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ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2022

Report of the **audit and risk committee**

for the year ended 31 December 2022

The committee is pleased to present its report for the financial year ended 31 December 2022.

The audit and risk committee is an independent statutory committee appointed by the shareholders. Further duties are delegated to the audit and risk committee by the board of directors of the company. This report includes both sets of duties and responsibilities.

The committee is responsible for ensuring the integrity of integrated reporting and reviewing the effectiveness of the financial reporting process, the system of internal control and management of financial risks, the assurance process, and the company's process for monitoring compliance with laws and regulations and its own code of business conduct. The committee recommends the annual financial statements for approval to the board and is responsible for monitoring, engaging with, and determining the remuneration of the external auditor.

Terms of reference

The audit and risk committee has adopted a formal audit and risk committee charter that has been approved by the board of directors, and the committee has executed its duties during the past financial year in compliance with the terms of reference. The terms of reference, including roles and responsibilities, were aligned with the recommendations of the South African King Code of Governance Principles 2016 ("King IV™"), the requirements of the South African Companies Act ("Companies Act") and other regulatory requirements.

Composition and meeting proceedings

At 31 December 2022, the audit and risk committee consisted of four non-executive directors who act independently as described in section 94 of the Companies Act.

For the financial year ended 31 December 2022, the members of the audit and risk committee were:

B Patel (Chairman)

L Cronje

B Marole

E Masilela

The committee met twice in the financial year under review and had full attendance.

At the meetings, the members fulfilled all their functions as prescribed by the Companies Act, as well as those additional functions as determined by the board.

In addition, the CEO and the CFO attended all audit and risk committee meetings by invitation. The external auditors, in their capacity as auditor to the company, attended and reported to all meetings of the audit and risk committee.

Duties

In execution of its statutory duties during the past financial year, the audit and risk committee has reviewed the interim and year-end financial statements, culminating in a recommendation to the board.

During its review, the committee:

- takes appropriate steps to ensure that the financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS");
- considers and, when appropriate, makes recommendations on internal financial controls;
- deals with concerns or complaints relating to:
  - accounting policies;
  - the auditing or content of annual financial statements; and
  - internal financial controls;
- reviews the external audit report on the annual financial statements;
- reviews the risk management reports and, where relevant, makes recommendations to the board;
- evaluates the effectiveness of risk management, controls, and the governance processes;
- verifies the independence of the external auditor and of any nominee for appointment as the designated individual auditor;
- approves the audit fees and engagement terms of the external auditor; and
- determines the nature and extent of allowable non-audit services and approves the contract terms for the provision of non-audit services by the external auditor.

Legal requirements

The audit and risk committee has complied with all applicable legal, regulatory, and other responsibilities for the financial year.

External auditor

The board sets a policy that governs the level and nature of non-audit services, which requires preapproval by the audit and risk committee for all non-audit services. In determining the independence of the external auditors, the committee considers the level and types of non-audit services provided as well as other enquiries and representations. As required by the Companies Act, the committee has satisfied itself that CA&S Group's external auditor, PricewaterhouseCoopers Inc., was independent of the company, as set out in sections 90(2)(c) and 94(8) of the Companies Act and is thereby able to conduct its audit functions without any undue influence from the company.

The committee has considered the relevant audit quality indicators, including the audit firm's system of quality control. As required by section 3.84(g)(iii) of the JSE Listings Requirements, the committee was satisfied with the quality of the audit concluded by considering, *inter alia*, the information stated in paragraph 22.15(h) of the JSE Listings Requirements. PricewaterhouseCoopers Inc., being the audit firm, as well as Mr TJ Howatt, being CA&S Group's designated individual auditor for the 2022 financial year, have been accredited on the JSE list of auditors in terms of the criteria in the JSE Listings Requirements.

Report of the **audit and risk committee** continued

for the year ended 31 December 2022

Financial function

In terms of the JSE Listings Requirements, the audit and risk committee performs an annual evaluation of the financial reporting function in CA&S Group. The committee was satisfied that the financial reporting function had appropriate resources, skills, expertise, and experience. The committee ensured that the appropriate financial reporting procedures exist and are operating as contemplated in paragraph 3.84(g)(ii) of the JSE Listings Requirements. The committee also satisfied itself in terms of paragraph 3.84(g)(i) of the JSE Listings Requirements that Mr FJ Reichert, the group CFO, possesses the appropriate skills, expertise, and experience to meet the responsibilities required for that position during his service as such.

Internal financial controls

The audit and risk committee evaluated the company's internal financial controls including the combined assurance model and, based on the information and explanations given by management and the group internal audit function, as well as discussions with the independent external auditor regarding the results of their audit, the committee is satisfied that there was no material breakdown in the internal financial controls during the financial year under review.

The committee also reviews and approves the internal audit charter, reviews the effectiveness of the internal audit structures, and considers the findings of internal audit. The committee is also responsible for the assessment of the performance of the group internal auditor.

Governance of risk

The board has assigned oversight of the company's risk management function to the audit and risk committee. The audit and risk committee oversees financial reporting risks, internal financial controls, fraud, and IT risks as these relate to financial reporting.

Going concern

The audit and risk committee reviewed a documented assessment prepared by management, including key assumptions, of the going concern status of the company and made a recommendation to the board in accordance with this assessment. The board's statement on the going concern status appears on page 5 of the annual financial statements.

Annual report

The committee has evaluated the annual financial statements of the group and company for the year ended 31 December 2022, with specific consideration of the following significant financial reporting matters during the year:

- The key judgements used in the valuation of intangible assets
- The key judgements used in the impairment assessment of goodwill

In assessing the appropriateness of the key judgements used in the valuation of intangible assets, the committee determines whether they are reasonable in terms of the current macroeconomic climate and in line with assumptions utilised by comparable third parties. Refer to notes 1 and 4 of the annual group financial statements for further information.

Based on the information provided to the committee, the committee considers that the group complies, in all material respects, with the requirements of the Companies Act and IFRS.

B Patel
Chairman of Audit and Risk Committee

15 March 2023

Statement of responsibility by the **board of directors**

for the year ended 31 December 2022

The directors of CA&S Group are responsible for the preparation, integrity and fair presentation of the group and company financial statements of CA Sales Holdings Limited. The group and company financial statements, comprising the statements of financial position at 31 December 2022, statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, have been prepared in accordance with IFRS and the requirements of the Companies Act, and include amounts based on judgements and estimates made by management. In addition, the directors are responsible for preparing the report of the board of directors.

The directors consider that in preparing the annual financial statements they have used the most appropriate accounting policies, consistently applied, and supported by reasonable and prudent judgements. Estimates have been used in the preparation of the annual financial statements and all statements of IFRS that are considered applicable, have been followed. The directors are satisfied that the information contained in the annual financial statements fairly presents the results of operations for the year and the financial position of the group and company at year-end. The directors also prepared the report of the board of directors and other information included in the annual report and are responsible for its accuracy and consistency with the annual financial statements.

The directors have the responsibility of ensuring that adequate accounting records are kept. The accounting records should disclose, with reasonable accuracy, the financial position of the companies to enable the directors to ensure that the annual financial statements comply with relevant legislation.

CA&S Group operated in a well-established control environment, which is documented and regularly reviewed. The control environment incorporates risk management and internal control procedures, which are designed to provide reasonable, but not absolute, assurance that assets are safeguarded and that the risks facing the business are being controlled and managed. To the best of their knowledge and belief, the directors are satisfied that no material breakdown in the operation of the systems of internal financial controls and procedures occurred during the year under review.

The going concern basis has been adopted in preparing the annual financial statements. Based on their assessment, the directors have no reason to believe that the group or any company in the group will not be a going concern in the foreseeable future, based on forecasts and available cash resources. These annual financial statements support the viability of the group.

It is the responsibility of the independent auditor to report on the annual financial statements. In order to do so, they were given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the board of directors and committees of the board. The group's external auditor, PricewaterhouseCoopers Inc., audited the financial statements and their report is presented on pages 8 to 12.

The annual financial statements, presented on pages 1 to 78, were approved by the board of directors on 21 March 2023 and are signed on its behalf by

JA Holtzhausen	**DS Lewis**	**FJ Reichert**
Chairman	*Chief executive officer*	*Chief financial officer*

Preparation and presentation of **the annual financial statements**

for the year ended 31 December 2022

The annual financial statements for the year ended 31 December 2022 have been prepared under the supervision of the CFO, Mr FJ Reichert, CA(SA).

These annual financial statements have been audited by PricewaterhouseCoopers Inc. in accordance with the requirements of the Companies Act.

Statement on **internal financial controls**

for the year ended 31 December 2022

The directors, whose names are stated below, hereby confirm that:

- the annual financial statements, set out on pages 1 to 79 of our annual financial statements, fairly present in all material respects the financial position, financial performance, and cash flows of CA&S Group in terms of IFRS;
- to the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
- internal financial controls have been put in place to ensure that material information relating to CA&S Group and its consolidated subsidiaries has been provided to effectively prepare the financial statements of CA&S Group;
- the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of King IV.
- we have disclosed to the audit and risk committee and the auditors the deficiencies in 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 that involves directors during the past year.

DS Lewis
Chief executive officer

22 March 2022

FJ Reichert
Chief financial officer

22 March 2022

Certificate by the **company secretary**

for the year ended 31 December 2022

I hereby certify, in terms of section 88(2)(e) of the Companies Act, that to the best of my knowledge, for the year ended 31 December 2022, the company has lodged with the Companies and Intellectual Property Commission all such returns and notices as required of a public company in terms of the Companies Act and that all such returns and notices are true, correct and up to date.

