.

Notes to the consolidated annual financial statements (continued)

3. Operating assets and liabilities (continued)

3.6 Net working capital (continued)

3.6.2 Trade and other receivables (continued)

Expected credit loss matrix

The table below analyses the resulting credit loss impairment into the operating segments.

	2023			2022		
Past due debtors	Gross receivables[1] Rm	ECL allowance[1] Rm	Loss ratio %	Gross receivables[1] Rm	ECL allowance[1] Rm	Loss ratio %
Total[2]	5 837	375	6,4	4 172	311	7,5
– Current (not past due)	4 397	52	1,2	3 256	65	2,0
– 30 days past due	930	54	5,8	554	35	6,3
– 60 days past due	219	32	14,6	161	55	34,2
– 90 days past due	291	237	81,4	201	156	77,6
Import and Distribution	397	83	20,9	433	86	19,9
– Current (not past due)	299	26	8,7	368	42	11,4
– 30 days past due	44	7	15,9	19	2	10,5
– 60 days past due	3	-	-	1	–	–
– 90 days past due	51	50	98,0	45	42	93,3
Retail and Rental	3 608	232	6,4	2 654	175	6,6
– Current (not past due)	2 799	20	0,7	2 049	14	0,7
– 30 days past due	517	45	8,7	361	28	7,8
– 60 days past due	134	28	20,9	143	54	37,8
– 90 days past due	158	139	88,0	101	79	78,2
Mobility Solutions	197	5	2,5	204	10	4,9
– Current (not past due)	179	5	2,8	198	6	3,0
– 30 days past due	12	-	-	3	3	100,0
– 60 days past due	1	-	-	1	–	–
– 90 days past due	5	-	-	2	1	50,0
Aftermarket Parts	1 635	55	3,4	879	39	4,4
– Current (not past due)	1 120	1	0,1	639	2	0,3
– 30 days past due	357	2	0,6	171	2	1,2
– 60 days past due	81	4	4,9	16	1	6,3
– 90 days past due	77	48	62,3	53	34	64,2

[1] *The gross receivables are inclusive of VAT applicable in the various jurisdictions and the ECL allowance excludes VAT.*
[2] *The prior financial year includes Head Office and Eliminations trade receivables amounting to R2 million and expected credit loss allowance of R1 million.*

3. Operating assets and liabilities (continued)

3.6 Net working capital (continued)

3.6.3 Trade and other payables

Senior management considers the carrying amounts of the trade and other payables to approximate their fair values, as the carrying amounts are based on contractual rights and obligations and are short-term in nature. Refer to note 4 – Financial management and instruments for the Group's financial risk management policies.

	2023 Rm	2022 Rm
Trade payables	**8 878**	7 209
Value added taxation	**421**	285
Payroll accruals	**1 243**	1 070
Accruals	**2 616**	2 434
Sundry payables	**148**	30
	13 306	11 028

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The credit period taken for trade purchases is up to 90 days (2022: 60 days) and varies between suppliers. For most suppliers, interest is not charged on the trade payables. The Group has financial risk management policies in place to ensure that all the payables are within the pre-agreed credit terms.

3.6.4 Floorplans from suppliers

Some of the Group's vehicle inventory is financed by floorplans provided by suppliers or financial institutions. The Group assesses the underlying finance providers and the terms and conditions provided to determine whether the facility should be recognised as a floorplan from a supplier or a floorplan from a financial institution. Where the finance provider is an external financial institution and not associated with the OEMs, it is regarded as a floorplan from a financial institution. Refer to note 6.1 – Interest-bearing debt for additional information. All other floorplans provided or underwritten by the OEMs are regarded as a floorplans from suppliers.

	2023 Rm	2022 Rm
Retail and Rental		
– Interest-free floorplan from suppliers	**6 945**	3 376
– Interest-bearing floorplan from suppliers	**4 023**	1 612
	10 968	4 988
Effective interest rates (%)	**2,1 – 12,5**	2,1 – 7,7

Floorplans from suppliers consist of interest-bearing and interest-free facilities provided by the OEMs' finance providers or underwritten by the OEMs. The terms and conditions are outlined by the finance provider and, in some instances, take into account the vehicle model.

Vehicle inventory amounting to R9 237 million (2022: R4 190 million) has been encumbered as security on these facilities. Refer to note 3.6.1 – Inventories for additional information.

See note 4.2 – Liquidity risk and 4.4 – Fair value measurement of financial instruments, for further details on liquidity risk and the fair value hierarchy.

Notes to the consolidated annual financial statements (continued)

3. Operating assets and liabilities (continued)

3.6 Net working capital (continued)

3.6.5 Provisions and contingent liabilities

3.6.5.1 Provisions

Maintenance and warranty provision

Present obligations arising under maintenance and warranty contracts sold as part of the initial vehicle sale which are not funded by the OEMs, are recognised and measured as provisions.

Onerous contracts, legal and other claims

Present obligations arising under onerous contracts, legal and other claims are recognised and measured as provisions.

An onerous contract is considered to exist where the Group has a contract under which the unavoidable cost of meeting the obligation under the contract exceeds the economic benefits expected from the contract.

Where the Group and its legal advisors believe that the legal and other claims are likely to succeed and that there is a probable outflow that can be reliably measured, a provision has been raised. There is no current or pending legal and other claims that are considered likely to have a significant adverse effect on the Group.

Rehabilitation provision

Present obligations of estimated costs arising from lease agreements whereby the Group is liable for the restoration of the property to the conditions set out in the agreements are recognised and measured as provisions.

Other provisions

Other provisions consist mainly of service fees, property related provisions, present obligations arising under roadside assistance contracts as well as other costs such as advertising, promotional and costs incurred to maintain the corporate image at the dealerships.

	Maintenance and warranty Rm	Onerous contracts, legal and other claims Rm	Rehabilitation[1] Rm	Other[1] Rm	2023 Rm	2022 Rm
Carrying value at the beginning of the year	402	184	7	390	**983**	1 000
Movement during the year						
Acquisition of businesses	–	–	69	–	**69**	–
Transfers within provisions[2]	–	158	–	(158)	**–**	–
Charged to profit or loss	(11)	54	–	54	**97**	196
– Amounts raised	56	179	–	140	**375**	345
– Unused amounts reversed	(67)	(125)	–	(86)	**(278)**	(149)
Amounts utilised	(106)	(19)	–	(25)	**(150)**	(216)
Provision for costs recognised in terms of lease agreements	–	–	98	–	**98**	–
Currency adjustments	1	1	14	2	**18**	3
Carrying value at the end of the year	286	378	188	263	**1 115**	983
Current liability expected to be settled within one year	99	97	29	191	**416**	539
Non-current liabilities expected to be settled in more than one year	187	281	159	72	**699**	444
	286	378	188	263	**1 115**	983

[1] *The rehabilitation provision has been disaggregated from the other provisions to enhance disclosure. The comparative amounts have been amended to align with that of the current financial year.*

[2] *Legal and other claims have been disaggregated from the other provisions to improve the transparency of the nature of the provision and to assist the user in the decision making process.*

Provisions, by their nature, are obligations of uncertain timing and amount. The Group uses historical experience and current economic conditions when assessing the estimated amount and timing of the provisions to be raised. Specific uncertainties regarding the provisions recognised include the duration of the contracts, vehicle mileages, expected parts price increases, eventual costs to be incurred in respect of lease rehabilitation obligations and the final value and timing of when claim settlements are agreed to by the counterparties.

3. Operating assets and liabilities (continued)

3.6 Net working capital (continued)

3.6.5 Provisions and contingent liabilities (continued)

3.6.5.2 Contingent liabilities

The Group does not recognise contingent liabilities in the consolidated statement of financial position until future events indicate that it is probable that an outflow of resources will take place and a reliable estimate can be made, at which time a provision is raised.

Financial guarantees

	2023 Rm	2022 Rm
Letters of credit	3 181	4 599
Guarantees	273	404
	3 454	5 003

The letters of credit and guarantees issued by banks on behalf of the Group to suppliers have corresponding guarantees by the Group to the banks. The letters of credit relate to commitments to foreign suppliers for the purchase of inventory.

There are no financial guarantee contracts in place that require recognition in the consolidated statement of financial position.

Litigation

	2023 Rm	2022 Rm
The Group has received summons for claims	1	5

The Group and its legal advisors believe that these claims are unlikely to succeed. Where the Group believes that there is a probable outflow that can be reliably measured, a provision has been raised. There is no current or pending litigation that is considered likely to have a significant adverse effect on the Group.

3. Operating assets and liabilities (continued)

3.7 Contract liabilities

Contract liabilities relate to the service, maintenance and warranty contracts, which are sold with vehicles to cover the cash cost of future expenditure over specified periods. The customer pays upfront in full as part of the cost of the vehicle or as a separate standalone purchase and this obligation is released over the period of the performance obligations. Actuarial experts are used to determine the inputs required to establish the adequacy of the contract liability, the resulting revenue to be recognised and the final liability.

Revenue from vehicle maintenance, service and warranty contracts is long-term in nature (two to five years) and is recognised as the vehicle is maintained, serviced or repaired over the life of the contract (over-time). The value of the revenue recognised is the cost of the work done plus the estimated margin. The estimated margin is adjusted to cater for the cost of expected future expenditure based on historical trends and includes annual forecasted inflationary adjustments.

The balance of the unearned revenue is recognised in profit or loss on termination when the contract expires. Funds for which there are insufficient claims history are recognised in profit or loss to the extent of the claims cost incurred without any profits being attributed. At the end of the contract, any remaining profits are recognised in profit or loss.

The inputs and assumptions are established by actuaries and agreed to by the Mobility Solutions FRRC, which has an independent Chairman who is an actuary. Significant assumptions made to determine the stage of completion of the contract, known as burn rates of contracts, include:

- Vehicle parts, consumables and labour inflation;
- Foreign currency movements;
- Policy sale date; and
- Contract duration and mileage.

The vehicle maintenance, service, and warranty contracts are all based on the same assumptions and measurement basis and has not significantly changed from the prior financial year.

There have been no significant changes in the assumptions utilised and measurement basis of the contract liabilities from the prior financial year.

	2023 Rm	2022 Rm
Carrying value at the beginning of the year	**3 021**	2 828
Movement during the year		
Amounts recognised in revenue	**(1 481)**	(1 252)
– Prior year contracts	**(1 342)**	(1 140)
– Current year contracts	**(139)**	(112)
New business written	**1 532**	1 443
Currency adjustments	**14**	2
Carrying value at the end of the year	**3 086**	3 021
Maturity profile		
Current liability expected to be settled within one year	**1 248**	1 198
Non-current liabilities expected to be settled in more than one year	**1 838**	1 823
– Between one and two years	**859**	838
– Between two and three years	**476**	511
– Between three and four years	**272**	254
– Between four and five years	**180**	173
– More than five years	**51**	47
	3 086	3 021

Refer to note 8.1 – Revenue, for recognition of revenue related to the satisfaction of performance obligations.

4. Financial management and instruments

4.1 Financial risk factors

The treasury activities are aligned with the Group's AL Committee strategies and decentralised business model. The AL Committee is a board sub-committee responsible for recommending best practice assets and liabilities risk management, with its main objectives being the management of market and liquidity risk. The AL Committee meets every quarter and follows a comprehensive risk management process. The treasury department implements the risk management policies and directives recommended by the AL Committee and provides financial risk management services to the various divisional businesses. The treasury department coordinates access to domestic and international financial markets. The treasury department monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and credit risk) and liquidity risk.

The oversight and management of currency and interest rate risk is performed mainly on a centralised basis by the treasury department by applying the Group's hedging policies and guidelines. The Group seeks to minimise the effects of these risks by matching assets and liabilities as far as possible and by using derivative financial instruments to hedge the risk exposures.

The Group's objectives, policies and processes for measuring and managing these risks are detailed in the following notes:

	Financial risk factors			
	Currency risk	Interest rate risk	Credit risk	Liquidity risk
3.3.2 – Lease liabilities				✓
3.5 – Investments and other financial instruments			✓	
3.6.2 – Trade and other receivables			✓	
4.2 – Liquidity risk				✓
4.3 – Currency risk and hedge accounting	✓		✓	
6.1 – Interest-bearing debt		✓	✓	✓
6.2 – Cash resources		✓	✓	✓

4.2 Liquidity risk

Liquidity risk arises should the Group have insufficient funds or marketable assets available to fulfil its future cash flow obligations. The Group's liquidity risk management framework is designed to identify, measure and manage liquidity risk such that sufficient liquid resources are always available to fund operations and commitments.

The responsibility for liquidity risk management has been mandated to the AL Committee, which has developed an appropriate liquidity risk management framework for the management of the Group's short-term, medium-term and long-term funding requirements. The Group manages liquidity risk by monitoring rolling quarterly forecasted cash flows in compliance with bank covenants and ensuring that adequate unutilised borrowing facilities are maintained. Appropriate probability factors are applied to the cash flow forecasts.

The financial liabilities will be funded by the sale of inventory and utilisation of financial assets.

The undiscounted cash flow of the Group's financial assets fall into the following maturity profiles:

	Contractual cash flows Rm	Less than one year Rm	One to five years Rm	More than five years Rm
Loans to associates and joint ventures	73	–	1	72
Preference shares	252	–	–	252
Unlisted investment	6	–	–	6
Trade and other receivables[1]	6 358	6 358	–	–
Derivative financial assets	428	398	30	–
Cash resources	2 042	2 042	–	–
2023	**9 159**	**8 798**	**31**	**330**
2022	6 286	5 863	30	393

[1] *Trade and other receivables exclude VAT amounting to R133 million (2022: R73 million) and prepayments amounting to R652 million (2022: R359 million) as these are not financial instruments.*

Notes to the consolidated annual financial statements (continued)

4. Financial management and instruments (continued)

4.2 Liquidity risk (continued)

The undiscounted cash flows of the Group's financial liabilities fall into the following maturity profiles:

	Carrying amount Rm	Contractual cash flows Rm	Less than one year Rm	One to five years Rm	More than five years Rm
Interest-bearing borrowings	15 754	18 324	6 902	11 422	–
Lease liabilities	3 768	4 577	885	2 469	1 223
Other financial liabilities[1]	37	37	30	7	–
Trade and other payables[2]	11 494	11 494	11 494	–	–
Floorplans from suppliers	10 968	10 968	10 968	–	–
Derivative financial liabilities	122	122	122	–	–
2023	**42 143**	**45 522**	**30 401**	**13 898**	**1 223**
2022	23 200	24 658	17 867	5 945	846

[1] *Relates to loans from associates and non-controlling interests.*
[2] *Trade and other payables exclude VAT amounting to R421 million (2022: R285 million), payroll accruals amounting to R1 243 million (2022: R1 070 million) and sundry payables amounting to R148 million (2022: R30 million) as these are not financial instruments.*

4.3 Currency risk and hedge accounting

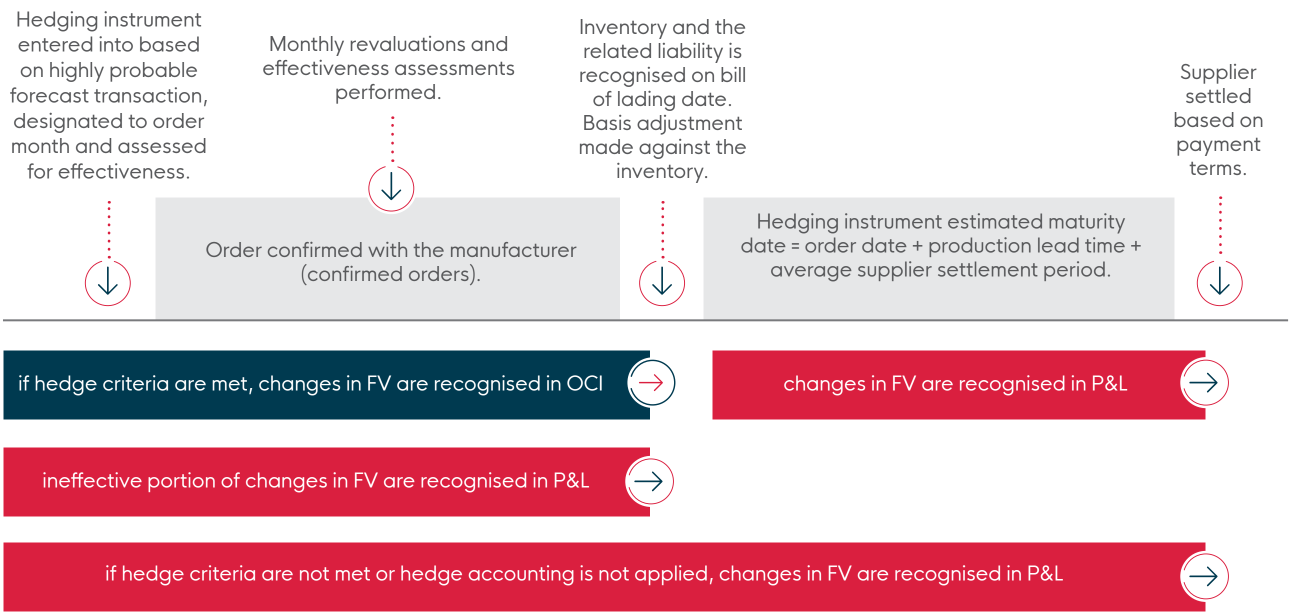
Currency risk

An integral part of our operations relates to the importing of vehicles and parts inventory. The cost of the imported inventory is settled in foreign currency and the variation in these cash flows due to exchange rate fluctuations gives rise to the Group's most significant exposure to foreign currency risk. The duties levied on these imports are settled in Rand. However, the value is based on the foreign denominated value of the imported inventory giving rise to foreign currency risk. The Group is also exposed to currency risk as a result of exporting goods and services and obtaining foreign funding. The magnitude of this risk is not as significant as the risk associated with the importation of vehicles and parts.