B Naude
Company secretary

22 March 2023

Report of **the board of directors**

Nature of business

The CA&S Group specialises in the fast-moving consumer goods industry and on-shelf availability to the manufacturers or owners of some of the world's leading consumer brands. The group's services include warehousing and distribution, retail execution and advisory, retail support, training, and technology and data solutions. The group has a varied geographical presence across Southern Africa operating in Botswana, Eswatini, Lesotho, Mauritius, Namibia, South Africa, Zambia, and Zimbabwe.

Operating results

The following commentary reflects results from continuing operations. Revenue increased by 18.2% to R9.5 billion on the prior year. Gross profit increased with 24.9% on the prior year to R1.4 billion. Net profit after taxation of R378.6 million showed 33.3% growth on the prior year. Headline earnings of R363.2 million (2021: R271.6 million) is 33.7% higher than the prior year.

The group increased its shareholding in Logico Unlimited, Smithshine Enterprises and Promexs Limited. For detail of the transactions with non-controlling interest, see note 5.

The operating results and state of affairs of the company are fully set out in the attached statements of comprehensive income and statements of financial position, statements of cash flows, statements of changes in equity and notes thereto.

Share capital

Details of the authorised and issued share capital appear in note 10 to the financial statements. Additional shares were issued on 28 September 2022 to minority shareholders of a subsidiary in exchange for a 10% increase in shareholding of that subsidiary. In October 2022, share options were exercised by directors of the company and executives of the subsidiaries of the group.

Dividends

A final dividend of 15.35 (Prior Year: 11.77) cents (or BWP equivalent) per share in respect of the year ended 31 December 2022 was declared on Wednesday, 22 March 2023, for payment to the ordinary shareholders of the company at the close of business on Monday, 17 April 2023. In line with the company's dividend policy, the dividend was maintained at 20% of the headline earnings. The number of issued shares at the declaration date is 473 337 178. The dividend has been declared from income reserves.

As per the double tax agreement between Botswana and South Africa, withholding tax of 15% is deducted from dividends distributed to shareholders registered on the Botswana Stock Exchange. This dividend is treated as a foreign dividend for Botswana shareholders. In respect of shareholders registered on the JSE Limited, the dividend payable is subject to a 20% withholding tax as required under the South African Income Tax Act, resulting in a net dividend of 12.28 cents per share.

The last date to trade is Tuesday, 11 April 2023 and trading ex-dividend commences on Wednesday, 12 April 2023.

Changes in directorate

Mr N de Waal has resigned as a non-executive director with effect from 31 December 2022 and Ms B Mathews has been appointed as an independent non-executive director with effect from 1 January 2023.

Going-concern

The directors consider that the group entities and company have adequate resources to continue operating for the foreseeable future and that it is therefore appropriate to adopt the going-concern basis in preparing the consolidated and company financial statements. The directors have satisfied themselves that the group entities and company are in a sound financial position and that they have access to sufficient cash and borrowing facilities to meet foreseeable cash requirements.

Report of **the board of directors** continued

Substantial shareholders

Pursuant to the provisions of section 56 of the Companies Act, the following shareholders held directly and indirectly equal to or in excess of 5% of the issued share capital as at 31 December 2022:

	Total Shareholding	%
Botwana Public Officers pensions fund (BPOPF)	91 807 474	19.4
Mouton, JF	44 151 74	9.3
Export Marketing Investments (Pty) Ltd	42 200 690	8.9
Total	**178 159 911**	**37.6**

Directors

Detail of the directors are listed in note 25.

The shareholding of directors in the ordinary issued share capital of CA Sales Holdings Ltd as at 31 December 2022 was as follows:

	2022		2021	
	Number	%	Number	%
Direct shareholding				
Executive directors				
DS Lewis	**2 650 588**	**0.56**	2 597 175	0.56
FJ Reichert	**27 084**	**0.01**	3 752	0.00
Non-Executive directors				
JA Holtzhausen	**732 996**	**0.16**	–	–
Indirect shareholding				
Executive directors				
DS Lewis	**11 248 100**	**2.38**	11 231 100	2.43
Non-Executive directors				
FW Britz	**1 229 382**	**0.26**	1 229 382	0.27
JA Holtzhausen	**560 250**	**0.12**	–	–
E Masilela	**30 850**	**0.01**	–	–
L Cronje	**9 950**	**0.00**	–	–
Total	**16 489 200**	**3.49**	15 061 409	3.26

There were no changes in directors' shareholdings between 31 December 2022 and the approval of the financial statements.

Board committees and attendance

Regular board and subcommittee meetings were held during the reporting year and all meetings were attended by all members apart from where apologies were received.

	Board	Audit and risk	Remuneration and nomination	Social and ethics
Number of meetings	4	2	2	2
F Britz	4			2
L Cronje	4	2		
N de Waal*	4			2
JA Holtzhauzen	4		2	1
DS Lewis	4			
B Marole	4	2		
E Masilela	4	2	2	
S Moakofi	4		2	
B Patel	4	2		2
FJ Reichert	4			

**Resigned 31 December 2022*

Events after balance sheet date

The significant events that occurred after the reporting date that require disclosure in the consolidated annual financial statements for the year ended 31 December 2022 are the following:

On 2 January 2023, Wutow Trading (Pty) Ltd, a fully owned subsidiary of CA Sales Holdings Ltd, acquired 100% of the share capital of T&C Properties Namibia (Pty) Ltd and Taeuber and Corssen SWA (Pty) Ltd for R65 million, collectively known as the T&C Group. T&C Group is a distribution and retail execution business based in Namibia. As a result of the acquisition, the group increased its market share in Namibia. The transaction resulted in a gain on bargain purchase value of R123.6 million.

Environment, social and governance responsibilities

The group is committed to address its ESG responsibilities and has defined its ESG aspiration and set its high-level priority areas. It is in the target setting phase which involves identifying the relevant metrics and obtaining prior year data to establish the base line. The operations have identified green projects and started with investigations regarding the implementation. Social investments continued with a stronger focus on the education theme as guided by the group.

Report of **the board of directors** continued

Auditor rotation

The audit and risk committee has recommended that Deloitte & Touche be appointed as the external auditor of the group, and that Mr J van der Walt be appointed as the designated auditor for this purpose, in terms of the resolution to be proposed at the annual general meeting in accordance with the Companies Act.

Secretary

The secretary of the company is B Naude, whose business address is:

1st Floor, Building C
Westend Office Park
254 Hall Street
Centurion, 0157

Independent **auditor's report**

To the Shareholders of CA Sales Holdings Limited

Report on the audit of the consolidated and separate financial statements

Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of CA Sales Holdings Limited (the Company) and its subsidiaries (together the Group) as at 31 December 2022, and its consolidated and separate financial performance and its 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.

What we have audited

CA Sales Holdings Limited's consolidated and separate financial statements set out on pages 13 to 78 comprise:

- the consolidated and separate statements of financial position as at 31 December 2022;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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.

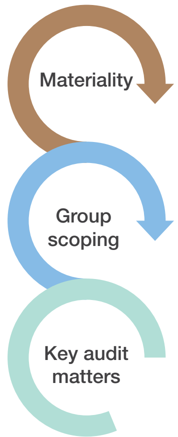
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*.

Our audit approach

Overview



Overall group materiality

- *Overall group materiality: R75.9 million, which represents 0.8% of consolidated revenue from contracts with customers.*

Group audit scope

Through our scoping assessment we performed:

- *Full scope audits on six components based on their contribution to consolidated revenue, consolidated profit before tax, consolidated total assets and consolidated total liabilities as well as one component with a material property, plant and equipment balance; and*
- *Specified procedures was performed on one component with a material property, plant and equipment balance.*

Key audit matters

- *Impairment assessment of goodwill*

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Independent **auditor's report** continued

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement.

Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall group materiality	R75.9 million
How we determined it	0.8% of total consolidated revenue from contracts with customers.
Rationale for the materiality benchmark applied	We chose total consolidated revenue from contracts with customers as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users as the nature of the Group's business entails high sales volumes with low profit margins. We chose 0.8% in the current year due the consolidated financial statements being widely distributed and the fact that the Group has significant external borrowings.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the group, the accounting processes and controls, and the industry in which the Group operates.

Our scoping assessment identified one financially significant component based on its contribution to consolidated revenue. To ensure that we obtained sufficient coverage, we identified five components based on their contribution to consolidated revenue, consolidated profit before tax, consolidated total assets and consolidated total liabilities. Full scope audits were performed on these six components. In addition, one component with a material property, plant and equipment balance was subject to specified procedures. Analytical review procedures were performed over the remaining components that were considered to be insignificant. This, together with additional procedures performed at the group level, including testing of consolidation journals and intercompany eliminations, gave us sufficient and appropriate audit evidence to form an opinion on the consolidated financial statements as a whole.

In establishing the overall approach to the group audit, we determined the extent of the work that needed to be performed by us, as the group engagement team and by component auditors operating under our instruction, in order to issue our audit opinion on the consolidated financial statements of the Group. Where the work was performed by component auditors, detailed group audit instructions were communicated to all in scope components and the group engagement team was involved in determining the audit approaches adopted in relation to significant risk areas. Throughout the audit, various discussions were held with the component auditors, and we inspected component auditors' working papers relating to areas of significant risks in the consolidated financial statements.

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

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>
Impairment assessment of goodwill
Refer to the following notes to the consolidated financial statements for detail:

Note 1: Accounting policies – Intangible assets;
Note 1: Accounting policies – Goodwill;
Note 1: Accounting policies – Critical Accounting Estimates and Judgements; and
Note 4: Intangible assets.

On an annual basis, the Group tested whether goodwill has suffered any impairment in accordance with the Group's accounting policy on goodwill.
At year end, the Group recognised goodwill with a carrying value of R495.9 million. No impairment was recognised in relation to the cash-generating units ("CGUs") to which goodwill has been allocated due to the recoverable amounts of respective CGUs exceeding their carrying amounts.
The recoverable amounts of the respective CGUs were determined based on the fair value less cost of disposal method for all CGUs. This method involves management having to apply judgement in determining the following key assumptions:

Discount rates;
Long-term growth rates;
Revenue average annual growth rate over a five-year period; and
Budgeted gross margins.

We considered the impairment assessment of goodwill to be a matter of most significance to our current year audit due to the level of judgement applied by management in performing the impairment assessments, including determining the key assumptions.
</td><td>
Our audit addressed this key audit matter as follows:
Through discussion with management, we obtained an understanding of their process and procedures applied during their impairment assessment of goodwill.
Our audit procedures included, testing of the principles and integrity of management's fair value less cost of disposal calculations. We evaluated the reasonableness of management's calculation by:

We tested the mathematical accuracy of management's calculation, and no material differences were noted.
Gaining an understanding of the process followed in determining cash-flow projections, including management's considerations of the current market conditions, being inflation and GDP, as well as considerations relating to the indirect impact of the Russia-Ukraine war;
Challenging and testing the reasonability of the key assumptions used by management in the calculations, which included discount rates, long-term growth rates, revenue average annual growth rate over the five-year period and budgeted gross margins. We compared these key assumptions to industry benchmarks, historical performance and future market forecasts. Whilst we noted that our independently determined assumptions varied from those used by management, this had no impact on the outcome of the impairment assessment.
We compared the process followed by management in determining cash flow forecasts to past practice and found the process to be consistent.
We considered the historical accuracy of forecasts by comparing the 2019, 2020 and 2021 actual results to the forecasts for those years. Where variances were noted, we followed up with management and assessed the reasonability of the variances and noted that these do not impact the accuracy of forecasts based on available information at the time they were made.
With the assistance of our valuation expertise, we assessed the appropriateness and reasonability of the discount rate applied by management in their calculation, through performing an independent recalculation, that relied on inputs obtained and are comparable to other companies in the same industry and of similar size. Whilst we noted that our independently determined discount rates differed to those applied by management, it did not result in a material impact on the recoverable amounts of the respective CGUs.
We compared the long-term growth rates used by management to economic and industry forecasts and found the long-term growth rates applied by management to be reasonable.
We evaluated the reasonableness of the valuation methodology applied by management through comparison against industry practice and found the methodology applied by management to be consistent with industry practice.
We independently performed a sensitivity analysis on the recoverable amounts determined by management, to determine the degree by which certain key assumptions (discount rate, long-term growth rate and budgeted gross margin) would need to change in order to result in an impairment. Based on our analysis, we held discussions with management and considered the likelihood of such changes occurring. Whilst our independently determined key assumptions were different from those applied by management in certain instances, the impact of these differences was found to have an immaterial impact on the recoverable amounts.

</td></tr>
</table>

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "CA&S Group Annual Financial Statements for year ended 31 December 2022", which includes the Report of the Board of Directors, the Report of the Audit and Risk Committee, and the Certificate by the company Secretary as required by the Companies Act of South Africa, which we obtained prior to the date of this auditor's report, and the other sections of the document titled "CA Sales Holdings Limited Annual Report 2022", which is expected to be made available to us after that date. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not and 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 identified above 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 IFRS 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 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 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.
- 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.

Independent **auditor's report** continued

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and 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.

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

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of CA Sales Holdings Limited for 10 years.

PricewaterhouseCoopers Inc

PricewaterhouseCoopers Inc.
Director: TJ Howatt
Registered Auditor

Johannesburg, South Africa
21 March 2023

Consolidated and separate **statements of comprehensive income**

for the year ended 31 December 2022

	Note	Group 2022 R'000	Restated* Group 2021 R'000	Company 2022 R'000	Company 2021 R'000
Continuing operations					
Revenue from contracts with customers	16	**9 485 361**	8 027 916	**–**	–
Dividend income		**–**	–	**88 897**	63 287
Cost of sales		**(8 061 272)**	(6 887 542)	**–**	–
Gross profit		**1 424 089**	1 140 374	**88 897**	63 287
Other operating expenses	17	**(918 570)**	(769 176)	**(6 199)**	(12 749)
Net impairment (losses)/gains on financial assets	8	**(5 276)**	858	**(10 556)**	8 272
Other operating income	17	**17 096**	19 455	**–**	5
Share of profit of investments accounted for using the equity method	6	**13 732**	9 537	**–**	–
Operating profit		**531 071**	401 048	**72 142**	58 815
Finance income	19	**20 644**	12 684	**1 263**	337
Finance costs	19	**(33 580)**	(24 696)	**–**	–
Profit before income tax		**518 135**	389 036	**73 405**	59 152
Income tax	20	**(139 539)**	(105 086)	**(3 040)**	(2 571)
Profit for the year		**378 596**	283 950	**70 365**	56 581
Other comprehensive income to be subsequently reclassified to profit or loss:					
Currency exchange differences on translation of foreign operations net of taxation		**(17 071)**	3 323	**–**	–
Total comprehensive income for the year		**361 525**	287 273	**70 365**	56 581
Profit attributable to:					
– Owners of the parent		**364 677**	264 529	**70 365**	56 581
– Non-controlling interest		**13 919**	19 421	**–**	–
Total profit for the year		**378 596**	283 950	**70 365**	56 581
Total comprehensive income attributable to:					
– Owners of the parent		**347 524**	267 003	**70 365**	56 581
– Non-controlling interest		**14 001**	20 270	**–**	–
Total comprehensive income for the year		**361 525**	287 273	**70 365**	56 581

** Prior year restated to include share of profit of investments accounted for using the equity method as part of operating profit.*

Earnings per share for profit attributable to the owners of the parent					
Basic earnings per share	(cents)	**78.53**	58.05		
Diluted earnings per share	(cents)	**77.78**	58.04		

Consolidated and separate **statements of financial position**

as at 31 December 2022

	Note	Group 2022 R'000	Group 2021 R'000	Company 2022 R'000	Company 2021 R'000
Assets					
Non-current assets		**1 207 317**	1 054 359	**973 397**	948 777
Property, plant and equipment	3	**636 272**	521 770	**–**	–
Intangible assets	4	**500 369**	476 933	**–**	–
Investment in subsidiaries	5	**–**	–	**941 765**	946 874
Investments accounted for using the equity method	6	**30 664**	27 094	**1 903**	1 903
Deferred income tax assets	13	**40 012**	28 562	**–**	–
Trade and other receivables	8	**–**	–	**29 729**	–
Current assets		**2 883 289**	2 544 859	**128 874**	138 735
Inventories	7	**759 838**	585 877	**–**	–
Trade and other receivables	8	**1 382 839**	1 295 083	**–**	35 867
Income tax receivable		**4 763**	7 951	**–**	–
Cash and cash equivalents	9	**735 849**	655 948	**128 874**	102 868
Total assets		**4 090 606**	3 599 218	**1 102 271**	1 087 512
Equity and liabilities					
Stated capital	10	**949 342**	894 379	**949 342**	894 379
Other reserves	11	**23 437**	41 967	**14 653**	16 030
Retained earnings		**1 178 186**	839 030	**137 075**	120 154
		2 150 965	1 775 376	**1 101 070**	1 030 563
Non-controlling interest	5	**23 928**	40 326	**–**	–
Total equity		**2 174 893**	1 815 702	**1 101 070**	1 030 563
Non-current liabilities		**331 161**	262 333	**–**	–
Borrowings	12	**322 825**	253 268	**–**	–
Deferred income tax liabilities	13	**8 336**	9 065	**–**	–
Current liabilities		**1 584 552**	1 521 183	**1 201**	56 949
Trade and other payables	14	**1 039 767**	1 019 203	**1 196**	56 946
Employee benefits and other provisions	15	**173 362**	105 497	**–**	–
Income tax payable		**8 900**	9 703	**5**	3
Borrowings	12	**362 523**	386 780	**–**	–
Total liabilities		**1 915 713**	1 783 516	**1 201**	56 949
Total equity and liabilities		**4 090 606**	3 599 218	**1 102 271**	1 087 512