The Group's policy is to minimise this exposure and volatility on the inventory costing by maintaining a fully covered foreign exchange risk position in respect of foreign currency commitments. The Group has entered into certain FECs and options authorised by the AL Committee to cover currency risk relating to recognised liabilities and confirmed orders arising from obligations relating to imported inventory as at 30 June and highly probable forecasted transactions not yet due. The day-to-day management of foreign currency risk is performed on a decentralised basis by the various business units by applying the Group's hedging policies and guidelines as directed.

The Group does not use derivative financial instruments for speculative purposes.

The hedging transaction cycle on the importation of vehicles and parts inventory includes:



4. Financial management and instruments (continued)

4.3 Currency risk and hedge accounting (continued)

Currency risk (continued)

The guidelines and policies outline the following requirements:

Division	Currency	Minimum hedging required	Maximum hedging allowed
Hyundai Automotive South Africa Proprietary Limited	US Dollar and Euro	All recognised liabilities and confirmed orders. Seven-month rolling basis for highly probable forecast transactions.[1]	Nine-month rolling basis for highly probable forecast transactions.
Kia South Africa Proprietary Limited	US Dollar	All recognised liabilities and confirmed orders. Seven-month rolling basis for highly probable forecast transactions.[1]	
	Euro	All recognised liabilities and confirmed orders.	
Motus Vehicles Distributor Proprietary Limited	Euro	All recognised liabilities and confirmed orders. Seven-month rolling basis for highly probable forecast transactions.[1]	
Brietta Trading Proprietary Limited	US Dollar and Japanese Yen	All recognised liabilities and confirmed orders.	
Aftermarket Parts	US Dollar and Euro	All recognised liabilities and confirmed orders.	100% of six-month rolling basis for highly probable forecast transactions.
	Other currencies	All recognised liabilities.	All confirmed orders.

[1] *At the May 2023 AL Committee meeting, it was decided to give the Group flexible dispensation, not to apply the minimum hedging requirements as a result of the volatility in major trading currencies.*

As part of the South African Reserve Bank's Active Currency Management regulations, the maturity date of foreign currency hedging instruments is limited to 12 months ahead at any point in time.

4. Financial management and instruments (continued)

4.3 Currency risk and hedge accounting (continued)

Currency risk (continued)

The details of these contracts are as follows:

	Final maturity date	Foreign amount (millions)	Average exchange rate	Contract value[1] Rm	Market value Rm	Derivative assets Rm
2023						
Currency risk						
FECs designated in hedge accounting relationships				6 477	6 811	334
– US Dollar	Jan-2024	250	17,95	4 479	4 728	249
– Euro	Dec-2023	99	19,91	1 973	2 058	85
– Japanese Yen	Jul-2023	188	0,13	25	25	–
FECs not designated in hedge accounting relationships				1 324	1 388	64
– US Dollar	Feb-2024	47	17,90	849	900	51
– Euro	Jan-2024	17	20,04	347	360	13
– Australian Dollar	Sep-2023	7	12,64	88	88	–
– Chinese Renminbi	Nov-2023	11	2,58	29	29	–
– Japanese Yen	Jul-2023	45	0,13	6	6	–
– British Pound	Aug-2023	–	23,05	5	5	–
Net FECs				7 801	8 199	398
Interest rate risk						
IRDCs designated in hedge accounting relationships[2]						30
						428
Maturity profile						
– Current assets expected to be settled in less than one year						398
– Non-current assets expected to be settled in more than one year						30
						428

4. Financial management and instruments (continued)

4.3 Currency risk and hedge accounting (continued)

Currency risk (continued)

	Final maturity date	Foreign amount (millions)	Average exchange rate	Contract value[1] Rm	Market value Rm	Derivative liabilities Rm
2023						
Currency risk						
FECs designated in hedge accounting relationships				907	892	15
– US Dollar	Sep-2023	4	19,42	78	76	2
– Euro	Nov-2023	35	21,07	747	736	11
– Japanese Yen	Dec-2023	591	0,14	82	80	2
FECs not designated in hedge accounting relationships				529	520	9
– US Dollar	Dec-2023	1	19,60	12	12	–
– Euro	Nov-2023	9	21,10	188	185	3
– Australian Dollar	Sep-2023	19	12,82	241	239	2
– Chinese Renminbi	Nov-2023	25	2,74	68	65	3
– Japanese Yen	Dec-2023	142	0,14	20	19	1
Net FECs				1 436	1 412	24
Revaluation of structured products[3]						98
Current liabilities expected to be settled in less than one year						122

[1] *The contract value is based on the actual foreign amount, not the calculated amount rounded to the nearest million.*
[2] *Refer to note 6.1 – Interest-bearing debt for further details.*
[3] *Included in structured products is a cross-currency swap, utilised to minimise the currency risk relating to interest-bearing borrowings between Group companies.*

4. Financial management and instruments (continued)

4.3 Currency risk and hedge accounting (continued)

Currency risk (continued)

	Final maturity date	Foreign amount (millions)	Average exchange rate	Contract value[1] Rm	Market value Rm	Derivative assets[2] Rm
2022						
Currency risk						
FECs designated in hedge accounting relationships				10 104	10 621	517
– US Dollar	Feb-2023	497	15,59	7 749	8 207	458
– Euro	Feb-2023	127	17,05	2 171	2 227	56
– Japanese Yen	Feb-2023	1 533	0,12	184	187	3
FECs not designated in hedge accounting relationships				2 741	2 864	123
– US Dollar	Mar-2023	120	15,62	1 876	1 982	106
– Euro	Feb-2023	31	17,32	536	546	10
– Australian Dollar	Jul-2022	13	11,01	143	146	3
– Chinese Renminbi	Nov-2022	46	2,41	110	112	2
– Japanese Yen	Feb-2023	349	0,13	42	43	1
– British Pound	Sep-2022	2	19,62	34	35	1
Net FECs				12 845	13 485	640
Revaluation of structured products						14
Interest rate risk						
IRDCs designated in hedge accounting relationships						30
						684
Maturity profile						
– Current assets expected to be settled in less than one year						654
– Non-current assets expected to be settled in more than one year						30
						684

4. Financial management and instruments (continued)

4.3 Currency risk and hedge accounting (continued)

Currency risk (continued)

	Final maturity date	Foreign amount (millions)	Average exchange rate	Contract value[1] Rm	Market value Rm	Derivative liabilities[2] Rm
2022						
Currency risk						
FECs designated in hedge accounting relationships				2 997	2 884	113
– Euro	Dec-2022	154	17,92	2 761	2 674	87
– Japanese Yen	Feb-2023	1 714	0,14	236	210	26
FECs not designated in hedge accounting relationships				455	439	16
– Euro	Nov-2022	23	17,74	399	390	9
– Japanese Yen	Feb-2023	405	0,14	56	49	7
Net FECs				3 452	3 323	129
Interest rate risk						
IRDCs not designated in hedge accounting relationships						2
Current liabilities expected to be settled in less than one year						131

[1] *The contract value is based on the actual foreign amount, not the calculated amount rounded to the nearest million.*
[2] *The derivative assets and liabilities have been disaggregated to enhance disclosure. The comparative amounts have been amended to align with that of the current financial year.*

	2023 Rm	2022 Rm
Changes in the fair value of the hedged item for calculating the hedge ineffectiveness	**1 215**	323
Changes in the fair value of the hedging instrument for calculating the hedge ineffectiveness	**1 170**	318

Refer to note 3.6.5.2 – Contingent liabilities for further details on future commitments relating to the hedging instruments above. The letters of credit relate to the future irrevocable commitments made by the importers for future purchases of inventory.

The FECs are regarded as Level 2 financial instruments which are fair valued using future cash flows estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates.

Notes to the consolidated annual financial statements (continued)

4. Financial management and instruments (continued)

4.3 Currency risk and hedge accounting (continued)

Hedge accounting

The Group has elected to apply cash flow hedge accounting to the FECs, hedging the importation of new vehicles and IRDCs hedging the impact of interest rate volatility. The Group has elected not to apply cash flow hedge accounting to the other foreign currency exposures outlined above. Refer to note 6.1 – Interest-bearing debt for additional information on the IRDCs.

The hedged item is defined as the designated future cash flows, denominated in a foreign currency, arising from the highly probable forecasted purchase of vehicles. The complete fair value, including any contract forward points on the designated FECs, is defined as the hedging instrument.

The highly probable forecast purchases are based on the expected cash outflows on the settlement of the foreign liability. The expected cash outflows are determined with reference to expected order quantities and order dates, production lead times and the average settlement period specified by the supplier.

Hedge effectiveness is assessed at:

- Each designation date;
- Each reporting date;
- When the underlying hedged item is recognised in inventory; and
- When there was a significant change in the circumstances of the relationship.

For hedges of foreign currency risk, the Group entered into hedging relationships where the critical terms of the hedging instrument and hedged item are aligned. These critical terms include the denominated currency, the nominal value and the expected payment or maturity date. This matching of the critical terms demonstrates the economic relationship and the hedge ratio of 1:1 and the Group therefore, assesses effectiveness qualitatively.

Misalignment in the critical terms between the hedged item and the hedging instrument may, however, arise from deliveries taking place sooner than expected or unforeseen delays. Where the critical terms are not aligned, the economic relationship is assessed quantitatively.

The potential sources of hedge ineffectiveness include:

- Differences between the maturity date of the hedging instrument and the expected cash flow date of the hedged item;
- Extension of the hedging instruments where orders are delayed;
- Early drawdowns on hedging instruments where orders are delivered earlier than anticipated; and
- The impact of changes in credit risk of either the Group or the counterparty bank.

Hedge ineffectiveness is recognised in profit or loss. If significant hedge ineffectiveness is identified that undermines the economic relationship, hedge accounting is discontinued. Hedge accounting will not be discontinued where ineffectiveness is temporary or insignificant.

4. Financial management and instruments (continued)

4.3 Currency risk and hedge accounting (continued)

Hedge accounting (continued)

The hedge accounting reserve consists of the effective portion of gains and losses on hedging instruments designated as cash flow hedges, net of tax. In the current year, the hedge accounting reserve consists of gains or losses relating to FECs and IRDCs.

	Cost of hedging reserve[1] Rm	IRDCs[1] Rm	FECs Rm	2023 Rm	2022 Rm
Carrying value at the beginning of the year	(6)	19	387	**400**	(266)
Movement during the year					
– Effective portion of the fair value of the cash flow hedges	(1)	7	1 183	**1 189**	642
– Amounts recognised in inventory	–	–	(923)	**(923)**	106
– Gross amounts recognised in inventory	–	–	(1 265)	**(1 265)**	145
– Deferred tax relating to amounts recognised in inventory	–	–	342	**342**	(39)
– Extension of open hedging instruments	–	–	246	**246**	66
– Re-classification to profit or loss	3	1	–	**4**	2
– Deferred tax relating to the hedge accounting reserve movements	–	–	(322)	**(322)**	(147)
– Rate changes relating to the hedge accounting reserve movements	–	–	–	**–**	(3)
Carrying value at the end of the year	(4)	27	571	**594**	400

[1] *Refer to note 6.1 – Interest-bearing debt for additional information relating to the cost of hedging and IRDCs.*

It is anticipated that the liabilities associated with the hedged items will be recognised within the next 12 months. When the new vehicle is sold, the related effective portion of the gains or losses is recognised in profit or loss as part of the cost of the vehicle.

Exchange rate sensitivity

Senior management has used a reasonable possible variation of 10% on the forward exchange rate and applicable contract forward rate in determining the after-tax impact on profit or loss and other comprehensive income. The 10% variation is based on senior management's assessment of a reasonable possible change in the market value with reference to the relevant foreign exchange rates in the foreseeable future.

	Profit or loss		Other comprehensive income	
	Appreciation of 10% Rm	Depreciation of 10% Rm	Appreciation of 10% Rm	Depreciation of 10% Rm
US Dollar	**(65)**	**65**	**(339)**	**339**
Euro	**(13)**	**13**	**(97)**	**97**
Australian Dollar	**11**	**(11)**	**–**	**–**
Chinese Renminbi	**3**	**(3)**	**–**	**–**
Japanese Yen	**1**	**(1)**	**4**	**(4)**
British Pound	**–**	**–**	**–**	**–**
2023	**(63)**	**63**	**(432)**	**432**
2022	(238)	238	(972)	972

4. Financial management and instruments (continued)

4.3 Currency risk and hedge accounting (continued)

Other derivative instruments

Foreign exchange gains or losses comprise translation differences arising from foreign currency denominated balances such as trade receivables, trade payables, Customer Foreign Currency accounts and interest-bearing debt, changes in the fair value of derivative instruments that are not formally designated in a hedge relationship (which include FECs relating to the importation of parts and duties and other structured products), and ineffectiveness from cash flow hedging relationships.

	2023 Rm	2022 Rm
Changes in fair value of the cash flow hedges not formally designated in hedge accounting relationships	(86)	190
Ineffective portion of the fair value of the cash flow hedges formally designated in hedge accounting relationships	12	22
Translation of foreign currency denominated balances:		
– Trade and other receivables	(8)	15
– Trade and other payables	15	(97)
– Cash resources	(4)	6
– Interest-bearing debt	91	(1)
	20	135

Re-classifications from the hedge accounting reserve to profit or loss relating to the IRDCs are included in finance costs and finance income. There have been no re-classifications relating to FECs.

4.4 Fair value measurements of financial instruments

4.4.1 Fair value hierarchy

Financial instruments measured at fair value are grouped into the following levels based on the significance of the inputs used in determining fair value:

Level 1 financial instruments are those that are valued using unadjusted quoted prices in active markets for identical financial instruments.

Level 2 financial instruments are those valued using techniques based primarily on observable market data. Instruments in this category are valued using quoted prices for similar instruments or identical instruments in markets which are not considered to be active, or valuation techniques where all the inputs that have a significant effect on the valuation are directly or indirectly based on observable market data.

Level 3 financial instruments are those valued using techniques that incorporate information other than observable market data. Instruments in this category have been valued using a valuation technique where at least one input, which could have a significant effect on the instrument's valuation, is not based on observable market data.

4. Financial management and instruments (continued)

4.4 Fair value measurements of financial instruments (continued)

4.4.2 Fair value of financial instruments

Where the Group's financial assets and liabilities are not fair valued and are carried at amortised cost, they approximate their fair values. All financial instruments, except for the derivatives designated in hedge accounting relationships, are valued through profit or loss.

	At fair value level 1 Rm	At fair value level 2 Rm	At fair value level 3 Rm	At amortised cost Rm	2023 Carrying amount Rm	2022 Carrying amount Rm
Financial assets						
Loans to associates and joint venture	–	–	–	73	73	75
Preference shares	–	–	252	–	252	314
Unlisted investment	–	–	6	–	6	5
Other financial assets	–	–	–	–	–	1
Trade and other receivables	–	–	–	6 358	6 358	4 214
Derivative financial assets	–	428	–	–	428	684
Cash resources	–	–	–	2 042	2 042	993
	–	428	258	8 473	9 159	6 286
Financial liabilities						
Interest-bearing borrowings	–	–	–	15 754	15 754	6 029
Lease liabilities	–	–	–	3 768	3 768	2 347
Other financial liabilities	–	–	–	37	37	62
– Loans from associates and non-controlling interests	–	–	–	37	37	38
– Contingent consideration	–	–	–	–	–	24
Trade and other payables	–	–	–	11 494	11 494	9 643
Floorplans from suppliers	–	–	–	10 968	10 968	4 988
Derivative financial liabilities	–	122	–	–	122	131
	–	122	–	42 021	42 143	23 200

When the fair value of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be measured based on quoted prices in an active market, their fair value is measured using the discounted cash flow valuation techniques. The inputs to these models are taken from observable markets, but where this is not feasible, a degree of judgement is required in establishing these fair values. Discount rates are calculated with reference to observable market data. Assumed profitability is based on historical performances adjusted for expected growth.

The significant financial instruments referred to include:

- Derivative financial instruments measured at fair value (Level 2); and
- Preference shares measured at fair value (Level 3).

Refer to note 4.3 – Currency risk and hedge accounting and note 6.1 – Interest-bearing debt for details regarding the valuation of Level 2 financial instruments.

Notes to the consolidated annual financial statements (continued)

4. Financial management and instruments (continued)

4.4 Fair value measurements of financial instruments (continued)

4.4.2 Fair value of financial instruments (continued)

Level 3 financial assets

The fair value of the level 3 financial assets of R258 million (2022: R319 million) consists of the investments in preference shares and an unlisted investment.