Consolidated and separate **statements of changes in equity**

for the year ended 31 December 2022

	Note	Stated capital R'000	Other reserves R'000	Retained income R'000	Total attributable to the owners R'000	Non-controlling interest R'000	Total equity R'000
		GROUP					
Balance at 1 January 2021		848 599	36 825	709 113	1 594 537	60 763	1 655 300
Profit for the year		–	–	264 529	264 529	19 421	283 950
Other comprehensive income for the year:							
Currency translation differences net of taxation	11	–	2 474	–	2 474	849	3 323
Transactions with owners:							
Share swap	5	45 780	–	–	45 780	–	45 780
Share-based payment cost of share options exercised		–	(28)	–	(28)	–	(28)
Share-based payment costs	11	–	7 162	–	7 162	–	7 162
Transfer remaining cost of share options exercised	11	–	(3 918)	3 918	–	–	–
Transfer cost of forfeited share options	11	–	(548)	548	–	–	–
Transaction with non-controlling interest	5	–	–	(36 956)	(36 956)	(31 242)	(68 198)
Increase in investment in subsidiary	5	–	–	(55 726)	(55 726)	–	(55 726)
Dividends paid		–	–	(46 396)	(46 396)	(9 465)	(55 861)
Balance as at 31 December 2021		894 379	41 967	839 030	1 775 376	40 326	1 815 702
Balance at 1 January 2022		**894 379**	**41 967**	**839 030**	**1 775 376**	**40 326**	**1 815 702**
Profit for the year		**–**	**–**	**364 677**	**364 677**	**13 919**	**378 596**
Other comprehensive income for the year:							
Currency translation differences net of taxation	11	**–**	**(17 615)**	**–**	**(17 615)**	**82**	**(17 533)**
Transactions with owners:							
Transactions with non-controlling interest	5	**52 275**	**462**	**22 127**	**74 864**	**(27 383)**	**47 481**
Share options exercised		**2 688**	**–**	**–**	**2 688**	**–**	**2 688**
Share-based payment cost of share options exercised	11	**–**	**(932)**	**–**	**(932)**	**–**	**(932)**
Share-based payment costs	11	**–**	**6 218**	**–**	**6 218**	**–**	**6 218**
Transfer remaining cost of share options exercised	11	**–**	**(5 567)**	**5 567**	**–**	**–**	**–**
Transfer cost of forfeited share options	11	**–**	**(1 096)**	**1 096**	**–**	**–**	**–**
Acquisition of subsidiary	5	**–**	**–**	**–**	**–**	**3 400**	**3 400**
Dividends paid		**–**	**–**	**(54 311)**	**(54 311)**	**(6 416)**	**(60 727)**
Balance as at 31 December 2022		**949 342**	**23 437**	**1 178 186**	**2 150 965**	**23 928**	**2 174 893**

for the year ended 31 December 2022

	Note	COMPANY Stated capital R'000	Other reserves R'000	Retained income R'000	Total equity R'000
Balance at 1 January 2021		848 599	13 362	111 139	973 100
Profit for the year		–	–	56 581	56 581
Transactions with owners:					
Share swap	5	45 780	–	–	45 780
Share based payment cost of share options exercised	11	–	(28)	–	(28)
Share-based payment costs	11	–	7 162	–	7 162
Transfer remaining cost of share options exercised	11	–	(3 918)	(1 718)	(5 636)
Transfer cost of forfeited share options	11	–	(548)	548	–
Dividends paid		–	–	(46 396)	(46 396)
Balance as at 31 December 2021		**894 379**	**16 030**	**120 154**	**1 030 563**
Balance at 1 January 2022		**894 379**	**16 030**	**120 154**	**1 030 563**
Profit for the year		**–**	**–**	**70 365**	**70 365**
Transactions with owners:					
Share swap	5	**52 275**	**–**	**–**	**52 275**
Share options exercised	11	**2 688**	**–**	**–**	**2 688**
Share based payment cost of share options exercised	11	**–**	**(932)**	**–**	**(932)**
Share-based payment costs	11	**–**	**6 218**	**–**	**6 218**
Transfer remaining cost of share options exercised	11	**–**	**(5 567)**	**867**	**(4 700)**
Transfer cost of forfeited share options	11	**–**	**(1 096)**	**–**	**(1 096)**
Dividends paid		**–**	**-**	**(54 311)**	**(54 311)**
Balance as at 31 December 2022		**949 342**	**14 653**	**137 075**	**1 101 070**

		Company 2022	Company 2021
Dividends paid per share	(cents)	11.77	10.26

Consolidated and separate **statements of cash flows**

for the year ended 31 December 2022

	Note	GROUP 2022 R'000	GROUP 2021 R'000	COMPANY 2022 R'000	COMPANY 2021 R'000
Cash flows from operating activities					
Cash generated from operations	22.1	**458 315**	442 759	**(3 069)**	10 033
Interest paid		**(33 405)**	(24 696)	**–**	–
Income taxes paid	22.5	**(148 405)**	(99 967)	**(3 038)**	(2 570)
Net cash generated from operating activities		**276 505**	318 096	**(6 107)**	7 463
Cash flows from investing activities					
Acquisition of subsidiaries	23	**1 642**	–	**–**	–
Prepayment for acquisition of subsidiary		**–**	(24 844)	**–**	–
Additions to property, plant and equipment	3	**(50 894)**	(46 494)	**–**	–
Additions to intangible assets	4	**(34)**	(2 029)	**–**	–
Proceeds from disposal of property, plant and equipment	22.2	**9 202**	5 869	**–**	–
Acquisition of associated companies	6	**–**	(290)	**–**	–
Loan repaid by associated companies	6	**375**	1 136	**–**	–
Loans granted to related parties		**–**	–	**(6 424)**	–
Dividends received		**2 623**	1 818	**88 897**	63 287
Interest received	19	**20 644**	12 684	**1 263**	337
Net cash (outflow)/inflow from investing activities		**(16 442)**	(52 150)	**83 736**	63 624
Cash flows from financing activities					
Consideration received from share options exercised		**2 688**	–	**2 688**	–
Transactions with non-controlling interest	5	**(8 245)**	(22 418)	**–**	(22 418)
Dividends paid		**(54 311)**	(46 396)	**(54 311)**	(46 396)
Dividends paid to non-controlling interest		**(6 416)**	(9 465)	**–**	–
Repayments of borrowings	22.4	**(83 247)**	(96 177)	**–**	–
Proceeds from borrowings	22.4	**32**	5 855	**–**	–
Net cash outflow from financing activities		**(149 499)**	(168 601)	**(51 623)**	(68 814)
Net increase in cash and cash equivalents		**110 564**	97 345	**26 006**	2 273
Effects of exchange rate changes on cash and cash equivalents		**(3 499)**	1 154	**–**	–
Cash and cash equivalents including overdrafts at the beginning of the year		**344 072**	245 573	**102 868**	100 595
Cash and cash equivalents including overdrafts at the end of the year	9	**451 137**	344 072	**128 874**	102 868

Notes to the **consolidated and separate financial statements**

1. ACCOUNTING POLICIES

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The accounting policies of the company are the same as those of the group.

BASIS OF PREPARATION

The consolidated financial statements of CA Sales Holdings Limited have been prepared in accordance with ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), interpretations issued by the IFRS Interpretations Committee ("IFRIC") and the South African Companies Act, No 71 of 2008, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Pronouncements as issued by the Financial Reporting Standards Council. The Botswana Stock Exchange ("BSE") and the JSE Limited ("JSE") listings requirements were also taken into consideration in the presentation. The consolidated and separate financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in the note on "Critical accounting estimates and judgements".

INTERNATIONAL FINANCIAL REPORTING STANDARDS

(a) There are no new and amended standards relevant to the group that were implemented for the first time for its annual reporting period commencing 1 January 2022, apart from the below:

- Amendments to IAS 1
- Classification of liabilities – current and non–current
- Non-current liabilities with covenants

(b) The following standards are not yet effective and would not be expected to have a material impact on the group in the current or future reporting periods and on foreseeable future transactions:

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – amendments to IAS 12
- Definition of Accounting Estimates – amendments to IAS 8
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2

CONSOLIDATION

GROUP FINANCIAL STATEMENTS

The group annual financial statements comprise those of the company, its subsidiaries and the group's interest in associates (together referred to as the group).

SUBSIDIARIES

Subsidiaries are fully consolidated from the date on which control is transferred to the group (acquisition date) and are deconsolidated from the date that control ceases (disposal date).

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

The acquisition method of accounting is used to account for business combinations by the group.

A business is defined as an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing goods or services to customers, generating investment income (such as dividends or interest) or generating other income from ordinary activities.

The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred, and the equity interest issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are measured initially at fair value at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the acquiree's net assets.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such remeasurement are recognised in the statement of comprehensive income.

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9 either in the statement of comprehensive income or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income.

1. ACCOUNTING POLICIES continued

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. In addition, unrealised losses are considered to be an indicator of impairment. Accounting policies of subsidiaries have been changed, where necessary, to ensure consistency with the policies adopted by the group.

Investments in subsidiaries in the company's separate financial statements are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Direct attributable costs of investment are capitalised as part of the investment, as incurred.

Investments in subsidiaries are tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. An indicator for impairment is when the investment value exceeds the net asset value of the subsidiary.

TRANSACTIONS AND NON-CONTROLLING INTERESTS

The group treats transactions with non-controlling interest that do not result in loss of control as transactions with equity owners of the group. Purchases from non-controlling interest are recorded in equity. Gains or losses on disposals to non-controlling interest are also recorded in equity.

When the group ceases to have control or significant influence, any retained interest in the entity is remeasured at its fair value, with the change in carrying amount recognised in the statement of comprehensive income. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to the statement of comprehensive income.

ASSOCIATED COMPANIES

Associated companies are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associated companies are accounted for by the equity method of accounting and are initially recognised at cost. Any difference between the cost of the investment and the group's share of the fair values of the identifiable assets and liabilities acquired, is accounted for as notional goodwill which is included in the carrying amount of the investment.

Upon gaining control ("step acquisition"), the group remeasures its previously held equity interest in the associate, at its acquisition date fair value and recognise the resulting gain or loss, if any, in the statement of comprehensive income. Goodwill is calculated during a step acquisition, as the excess of the consideration paid, any non-controlling interest and the acquisition-date fair value of the group's previously held equity interest, over the acquisition-date fair value of the identifiable net assets of the acquiree.

The results of associated companies are accounted for according to the equity method, based on their most recent published audited financial statements or latest management information. Certain associated companies have year-ends that differ from that of the group. In these instances, the management accounts for the period 1 January to 31 December are used. Equity accounting involves recognising the group's share of its associated companies' post-acquisition profits or losses in the statement of comprehensive income, and its share of post-acquisition movements in other comprehensive income and movements in other reserves, in the statement of comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the group's share of losses in an associated company equals or exceeds its interest in the associated company including any other unsecured receivables, the group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associated company.

Unrealised gains on transactions between the group and its associated companies are eliminated to the extent of the group's interest in the associated companies. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Cross-holdings between the group and its associates are eliminated in accordance with normal consolidation procedure. Associates' accounting policies have been changed, where necessary, to ensure consistency with the policies adopted by the group.

Dilution gains and losses arising in investment in associated companies are recognised in the statement of comprehensive income. If the ownership interest in an associated company is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to the statement of comprehensive income, where appropriate.

After applying the equity method, investments in associated companies are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use.

Loans to associated companies are disclosed as part of the carrying amount of the investment.

The company accounts for investment in associated companies at cost less provision for impairment.

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 27 by following the cost-based approach. According to this approach, subsequent changes in the value in the contingent consideration are recognised as part of the cost or a reduction in the cost of the investment.

Notes to the **consolidated and separate financial statements** continued

1. ACCOUNTING POLICIES continued

FOREIGN CURRENCY TRANSLATION

FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates the ("functional currency"). The consolidated financial statements are presented in South African rand, which is the company's functional and the group's presentation currency. All financial information presented in South African rand has been rounded to the nearest thousand.

TRANSACTIONS AND BALANCES

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income. Net foreign exchange gains are presented within "Other operating income" and net foreign exchange losses are presented within "Other operating expenses".

SUBSIDIARIES

The results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions).
- Assets and liabilities are translated at the closing rate at the date of the statement of financial position.
- All resulting exchange differences are recognised in the statement of comprehensive income and as a separate component of equity.

SEGMENT REPORTING

The group has reportable segments that comprise the structure used by the chief operating decision-maker ("CODM") to make key operating decisions and assess performance. The group's reportable segments are operating segments that are differentiated by the country in which they operate.

The group evaluates the performance of its reportable segments based on earnings before interest and tax ("EBIT") as well as earnings before interest, tax, depreciation, amortisation and impairments ("adjusted EBITDA"). The group accounts for intersegment sales and transfers as if the sales and transfers were entered into under the same terms and conditions as would have been entered into in a market-related transaction.

The financial information (including revenue, EBIT, adjusted EBITDA, total assets and total liabilities) of the group's reportable segments is reported to the CODM for purposes of making decisions about allocating resources to the segment and assessing its performance.

A number of segments are included in the "Other countries" segment as they individually don't meet the quantitative thresholds indicated in IFRS 8 Operating Segments.

PROPERTY, PLANT AND EQUIPMENT

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably.

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation is calculated on the straight-line method at rates considered appropriate to reduce book values to estimated residual values over the useful lives of the assets, as follows:

Office equipment	3 – 10 years
Computer equipment	3 – 5 years
Vehicles, plant and machinery	4 – 10 years
Buildings	3 – 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

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

Any gain or loss on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income.

Notes to the **consolidated and separate financial statements** continued

1. ACCOUNTING POLICIES continued

INTANGIBLE ASSETS

GOODWILL

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary/associated company at the date of acquisition. Goodwill is reported in the statement of financial position as an intangible asset. The notional goodwill that arises in the notional purchase price allocation of associates is included in the carrying amount of the associate and not shown as a separate asset. Goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The groups of cash-generating units are not larger than operating segments.

An excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities arises where the net assets of a subsidiary at the date of acquisition, fairly valued, exceed the cost of the acquisition. This excess arising on acquisitions is taken directly to income.

CUSTOMER LISTS

Contractual customer relationships acquired in a business combination are recognised at fair value at the acquisition date. The contractual customer relations have a finite useful life and are carried at cost less accumulated amortisation and impairment. Amortisation is calculated using the straight-line method over the estimated useful lives ranging between two and five years. The carrying amount is reviewed for impairment when an impairment indicator is identified.

COMPUTER SOFTWARE AND OTHER INTERNALLY GENERATED INTANGIBLE ASSETS

Costs associated with maintaining computer software programmes and other internally generated intangible assets are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique items controlled by the group, are recognised as intangible assets when all of the following criteria are met:

- it is technically feasible to complete the item so that it will be available for use;
- management intends to complete the item and use or sell it;
- there is an ability to use or sell the item;
- it can be demonstrated how the item will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the item are available; and
- the expenditure attributable to the item during its development can be reliably measured.

Directly attributable costs that are capitalised as part of such items include development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. These intangible assets are amortised using the straight-line method over their estimated useful lives, which range between two and five years.

When configuration or customisation of cloud-based application software is identifiable and meets the recognition criteria in IAS 38, the cost is recognised as an intangible asset.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that are subject to amortisation or depreciation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

FINANCIAL ASSETS

CLASSIFICATION

The group classifies its financial assets in the financial assets at amortised cost category. The classification depends on the objective of the group's business model. Management determines the classification of its financial assets at initial recognition.

Financial assets at amortised cost

The group classifies its financial assets as financial assets at amortised cost only if both of the following criteria are met:

- The asset is held within a business model whose objective it is to collect the contractual cash flows ("Business model test").
- The contractual terms give rise to cash flows that are solely payments of principal and interest ("SPPI").

1. ACCOUNTING POLICIES continued

The group's financial assets at amortised cost category comprises "trade and other receivables" and "cash and cash equivalents" in the statement of financial position (note 8 and 9 respectively). The company's financial assets at amortised cost category comprises "loans to related parties" and "cash and cash equivalents" in the statement of financial position (note 8 and 9 respectively). Trade receivables are amounts due from customers for merchandise sold or services delivered in the ordinary course of business. Contractual cash flows will be collected as trade receivables and related parties repay their outstanding balances and the repayments on the outstanding balances represent payments that consist of the principal outstanding amount and related interest amount if applicable. Collection is expected in one year or less and therefore classified as current assets.

RECOGNITION AND MEASUREMENT

Trade receivables and loans to related parties are recognised initially at the amount of consideration that is unconditional. The group has made use of the practical expedient where the group presumes that a receivable does not have a significant financing component as the expected term is less than one year. The group holds the trade receivables and related party loans with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method less expected allowance.

The carrying amounts of the trade receivables and related party loans, are considered to approximate the fair value. Payment terms are agreed as part of the trading or loan agreement and any amounts outstanding beyond the terms are considered overdue.

IMPAIRMENT OF FINANCIAL ASSETS - CARRIED AT AMORTISED COST

The group applies the IFRS 9 simplified approach to measuring expected credit losses (ECL) which uses a lifetime expected loss allowance for all trade receivables. As a practical expedient, the group uses a provision matrix based on the group's historical default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. The historical default rates have been assessed, using a 24-month period. Forward-looking estimates include the economic outlook of the country in which the customer resides. The impact of the war in Ukraine has been factored into the group's ECL models. Trade receivables are grouped based on shared risk characteristics and days past due.

For loans to related parties, management applies the three-stage general impairment methodology model which requires the company to measure the expected credit loss at a probability-weighted amount that reflects the possibility that a credit loss occurs and the possibility that no credit loss occurs. See note 8.

The group assesses on a forward-looking basis the expected credit loss associated with its financial assets carried at amortised cost. Forward-looking estimates include the economic outlook of the country in which the customer resides. The group has identified GDP, food inflation and levels of consumer confidence in the countries in which it sells its goods and services to be the most relevant factors. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

A loss allowance is recognised at the first reporting date on which the receivable is recognised. After initial recognition, the loss allowance is adjusted, up or down, in the statement of comprehensive income at each statement of financial position date as the forward-looking estimates change.

Receivables are considered to be in default when the payment terms have been exceeded with more than 60 days without any reason or subsequent arrangement to extend the payment terms.

Receivables are credit impaired if there is no reasonable expectation of recovery. This will be the case with outstanding amounts over 180 days where there has been no communication received from the debtor. Credit-impaired receivables are written off.

Subsequent recoveries of amounts previously written off are credited in the statement of comprehensive income. Refer to note 8, trade and other receivables, for further information.

DERECOGNITION

A financial asset is derecognised when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership, or control of the financial asset, are transferred. Where the group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the group could be required to pay.

INVENTORIES

Inventories are valued at the lower of cost and net realisable value. Cost is substantially determined on the first-in-first-out basis and includes expenditure in acquiring and transporting the inventory to its present location net of discounts and rebates received.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated selling expenses.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand and other deposits held at call with banks. Bank overdrafts are included within borrowings in current liabilities on the statement of financial position.

STATED CAPITAL

Stated capital consists solely of ordinary share capital. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax.

1. ACCOUNTING POLICIES continued

SHARE-BASED PAYMENT RESERVE

The group transfers amounts from this reserve upon the exercise or lapse of options to retained earnings. Forfeited options are also transferred from this reserve to retained earnings in the year that options are forfeited.

FINANCIAL LIABILITIES

Financial liabilities include borrowings, accrual for other liabilities and charges, contingent considerations and trade and other payables.

BORROWINGS (EXCLUDING LEASES)

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost, using the effective-interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings, using the effective-interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs.

LEASES

The group leases various offices, warehouses, equipment and vehicles. Rental agreements are typically entered into for fixed periods of three to five years but may have extension options. The group is not a lessor.

At inception of a contract, the group assesses whether a contract is, or contains a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Contracts may contain both lease and non-lease components. With regard to vehicles and office equipment, the non-lease components, identified in the contracts, are expensed. For leases of offices and warehouses for which the group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments. Lease payments to be made under reasonably certain extension options, are also included in the measurement of the liability. The lease payments are discounted using the lessee's incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Extension and termination options are included in a number of property and equipment leases across the group. Most extension options in equipment and vehicle leases have not been included in the lease liability because the group could replace the assets without significant cost or business disruption.

To determine the incremental borrowing rate, the group, where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.

When there are lease re-assessments, lease modifications or revised in-substance fixed lease payments, the lease liability is re-assessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The group has chosen not to revalue its right-of-use buildings held by the group.