The fair value of the preference shares of R252 million (2022: R314 million) consists of investments in cell captives through unlisted preference share instruments in insurance companies. These fair values were estimated by applying a discounted cash flow projection technique. Cash flow projections are based on expected dividends receivable which are determined by using regulatory solvency methods. The cash flow projections cover a five-year forecast period and takes into account organic portfolio growth, discounted at a market-related weighted average cost specifically linked to Mobility Solutions. The projections are limited to five years as the investment structures are reviewed on an ongoing basis in light of changes to the regulatory and economic landscape. The inputs include:

	2023 %	2022 %
Weighted average cost of capital	**19,0**	18,4
Growth rates	**3,0 – 5,0**	5,0 – 9,0
Solvency capital requirement growth	**5,0**	5,0
Adjustments on the effective interest rates used to determine investment income	**(0,5) – 0,0**	0,0 – 0,8

The fair value measurement is based on significant inputs that are not observable in the market. Key assumptions used in the valuation include underwriting, operational and investment risk. The dividends receivable are calculated from the assumed profits after taking into account the abovementioned risk inputs.

Management has used a reasonable possible variation of 1,0% in the key inputs used to determine the sensitivity of the valuations. The weighted average cost of capital variation resulted in a R6 million increase or decrease in the carrying value of the investments. The variation in the other key inputs had an insignificant impact on the carrying value of the investments. These possible variations were deemed reasonable based on management's expectation of changes to the key inputs used and, as such, provides relevant and sufficient guidance on the sensitivity of the fair value of the preference shares.

The carrying value of the unlisted investment of R6 million (2022: R5 million) closely approximates its fair value. Senior management has assessed the fair value sensitivity of this investment and concluded that the impact would be insignificant to the Group.

Refer to note 3.5 – Investments and other financial instruments for movements in the fair value of the level 3 financial assets.

4. Financial management and instruments (continued)
4.4 Fair value measurements of financial instruments (continued)
4.4.2 Fair value of financial instruments (continued)
Level 3 financial liabilities

The level 3 financial liabilities of R24 million in the prior year were the contingent considerations related to purchasing an Aftermarket Parts franchise store in Motus Group Limited and a subsidiary acquired in a previous financial year. All of the requirements relating to the purchase of the Aftermarket Parts store were met and the amounts due were settled. During the financial year, amounts due to the former owner of the subsidiary acquired was assessed based on the profitability of the business and as a result was remeasured to profit or loss.

The movements in Level 3 financial liabilities carried at fair value are:

	2023 Rm	2022 Rm
Carrying value at the beginning of the year	**24**	33
Movement during the year		
Payment made to former equity holder of the subsidiary acquired	**(4)**	(29)
– Arising on acquisition of business	**(4)**	(10)
– Arising on remeasurement subsequent to the acquisition of the business	**–**	(19)
Remeasurement through profit or loss	**(20)**	19
Currency adjustments	**–**	1
Carrying value at the end of the year	**–**	24

Transfers between hierarchy levels

There were no transfers between the fair value hierarchies during the current and prior financial years.

5. Shareholders' interest

5.1 Stated capital

Ordinary shares

Each ordinary share is entitled to one vote and to participate in the dividend distribution. These shares are traded on the JSE Limited and A2X Exchange trading platforms under the share code MTH. The ordinary shares owned by a wholly-owned subsidiary have no voting rights attached while being under its control.

Deferred ordinary shares

The deferred ordinary shares are unlisted, entitled to one vote per share and are not entitled to participate in the dividend distribution. They have been issued to Ukhamba, the Group's B-BBEE partner and have the right to repayment of the par value thereof *pari passu* with holders of ordinary shares but have no further right to participate in the profits or assets of the Company. The shares convert on a one-for-one basis into ordinary shares annually at a fixed rate of 831 469 shares. The last conversion will be in June 2025, any shares not converted into ordinary shares will be converted into redeemable preference shares in 2025.

Non-redeemable preference shares

These are preference shares that are non-redeemable, cumulative, non-participating, no par value preference shares in the stated capital of the Company. Preference shares carry one vote per share. Each preference share ranks with regards to dividends and repayment of capital prior to ordinary shares. There are no non-redeemable preference shares in issue, nor is there currently any authority given to the Directors to issue any non-redeemable preference shares until at least the next AGM.

Redeemable preference shares

Preference shares that are redeemable, non-participating, no par value preference shares in the stated capital of the Company. Redeemable preference shares do not confer on the holder the right to vote at meetings of the Company, except where a dividend or any part of any such dividend on such share or redemption payment remains in arrears and unpaid or to amend the preference rights, limitations and other terms associated with such preference shares. Each preference share ranks with regards to dividends and repayment of capital prior to ordinary shares. There are no redeemable preference shares in issue, nor is there currently any authority given to the Directors to issue any redeemable preference shares until at least the next AGM.

Directors' and prescribed officers' interests in issued stated capital

The Directors' Report outlines the aggregate shareholdings of the Directors and prescribed officers in the issued ordinary stated capital of the Company.

Authorised stated capital

The Company's authorised stated capital comprises the following classes of shares, which remains unchanged from the prior financial year:

	2023 Number of shares
Ordinary shares of no par value	394 999 000
Deferred ordinary shares of no par value	10 000 000
Non-redeemable preference shares of no par value	40 000 000
Redeemable preference shares of no par value	2 000 000

Issued and fully paid stated capital

	2023 Rm	2022 Rm
178 300 509 (2022: 178 133 390) ordinary shares of no par value	21 042	21 104
3 542 015 (2022: 4 373 484) deferred ordinary shares of no par value	–	–
Stated capital	**21 042**	21 104

5. Shareholders' interest (continued)

5.1 Stated capital (continued)

Ordinary shares in issue	Number of shares	Rm
As at 30 June 2021	188 933 942	22 321
Cancellation of shares repurchased at an average of R104,62 per share	(11 632 021)	(1 217)
Conversion of deferred ordinary shares	831 469	–
As at 30 June 2022	178 133 390	21 104
Cancellation of shares repurchased at an average of R93,32 per share	(664 350)	(62)
Conversion of deferred ordinary shares	831 469	–
As at 30 June 2023	**178 300 509**	**21 042**

Shareholders approved a special resolution granting a general authority for the Group to repurchase ordinary shares, to a maximum of 10,0% (2022: 10,0%) of shares in issue, at the previous AGM held. All repurchases are subject to the JSE Listings Requirements and the provisions set out in the Companies Act. Approval to renew this general authority will be sought at the upcoming AGM.

Deferred ordinary shares in issue	Number of shares	Rm
As at 30 June 2021	5 204 953	–
Conversion of shares into ordinary shares	(831 469)	–
As at 30 June 2022	4 373 484	–
Conversion of shares into ordinary shares	(831 469)	–
As at 30 June 2023	**3 542 015**	**–**

5.2 Shares repurchased

The treasury shares are repurchased by a wholly-owned subsidiary of the Company for the settlement of employee incentive schemes and are held at cost in the consolidated statement of financial position. These shares are treated as a deduction from the issued and weighted average number of shares and the value of these shares is treated as a reduction of equity. Dividends received on treasury shares by the subsidiary are eliminated on consolidation.

	Repurchased number of shares	Rm
As at 30 June 2021	6 077 789	517
1 307 000 shares repurchased at an average of R102,52 per share	1 307 000	134
Issue of treasury shares as settlement of share-based equity at an average of R85,43 per share	(749 155)	(64)
As at 30 June 2022	6 635 634	587
418 795 shares repurchased at an average of R93,12 per share	418 795	39
Issue of treasury shares as settlement of share-based equity at an average of R88,43 per share	(2 171 313)	(192)
As at 30 June 2023	**4 883 116**	**434**

Refer to note 10.2 – Employee incentive schemes for additional information.

5.3 Dividends paid

Interim

In the current year, a gross dividend of 300 cents (2022: 275 cents) per ordinary share was paid on 20 March 2023. The ordinary dividend was subject to the local dividend tax of 20% and the net ordinary dividend for those shareholders who are not exempt from paying tax, was therefore 240 cents (2022: 220 cents) per share.

Final

A gross dividend of 410 cents (2022: 435 cents) per ordinary share is payable on 9 October 2023. The ordinary dividend is subject to the local dividend tax of 20% and the net ordinary dividend for those shareholders who are not exempt from paying tax, is therefore 328 cents (2022: 348 cents) per share.

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

6. Interest-bearing funding

6.1 Interest-bearing debt

The interest-bearing debt comprises sustainability-linked facilities and non-sustainability-linked facilities with various financial institutions.

Those local facilities, that are sustainability linked, comprise both bilateral and syndicated facilities entered into with local banks. The local facilities, amounting to R7 781 million, are Rand denominated ESG facilities which will focus on the own-use fuel consumption of the Group, water and electricity consumption, as well as gender equality to drive diversity and inclusion. The foreign denominated revolving credit facility has reduced from £120 million to £88 million due to some consortium members not approving the extension requests while three of the remaining members increased their contributions. The facilities have been extended to 2025 with the sustainability-linked metrics aimed at reducing the fuel and water consumption of the Group remaining unchanged.

The targets for each indicator were defined by the Group and agreed with the local and foreign financial institutions. If the Group meets the targets, the interest rate applicable will be reduced. However, if the targets are not met, a penalty will be applied, resulting in an increase in the interest rate applicable. Where the Group does not meet the target but achieves the minimum threshold, no adjustments will be made to the applicable interest rate. For the local and foreign sustainability-linked facilities, each target is measured individually and the ultimate result per sustainability-linked facility will be assessed collectively. The indicators are measured annually and verified by external parties.

The Group has not recognised an embedded derivative, as these targets are specifically defined by the Group and are not linked to a basic lending arrangement.

The remainder of the banking facilities relates to bilateral loans held with financial institutions and other in-country facilities in the geographies we operate in.

The components of the debt facilities are as follows:

	Current variable interest rates[1] %	2023 Rm	2022 Rm
Long-term			
Bank term loans	6,7 – 10,1	3 440	2 000
Revolving credit loans		6 300	1 608
– Rand denominated loans	6,5 – 10,0	4 750	1 300
– Foreign currency denominated loans[2]	1,6 – 6,5	1 550	308
15-month notice loans	6,2 – 9,7	200	248
		9 940	3 856
Short-term			
Bank term loans	6,7 – 10,1	293	–
Revolving credit loans		58	1
– Rand denominated loans	6,5 – 10,0	55	–
– Foreign currency denominated loans	1,6 – 6,5	3	1
Other short-term debt		3 793	1 305
– Call borrowings	6,1 – 9,7	2 670	1 032
– 15-month notice loans	6,1 – 9,7	2	1
– Bank overdrafts	1,8 – 15,8	1 121	272
Total short-term debt		4 144	1 306
Interest-bearing floorplans from financial institutions		1 670	867
– Rand denominated floorplans	10,1 – 10,3	761	247
– Foreign currency denominated floorplans	6,2 – 7,4	909	620
		5 814	2 173
Interest-bearing borrowings		15 754	6 029

[1] *Reflects the current variable interest rates applicable to interest-bearing debt. Additional information on the IRDCs is outlined below.*
[2] *The foreign currency denominated revolving credit loans include R400 million foreign currency denominated revolving credit loan which is secured by property, plant and equipment and assets held-for-sale of R801 million.*

6. Interest-bearing funding (continued)

6.1 Interest-bearing debt (continued)

Cash inflows from banking facilities

	2023 Rm	2022 Rm
Banking facilities at the beginning of the year	(4 890)	(3 361)
– Total interest-bearing borrowings	(6 029)	(5 130)
– *Less:* Bank overdrafts	272	896
– *Less:* Interest-bearing floorplans from financial institutions	867	873
Extinguishment of facilities as a result of the refinancing	–	–
– Repayment of previously held facilities	–	(3 300)
– Advances of new facilities	–	3 300
Acquisition of businesses	–	(17)
Re-classification of debt owed to previous associate	–	17
Translation of foreign denominated facilities charged to profit or loss	91	(1)
Movement in accrued interest	(75)	(6)
Currency adjustments	(390)	(17)
Banking facilities at the end of the year	12 963	4 890
– Total interest-bearing borrowings	15 754	6 029
– *Less:* Bank overdrafts	(1 121)	(272)
– *Less:* Interest-bearing floorplans from financial institutions	(1 670)	(867)
	7 699	1 505
The cash inflows from banking facilities for the financial year comprises of:		
Advances/(repayments) of banking facilities	7 699	1 505
– Advances of banking facilities	50 139	41 293
– Repayment of banking facilities	(42 440)	(39 788)
	7 699	1 505

The Group follows a centralised cash management process, including cash management systems to minimise risk and related finance costs across bank accounts. The cash management systems ensure that any excess cash held in the businesses is transferred through sweeping processes to the treasury departments in the various jurisdictions.

During the financial year, the Group established a global multi-currency notional pool with J.P. Morgan Chase and Co and select international subsidiaries within the Group. These subsidiaries have accounts in appropriate currencies for their business and deposit excess funds in their accounts, making these funds available to the Group. The subsidiaries earn interest according to their position, while the Group benefits as it is able to extract this value in a currency of its choice to be used elsewhere in the Group.

The consolidated borrowing position of the Group, is assessed daily and the banking facilities are repaid or drawn down on a short-term basis.

Maturity analysis of interest-bearing debt by geographical location

	2027 onwards Rm	2026 Rm	2025 Rm	2024 Rm	2023 Rm	2022 Rm
South Africa	2 281	5 367	742	4 275	12 665	5 030
International	–	–	1 550	1 539	3 089	999
	2 281	5 367	2 292	5 814	15 754	6 029

Notes to the consolidated annual financial statements (continued)

6. Interest-bearing funding (continued)

6.1 Interest-bearing debt (continued)

Maturity analysis of interest-bearing debt by denominated currency

	2027 onwards Rm	2026 Rm	2025 Rm	2024 Rm	2023 Rm	2022 Rm
SA Rand	2 281	5 367	742	4 350	**12 740**	4 910
British Pound	–	–	1 151	445	**1 596**	219
Australian Dollar	–	–	399	524	**923**	711
US Dollar	–	–	–	97	**97**	8
Other[1]	–	–	–	398	**398**	181
	2 281	5 367	2 292	5 814	**15 754**	6 029

[1] *Other relates to interest-bearing debt primarily denominated in Chinese Renminbi, Kenyan Shilling, Tanzanian Shilling and Zambian Kwacha.*

Refer to note 4.2 – Liquidity risk, for further disclosure related to interest-bearing debt with regards to liquidity risk.

Interest rate risk

Borrowings issued at variable rates expose the Group to cash flow and interest rate risk, while fixed rate borrowings expose the Group to fair value interest rate risk. Cash flow interest rate risk arises from movements in market rates. To mitigate this risk the Group enters into various derivative contracts in line with the recommendations provided by the AL Committee.

The IRDCs are regarded as Level 2 financial instruments which are fair valued using the present value of estimated future cash flows over the term of the IRDCs, based on future interest rates (from observable forward looking interest rates at the end of the reporting period), including margins applied by the financial institutions.

The Group has entered into the following IRDCs:

	Maturity date	Notional value Rm	Variable interest rates %	Derivative interest rates %	Derivative assets Rm
2023					
IRDCs designated in hedge accounting relationships					
– IRDC 8[1]	**Dec-2024**	**250**	**10,0**	**7,9**	**9**
– IRDC 9 (cap)[2]	**Dec-2024**	**250**	**10,0**	**8,0**	**7**
– IRDC 10 (cap)[2]	**Dec-2024**	**250**	**10,0**	**8,0**	**7**
– IRDC 11 (collar)[3]	**Dec-2024**	**250**	**10,0**	**6,0 – 8,0**	**7**
		1 000			**30**

[1] *This IRDC is an interest rate swap whereby the Group will receive interest at the variable interest rates on notional values and oblige it to pay interest at the derivative interest rate, which is fixed, on the same amount.*
[2] *These IRDCs are interest rate caps whereby the Group continues to pay interest based on the variable interest rate, should the variable interest rate exceed the derivative interest rates (the strike rate), the Group will receive interest from the financial institution based on the differential. The agreed strike rate is therefore the maximum interest rate.*
[3] *This IRDC is an interest rate collar whereby the minimum interest rate (the floor strike rate) and maximum interest rate (the cap strike rate) are defined. Should the variable interest rate exceed the cap strike rate the Group will receive interest from the financial institution based on the differential. If the variable interest rate falls below the floor strike rate, the Group will pay interest to the financial institution based on the differential.*

6. Interest-bearing funding (continued)

6.1 Interest-bearing debt (continued)

Interest rate risk (continued)

	Maturity date	Notional value Rm	Variable interest rates %	Derivative interest rates %	Derivative assets[1] Rm
2022					
IRDCs designated in hedge accounting relationships					
– IRDC 8	Dec-2024	250	6,5	7,9	9
– IRDC 9 (cap)	Dec-2024	250	6,5	8,0	7
– IRDC 10 (cap)	Dec-2024	250	6,5	8,0	7
– IRDC 11 (collar)	Dec-2024	250	6,5	6,0 – 8,0	7
		1 000			30

	Maturity date	Notional value Rm	Variable interest rates %	Derivative interest rates %	Derivative liabilities[1] Rm
IRDCs not designated in hedge accounting relationships					
– IRDC 7	Nov-2022	250	6,7	8,5	(2)
		250			(2)

[1] *The derivative assets and liabilities have been disaggregated to enhance disclosure. The comparative amounts have been amended to align with that of the current financial year.*

	2023 Rm	2022 Rm
Changes in the fair value of the hedged item for calculating the hedge ineffectiveness	**6**	11
Changes in the fair value of the hedging instrument for calculating the hedge ineffectiveness	**6**	11

On inception of IRDC 9, IRDC 10 (the interest rate caps) and IRDC 11 (the interest rate collar), the Group paid a premium of R16 million. The intrinsic value of the IRDCs is the present value of the interest payments that the Group is expected to receive based on the expected interest rates over the life of the IRDCs. The intrinsic value is recognised in other comprehensive income. The remaining portion between the premium paid and the intrinsic value is recognised in the cost of hedging reserve. The cost of hedging will be realised to profit or loss over the life of the IRDCs. Refer to note 8.5 – Finance cost and finance income for additional information.

If interest rates had been 0,5% higher or lower, holding all other variables constant, the Group's other comprehensive income would decrease or increase by R14 million (2022: R13 million).

The hedged item is defined as the designated future cash flows arising from the quarterly interest payable on the applicable interest-bearing debt. The hedged item is not designated to a specific category of debt outstanding but rather the designated future cash flows arising on interest-bearing debt to the value of the nominal value. Any debt arising from future refinancing will be entered into with similar terms and conditions. The complete fair value, including any margins, on the designated IRDCs, is defined as the hedging instrument.

6. Interest-bearing funding (continued)

6.1 Interest-bearing debt (continued)

Interest rate risk (continued)

Hedge effectiveness is assessed at:

- Each designation date;
- Each reporting date;
- When the underlying hedged item is recognised; and
- When there was a significant change in the circumstances of the relationship.

For hedges of interest rate risk, the Group entered into hedging relationships where the critical terms of the hedging instrument and hedged item are aligned. These critical terms include the nominal amounts outstanding and the expected quarterly interest payments due. This matching of the critical terms demonstrates the economic relationship and the hedge ratio of 1:1 and the Group, therefore, assesses effectiveness qualitatively. Where the critical terms are not aligned, the economic relationship is assessed quantitatively.

The potential sources of hedge ineffectiveness include:

- Modification in hedged item; and
- A change in credit risk of either party.

Hedge ineffectiveness is recognised in profit or loss as part of finance costs and finance income. If significant hedge ineffectiveness is identified that disputes the economic relationship, hedge accounting is discontinued. Hedge accounting will not be discontinued where ineffectiveness is temporary or insignificant.

The effect of credit risk does not dominate the value changes that result from the economic relationship, as the derivative contracts have been entered into with reputable financial institutions.

The effective portion of gains and losses on the IRDCs designated as cash flow hedges is recognised in other comprehensive income. Refer to note 4.3 – Currency risk and hedge accounting for additional information. Changes in the fair value of IRDCs that are not formally designated in a hedge relationship are recognised immediately in profit or loss as part of finance cost and income.

Interest rate sensitivity

The interest rate profile is based on the interest-bearing borrowings, as noted above and includes interest-bearing payables.

If interest rates had been 0,5% higher or lower, holding all other variables constant, the Group's profit or loss would decrease or increase by R82 million (2022: R23 million). This is attributable to the Group's exposure to interest rates on its variable rate borrowings and payables, which have not been fixed through the use of IRDCs.

This analysis was prepared assuming that the amount outstanding at the end of the financial year was outstanding for the entire year.

Floorplans from financial institutions

Floorplans from financial institutions consist of interest-bearing and interest-free facilities provided by the financial institutions. The financial institutions outline the terms and conditions and, in some instances, take into account the vehicle model. The amounts due are settled once the underlying vehicle has been sold or as outlined in the terms and conditions set by the financial institution.

	2023 Rm	2022 Rm
Retail and Rental	**1 160**	677
Mobility Solutions	**510**	190
	1 670	867

6. Interest-bearing funding (continued)

6.1 Interest-bearing debt (continued)

Floorplans from financial institutions (continued)

	Carrying value of debt secured Rm	Carrying value of encumbered assets Rm	Vehicles for hire Rm	Inventories Rm
Rand denominated floorplans	761	722	504	218
Foreign currency denominated floorplans	909	835	–	835
2023	**1 670**	**1 557**	**504**	**1 053**
2022	867	819	185	634

Borrowing facilities

In terms of the MOI, the borrowing powers of the Group are unlimited. The Group's borrowing facilities include:

	2023 Rm	2022 Rm
Total direct borrowing facilities	**20 830**	14 244
– Banking facilities[1]	17 393	11 278
– Floorplan facilities (total)	3 437	2 966
***Less:* Utilised facilities**	**(16 094)**	(6 334)
– Banking facilities	(14 084)	(5 162)
– Floorplan facilities from financial institutions	(1 670)	(867)
– Floorplan facilities from suppliers[2]	(340)	(305)
Unutilised borrowing facilities	**4 736**	7 910
– Banking facilities	3 309	6 116
– Floorplan facilities (total)	1 427	1 794
The total available banking facilities are:	**5 351**	7 109
– Unutilised banking facilities	3 309	6 116
– Available cash resources	2 042	993

[1] *The banking facilities comprise of committed facilities amounting to R17 093 million (2022: R10 388 million) and uncommitted facilities amounted to R300 million (2022: R890 million).*

[2] *These facilities relate to floorplan facilities from financial institutions which are underwritten by OEMs and form part of the total value in note 3.6.4 – Floorplans from suppliers.*

Capital management

The Group's objective when managing capital is to safeguard its ability to continue as a going concern in order to provide returns, growth and benefits for shareholders and other stakeholders. The Group maintains an appropriate mix of equity, equity-like instruments and debt in order to optimise the WACC within an appropriate risk profile. Capital allocation is compared to the expected ROIC, WACC and the resulting shareholders' wealth created for that division or business and appropriate gearing ratios.

As is consistent with others in the industry, the Group monitored capital based on its gearing ratio of net debt to equity of 55% to 75% (2022: 50% to 70%) under normal trading conditions where significant acquisitions have not taken place. The target gearing ratio in the current financial year was adjusted to cater for the supply chain normalisation across all operating segments.

6. Interest-bearing funding (continued)

6.1 Interest-bearing debt (continued)

Capital management (continued)

	2023 Rm	2022 Rm
Interest-bearing borrowings	15 754	6 029
Less: Cash resources	(2 042)	(993)
Net debt	13 712	5 036
Total equity	17 762	14 045
Gearing ratio (%)	77,2	35,9

Bank covenants

In terms of the requirements set out in the banking facility agreements and the Group's treasury policies, the targets set for the Group are:

	Bank facility agreement threshold Times	Internal threshold Times	2023 Times	2022 Times
Net debt to Adjusted EBITDA	Below 3,0	Below 2,0	1,8	0,8
Adjusted EBITDA to Adjusted net interest	Above 3,0	Above 4,0	6,4	17,9

6.2 Cash resources

	2023 Rm	2022 Rm
Deposits and funds on call	2 023	977
Cash on hand	19	16
	2 042	993
Effective interest rates (%)	0,0 – 7,8	0,0 – 5,3

Finance income received on deposits and funds on call held with the Group's South African ESG fund coordinators is subject to the ESG requirements outlined in note 6.1 – Interest-bearing debt.

Credit risk

It is the Group's policy to deposit short-term cash with reputable financial institutions or counterparties authorised by the AL Committee. These financial institutions must have investment-grade credit ratings assigned by international or recognised credit rating agencies.

The carrying amount of these cash resources represents the maximum credit exposure on 30 June 2023. None of the financial assets above were given as collateral for any security provided. The Group has assessed the availability of the cash resources and have noted that all balances are liquid and readily convertible.

Senior management considers that the carrying amount of the cash resources closely approximates their fair value due to their short-term nature.

For further details on liquidity risk and the fair value hierarchy, refer to notes 4.2 – Liquidity risk and 4.4 – Fair value measurement of financial instruments, respectively.

6.3 Cash and cash equivalents

Cash and cash equivalents are the Group's short-term cash resources and overdrafts readily converted into cash under the cash management facility. Cash and cash equivalents is calculated as follows:

	2023 Rm	2022 Rm
Cash resources	2 042	993
Bank overdrafts	(1 121)	(272)
	921	721

7. Tax

7.1 Current tax

	2023 Rm	2022 Rm
Income tax	**(1 094)**	(1 246)
– Current year	**(1 031)**	(1 230)
– Prior year under provision	**(45)**	(11)
– Capital gains tax	**(18)**	(5)
Deferred tax	**147**	111
– Current year	**83**	117
– Prior year under provision	**65**	6
– Reversal of impairment of deferred tax assets	**12**	27
– Tax rate adjustments	**(13)**	(39)
	(947)	(1 135)

Reconciliation of effective tax rate

	2023 %	2022 %
South African normal tax rate	**27,0**	28,0
Adjusted for		
– Dividends received	**(1,9)**	(1,8)
– Profit on sale of properties	**(0,1)**	(0,2)
– Impairment of non-financial assets	**0,3**	0,8
– Impairment of other financial assets	**–**	0,6
– Impairment of goodwill	**0,3**	0,5
– Impairment of investment in associates and joint ventures	**–**	0,2
– Assessed losses recognised	**(3,0)**	(2,7)
– Prior year (overprovision)/under provision	**(0,5)**	0,1
– Reversal of impairment of deferred tax assets	**(0,3)**	(0,6)
– Tax rate adjustments	**0,3**	1,0
– Foreign tax rate differential	**(1,2)**	(1,1)
– Other[1]	**1,0**	0,8
Effective tax rate[2]	**21,9**	25,6

[1] *Other includes learnership allowances received, profit on the sale of shares to settle share schemes and other non-deductible expenses such as legal fees and donations.*
[2] *Effective tax is calculated on profit before tax excluding the share of results from associates and joint ventures.*

7. Tax (continued)

7.1 Current tax (continued)

The corporate tax rates applicable to various jurisdictions the Group operates in are:

	2023 %	2022 %
South Africa	**27,0**	28,0
United Kingdom[1]	**25,0**	19,0
Australia	**30,0**	30,0
Botswana	**22,0**	22,0
China	**25,0**	25,0
Kenya	**30,0**	30,0
Lesotho	**25,0**	25,0
Malawi	**30,0**	30,0
Namibia	**32,0**	32,0
Swaziland	**27,5**	27,5
Taiwan	**20,0**	20,0
Tanzania	**30,0**	30,0
Zambia	**30,0**	30,0

[1] *The corporate tax rate in the UK increased to 25,0% on 1 April 2023 however, a blended tax rate has been used for the financial year.*

Taxation paid

	2023 Rm	2022 Rm
Amounts payable at the beginning of the year	**(39)**	(2)
Acquisition of businesses	**13**	2
Charge to profit or loss	**(1 094)**	(1 246)
Amounts recognised in share-based equity	**72**	18
Currency adjustments	**1**	(1)
Amounts (receivable)/payable at the end of the year	**(24)**	39
	(1 071)	(1 190)
The amounts (receivable)/payable at the end of the year comprises of:		
Current tax assets	**(265)**	(189)
Current tax liabilities	**241**	228
	(24)	39

7. Tax (continued)

7.2 Deferred tax

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset and where it relates to taxes levied by the same revenue authority and legal entity.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits, based on approved forecasts, will be available against which the unused tax losses and unused credits can be utilised. Future taxable profits are estimated based on business plans which include estimates and assumptions regarding the following:

- Economic growth;
- Interest rates;
- Inflation rates;
- Taxation rates;
- Currency risk; and
- Competitive forces.

Deferred tax assets are reviewed at the end of the financial year and are impaired where subsidiaries do not show signs of profitability currently or in the foreseeable future. It is expected that the assessed losses will be utilised within five years based on the projected taxable income.

The Group's deferred tax assets primarily arise from contract liabilities in Mobility Solutions, provisions and other timing differences in profitable subsidiaries. As these amounts become deductible, they are replaced with new amounts that are deductible in the future. The profitability of these subsidiaries has been assessed and the deferred tax asset is considered recoverable.

Deferred tax raised in the foreign tax jurisdictions is at the tax rate applicable to those jurisdictions. The corporate tax rate for the UK has increased from 19,0% to 25,0% from 1 April 2023, resulting in a deferred tax adjustment of R13 million.

	2023 Rm	2022 Rm
Balance receivable at the beginning of the year	**1 125**	1 257
Movement during the year		
Net acquisition of businesses	**(352)**	(46)
Charge from profit or loss	**147**	111
Amounts recognised in share-based equity	**(32)**	(16)
Amounts recognised in hedge accounting reserve	**(322)**	(147)
Tax rate change on amounts recognised in hedge accounting reserve	**–**	(3)
Amounts recognised on the transfer to inventory from hedge accounting reserve	**342**	(39)
Currency adjustments	**(51)**	8
Balance receivable at the end of the year	**857**	1 125
The balance receivable at the end of the year comprises of:		
Deferred tax asset	**1 353**	1 203
Deferred tax liability	**(496)**	(78)
	857	1 125

7. Tax (continued)

7.2 Deferred tax (continued)

Analysis of deferred tax

	2023 Rm	2022 Rm
Property, plant and equipment	(247)	(213)
Investment properties	(14)	–
Right-of-use assets	(816)	(171)
Intangible assets	(536)	(67)
Vehicles for hire	16	(4)
Inventories	692	300
Contract liabilities	362	347
Lease liabilities	915	237
Trade and other payables	108	443
Provisions	349	261
Net derivative instruments	(46)	(112)
Tax losses	97	18
Other	(23)	86
	857	1 125

There are no taxable temporary differences relating to investments in subsidiaries, associates and joint ventures for which deferred tax liabilities have been recognised. There are no deductible temporary differences, unused tax losses, unused tax credits and permanent differences that will expire from tax authorities.

Estimated tax losses

	2023 Rm	2022 Rm
Unused tax losses available for set-off against future taxable income	836	1 066
Deferred tax assets recognised in respect of such losses	(360)	(67)
Remaining tax losses not recognised	476	999

Deferred tax assets on assessed losses are only recognised when it has been ascertained that there will be sufficient taxable profit in the future periods that will be available, based on approved forecasts, against which the assessed losses can be utilised. Where uncertainty exists, the losses are not recognised.

8. Profit or loss

8.1 Revenue

Included in revenue are invoiced sales, net of discounts, to customers for:

- Vehicles and parts;
- Workshop and panelshop;
- Maintenance, service and warranty contracts;
- Rentals on vehicles for hire; and
- Fees on vehicles, parts and services sold.

Where the Group acts as a principal, the total value of the transaction is included in revenue. Where the Group acts as an agent for the sale of vehicles, parts and VAPS and is remunerated on a commission basis, the commission is included in fees received from goods and services.

The Group recognises revenue from contracts with customers in accordance with the five-step approach outlined in IFRS 15. On this basis, revenue is recognised either at a point in time or over-time in profit or loss. Rental revenue is recognised in accordance with IFRS 16 and disclosed as part of revenue.

Revenue recognised at a point in time

Revenue where performance conditions are fulfilled at a point in time, is recognised as follows:

- Sales of vehicles – once the payment from the customer has been secured and the vehicle has been delivered;
- Sales of parts – once the parts have been delivered;
- Workshop and panelshop sales – when the work has been completed;
- Fees on vehicles or parts sold – once payment from the customer has been secured and the vehicles or parts have been delivered; and
- Fees on VAPS – when the sales contract is concluded.

Revenue recognised over a period of time

Revenue from vehicle maintenance, service and warranty contracts is long-term in nature (two to five years) and is recognised as the vehicle is maintained, serviced or repaired over the life of the plan (over-time). The value of the revenue recognised is the cost of the work done plus the estimated margin. The estimated margin is adjusted to cater for the cost of expected future expenditure based on historical trends and includes annual forecasted inflationary adjustments. The Group makes use of actuarial experts to ascertain the inputs and assumptions needed to determine the final contract liabilities required and the revenue to be recognised as a result.

The balance of the unearned revenue is recognised in profit or loss on termination when the contract expires. Funds for which there are insufficient claims history are recognised in profit or loss to the extent of the claims cost incurred without any profits being attributed. At the end of the contracts, any remaining profits are recognised in profit or loss.

There are no significant financing arrangements applicable to the Group's revenue. Revenue recognised at a point in time have short payment terms and revenue recognised over a period of time have the funds received in advance. Refer to note 3.7 – Contract liabilities for further details.

Notes to the consolidated annual financial statements (continued)

8. Profit or loss (continued)

8.1 Revenue (continued)

Returns and refunds

In general, it is uncommon to have returns and refunds in the Group. Returns and refunds generally occur as a result of legislative requirements, such as the Consumer Protection Act of South Africa (No. 68 of 2008) or specific terms and conditions outlined in the relevant contracts.

Refunds of vehicles and parts to customers are generally backed by a corresponding right of recovery from the OEMs, the exception to this would be for pre-owned vehicles and the Group's exposure would be limited to the lost margin as a result of the lost sale. No right of return liability has been recognised due to the limited exposure.