Properties	3 – 10 years
Vehicles and equipment	3 – 5 years

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in the statement of comprehensive income. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office equipment or furniture.

The group companies are intermediate lessors in incidental situations where an insignificant portion of the office space is subleased to third parties. Subleases are classified as operating leases. The intermediate lessor recognises the lease income from operating leases on a straight-line basis over the lease term. The respective leased asset is included in the statement of financial position based on its nature.

TRADE PAYABLES

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective-interest method.

DERECOGNITION

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. The condition is met when the liability is settled by paying the creditor, or when the debtor is released from primary responsibility for the liability either by process of law or by the creditor.

1. ACCOUNTING POLICIES continued

PROVISIONS

Provisions are recognised when:

- the group has a present legal or constructive obligation as a result of past events;
- it is more likely than not that an outflow of resources will be required to settle the obligation; and
- the amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as an interest expense.

CURRENT AND DEFERRED INCOME TAX

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

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

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

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred tax asset is raised on the recognition of a lease liability and a deferred tax liability is raised on the recognition of a right-of-use asset.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Dividend withholding tax is not levied on the company but on the beneficial owner of the share and accordingly does not require recognition in the statement of comprehensive income. Dividend tax withheld by the company on dividends paid to its shareholders (who do not qualify for an exemption from dividends tax) and payable at the reporting date to the South African Revenue Service (where applicable) is included in trade and other payables in the statement of financial position.

EMPLOYEE BENEFITS

ANNUAL LEAVE

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated annual leave as a result of services rendered by employees up to the reporting date.

PROFIT-SHARING AND BONUS PLANS

The group recognises a liability and an expense for bonus plans and profit-sharing, where contractually obliged, or where there is a past practice that has created a constructive obligation.

SEVERANCE BENEFITS

For employees who are working in Botswana, the group has implemented the requirements of the Botswana Labour Act relating to a severance benefit scheme.

1. ACCOUNTING POLICIES continued

SHARE-BASED COMPENSATION

CA Sales Holdings Limited operates equity-settled share-based payment schemes.

The fair value of the executive services received in exchange for the grant of the share options, less the amount paid by the executive, is recognised as an expense. The total amount to be expensed over the vesting period, see note 10, is determined by reference to the grant date fair value of the share options granted. Vesting conditions are included in assumptions about the number of share options that are expected to become exercisable. At each reporting date, the entity revises its estimates of the number of share options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the statement of comprehensive income, and a corresponding adjustment to equity over the remaining vesting period.

If the group cancels or settles a grant of equity instruments during the vesting period, the group accounts for the cancellation or settlement of the grant and recognises immediately the amount that otherwise would have been recognised for services received over the remainder of the vesting period.

The share-based payment costs are recognised in the statement of comprehensive income and a share-based payment reserve is recognised as part of equity and represents the fair value at grant date of the shares/share options that will be delivered on vesting. The grant date fair value will not be subsequently remeasured.

REVENUE RECOGNITION

Revenue is derived either from selling and distributing fast-moving consumer goods as well as services such as retail execution and advisory, retail support and training. . Revenue is recognised to depict the transfer of goods or services to customers at an amount that the group expects to be entitled to in exchange for those goods or services to the extent that it is highly probable that there will be no significant reversal. Revenue is recognised when performance obligations are satisfied upon transferring control of the goods and services.

Revenue is recognised at a point in time for the delivery of goods and training services. A customer obtains control when he signs the proof of delivery document. Revenue from providing services is recognised in the accounting period in which the services are rendered and is recognised over time when transport, retail execution and advisory and retail support services are delivered. These performance obligations are satisfied over time, as the performance obligations are being fulfilled. A customer obtains control over the services, as performance milestones, depicted in the service delivery contract, are achieved.

The transaction price on the sale of goods might include an element of consideration that is variable on the outcome of future events in the form of settlement discounts. It is considered to be variable consideration because there is uncertainty as to whether the customer will pay the invoice within the discount period. The terms of settlement discounts are stipulated in the trade agreements with customers. The expected settlement value is based on experience with similar customers with similar transactions and doesn't require significant estimation. The group includes some or all of an amount of variable consideration only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not incur when the uncertainty associated with the variable consideration is subsequently resolved.

The group uses the practical expedient to disregard the time value of money as the period between transfer of the goods or services and payment is less than one year.

DIVIDEND INCOME

Dividends are recognised as income, when:

- the group's right to receive payment has been established;
- it is probable that the economic benefits associated with the dividend will flow to the group; and
- the amount of the dividend can be measured reliably.

INTEREST INCOME

Interest income is recognised using the effective-interest method. When a loan and receivable is impaired, the group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income. Interest income on impaired loans and receivables is recognised using the original effective interest rate.

DIVIDEND DISTRIBUTION

Dividend distribution to the company's shareholders is recognised as a liability in the group's financial statements in the period in which the dividends are approved by the company's board of directors.

HEADLINE EARNINGS AND EARNINGS PER SHARE

Headline earnings are earnings as determined by IAS 33, excluding "separately identifiable remeasurements" (as defined in SAICA Circular 01/2021), net of related tax (both current and deferred) and related non-controlling interest, other than remeasurements specifically included in headline earnings "included remeasurements" (as defined in SAICA Circular 01/2021).

Basic earnings per share is expressed in cents and is based on the net profit attributable to ordinary shareholders divided by the weighted average number of shares in issue during the year, excluding ordinary shares purchased by the company (treasury shares).

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares (incentive shares).

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

ESTIMATED IMPAIRMENT OF GOODWILL

The group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy on goodwill. The recoverable amounts of cash-generating units have been determined based on fair value less cost to sell calculations. These calculations require the use of assumptions (see note 4 for further detail and disclosure of assumptions used).

2. FINANCIAL RISK MANAGEMENT

2.1 Financial risk factors

The group's activities expose it to a variety of financial risks: market risk (including currency risk and fair value interest rate risk), credit risk and liquidity risk. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance.

Risk management is carried out by each major entity within the group under policies approved by the respective boards of directors. Each major entity's board of directors provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

Financial instruments are grouped into the following classes in order to facilitate effective financial risk management and disclosure in terms of IFRS 7 Financial Instruments: Disclosures.

		GROUP		COMPANY	
	Note	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Classes of financial assets					
Trade receivables		1 298 765	1 210 341	–	–
Loans receivable from related parties		–	–	29 729	35 867
Sundry debtors		41 680	31 010	–	–
Total receivables	8	1 340 445	1 241 351	29 729	35 867
Cash and cash equivalents	9	735 849	655 948	128 874	102 868
Total financial assets		2 076 294	1 897 299	158 603	138 735
Classes of financial liabilities					
Bank overdrafts		284 712	311 876	–	–
Borrowings		400 636	328 172	–	–
Total borrowings	12	685 348	640 048	–	–
Trade and other payables		1 009 855	937 850	1 176	1 201
Contingent consideration		–	55 726	–	55 726
Amounts due to related parties		835	319	–	–
Total trade and other payables	14	1 010 690	993 895	1 176	56 927
Total financial liabilities		1 696 038	1 633 943	1 176	56 927

2. FINANCIAL RISK MANAGEMENT continued

2.1 Financial risk factors continued

FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets	Note	GROUP Assets measured at amortised cost R'000	GROUP Total R'000	COMPANY Assets measured at amortised cost R'000	COMPANY Total R'000
2022					
Receivables	8	**1 340 445**	**1 340 445**	**29 729**	**29 729**
Cash and cash equivalents	9	**735 849**	**735 849**	**128 874**	**128 874**
		2 076 294	**2 076 294**	**158 603**	**158 603**
2021					
Receivables	8	1 241 351	1 241 351	35 867	35 867
Cash and cash equivalents	9	655 948	655 948	102 868	102 868
		1 897 299	1 897 299	138 735	138 735

Financial liabilities	Note	GROUP Liabilities measured at amortised cost R'000	GROUP Liabilities measured at fair value R'000	GROUP Total R'000	COMPANY Liabilities measured at amortised cost R'000	COMPANY Liabilities measured at fair value R'000	COMPANY Total R'000
2022							
Borrowings	12	**685 348**	**–**	**685 348**	**–**	**–**	**–**
Trade and other payables	14	**1 010 690**	**–**	**1 010 690**	**1 176**	**–**	**1 176**
		1 696 038	**–**	**1 696 038**	**1 176**	**–**	**1 176**
2021							
Borrowings	12	640 048	–	640 048	–	–	–
Contingent consideration	14	–	55 726	55 726	–	55 726	55 726
Trade and other payables	14	938 169	–	938 169	1 201	–	1 201
		1 578 217	55 726	1 633 943	1 201	55 726	56 927

The group's management has assessed which business models apply to the financial assets held by the group and has classified its financial assets into the appropriate IFRS 9 category. All financial assets/liabilities (excluding contingent consideration) are classified as measured at amortised cost as the assets and liabilities are held with the objective to collect or pay the contractual cash flows which are solely payments of principle and interest.

Excluding the non-current borrowings and loans receivable from related parties, carrying values approximate fair values due to the short-term nature of these financial instruments.

2. FINANCIAL RISK MANAGEMENT continued

2.1 Financial risk factors continued

(A) MARKET RISK

The group reviews its foreign currency exposure, including commitments, on an ongoing basis.

(i) **Foreign exchange risk**

The group operates in Southern Africa and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Botswana Pula and the South African Rand. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations as well as translation risk arising from the consolidation of foreign operations into South African Rand.

Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. Natural hedging is applied as far as possible to minimise the exposure. The forex gain or loss recognised in the group's statement of comprehensive income for the year is disclosed in note 17.