New, pre-owned and demonstration vehicles

Vehicles sold by the importers to external dealers can be returned due to damages or the incorrect vehicle having been supplied. There is a very short time limit for a refund on a returned vehicle.

Returns for vehicles sold as a principal by retail dealerships to external customers is generally imposed by legislation. The dealership will repair the vehicle and in rare circumstances, the vehicle can be returned and substituted with another vehicle or a refund being made.

Parts, services and vehicle rental

For parts supplied, returns must be made within a short-term period with the undamaged parts being returned in their original packaging. Once returned the part can be substituted or the customer is refunded.

Returns on the workshop and panelshop revenue are unlikely. In rare circumstances, a discounted price may be offered to the customer.

It is rare that there will be any returns on maintenance, service and warranty contracts, as these are sold with the underlying vehicle. Revenue is only recognised as costs are incurred through the payment to the dealership performing the service.

Revenue recognised on rentals

On short-term motor vehicle rentals, revenue is recognised when the vehicle is returned and the total revenue can be established. On long-term rentals, revenue is based on a contractual rate per day. Refunds are unlikely due to the nature of the business. The vehicle is most likely to be substituted with a similar product without a refund being required.

Guaranteed buy-back arrangements where control has not transferred to the purchaser, is accounted for as an operating lease. These arrangements relate to vehicles rented to vehicle rental operations. No revenue is recognised and the loss is recognised upfront in net operating expenses. Rental income from external operating leases is recognised in Mobility Solutions, on a straight-line basis over the term of the relevant lease.

On property rentals revenue is recognised based on the terms and conditions outlined in the agreements.

Revenue by nature

	2023 Rm	2022 Rm
Sale of goods	**95 417**	82 339
– New motor vehicle sales	**49 472**	43 746
– Pre-owned vehicle sales	**23 327**	21 353
– Parts and other goods sales	**22 618**	17 240
Rendering of services	**10 904**	9 639
– Vehicle workshop, maintenance, service and warranty	**6 239**	5 617
– Motor vehicle rental	**2 636**	2 123
– Fees on vehicles, parts and services sold	**2 029**	1 899
	106 321	91 978
Classified as follows:		
– Revenue recognised at a point in time	**102 182**	88 581
– Revenue recognised over a period of time (maintenance, service and warranty revenue)	**1 481**	1 252
– Motor vehicle and property rental[1]	**2 658**	2 145

[1] *Motor vehicle and property rental have been disaggregated from revenue recognised at a point in time to correctly present the effects of IFRS16 revenue derived by the Group. The comparative amounts have been amended to align with that of the current financial year.*

8. Profit or loss (continued)

8.1 Revenue (continued)

Operating lease receivables

At 30 June 2023 the future non-cancellable minimum lease rental income during the following financial years are:

	One to five years Rm	Less than one year Rm	2023 Rm	2022 Rm
Property	87	24	**111**	117
Motor vehicles	3	2	**5**	5
	90	26	**116**	122

Revenue from the Group's associates and joint ventures and revenue between Group entities is disclosed in note 10.4 – Related parties.

Disclosure in terms of operating segments and geographic locations is included in the segment profit or loss.

8.2 Net operating expenses

	2023 Rm	2022 Rm
Cost of sales	**(84 851)**	(73 797)
– Purchase of goods	**(92 903)**	(74 027)
– Change in inventories	**10 242**	2 142
– Cost of outside services	**(2 190)**	(1 912)
Auditor's remuneration	**(67)**	(51)
Fair value movements on preference share arrangements	**308**	294
– Dividend income	**370**	346
– Fair value movements as unrealised losses	**(62)**	(52)
Total employee costs	**(8 680)**	(7 307)
– Employee costs (including directors' remuneration)[1]	**(7 850)**	(6 680)
– Contributions to retirement funds	**(489)**	(327)
– Contributions to medical aid and other funds[1]	**(280)**	(202)
– Share-based equity costs charged to profit or loss	**(61)**	(98)
Profit recognised on termination of lease contracts	**11**	27
– Loss on derecognition of right-of-use assets	**(47)**	(91)
– Profit on derecognition of lease liabilities	**58**	118
Impairment of right-of-use assets	**(30)**	(20)
Remeasurement of contingent consideration	**20**	(19)
Operating lease charges	**(221)**	(237)
Business acquisition costs	**(35)**	(6)
Other operating expenses[2]	**(4 647)**	(4 000)
	(98 192)	(85 116)

[1] *Medical aid and other fund contributions have been disaggregated to enhance disclosure. The comparative amounts have been amended to align with that of the current financial year.*

[2] *Other operating expenses include expenses relating to business operational costs, including donations, storage expenses, insurance premiums, repairs and maintenance expenses, local and foreign travel expenses, vehicle expenses, marketing, telecommunication expenses, property related expenditure and IT costs.*

Reconciliation to dividend income received

	2023 Rm	2022 Rm
Total dividend income	**370**	346
Less: Movement in dividend income accrual	**7**	(49)
	377	297

8. Profit or loss (continued)
8.3 Depreciation, amortisation, impairments and recoupments
8.3.1 Depreciation and amortisation

	2023 Rm	2022 Rm
Intangible assets	**(148)**	(63)
Property, plant and equipment	**(436)**	(379)
Investment properties	**(9)**	(9)
Right-of-use assets	**(764)**	(492)
Vehicles for hire	**(1 043)**	(852)
	(2 400)	(1 795)

For additional information refer to note 2.2 – Intangible assets, 3.1 – Property, plant and equipment, 3.2 – Investment properties, 3.3.1 – Right-of-use assets and 3.4 – Vehicles for hire.

8.3.2 Profit/(losses) on disposal of property, plant and equipment, net of impairments

	2023 Rm	2022 Rm
Impairments	**(36)**	(138)
– Intangible assets	**(2)**	(3)
– Property, plant and equipment	**(34)**	(135)
Profit/(losses) on sale	**53**	47
– Property, plant and equipment	**51**	47
– Investment properties	**2**	–
	17	(91)

8.4 Other capital costs

	2023 Rm	2022 Rm
Impairment of goodwill	**(52)**	(81)
Impairment of investments in associates and joint ventures	**(7)**	(66)
Profit on disposal of investments in associates and joint ventures	**8**	30
Profit on disposal of businesses	**–**	13
	(51)	(104)

8. Profit or loss (continued)

8.5 Finance costs and finance income

8.5.1 Finance costs

	2023 Rm	2022 Rm
Finance costs on facilities, including floorplans from financial institutions and suppliers	(1 201)	(419)
Finance costs on lease liabilities	(189)	(137)
Changes in fair value of the cash flow hedges designated in hedge accounting relationships	(6)	(3)
Release of cost of hedging from other comprehensive income	(3)	(2)
	(1 399)	(561)
Reconciliation to finance costs paid		
Total finance costs	(1 399)	(561)
Add: Premium paid on interest rate derivative contracts	–	(16)
Less: Changes in fair value of the cash flow hedges designated in hedge accounting relationships	6	–
Less: Release of cost of hedging from other comprehensive income	3	2
Less: Movement in accrued interest in interest-bearing debt and trade and other payables	70	1
	(1 320)	(574)

Refer to note 3.3.2 – Lease liabilities, 3.6.4 – Floorplans from suppliers, 4.3 – Currency risk and hedge accounting and 6.1 – Interest-bearing debt, for further for additional information.

8.5.2 Finance income

	2023 Rm	2022 Rm
Finance income earned on cash resources	44	13
Changes in fair value of the cash flow hedges not designated in hedge accounting relationships	3	49
Changes in fair value of the cash flow hedges designated in hedge accounting relationships	–	3
	47	65
Reconciliation to finance income received		
Total finance income	47	65
Less: Changes in fair value of the cash flow hedges not designated in hedge accounting relationships	(3)	(49)
Less: Changes in fair value of the cash flow hedges designated in hedge accounting relationships	–	(3)
	44	13

Refer to note 6.1 – Interest-bearing debt, for further details on the underlying debt instruments and note 6.2 – Cash resources for further details of the cash resources.

Notes to the consolidated annual financial statements (continued)

8. Profit or loss (continued)

8.6 Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of Motus by the weighted average number of ordinary shares in issue during the financial year, net of shares repurchased and the Group's share of an associate's (Ukhamba) holding in Motus shares.

Headline earnings per share

The presentation of headline earnings per share is mandated under the JSE Listings Requirements and is calculated in accordance with Circular 1/2023 – *Headline Earnings*, as issued by the South African Institute of Chartered Accountants.

Diluted earnings per share

For diluted earnings per share, the weighted average number of ordinary shares in issue, net of shares repurchased and our share of an associate's (Ukhamba) holding in Motus shares, is adjusted for the dilutive effect of potential ordinary shares under the share incentive schemes and Ukhamba's obligation to deliver shares. Potential ordinary shares are treated as dilutive when they are expected to be issued and would decrease basic earnings per share. The effect of antidilutive potential ordinary shares is excluded from the calculation of diluted earnings per share. No adjustments were made to reported earnings attributable to shareholders in the computation of diluted earnings per share.

Earnings and headline earnings for basic and diluted earnings per share

The profit used in the calculation of the basic earnings per share is as follows:

	2023 Rm	2022 Rm
Profit attributable to the owners of Motus for basic earnings	3 354	3 290
Headline earnings (see reconciliation below)	3 416	3 504

The weighted average number of ordinary shares used in the calculations is as follows:

	2023 Million	2022 Million
Weighted average number of ordinary shares for basic	167	173
Weighted average number of ordinary shares for diluted	174	182

8. Profit or loss (continued)

8.6 Earnings per share (continued)

Reconciliation of number of shares in issue to weighted average number of shares

	2023		2022	
	Weighted average number of shares Units	Shares in issue Units	Weighted average number of shares Units[1]	Shares in issue Units[1]
Opening balance at the beginning of the year	173 142 267	175 871 240	181 707 003	188 061 106
– Ordinary shares in issue	184 896 360	178 133 390	191 396 051	188 933 942
– Deferred ordinary shares in issue	5 193 563	4 373 484	6 025 032	5 204 953
– Shares repurchased	(6 275 379)	(6 635 634)	(5 041 803)	(6 077 789)
– Shares of Motus held by associate, at the effective ownership percentage[2]	(10 672 277)		(10 672 277)	
Movement during the year				
Reset of weighting on opening balances	(7 943 304)		(4 318 174)	
– Ordinary shares in issue	(6 762 970)		(2 462 109)	
– Deferred ordinary shares in issue	(820 079)		(820 079)	
– Shares repurchased	(360 255)		(1 035 986)	
Cancellation of ordinary shares in issue	(191 894)	(664 350)	(4 048 972)	(11 632 021)
Conversion of deferred ordinary shares to ordinary shares	–	–	–	–
– Conversion of deferred ordinary shares to ordinary shares (impact on ordinary shares)	15 946	831 469	11 390	831 469
– Conversion of deferred ordinary shares to ordinary shares (impact on deferred ordinary shares)	(15 946)	(831 469)	(11 390)	(831 469)
Shares repurchased	(121 973)	(418 795)	(720 624)	(1 307 000)
Issue of treasury shares as settlement of share-based equity	1 617 139	2 171 313	523 034	749 155
Closing balance at the end of the year	166 502 235	176 959 408	173 142 267	175 871 240
– Ordinary shares in issue	177 957 442	178 300 509	184 896 360	178 133 390
– Deferred ordinary shares in issue	4 357 538	3 542 015	5 193 563	4 373 484
– Shares repurchased	(5 140 468)	(4 883 116)	(6 275 379)	(6 635 634)
– Shares of Motus held by associate, at the effective ownership percentage[2]	(10 672 277)		(10 672 277)	

[1] *The unit of measure in the prior financial year has been amended to enhance disclosure. The comparative amounts have been amended to align with that of the current financial year.*
[2] *The shares are held by Ukhamba, being ordinary shares and deferred ordinary shares at the Group's effective ownership percentage of 46,9% of the Class E shares. The value remains constant as the deferred ordinary shares convert to ordinary shares.*

Refer to note 5 – Shareholders' interest for further details on movements of ordinary, deferred ordinary and shares repurchased.

Reconciliation of weighted average number shares to a diluted number of shares

	2023 Million	2022 Million
Weighted average number of ordinary shares	167	173
Ordinary shares pledged to Investec through the Ukhamba structure	5	5
Potential issue of shares to settle the obligations of the share incentive schemes	2	4
Weighted average number of diluted shares	174	182

8. Profit or loss (continued)
8.6 Earnings per share (continued)

	2023 Cents	2022 Cents
Basic earnings per share	**2 008**	1 902
Diluted basic earnings per share	**1 928**	1 808
Headline earnings per share	**2 046**	2 025
Diluted headline earnings per share	**1 963**	1 925

Headline earnings per share

	Profit attributable to the owners of Motus Rm	Headline adjustments Before tax Rm	Headline adjustments Tax and NCI Rm	2023 Rm	2022 Rm
Earnings used in the calculation of basic earnings per share	3 354			**3 354**	3 290
Adjusted for:					
– Impairment of goodwill (IAS 36)		52	–	**52**	81
– Impairment of investments in associates and joint ventures (IAS 36)		7	–	**7**	66
– Impairment of property, plant and equipment (IAS 36)		34	–	**34**	133
– Impairment of intangible assets (IAS 36)		2	–	**2**	2
– Impairment of right-use-assets (IAS 36)		30	(9)	**21**	16
– Profit on disposal of investments in associates and joint ventures (IAS 28)		(8)	–	**(8)**	(30)
– Profit on disposal of businesses (IFRS 3)		–	–	**–**	(10)
– Profit on disposal of property, plant and equipment (IAS 16)		(51)	8	**(43)**	(43)
– Profit on disposal of investment properties (IAS 40)		(2)	–	**(2)**	–
– Adjustments included in result of associates and joint ventures		(1)	–	**(1)**	(1)
Headline earnings	3 354	63	(1)	**3 416**	3 504

	2023	2022
Equity attributable to owners of Motus (Rm)	**17 627**	13 924
Ordinary shares in issue net of shares repurchased (millions)	**173**	171
NAV per ordinary share (cents)	**10 189**	8 143

9. Cash flows

9.1 Cash generated from operations before interest, taxation paid and capital expenditure on vehicles for hire

	2023 Rm	2022 Rm
Operating profit before financing costs	5 709	4 969
Adjusted for:		
– Movements in expected credit losses of other financial assets	1	41
– Movements in expected credit losses of loans to associates and joint ventures	(1)	5
– Dividend income	(370)	(346)
– Fair value movements as unrealised losses	62	52
– Share-based equity costs	61	98
– Costs recovered on share-based equity	4	–
– Profit recognised on termination of lease contracts	(11)	(27)
– Impairment of right-of-use assets	30	20
– Remeasurement of contingent consideration	(20)	19
– Depreciation, amortisation, impairments and recoupments	2 400	1 795
– Share of results from associates and joint ventures	(40)	(39)
– (Profit)/losses on disposal of property, plant and equipment, net of impairments	(17)	91
– Net foreign exchange gains	(20)	(135)
– Impairment of goodwill	52	81
– Impairment of investments in associates and joint ventures	7	66
– Profit on disposal of investments in associates and joint ventures	(8)	(30)
– Profit on disposal of businesses	–	(13)
– Movement in contract liabilities	51	243
– Movement in provisions	(53)	19
Cash generated by operations before changes in net working capital	7 837	6 909
Movements in net working capital	(5 777)	(620)
– Increase in inventories	(9 996)	(2 077)
– Increase in trade and other receivables	(1 279)	(162)
– Decrease in derivative financial assets	175	297
– Increase in trade and other payables[1]	736	1 089
– Increase in floorplans from suppliers[1]	4 713	510
– Decrease in derivative financial liabilities	(126)	(277)
Cash generated from operations before interest, taxation paid and capital expenditure on vehicles for hire	2 060	6 289

[1] *The cash flows from floorplans from suppliers have been disaggregated from the cash flows from trade and other payables to enhance disclosure. The comparative amounts have been amended to align with that of the current financial year.*

Notes to the consolidated annual financial statements (continued)

9. Cash flows (continued)

9.2 Capital expenditure

	2023 Rm	2022 Rm
Gross replacement capital expenditure		
– Property, plant and equipment	(692)	(472)
– Intangible assets	(27)	(51)
	(719)	(523)
Proceeds from disposals		
– Property, plant and equipment	425	204
– Investment properties	15	–
	440	204
Replacement capital expenditure		
– Property, plant and equipment	(267)	(268)
– Investment properties	15	–
– Intangible assets	(27)	(51)
	(279)	(319)
Expansion capital expenditure		
– Property, plant and equipment	(264)	(440)
– Intangible assets	(29)	(5)
	(293)	(445)
Total capital expenditure		
– Property, plant and equipment	(531)	(708)
– Investment properties	15	–
– Intangible assets	(56)	(56)
Total	(572)	(764)

10. Our people

10.1 Directors' and prescribed officers' remuneration

R 000	Salary	Bonus	Retirement and medical aid contributions	Other benefits	Directors' fees paid	Total 2023[2]	Total 2022	Expected value of long-term incentive awards made in 2023[1]	Expected value of long-term incentive awards made in 2022[1]
Executive directors									
– OS Arbee	11 261	15 958	654	386	–	**28 259**	28 433	**13 012**	11 690
– OJ Janse van Rensburg	6 005	10 080	451	180	–	**16 716**	15 222	**7 000**	6 250
– KA Cassel	4 647	5 277	455	340	–	**10 719**	10 046	**4 328**	3 863
Total executive directors	21 913	31 315	1 560	906	–	**55 694**	53 701	**24 340**	21 803
Non-executive directors									
– MJN Njeke	–	–	–	–	1 072	**1 072**	934	**–**	–
– A Tugendhaft	–	–	–	–	1 180	**1 180**	1 172	**–**	–
– S Mayet	–	–	–	–	1 077	**1 077**	1 026	**–**	–
– F Roji	–	–	–	–	659	**659**	523	**–**	–
– GW Dempster[3]	–	–	–	–	2 048	**2 048**	1 951	**–**	–
– PJS Crouse[4]	–	–	–	–	450	**450**	429	**–**	–
– NB Duker[4]	–	–	–	–	525	**525**	500	**–**	–
Total non-executive directors	–	–	–	–	7 011	**7 011**	6 535	**–**	–
Prescribed officers									
– R Gottschick[5]	265	3 206	43	15	–	**3 529**		**2 125**	
– NW Lynch	3 608	3 959	430	314	–	**8 311**	7 962	**2 305**	2 800
– NE Simelane	2 964	1 901	286	2	–	**5 153**	4 816	**1 208**	1 050
– C Venter[6]	2 035	–	284	876	–	**3 195**	8 818	**–**	3 248
Total prescribed officers	8 872	9 066	1 043	1 207	–	**20 188**	21 596	**5 638**	7 098

[1] *This is a future expected value over a period of three and four years and is subject to certain performance and employment conditions being met.*
[2] *The non-executive directors are remunerated by the Company and the executive directors and prescribed officers are remunerated by a subsidiary company.*
[3] *Resigned from the Board and all sub-committees on 7 June 2023.*
[4] *Resigned from the Board and all sub-committees on 28 June 2023.*
[5] *The NOM Committee approved Mr. R Gottschick's designation as a prescribed officer on 25 May 2023.*
[6] *Mr. C Venter resigned from all his positions held within the Group. The remuneration and long-term incentive represent the amounts owed to him until his resignation.*

10. Our people (continued)

10.2 Employee incentive schemes

The Group has offered incentive schemes to select employees whereby participants are entitled to receive Motus shares based on the type and conditions of the scheme. These conditions include achieving financial performance targets, the participant's individual performance and remaining employed with the Group for the entire vesting period. The financial performance targets include achieving headline earnings per share targets relative to a peer group of JSE-listed companies, ROIC targets relative to WACC and operating within defined debt covenants. Participants who resign or are dismissed will forfeit any SARs and CSPs that have not vested.

The schemes are measured at fair value at the grant date using a Black-Scholes pricing model. When determining the inputs into the pricing model, a combination of publicly available information and senior management assumptions are used. The assumptions are based on experience with previous schemes and the Group's anticipated performance. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period based on the Group's estimated number of shares, which will eventually vest.

At the end of each financial year, the Group will assess the number of shares it expects to vest based on the current market conditions and the Group's current performance. Where adjustments are required, this is recognised in profit or loss so that the cumulative expense reflects the impact of the revised assessment, with a corresponding adjustment to equity.

Currently, CSPs are the only incentive scheme in effect, with the last unexercised SARs set to expire in the following financial year.

10.2.1 Share appreciation rights

The selected participants received annual grants of SARs, which were conditional rights to receive shares equal to the difference between the Motus share price and the original grant price. All the vesting requirements of the SARs have been met and the eligible participants have the option to take up the rights until the expiration date.

The inputs into the pricing model are established at the grant dates, which have not subsequently changed, were as follows:

	SARs 2018	SARs 2019
Volatility (%)	29,00	34,30
Weighted average share price (Rand)	89,67	72,05
Weighted average exercise price (Rand)	89,67	72,05
Weighted average fair value (Rand)	22,10	17,31
Expected life (years)	4,27	4,27
Average risk-free rate (%)	8,20	7,22
Expected dividend yield (%)	4,50	5,50

The volatilities were determined by calculating the historical volatility of Motus' share price over the prior three years. The expected life is determined by the rules of the schemes, which dictate the final expiry date.

10. Our people (continued)
10.2 Employee incentive schemes (continued)
10.2.1 Share appreciation rights (continued)
Details of rights by year of grant

	2023		2022	
	Number of rights Units	Average award price Rand	Number of rights Units	Average award price Rand
SARs 2018	–	–	961 831	89,67
SARs 2019	925 451	72,05	3 204 087	72,05
Unexercised rights at the end of the year	**925 451**	**72,05**	4 165 918	76,12

Movement in number of rights

	2023		2022	
	Number of rights Units	Average award price Rand	Number of rights Units	Average award price Rand
Unexercised rights granted at the beginning of the year	**4 165 918**	**76,12**	5 967 649	80,13
– Exercised during the year	(3 219 045)	77,20	(1 340 166)	89,67
– Forfeited during the year	(21 422)	89,67	(461 565)	88,62
Unexercised rights at the end of the year	**925 451**	**72,05**	4 165 918	76,12

The SARs for the prescribed officers are set out below:

	Allocation date	Price on allocation date Rand	Vesting date	Expiry date	Number of rights	Number of allocated rights	Number of forfeited rights	Number of exercised rights	Number of remaining rights[1]
Prescribed officers									
– NW Lynch	30 Nov 18	89,67	15 Sep 21	30 Jun 23	62 394	–	–	(62 394)	–
	04 Sep 19	72,05	15 Sep 22	30 Jun 24	99 127	–	–	–	99 127
– C Venter	30 Nov 18	89,67	15 Sep 21	30 Jun 23	62 394	–	–	(62 394)	–
	04 Sep 19	72,05	15 Sep 22	30 Jun 24	120 070	–	–	(120 070)	–

[1] *All the vesting requirements of the SARs have been met and the participants have the option to take up the rights until the expiry date. Any right not taken up at the expiry date will be forfeited.*

10. Our people (continued)

10.2 Employee incentive schemes (continued)

10.2.2 Conditional share plan

Select employees have been awarded CSPs which are conditional awards to receive shares subject to the abovementioned performance and employment conditions being met.

The inputs into the pricing model are established at the grant dates, which have not subsequently changed, were as follows:

	CSPs 2018	CSPs 2019	CSPs 2020	CSPs 2021 3 – year	CSPs 2021 4 – year	**CSPs 2022**
Volatility (%)	29,00	34,30	40,00	–	–	**–**
Weighted average share price (Rand)	89,67	72,05	30,45	107,34	107,34	**124,58**
Weighted average fair value (Rand)	77,60	57,15	25,52	93,78	89,66	**105,12**
Expected life (years)	3,21	4,21	3,21	3,00	4,00	**3,00**
Average risk-free rate (%)	8,20	7,22	4,15	–	–	**–**
Expected dividend yield (%)	4,50	5,50	5,50	4,50	4,50	**5,66**

There is no weighted average exercise price on the CSPs.

Details of conditional awards taken up that will vest by year of grant

	Remaining number of conditional awards 2023 Units	Remaining number of conditional awards 2022 Units
CSPs 2018	**–**	535 296
CSPs 2019	**–**	506 603
CSPs 2020	**2 028 214**	2 148 306
CSPs 2021 3 – year	**848 874**	889 855
CSPs 2021 4 – year	**127 681**	141 157
CSPs 2022	**598 181**	–
Unexercised awards at the end of the year	**3 602 950**	4 221 217

Movement in the number of conditional awards granted

	Number of conditional awards 2023 Units	Number of conditional awards 2022 Units
Unexercised conditional awards granted at the beginning of the year	**4 221 217**	3 547 069
– Awarded during the year	**598 181**	1 031 012
– Exercised during the year	**(1 006 255)**	(190 241)
– Forfeited during the year	**(210 193)**	(166 623)
Unexercised conditional awards at the end of the year	**3 602 950**	4 221 217

10. Our people (continued)
10.2 Employee incentive schemes (continued)
10.2.2 Conditional share plan (continued)
Movement in the number of conditional awards granted (continued)

The CSPs for the executive directors and prescribed officers are set out below.

	Date of grant	Vesting date	Conditional awards	Forfeited during the year	Vested during the year	Balance
Executive directors						
OS Arbee	30 Nov 18	15 Sep 22	200 736	(40 147)	(160 589)	–
	04 Sep 19	15 Sep 22	205 968	–	(205 968)	–
	01 Jul 20	15 Sep 23	288 884	–	–	288 884
	16 Sep 21	15 Sep 24	169 752	–	–	169 752
	16 Sep 22	15 Sep 25	111 857	–	–	111 857
OJ Janse van Rensburg	30 Nov 18	15 Sep 22	117 096	(23 419)	(93 677)	–
	04 Sep 19	15 Sep 22	107 333	–	(107 333)	–
	01 Jul 20	15 Sep 23	264 840	–	–	264 840
	16 Sep 21	15 Sep 24	90 757	–	–	90 757
	16 Sep 22	15 Sep 25	60 143	–	–	60 143
KA Cassel	30 Nov 18	15 Sep 22	83 640	(16 728)	(66 912)	–
	04 Sep 19	15 Sep 22	90 678	–	(90 678)	–
	01 Jul 20	15 Sep 23	167 808	–	–	167 808
	16 Sep 21	15 Sep 24	56 088	–	–	56 088
	16 Sep 22	15 Sep 25	37 179	–	–	37 179
Prescribed officers						
R Gottschick	16 Sep 22	15 Sep 25	11 960	–	–	11 960
NW Lynch	30 Nov 18	15 Sep 22	66 912	(13 382)	(53 530)	–
	04 Sep 19	15 Sep 22	19 709	–	(19 709)	–
	01 Jul 20	15 Sep 23	81 050	–	–	81 050
	16 Sep 21	15 Sep 24	29 042	–	–	29 042
	16 Sep 21	15 Sep 25	11 617	–	–	11 617
	16 Sep 22	15 Sep 25	19 820	–	–	19 820
NE Simelane	16 Sep 21	15 Sep 24	15 247	–	–	15 247
	16 Sep 22	15 Sep 25	10 366	–	–	10 366
C Venter	30 Nov 18	15 Sep 22	66 912	(13 382)	(53 530)	–
	04 Sep 19	15 Sep 22	23 872	–	(23 872)	–
	01 Jul 20	15 Sep 23	98 174	(39 059)	(59 115)	–
	16 Sep 21	15 Sep 24	33 689	(24 228)	(9 461)	–
	16 Sep 21	15 Sep 25	13 476	(10 638)	(2 838)	–

Notes to the consolidated annual financial statements (continued)

10. Our people (continued)

10.2 Employee incentive schemes (continued)

10.2.3 Net gains on employee incentive schemes

	2023 R 000	2022 R 000
OS Arbee	**47 749**	19 694
OJ Janse van Rensburg	**26 184**	11 432
KA Cassel	**20 528**	6 472
NW Lynch	**9 841**	3 849
C Venter	**27 790**	4 066
	132 092	45 513

10.3 Key management

The directors of the Group and certain members of senior management have been classified as key management personnel.

Remuneration paid to key management personnel is as follows:

	2023 Rm	2022 Rm
Salaries and allowances	**53**	47
Bonuses	**57**	59
Company contributions	**5**	4
Share-based equity costs	**34**	54
Other benefits	**3**	2
	152	166
Number of key management personnel	**14**	13
Net gain on share options and cash retention bonuses	**152**	53

Details relating to the remuneration of the Directors and prescribed officers, as well as information pertaining to the Directors and prescribed officers' interest in the stated capital of the Company, share options outstanding and benefits in terms of share options exercised, are disclosed in the Directors' Report and note 10.1 – Directors' and prescribed officers' remuneration and 10.2 – Employee incentive schemes.

The Group has a vast number of operations where the Group's personnel may be transacting. Transactions entered into with key management personnel were on terms and conditions no more favourable than those available to other employees, customers or suppliers and include transactions in respect of the employee option plans, contracts of employment and reimbursement of expenses, as well as other transactions. All key management are required to report any such transactions with the Group in excess of R100 000.

The total value of the goods and services supplied to or from key management, on an arm's length basis amounted to:

	2023 Rm	2022 Rm
Total value of the goods and services supplied to or from key management	**7**	9

During the financial year, the Group paid for direct services amounting to R4 million (2022: R4 million) on an arm's length basis to a firm of attorneys in which Mr. A Tugendhaft has an interest. An additional payment of R 1 million was made in the prior financial year for senior counsel services outsourced by the firm.

10. Our people (continued)

10.4 Related parties

Subsidiaries, associates, joint ventures, the Group's pension and provident funds, and key management personnel are considered to be related parties. Refer to note 10.3 – Key management for disclosure of transactions with key management personnel. During the financial year, the Company and its subsidiaries, associates and joint ventures, in the ordinary course of business, entered into various sale and purchase transactions with each other including:

- Sale of vehicles and parts between importers, dealerships and vehicle rental;
- Servicing of vehicles under vehicle service and maintenance contracts by the dealerships;
- Administration by Mobility Solutions of the vehicle contracts sold by the importers and dealerships; and
- Administration fees, interest, dividends and rental income.

These transactions give rise to inter-company debtors, creditors and loan accounts. These transactions, along with the associated balances, are eliminated on consolidation and as such are not disclosed below.

Revenues between Group entities

This relates to revenue between different legal entities within the Group. This differs from the segment profit or loss on the basis that revenue between two divisions may occur across two different operating segments, examples include an importer selling goods to one of its owned dealerships or a division in Aftermarket Parts selling goods to a dealership, where both entities form part of the same legal entity.

The following intra-group revenue has been eliminated:

	2023 Rm	2022 Rm
Sale of goods[1]	**8 048**	8 135
Rendering of services	**1 289**	1 242
	9 337	9 377

[1] *Intra-group revenue has declined due to the sale of retail dealerships from Motus Corporation Proprietary Limited to Motus Group Limited. Any revenue between these operations and the existing Motus Group Limited retail dealerships is now eliminated as part of interdivisional transactions.*

Subsidiaries

Details of interests in principal subsidiaries are disclosed in Annexure A – Interests in subsidiaries, associates and joint ventures.

Interest of directors in contracts

The Directors have confirmed that they had no interest in any transaction of any significance with the Group or any of its subsidiaries. Accordingly, a conflict of interest with regard to directors' interest in contracts does not exist.

During the financial year, the Group sold R40 million (2022: R92 million) worth of goods and purchased R21 million (2022: R37 million) on an arm's length basis from Mr. J Johnson, a former director of a subsidiary of the Group. In addition, R15 million (2022: R31 million) was paid to Mr. J Johnson on an arm's length basis for the rental of properties. Mr. J Johnson resigned from the Group on 9 December 2022 and transactions concluded subsequently are regarded as external.

Notes to the consolidated annual financial statements (continued)

10. Our people (continued)

10.4 Related parties (continued)

Associates and joint ventures

Details of investments in associates and joint ventures that are significant to the Group are disclosed in note 2.3 – Investments in associates and joint ventures.

The following associate and joint venture revenue earned has been included in the Group's external revenue:

	2023 Rm	2022 Rm
Sale of goods	17	11
Rendering of services	2	1
	19	12

The following amounts are due to associates and joint ventures and are included in other financial liabilities:

	2023 Rm	2022 Rm
Lereko Motors Proprietary Limited	5	6
Car Hire Brokers Proprietary Limited	18	15
	23	21
Effective interest rate (%)	7,0 – 10,8	7,0 – 8,0

The loans are unsecured and repayable on demand.

11. Assets classified as held-for-sale

Assets classified as held-for-sale include dealership properties in South Africa, Australia and the UK that do not currently align with the Group's long-term strategies. There are no businesses classified as held-for-sale. The disposal of these properties is most likely expected to occur within the next 12 months and, therefore, have been classified as held-for-sale. The proceeds from disposal are expected to exceed or equal the carrying amount of the assets. Assets that are classified as held-for-sale are not depreciated.

	Property, plant and equipment Rm	Investment properties Rm	**2023 Rm**	2022 Rm
Carrying value at the beginning of the year	644	13	**657**	649
Movement during the year				
Re-classification from property, plant and equipment	21	–	**21**	80
Re-classification to property, plant and equipment as owner-occupied due to the change of intention	(39)	–	**(39)**	–
Re-classification to property, plant and equipment and now sold	(286)	–	**(286)**	(98)
Re-classification to investment properties and now sold	–	(13)	**(13)**	–
Re-classification from investment properties	–	–	**–**	13
Currency adjustments	36	–	**36**	13
Carrying value at the end of the year	376	–	**376**	657

The assets held-for-sale arise from the following operating segments:

	2023 Rm	2022 Rm
Import and Distribution	**–**	12
Retail and Rental	**376**	449
Head Office and Eliminations	**–**	196
	376	657

Security

Assets held-for-sale has been held as security for interest-bearing debt to the value of R297 million (2022: Rnil million). Refer to 6.1 – Interest-bearing debt for additional information.

Notes to the consolidated annual financial statements (continued)

12. Events after the reporting period

Dividends

Subsequent to the financial year end, a final dividend of 410 cents (2022: 435 cents) per ordinary share is declared on 29 August 2023 and is payable on 9 October 2023. The total dividend for the year amounted to 710 cents (2022: 710 cents).