The group's financial assets and liabilities where the balance is denominated in a currency other than the entity's functional currency, are analysed in the following table:

	Note	Pula R'000	Rand R'000	Other R'000	Total R'000
2022					
Financial assets					
Receivables	8	–	350 206	–	350 206
Cash and cash equivalents	9	4	326 173	1 462	327 639
Financial liabilities					
Trade and other payables	14	(15)	(250 975)	–	(250 990)
Borrowings	12	–	–	–	–
		(11)	425 404	1 462	426 855
2021					
Financial assets					
Receivables	8	–	350 822	145	350 967
Cash and cash equivalents	9	6	285 123	1 822	286 951
Financial liabilities					
Trade and other payables	14	–	(221 391)	–	(221 391)
Borrowings	12	–	(850)	–	(850)
		6	413 704	1 967	415 677

The Botswana Pula (BWP) to the Rand was at BWP1/ZAR1.3289 (2021: BWP1/ZAR1.3576) at year-end and an average of BWP1/ZAR1.3224 (2021: BWP1/ZAR1.3334) for the year.

Other currencies include USD (United States Dollar).

The percentage change used has been selected according to what could reasonably be expected as a change in exchange rates based on historical movements in exchange rates. The table below shows the sensitivity of the above translated financial assets and liabilities of the group to a 10% movement in the Rand exchange rate in the current year and a 20% movement in the prior year (representing the Rand strengthening or weakening against the foreign currencies).

Impact on net financial assets		Pula appreciation R'000	Other appreciation R'000	Total Group appreciation R'000	Total Group depreciation R'000
2022	**10%**	**(45 738)**	**(42)**	**(45 780)**	**45 780**
2021	20%	(84 315)	(406)	(84 721)	84 721

The Namibian Dollar (NAD), Lesotho Loti (LSL) and Emalangeni (SZL) are pegged to the South African Rand, therefore, no sensitivity to these currencies are expected.

Other currencies include USD (United States Dollar) and ZMW (Zambia Kwatcha).

Due to lower ZAR volatility during the year, compared to the prior year, the sensitivity calculation was decreased to 10% for the 2022 year.

2. FINANCIAL RISK MANAGEMENT continued

2.1 Financial risk factors continued

(A) MARKET RISK CONTINUED

(ii) Cash flow and fair value interest rate risk

The group's interest rate risk arises from interest-bearing cash and cash equivalents and long-term and short-term borrowings.

The group's exposure to floating rate and fixed rate interest-bearing financial instruments is as follows:

		GROUP		COMPANY	
	Note	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Borrowings					
Floating rate		**(515 789)**	(590 071)	**-**	-
Fixed rate and non-interest-bearing		**(169 559)**	(49 977)	**-**	-
	12	**(685 348)**	(640 048)	**-**	-
Cash and cash equivalents					
Floating rate		**684 287**	626 749	**128 872**	102 864
Fixed rate and non-interest-bearing		**51 562**	29 199	**2**	4
	9	**735 849**	655 948	**128 874**	102 868
Total					
Floating rate		**168 498**	36 678	**128 872**	102 864
Fixed rate and non-interest-bearing		**(117 997)**	(20 778)	**2**	4
		50 501	15 900	**128 874**	102 868

The group companies manage their cash flow interest rate risk by monitoring interest rates on a regular basis and engaging in discussions with financial institutions in the relevant countries to obtain the optimum rate.

The fixed rate borrowings increased in the year due to the building lease agreement entered into in Namibia.

This sensitivity analysis has been prepared using the closing net borrowings or net cash position for the financial year. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis as the prior year but an increased sensitivity rate was used. A decrease in interest rates would have an equal and opposite effect on profit after taxation as detailed below. The percentage change used has been selected according to what could reasonably be expected as a change in interest rates based on historical movements in interest rates within the countries. Based on simulations performed, the impact on post-tax profit of a 3% movement in interest rates in the current year and 1% in the prior year is analysed in the following table:

		GROUP		COMPANY	
Impact on post-tax profit		Increase R'000	Decrease R'000	Increase R'000	Decrease R'000
2022	**3%**	**4 709**	**(4 709)**	**2 784**	**(2 784)**
2021	1%	423	(423)	741	(741)

Due to the volatility in the interest rates during the year, the sensitivity calculation was increased to 3% for the 2022 year.

(B) CREDIT RISK

Credit risk is managed on a group basis, except for credit risk relating to accounts receivable balances. Each local entity is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposure to wholesale and retail customers. For banks and financial institutions, only independently rated financial institutions with a high credit quality are accepted. If wholesale customers are independently rated, these ratings are used. If there is no independent rating, management responsible for risk control, assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board.

The utilisation of credit limits is regularly monitored.

Trade receivables of approximately R315.4 million (2021: R358.5 million) are derived from two external customers domiciled in Botswana and are attributed to the Botswana, Lesotho and Namibia segments.

The impact of the war in Ukraine has been factored into expected credit losses (ECL) for trade receivables, which is most relevant to customers that have been impacted by rising inflation. Based on this assessment, the ECL for trade receivables has increased by R5.3 million on the prior year before the bad debts write-off. R4.6 million of the provision was utilised to write off bad debts in the current year.

2. FINANCIAL RISK MANAGEMENT continued

2.1 Financial risk factors continued

(B) CREDIT RISK CONTINUED

The table below shows the group's maximum exposure to credit risk by class of asset:

	Note	GROUP		COMPANY	
		Balance R'000	Maximum exposure R'000	Balance R'000	Maximum exposure R'000
2022					
Receivables	8	**1 340 445**	1 340 445	**29 729**	29 729
Cash and cash equivalents	9	**735 849**	735 849	**128 874**	128 874
		2 076 294	2 076 294	**158 603**	158 603
2021					
Receivables	8	**1 241 351**	1 241 351	**35 867**	35 867
Cash and cash equivalents	9	**655 948**	655 948	**102 868**	102 868
		1 897 299	1 897 299	**138 735**	138 735

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

	GROUP		COMPANY	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Receivables				
Group 1	**10 373**	7 326	**–**	–
Group 2	**1 294 942**	1 160 764	**–**	–
Group 3	**34 555**	73 261	**–**	–
Non– rated	**575**	–	**29 729**	35 867
Cash and cash equivalents				
B	**663 685**	440 244	**128 874**	102 868
F1+	**–**	32 387	**–**	–
F1	**53 181**	151 082	**–**	–
F3	**2 591**	8 667	**–**	–
Not rated	**16 392**	23 568	**–**	–
	2 076 294	1 897 299	**158 603**	138 735

The above balances are shown after loss allowances of R10.9 million (2021: R10.3 million). See note 8 for more detail.

Receivables

Group 1 – new customers (less than six months)

Group 2 – existing customers (more than six months) with no defaults in the past

Group 3 – existing customers (more than six months) with some defaults in the past

No credit limits were set for loans to related parties.

Cash and cash equivalents

B, F1, F1+, F3 = Fitch's rating

These ratings are considered sufficient enough not to warrant a loss allowance.

Net trade receivables of R349.1 million (2021: R337.3 million) were past due. These relate to customers for whom there are no recent history of default. The ageing analysis of these net trade receivables is as follows:

	GROUP		COMPANY	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
30 days	**292 459**	225 711	**–**	–
31 to 60 days	**31 688**	82 072	**–**	–
61 to 90 days	**6 608**	8 430	**–**	–
91 to 120 days	**11 649**	13 986	**–**	–
121 days plus	**6 690**	7 086	**–**	–
	349 094	337 285	**–**	–

(C) LIQUIDITY RISK

Liquidity risk arises from the seasonal fluctuations in short-term borrowing positions. A material and sustained shortfall in cash flows could undermine investor confidence and restrict the group's ability to raise funds. The group manages its liquidity risk by monitoring weekly cash flows and ensuring that adequate cash is available or borrowing facilities maintained. The group has no significant concentration of liquidity risk with any one single counterparty.

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, each entity aims to maintain flexibility in funding by keeping committed credit lines available.

Total undrawn facilities available amount to R318.7 million (2021: R239.2 million). For detail on undrawn facilities available, refer to note 12.

The company has extended a written offer of an unlimited loan facility at 0% interest that is repayable

2. FINANCIAL RISK MANAGEMENT continued

2.1 Financial risk factors continued

(C) LIQUIDITY RISK CONTINUED

on demand, to its wholly owned subsidiary, CAS Marketing (Proprietary) Limited (CAS Marketing). The value of this inter-company loan, gross of the estimated credit loss, is R33.1 million. The company has agreed to assist, by subordinating its claim in favour of and for the benefit of other creditors of CAS Marketing. As at 31 December 2022, CAS Marketing's total liabilities exceeded its total assets by R34.8 million (including this intercompany loan).