Business acquisitions

The Group purchased the bolt-on acquisition of Solway Vehicles Distribution Limited on 3 July 2023 in the UK. The entire shareholding of the company was acquired for an estimated purchase consideration of R384 million, resulting in an estimated goodwill of R35 million. The company has four DAF commercial vehicle dealerships that operate in North West England and Southern Scotland. The acquisition is funded through our current banking facilities.

As the initial accounting for this acquisition is not complete at the time that the audited consolidated and separate annual financial statements are authorised for issue, no further disclosures are made.

Director appointments

The following independent non-executive directors were appointed to the Board and to the following sub-committees:

- Mr. JN Potgieter was appointed as the Chairman of the AL Committee and member of the AR Committee, effective on 22 August 2023.
- Ms. MG Mokoka was appointed as a member of the AR and SES Committees, effective on 29 August 2023.
- Mr. R van Wyk was appointed as the Chairman of the REM Committee and as a member of the NOM and AL Committees, effective on 29 August 2023.

There were no material subsequent events, apart from those mentioned above, that occurred from the end of the financial year to the date of these audited consolidated and separate annual financial statements.

13. New issued standards not yet effective

The following new and revised International Financial Reporting Standards could have an impact on the Group's future audited consolidated and separate annual financial statements. These standards are effective from the 2024 financial year and beyond and the impact on the financial results is still being assessed.

Standard	Effective date	Scope
IFRS 17 – *Insurance Contracts*	01 January 2023 (applicable to 2024)	IFRS 17 is a new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. Once effective, IFRS 17 will replace IFRS 4. IFRS 17 applies to all types of insurance contracts (i.e. life, non-life, direct insurance and reinsurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. Refer to note 1.4 – Accounting policies for additional information on the Group's adoption of IFRS 17.
Amendments to IAS 8 – *Accounting Policies, Changes in Accounting Estimates and Errors*	01 January 2023 (applicable to 2024)	The amendment includes a definition of accounting estimates. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, it clarifies how entities use measurement techniques and inputs to develop accounting estimates.
Amendments to IAS 1 – *Presentation of Financial Statements* and IFRS Practice Statement 2 – *Making Materiality Judgements*	01 January 2023 (applicable to 2024)	The amendment provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their "significant" accounting policies with a requirement to disclose their "material" accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.
Amendments to IAS 12 – *Income Taxes*	01 January 2023 (applicable to 2024)	The amendments narrow the scope of the initial recognition exception under IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements or to the related asset component. This judgement is important in determining whether any temporary differences exist on the initial recognition of the asset and liability. Under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.
Amendments to IAS 1 – *Presentation of Financial Statements*	01 January 2024 (applicable to 2025)	The amendments specify the requirements for classifying liabilities as current or non-current. The amendments clarify: • What is meant by a right to defer settlement. • That a right to defer must exist at the end of the reporting period. • That classification is unaffected by the likelihood that an entity will exercise its deferral right. • That only if an embedded derivative in a convertible liability is itself an equity instrument, would the terms of a liability not impact its classification. • The disclosures required when a liability arising from a loan agreement is classified as non-current and the Group's right to defer the settlement is contingent on compliance with future covenants within 12 months.
IFRS 16 – *Leases*	01 January 2024 (applicable to 2025)	The amendment specifies the requirements that a seller-lessee uses in measuring the lease liability arising in the sale and leaseback transaction to ensure the seller-lessee does not recognise an amount of the gain or loss that relates to the right of use it retains.

Separate annual financial statements

Notes included in the audited consolidated annual financial statements pertaining to related parties, going concern and subsequent events are applicable to the Company financial statements.

Contents

The reports and statements set out below comprise the separate annual financial statements for the year ended 30 June 2023, which have been audited by the Group's independent external auditor, Deloitte & Touche.

Company statement of financial position

as at 30 June 2023	Note	2023 Rm	2022 Rm
Assets			
Non-current assets		**16 050**	14 080
Investment in subsidiaries	2	**16 050**	14 080
Current assets		**69**	70
Loan due by a subsidiary	3	**68**	69
Cash resources	4	**1**	1
Total assets		**16 119**	14 150
Equity and liabilities			
Capital and reserves			
Stated capital	5	**21 042**	21 104
Retained losses		**(4 929)**	(6 961)
Total equity		**16 113**	14 143
Liabilities			
Current liabilities		**6**	7
Provisions	7	**4**	2
Other payables	8	**2**	5
Total liabilities		**6**	7
Total equity and liabilities		**16 119**	14 150

Company statement of comprehensive income

for the year ended 30 June 2023	Note	2023 Rm	2022 Rm
Revenue	9	**3 370**	2 898
Net operating expenses	10	**(28)**	(27)
Operating profit and profit before tax		**3 342**	2 871
Income tax expense	11	**–**	–
Profit after tax and total comprehensive income for the year		**3 342**	2 871

There have been no movements in other comprehensive income in the current and prior financial year.

Company statement of cash flows

for the year ended 30 June 2023	Note	2023 Rm	2022 Rm
Cash flows from operating activities			
Cash paid to suppliers		**(29)**	(23)
Cash utilised by operations before interest, taxation paid and dividends received	12	**(29)**	(23)
Dividend income received	9	**3 370**	2 898
		3 341	2 875
Cash flows from investing activities			
Increase in investment in subsidiary	2	**(1 970)**	(667)
Repayment/(advances) on loan due by a subsidiary	3	**1**	(5)
		(1 969)	(672)
Cash flows from financing activities			
Repurchase of own shares		**(62)**	(1 217)
Dividends paid to equity holders of Motus		**(1 310)**	(985)
		(1 372)	(2 202)
Increase in cash resources		**–**	1
Cash resources at the beginning of the year		**1**	–
Cash resources at the end of the year	4	**1**	1

Company statement of changes in equity

for the year ended 30 June 2023	Stated capital Rm	Retained losses Rm	Total equity Rm
Opening balance as at 1 July 2021	22 321	(8 847)	13 474
Total comprehensive income for the year	–	2 871	2 871
11 632 021 shares repurchased and cancelled at an average of R104,62 per share	(1 217)	–	(1 217)
Dividends paid to Motus shareholders	–	(985)	(985)
Closing balance as at 30 June 2022	**21 104**	**(6 961)**	**14 143**
Total comprehensive income for the year	–	3 342	3 342
664 350 shares repurchased and cancelled at an average of R93,32 per share	(62)	–	(62)
Dividends paid to Motus shareholders	–	(1 310)	(1 310)
Closing balance as at 30 June 2023	**21 042**	**(4 929)**	**16 113**
Note	**5**		

Motus

Notes to the company annual financial statements

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Notes to the company annual financial statements (continued)

1. Accounting policies

The Company has adopted the accounting policies as outlined in the audited consolidated annual financial statements.

2. Investment in subsidiaries

The investments are carried at cost less accumulated impairments.

	Motus Capital Proprietary Limited Rm	Motus Corporation Proprietary Limited Rm	Motus Group Limited Rm	Motus South Africa Investment Proprietary Limited Rm	**2023 Rm**	2022 Rm
Investment at cost	6 710	2 973	8 808	7 849	**26 340**	24 370
Accumulated impairments	(527)	(1 021)	(6 046)	(2 696)	**(10 290)**	(10 290)
	6 183	1 952	2 762	5 153	**16 050**	14 080
Carrying value at the beginning of the year	4 213	7 105	2 762	–	**14 080**	13 413
Movement during the year						
Recapitalisation of subsidiary	1 970	–	–	–	**1 970**	667
Proportionate reallocation of investments[1]	–	(5 153)	–	5 153	**–**	–
Carrying value at the end of the year	6 183	1 952	2 762	5 153	**16 050**	14 080

[1] *The investment held in Motus Corporation Proprietary Limited has been adjusted by the proportionate reallocation of investments relating to the underlying investments in subsidiaries, associates and joint ventures sold to Motus South Africa Investment Proprietary Limited in terms of section 45 of the Income Tax Act.*

Investments in subsidiaries are assessed for impairment where an indicator of such impairment is evident. These indicators could include the decline in the share price and the resulting decline in the market capitalisation of the Company or the decline of the financial performance of the underlying subsidiaries, amongst other factors. In such an event, the recoverable amount for each investment is calculated based on the higher of the fair value less cost to sell and value in use. The carrying value of the investment will be reduced in instances where the recoverable amount is lower than the carrying value.

The critical judgements utilised to determine value in use are as follows:

- Future cash flows of the underlying subsidiaries;
- The discount rate applicable to the underlying subsidiaries, taking into consideration entity-specific and geographical costs of debt, leases and equity; and
- The terminal growth rate based on current growth patterns applicable to the underlying subsidiaries.

The Company has not reversed any impairments previously raised as there has been no significant change in the estimates used to determine the recoverable amounts of the investments since the last impairment was recognised.

The internal restructure as outlined above had no impact on the Group's results. There has been an improvement in all the indicators outlined and as a result, no additional impairments were required and the value of each investment is deemed reasonable.

3. Loan due by a subsidiary

	2023 Rm	2022 Rm
Carrying value at the beginning of the year	69	64
Movement in the loan during the year	(1)	5
– Advances made to subsidiary	961	832
– Repayments from subsidiary	(962)	(827)
Carrying value at the end of the year	**68**	69

The Motus Group Limited loan bears no interest and is unsecured with no fixed terms of repayment. Senior management assessed the recoverability of the loan and concluded that no ECL allowance is required as the loan can be recovered in cash if needed.

4. Cash resources

	2023 Rm	2022 Rm
Deposits and funds at call	1	1
Effective interest rates (%)	2,3 – 5,8	1,0 – 2,3

Credit risk

It is the Company's policy to deposit short-term cash with reputable financial institutions with investment-grade credit ratings assigned by international or recognised credit rating agencies or counterparties authorised by the Group's AL Committee.

The carrying amount of these cash resources represents the maximum credit exposure on 30 June 2023. None of the financial assets above were given as collateral for any security provided.

Senior management considers that the carrying amount of the cash resources closely approximates their fair value due to their short-term nature.

5. Stated capital

	2023 Rm	2022 Rm
Ordinary stated capital issued	21 042	21 104

For further disclosures on stated capital refer to note 5.1 – Stated capital in the audited consolidated annual financial statements.

6. Deferred tax

Arising on the acquisition of investments in subsidiaries are taxable temporary differences amounting to R4 396 million. These taxable temporary differences have not been recognised in terms of IAS 12.

7. Provisions

	2023 Rm	2022 Rm
Carrying value at the beginning of the year	2	–
Movement during the year		
Charged to profit or loss	5	2
Amounts utilised	(3)	–
Carrying value at the end of the year	**4**	2

Notes to the company annual financial statements (continued)

8. Other payables

Senior management considers the carrying amounts of other payables to approximate their fair values, as the carrying amounts are based on contractual rights and obligations and are short-term in nature. Refer to note 4 – Financial management and instruments for the Group's financial risk management policies.

	2023 Rm	2022 Rm
Accruals	2	5

9. Revenue

The Company earns dividend income from its investments in subsidiaries and associates and is recognised when the Company's right to receive payment has been established.

	2023 Rm	2022 Rm
Dividends received from subsidiaries	3 335	2 872
– Motus Capital Proprietary Limited	90	–
– Motus Corporation Proprietary Limited	850	2 872
– Motus Group Limited	1 331	–
– Motus South Africa Investment Proprietary Limited	1 064	–
Dividends received from associate	35	26
– Ukhamba Holdings Proprietary Limited[1]	35	26
	3 370	2 898

[1] *Refer to note 2.3 – Investment in associates and joint ventures in the notes to the audited consolidated annual financial statements for additional information.*

10. Net operating expenses

	2023 Rm	2022 Rm
Administration fees paid to a subsidiary	(8)	(9)
– Motus Corporation Proprietary Limited	(8)	(9)
Other operating expenses	(20)	(18)
	(28)	(27)

11. Income tax expense

Reconciliation of effective tax rate

	2023 %	2022 %
South African normal tax rate	27,0	28,0
Adjusted for		
– Dividends received	(27,0)	(28,0)
Effective tax rate	–	–

12. Cash utilised by operations before interest, taxation paid and dividends received

	2023 Rm	2022 Rm
Operating profit and profit before tax	**3 342**	2 871
Adjusted for:		
– Dividend income	**(3 370)**	(2 898)
– Movement in provisions	**2**	2
Cash utilised by operations before changes in net working capital	**(26)**	(25)
(Decrease)/increase in other payables	**(3)**	2
Cash utilised by operations before interest, taxation paid and dividends received	**(29)**	(23)

13. Contingent liabilities and contingent assets

Motus Holdings Limited, in its own name, has signed guarantees in an obligor arrangement, along with Motus Capital Proprietary Limited, Motus Corporation Proprietary Limited, Motus Group Limited, Motus South Africa Investment Proprietary Limited and Hyundai Automotive South Africa Proprietary Limited (the obligor companies) over the Group's interest-bearing debt. The interest-bearing debt excludes the foreign currency denominated revolving credit loan in Australia and the foreign currency denominated floorplans from financial institutions of the operations in the UK and Australia. The obligor companies, in turn, have signed the same guarantees, therefore the Company would have both a contingent liability and a contingent asset due to the recovery from other obligor companies.

	2023 Rm	2022 Rm
The contingent liabilities are as follows:		
Group obligor guarantees		
Interest-bearing debt for the Group	**15 754**	6 029
Less: Cash resources for the Group	**(2 042)**	(993)
Less: Foreign currency denominated revolving credit loan	**(400)**	–
Less: Foreign currency denominated floorplans	**(909)**	(620)
Add: Loan due by subsidiary (held in the Company)	**68**	69
Group interest-bearing debt as guaranteed by the Company	**12 471**	4 485
Additional guarantee obligations issued as part of the obligor arrangement	**181**	319
Guarantees over the letter of credit facilities by the obligor companies	**2 789**	4 054
	15 441	8 858
Additional guarantee obligations of the Company	**518**	704
Total contingent liabilities	**15 959**	9 562
The contingent assets are as follows:		
Recovery of contingent liabilities from subsidiaries	**15 441**	8 858

There are no financial guarantee contracts in place that require recognition in the statement of financial position.

14. Directors' remuneration

Refer to notes 10.1 – Directors' and prescribed officers' remuneration and 10.2 – Employee incentive schemes in the audited consolidated annual financial statements for details regarding directors' and prescribed officers' remuneration.

15. Events after the reporting period

Refer to note 12 – Events after the reporting period in the audited consolidated annual financial statements for details regarding events after the reporting period.

Annexure A – Interests in subsidiaries, associates and joint ventures

The Group is a diversified international group of companies that is a non-manufacturing service provider to the automotive sector. The audited consolidated annual financial statements include the accounts of Motus Holdings Limited and all of its subsidiaries, associates and joint ventures as at 30 June 2023.

The principal subsidiaries of the Company and their activities are:

Subsidiary	Place of principal business	Ownership interest %	Nature of business
Motus Capital Proprietary Limited	Various	**100**	Motus Capital Proprietary Limited is a registered domestic treasury management company (DTMC). It holds the interest in our operations in Southern Africa (excluding South Africa), Dubai, United Kingdom, Australia, China and Taiwan. Details on the businesses included are provided below.
Motus Corporation Proprietary Limited	South Africa	**100**	Motus Corporation Proprietary Limited sells service, maintenance and warranty products, earns rental income from its properties, and holds investments in various subsidiaries. Its subsidiaries import and distribute passenger vehicles, LCVs, motorcycles and other automotive products in Southern and East Africa.
Motus Group Limited	South Africa	**100**	Motus Group Limited comprises of vehicle rental operations, vehicle retail dealers, property investments and group services. Details on the businesses included are provided below.
Motus South Africa Investment Proprietary Limited	South Africa	**100**	Motus South Africa Investment Proprietary Limited holds investments in subsidiaries, associates, joint ventures and preference shares from which it earns dividend income. Its subsidiaries, associates and joint ventures import and distribute passenger, light and heavy commercial vehicles and automotive products, including canopies in Southern Africa. Further details on the composition of Motus South Africa Investment Proprietary Limited's subsidiaries are provided below.

The principal operating subsidiaries of Motus Capital Proprietary Limited and their activities are:

Subsidiary	Place of principal business	Ownership interest %	Nature of business
Motus Group (UK) Limited	United Kingdom	**100**	Motus Group (UK) Limited participates in the passenger and commercial vehicle market. The commercial vehicles range from light to extra-heavy commercial vehicles. It sells new and pre-owned vehicles as well as related services, including parts and servicing.
FAI Automotive plc	United Kingdom	**100**	FAI Automotive plc is an aftermarket automotive parts business specialising in distributing passenger and light commercial vehicle parts throughout the UK and Europe.
Motor Parts Direct (Holdings) Limited	United Kingdom	**100**	Motor Parts Direct (Holdings) Limited is a business-to-business parts distributor based in the UK, which primarily supplies passenger and LCV parts to workshops in and around the UK.
Australian Automotive Group Proprietary Limited	Australia	**100**	Australian Automotive Group Proprietary Limited retails new and pre-owned passenger vehicles as well as related parts and servicing in Sydney.
SWT Group Proprietary Limited	Australia	**100**	SWT Group Proprietary Limited retails new and pre-owned passenger vehicles as well as related parts and servicing in Traralgon and Ballarat, Victoria.
ARCO Motor Industry Company Limited	Taiwan	**60**	An international wholesale distributor of a range of aftermarket parts.
Motus Trading Shanghai Company Limited	China	**100**	An international distribution centre of aftermarket parts that sources parts in Far East Asia and wholesales predominantly to South Africa.

Annexure A – Interests in subsidiaries, associates and joint ventures (continued)

The principal business of Motus Group Limited includes the following divisions:

Division	Nature of business
Vehicle Retail	The Vehicle Retail business comprises new and pre-owned motorcycles, passenger, light, medium and heavy (including extra-heavy) commercial vehicle dealerships as well as related services, including parts, servicing and the sale of VAPS in South Africa. The retail dealerships represent the major OEM brands.
Vehicle Rental	The Vehicle Rental operations comprises of Europcar and Tempest, Auto Pedigree and Autoworx operations.
Aftermarket Parts	The Aftermarket Parts business markets and distributes quality automotive parts and accessories and DIY products through selected channels. The business comprises the following franchises: AAAS (formerly Midas), ADCO, Afintapart, Alert Engine Parts, Auto Care and Diagnostics, Battery Hub, CBS, EPB Parts Direct, Ferobrake, Motolek, Motor Spare Stop, Parts Incorporated Africa, RiteWay Distributors, Suburban Motor Spares and Team Car Spares.
Finance	Provides the treasury function of the Group.

The principal operating subsidiaries of Motus South Africa Investment Proprietary Limited and their activities are:

Subsidiary	Place of principal business	Ownership interest %	Nature of business
Hyundai Automotive South Africa Proprietary Limited	South Africa	100	Hyundai Automotive South Africa Proprietary Limited is an importer and distributor of Hyundai vehicles and parts for Southern Africa. The Group has established a network of dealerships in South Africa, Namibia and Botswana.
Kia South Africa Proprietary Limited	South Africa	100	Kia South Africa Proprietary Limited is an importer and distributor of Kia vehicles and parts for South Africa.
Motus Vehicles Distributor Proprietary Limited	South Africa	100	Motus Vehicles Distributor Proprietary Limited imports and distributes Renault motor vehicles and parts in South Africa.
Brietta Trading Proprietary Limited	South Africa	100	Brietta Trading Proprietary Limited is an importer and distributor of Mitsubishi vehicles and parts for South Africa as well as selected African countries.

Non-controlling interest in the Group's activities

Subsidiaries with non-controlling shareholding are outlined in note 2.4 – Non-controlling interests in the audited consolidated annual financial statements.

Associates and joint ventures in the Group's activities

Details of associates and joint ventures are outlined in note 2.3 – Investment in associates and joint ventures in the audited consolidated annual financial statements.

Annexure B – Shareholders' analysis

1. Spread of registered ordinary shareholders

In accordance with the JSE Listings Requirements, the spread of registered ordinary shareholders as at 30 June 2023 is as follows:

Spread of listed holdings

	Number of shareholders	% of total shareholders	Number of shares 000	% of ordinary shares listed
1 – 1 000	4 786	78,01	832	0,47
1 001 – 10 000	786	12,81	2 804	1,57
10 001 – 100 000	389	6,34	13 320	7,47
Over 100 000	174	2,84	161 345	90,49
Total	6 135	100,00	178 301	100,00

Distribution of shareholders (listed ordinary shares)

	Number of shareholders	Number of shares 000	% of ordinary shares listed
Public shareholders	6 125	98 864	55,44
Non-public shareholders	10	79 437	44,56
– Shareholder holding more than 10%	3	65 662	36,83
– Shareholder entitled to appoint a director	-	-	-
– Directors and prescribed officers	6	8 892	4,99
– Treasury shares	1	4 883	2,74
Total	6 135	178 301	100,00

Shareholder type

	Number of shares 000	% of voting shares net of treasury shares
Financial institutions, pension and provident funds	118 380	66,90
Unit trusts	13 117	7,41
Individuals	4 634	2,62
Directors and prescribed officers	8 892	5,02
Corporate holdings	28 395	16,05
Listed ordinary shares (net of treasury shares)	173 418	98,00
Unlisted deferred ordinary shares	3 542	2,00
Total voting shares in issue (net of treasury shares)	176 960	100,00
Treasury shares	4 883	
Total shares in issue	181 843	

Share price performance

	2023 Rm	2022 Rm
Market prices (cents)		
– Closing	**10 018**	10 700
– High	**13 509**	11 866
– Low	**8 860**	8 346
Total market capitalisation at closing prices	**17 862**	19 060
Value of shares traded	**10 635**	13 195
Percentage of market capitalisation traded (%)	**60**	69

2. Substantial investment management and beneficial interests

Through regular analysis of registered ordinary holdings, and with reference to the provisions set out in section 56 of the Companies Act, shareholders who held ordinary shares of the Company equal to or in excess of 2% of the issued share capital as at 30 June 2023 is as follows:

		Number of shares 000	% of listed stated capital
Ordinary listed shares[1]			
– Public Investment Corporation	South Africa	24 897	13,96
– Coronation Fund Managers	South Africa	21 552	12,09
– Ukhamba Holdings Proprietary Limited[2]	South Africa	19 213	10,78
– M&G Investment Management	United Kingdom	11 824	6,63
– Lynch Family Holding	South Africa	8 247	4,63
– Wooddale Investments	South Africa	7 479	4,19
– Visio Capital Management	South Africa	6 504	3,65
– M&G Investment Management	South Africa	6 256	3,51
– Vanguard Group	United States of America	5 714	3,20
– LSV Asset Management	United States of America	4 034	2,26
Deferred ordinary shares			
– Ukhamba Holdings Proprietary Limited[2]	South Africa	3 542	–

[1] *Excluding treasury shares held by Motus Group Limited.*
[2] *In total, Ukhamba owns 12,86% of the voting shares in the Group.*

The direct and indirect interest of directors and prescribed officers in the shares of the Company is outlined in the Directors' Report.

Glossary of terms

This glossary of terms defines and clarifies the terminology relating to the audited consolidated and separate annual financial statements.

Legislation

the Companies Act	the Companies Act, 2008 (Act No. 71 of 2008), as amended, or any law that may replace it wholly or in part, from time to time.
JSE Listings Requirements	the listings requirements of the JSE Limited.
King IV™	King IV Reporting on Corporate Governance for South Africa, 2016. The copyright and trademarks are owned by the Institute of Directors South Africa NPC and all of its rights are reserved.
the Income Tax Act	the Income Tax Act, 1962 (Act No. 58 of 1962), as amended, or any law that may replace it wholly or in part, from time to time.

Accounting standards

International Financial Reporting Standards or IFRS	the International Financial Reporting Standards formulated by the International Accounting Standards Board.
US GAAP	Generally Accepted Accounting Principles are a collection of commonly followed accounting rules and standards for financial reporting. The specifications of GAAP, which is the standard adopted by the U.S. Securities and Exchange Commission (SEC), include definitions of concepts and principles, as well as industry-specific rules.
IAS 8	IAS 8 – *Accounting Policies, Changes in Accounting Estimates and Errors.*
IAS 12	IAS 12 – *Income Taxes.*
IAS 16	IAS 16 – *Property, Plant and Equipment.*
IAS 19	IAS 19 – *Employee Benefits.*
IAS 28	IAS 28 – *Investments in Associates and Joint Ventures.*
IAS 36	IAS 36 – *Impairment of Assets.*
IAS 37	IAS 37 – *Provisions, Contingent Liabilities and Contingent Assets.*
IAS 40	IAS 40 – *Investment Property.*
IFRS 2	IFRS 2 – *Share-based Payment.*
IFRS 3	IFRS 3 – *Business Combinations.*
IFRS 4	IFRS 4 – *Insurance Contracts.*
IFRS 9	IFRS 9 – *Financial Instruments.*
IFRS 15	IFRS 15 – *Revenue from Contracts with Customers.*
IFRS 16	IFRS 16 – *Leases.*
IFRS 17	IFRS 17 – *Insurance Contracts.*

Entities

Imperial	Imperial Logistics Limited.
Ukhamba	Ukhamba Holdings Proprietary Limited.

Glossary of terms (continued)

Defined terms

the Board	The board of directors of Motus Holdings Limited.
the Company	Motus Holdings Limited, the listed holding company.
the Group	Motus Holdings Limited and its consolidated subsidiaries, associates and joint ventures.
the Directors	The appointed directors of Motus Holdings Limited board in terms of the requirements of the Companies Act.
the Executive Committee	Management who have the authority and responsibility for planning, directing and controlling the activities of the Group.
Key management personnel	Key management personnel are directors and executives having authority and responsibility for planning, directing and controlling the activities of the Group.
CEO	Chief Executive Officer.
CFO	Chief Financial Officer.
Senior management	Senior management are employees who manage the day-to-day activities in the Group in support of the Executive Committee.
the UK	the United Kingdom.
MOI	Memorandum of Incorporation, as defined in the Companies Act.
AGM	Annual general meeting, as defined in the Companies Act.
FRRCs	Finance Risk and Review Committees.
Sub-committees	• AL or AL Committee — Assets and Liabilities Committee • AR or AR Committee or the Committee — Audit and Risk Committee • NOM or NOM Committee — Nomination Committee • REM or REM Committee — Remuneration Committee • SES or SES Committee — Social, Ethics and Sustainability Committee
Prescribed officer	Prescribed officers include any person, irrespective of title or designation, that: • Exercises general executive control over and management of the whole, or a significant portion, of the business and activities of the Group; or • Regularly participates, to a material degree, in the exercise of general executive control over and management of the whole, or a significant portion, of the business and activities of the Group.
Significance	Significance is determined by referring to qualitative and quantitative factors. Qualitative factors include providing the users of the audited consolidated and separate annual financial statements with relevant information that assists with their decision-making process. These include both the nature of the transactions together with the contributions to amounts reported. Quantitative factors measure the transactions with reference to the Group's internal materiality threshold of 5% of annual profit before tax.
LCVs	Light commercial vehicles include all single-cab and double-cab vehicles and vans weighing less than 3500kg.
HCVs	Heavy commercial vehicles include all commercial vehicles weighing more than 3500kg.
VAPS	Value added products and services includes offerings such as scratch and dent cover, AdCover, credit life, tyre and rim protection and roadside assistance.
CGUs	Cash-generating units.

Defined terms (continued)

CAPM	Capital asset pricing model.
B-BBEE	Broad-based black economic empowerment.
Joint ventures	Joint ventures are joint arrangements whereby the joint venturers that have joint control of the arrangement have rights to the entity's net assets.
Joint arrangement	Joint arrangements are contractual agreements between two or more parties to undertake an economic activity under joint control.
Assessment of control	An assessment of control is performed annually for each entity within the Group, including those acquired during the financial year. In performing this assessment, senior management determines whether or not the Group has control over the entity based on whether the Group has the practical ability to direct the significant activities unilaterally. The following factors are considered during the assessment: • The ability of the Group to unilaterally appoint the majority of board members of the entity; • Composition of the entity's board and board appointees of the Group; • Any contractual or legal rights conferred upon the Group by the entity or any other shareholder of the entity to direct its activities; and • The Group's shareholding in the investee relative to external shareholders.
Incremental borrowing rate	The entity's incremental borrowing rate is defined as the interest rate at which the entity can borrow funds to obtain an asset with a similar value to the right-of-use asset, over a similar term to the lease term, with similar security to the lease and in a similar economic environment.
ECL	Expected credit losses represent a probability-weighted provision for impairment losses which the Group recognises on its financial assets carried at amortised cost as outlined in IFRS 9.
OEMs	Original Equipment Manufacturers.
NRV	Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.
FECs	Forward exchange contracts are agreements between two parties to effect a currency transaction, usually involving a currency pair not readily accessible on forex markets traded over the counter with reputable financial institutions.
IRDCs	Interest rate derivative contracts are financial contracts whose value is based on some underlying interest rate or interest-bearing liability, which may include interest rate options and interest rate swaps.
ESG	Environmental, Social and Governance.
SARs	Share appreciation rights are conditional rights to receive shares equal to the difference between the Motus market price and the grant price upon vesting subject to performance and employment conditions.
CSPs	Conditional share plans are awards to receive Motus shares upon vesting subject to performance and employment conditions.
Black-Scholes pricing model	The Black-Scholes pricing model is a model used to determine the fair value of share rights or awards using the strike price, current market price and vesting period.

Defined terms (continued)

Contract boundary	IFRS 17 defines contract boundary as follows: Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the entity can compel the policyholder to pay the premiums or in which the entity has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation to provide insurance contract services ends when: • The entity has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks; or • The entity has the practical ability to reassess the risks of the portfolio of insurance contracts that contains the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio and the pricing of the premiums up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date.
Operating assets	Operating assets are all assets less loans receivable, taxation assets, cash resources and assets classified as held-for-sale.
Operating liabilities	Operating liabilities are all liabilities less all interest-bearing debt, floorplans from financial institutions and taxation liabilities.
Net working capital	Net working capital includes inventories, trade and other receivables, derivative instruments, less provisions, trade and other payables and floorplans from suppliers.
Interest-bearing borrowings	Interest-bearing borrowings include interest-bearing debt and floorplans from financial institutions. Lease liabilities are excluded.
Debt	Debt includes interest-bearing borrowings and lease liabilities less cash resources.
Core debt	Core debt includes interest-bearing borrowings less floorplans from financial institutions and cash resources.
Net debt	Net debt includes interest-bearing borrowings less cash resources.
Net capital expenditure	Net capital expenditure includes expansion and net replacement expenditure of property, plant and equipment, investment properties, intangible assets and vehicles for hire.
Net operating expenses	Net operating expenses include operational income and expenditures such as cost of sales, fair value movements on preference share arrangements, total employee costs, operating leases and other operational costs or income. Other operational costs or income include auditor's remuneration, profit on termination of lease contracts, impairment of right-of-use assets, remeasurement of contingent consideration, business acquisition costs and other items. The other items include income and expenditures such as cost recoveries, rebates received, donations, storage expenses, insurance premiums, repairs and maintenance, local and foreign travel expenses, vehicle expenses, marketing, telecommunication expenses, property related expenditure and IT costs.
EBITDA	Earnings before interest, taxation, depreciation, amortisation and share of results from associates and joint ventures.
Depreciation, amortisation and impairments, net of recoupments	Depreciation and amortisation includes depreciation and amortisation of property, plant, equipment, investment properties, intangible assets, right-of-use assets and vehicles for hire. Impairments include impairments on property, plant, equipment, investment properties and intangible assets. Recoupments include profit or losses on the sale of property, plant, equipment, investment properties and intangible assets.

Defined terms (continued)

Operating profit before capital items and net foreign exchange gains	Operating profit is the earnings before capital items, net foreign exchange adjustments for items that do not qualify for cash flow hedge accounting including non-hedged items, net finance costs and taxation.
Other capital costs	Other capital costs are items of income and expenditure relating to the: • Impairment of goodwill and investments in associates and joint ventures; and • Profit or loss on the sale of investments in subsidiaries, associates, joint ventures and other businesses.
Operating margin (%)	Operating profit before capital items and net foreign exchange adjustments divided by revenue.
Net asset value per share	Net asset value (NAV) per share is the equity attributable to the owners of Motus divided by the total ordinary shares in issue, net of shares repurchased.
Return on invested capital or ROIC (%)	The return divided by invested capital. The return is the aggregate of a post-tax operating profit for the last 12 months. Post-tax operating profit is calculated as: • Operating profit before capital items and net foreign exchange movements • *Less* share of results from associates and joint ventures, which already includes the impact of tax • *Less* the impact of tax using a blended tax rate • *Add* share of results from associates and joint ventures. The blended tax rate is an average of the actual tax rates applicable in the various jurisdictions in which the Group operates. Invested capital is a 12-month average of total equity plus debt.
Weighted average cost of capital or WACC (%)	The weighted average cost of capital is the 12-month average of the monthly calculated weighted average cost of capital. The monthly weighted average cost of capital is calculated by multiplying the cost of each invested capital component by its proportionate share of invested capital and then aggregating the results. The cost of debt and equity is determined with reference to the prevailing rates in the various jurisdictions in which the Group operates.
Adjusted EBITDA	Adjusted EBITDA is calculated as: • EBITDA • Adjusted for the impact of net foreign exchange adjustments • Adjusted for the impact of share of results from associates and joint ventures • *Less* the profit attributable to non-controlling interests • *Add* the EBITDA relating to businesses acquired, grossed up for a full year where the underlying acquisitions only contributed for a portion of the year • *Less* EBITDA relating to businesses disposed of during the current year • *Less* adjustments relating to the impacts on the EBITDA that arose on the application of IFRS 16. The adjustments include the reversal of profit on terminations of leases and impairment of right-of-use assets and includes lease payments.
Adjusted net interest	Adjusted net interest is calculated as: • Finance cost • *Less* finance income • *Less* facility set-up costs incurred • *Less* adjustments relating to the impacts on finance costs and income that arose on the application of IFRS 16. The adjustments include the reversal of the finance cost on lease liabilities.

Corporate information

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