The table below analyses the group's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

		GROUP				
	Note	Undiscounted value R'000	Less than 1 year R'000	Between 1 and 2 years R'000	Between 2 and 5 years R'000	Over 5 years R'000
2022						
Secured and unsecured loans	12	**234 189**	**47 899**	**47 866**	**117 076**	**21 348**
Lease liabilities	12	**253 706**	**54 024**	**39 290**	**80 486**	**79 906**
Bank overdraft	12	**284 712**	**284 712**	**–**	**–**	**–**
Trade and other payables	14	**1 010 690**	**1 010 690**	**–**	**–**	**–**
		1 783 297	**1 397 325**	**87 156**	**197 562**	**101 254**
2021						
Secured and unsecured loans	12	259 110	35 084	36 946	105 228	81 852
Lease liabilities	12	92 645	42 905	33 063	12 729	3 948
Bank overdraft	12	311 876	311 876	–	–	–
Contingent consideration	14	55 726	55 726	–	–	–
Trade and other payables	14	938 171	938 171	–	–	–
		1 657 528	1 383 762	70 009	117 957	85 800

		COMPANY				
	Note	Undiscounted value R'000	Less than 1 year R'000	Between 1 and 2 years R'000	Between 2 and 5 years R'000	Over 5 years R'000
2022						
Trade and other payables	14	**1 177**	**1 177**	**–**	**–**	**–**
		1 177	**1 177**	**–**	**–**	**–**
2021						
Contingent consideration	14	55 726	55 726	–	–	–
Trade and other payables	14	1 201	1 201	–	–	–
		56 927	56 927	–	–	–

2. FINANCIAL RISK MANAGEMENT continued

2.2 Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The group's capital comprises total equity as shown in the consolidated statement of financial position plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents as shown in the consolidated statement of financial position. When funding is required, management will consider the various forms of paper available for issue, taking into account current market conditions, anticipated trends in market indicators and the financial position of the group at the time. Management will accordingly consider issuing ordinary shares by the group's holding company, perpetual preference shares, short, long or medium term borrowings with variable or fixed rates.

The group manages capital by maintaining a low gearing ratio. Increased long-term debt is approved by the board based on the impact on the gearing ratio. This ratio is calculated as net debt divided by the total capital. The group's target is to maintain a gearing ratio of less than 1.

The gearing ratios at 31 December 2022 and 31 December 2021 were as follows:

		GROUP		COMPANY	
	Note	**2022 R'000**	**2021 R'000**	**2022 R'000**	**2021 R'000**
Total borrowings	12	**685 348**	640 048	**–**	–
Less: Cash and cash equivalents	9	**(735 849)**	(655 948)	**(128 874)**	(102 868)
Net debt		**(50 501)**	(15 900)	**(128 874)**	(102 868)
Total equity		**2 174 893**	1 815 702	**1 101 070**	1 030 563
Total capital		**2 124 392**	1 799 802	**972 196**	927 695
Gearing ratio (%)		**(2)**	(1)	**(13)**	(11)

2.3 Fair value estimation of financial instruments

Financial instruments consist of trade receivables, bank and cash balances and trade and other payables resulting from normal business operations. The nominal value less loss allowance of trade receivables and payables are assumed to approximate their fair values. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

FAIR VALUE HIERARCHY

When measuring the fair value of an asset or a liability, the group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques categorised as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

3. PROPERTY, PLANT AND EQUIPMENT

	GROUP				
	Vehicles, plant and machinery R'000	**Office equipment and other R'000**	**Computer equipment R'000**	**Land and buildings R'000**	**Total R'000**
2022					
At the end of the year					
Cost	424 553	37 073	51 087	527 461	1 040 174
Accumulated depreciation	(267 086)	(18 039)	(37 807)	(80 970)	(403 902)
Net book value	157 467	19 034	13 280	446 491	636 272
Reconciliation of net book value:					
Opening net book value 1 January 2022	127 353	17 194	13 814	363 409	521 770
Exchange differences	(1 097)	(140)	(95)	(6 627)	(7 959)
Additions – owned assets	39 925	3 002	6 100	1 867	50 894
Additions – right-of-use assets	33 357	798	–	118 017	152 172
Disposals	(5 465)	(253)	(152)	–	(5 870)
Termination of lease agreements	(135)	–	–	(18)	(153)
Business combinations	2 731	1 332	414	5 856	10 333
Lease modifications	(41)	–	–	(1 628)	(1 669)
Transfers between asset classes	685	488	7	(1 180)	–
Depreciation	(39 846)	(3 387)	(6 808)	(33 205)	(83 246)
Closing net book value 31 December 2022	157 467	19 034	13 280	446 491	636 272
Right-of-use assets included above comprise:					
Cost of right-of-use assets	114 055	1 457	–	171 020	286 532
Accumulated depreciation	(49 949)	(715)	–	(42 131)	(92 795)
Net book value	64 106	742	–	128 889	193 737

3. PROPERTY, PLANT AND EQUIPMENT continued

	GROUP				
	Vehicles, plant and machinery R'000	**Office equipment and other R'000**	**Computer equipment R'000**	**Land & buildings R'000**	**Total R'000**
2021					
At the end of the year					
Cost	378 395	32 810	48 703	406 280	866 188
Accumulated depreciation	(251 042)	(15 616)	(34 889)	(42 871)	(344 418)
Net book value	127 353	17 194	13 814	363 409	521 770
Reconciliation of net book value:					
Opening net book value 1 January 2021	126 787	12 106	9 968	363 341	512 202
Exchange differences	(200)	(53)	54	(215)	(414)
Additions – owned assets	15 713	8 291	8 752	13 738	46 494
Additions – right-of-use assets	24 059	–	–	19 359	43 418
Disposals	(3 025)	(12)	(181)	–	(3 218)
Termination of lease agreements	(1 148)	(115)	–	(11 218)	(12 481)
Lease modifications	–	–	–	(1 566)	(1 566)
Transfers to intangibles – software	–	–	320	–	320
Depreciation	(34 833)	(3 023)	(5 099)	(20 030)	(62 985)
Closing net book value 31 December 2021	127 353	17 194	13 814	363 409	521 770
Right-of-use assets included above comprise:					
Cost of right-of-use assets	130 049	841	–	43 612	174 502
Accumulated depreciation	(68 813)	(486)	–	(12 926)	(82 225)
Net book value	61 236	355	–	30 686	92 277

Additions to the right-of-use assets during the 2022 financial year were R152.2 million (2021: R43.4 million).

The total cash outflow for leases in 2022 was R65.0 million (2021: R43.2 million).

The statement of comprehensive income includes the following amounts relating to leases:

Depreciation charge of right-of-use assets	**2022 R'000**	**2021 R'000**
Buildings	**23 855**	11 248
Plant and machinery	**528**	958
Vehicles	**21 710**	20 258
Office equipment	**411**	286
	46 504	32 750

The group companies lease various properties, vehicles and machinery under non-cancellable lease agreements. The lease terms are between three and 10 years.

A register with full detail of property, plant and equipment is available at each company's registered office.

Wutow Trading entered into a 10-year lease for the warehouse and office property in Windhoek, Namibia, on 1 January 2022, acquiring a right-of-use asset to the value of R116.6 million and a lease liability of the same value.

No major change in the nature of property, plant and equipment or change in the policy regarding the use thereof took place during the financial year.

4. INTANGIBLE ASSETS

	GROUP			
	Goodwill R'000	**Customer lists R'000**	**Computer software R'000**	**Total R'000**
2022				
At the end of the year				
Cost	560 329	2 822	5 240	568 391
Accumulated amortisation	–	(941)	(2 597)	(3 538)
Accumulated impairment	(64 484)	–	–	(64 484)
Net book value	495 845	1 881	2 643	500 369
Reconciliation of net book value:				
Opening net book value 1 January 2022	472 706	–	4 227	476 933
Additions	–	–	34	34
Amortisation	–	(941)	(1 618)	(2 559)
Exchange differences	(103)	–	–	(103)
Business combinations	23 242	2 822	–	26 064
Closing net book value 31 December 2022	495 845	1 881	2 643	500 369
2021				
At the end of the year				
Cost	557 354	–	5 206	562 560
Accumulated amortisation	–	–	(979)	(979)
Accumulated impairment	(84 648)	–	–	(84 648)
Net book value	472 706	–	4 227	476 933
Reconciliation of net book value:				
Opening net book value 1 January 2021	480 187	–	6 609	486 796
Additions	–	–	2 029	2 029
Amortisation	–	–	(2 419)	(2 419)
Impairment	(7 463)	–	(1 666)	(9 129)
Exchange differences	(18)	–	(6)	(24)
Transfers from computer equipment	–	–	(320)	(320)
Closing net book value 31 December 2021	472 706	–	4 227	476 933

4. INTANGIBLE ASSETS continued

Impairment test for goodwill

Goodwill arising from a business combination is allocated, at acquisition, to the group's cash-generating units ("CGUs") that are expected to benefit from the business combination.

The CGUs to which the amount of goodwill has been allocated, are presented below.

	Note	2022 R'000	2021 R'000
CA Sales and Distribution (Pty) Ltd and subsidiaries (CA Sales)		**262 097**	262 097
Pack n Stack Investment Holdings (Pty) Ltd and subsidiaries (PnS)		**112 060**	112 060
Logico Unlimited (Pty) Ltd and subsidiaries (Logico)		**42 858**	42 858
SMC Brands Namibia (Pty) Ltd (SMC Namibia)		**26 855**	26 855
SMC Brands Botswana (Pty) Ltd		**17 971**	17 971
SMC Brands Swaziland (Pty) Ltd		**5 855**	5 855
Smithshine Enterprises (Pty) Ltd (Smithshine)*		**3 583**	3 658
Kalahari Training Institute (Pty) Ltd (KTI)*		**1 098**	1 121
Peo Capital (Pty) Ltd (Peo)*		**226**	231
Visible Worx (Pty) Ltd (Visible Worx)	23	**1 468**	–
Effective Sales and Merchandising (Pty) Ltd (ESM)	23	**21 774**	–
		495 845	472 706

* *Values are impacted by foreign exchange rate movements.*

The recoverable amount of a CGU is determined based on the fair value less cost of disposal which requires the use of assumptions. These calculations use post-tax cash flow projections based on financial budgets approved by management, covering a five-year period.

Management has determined the values assigned to each of the below key assumptions as follows:

Assumption	Approach used to determining values	Fair value hierarchy
Revenue average annual growth rate over the five-year period	Based on past performance and management's expectations of market development as well as current industry trends, including long-term inflation forecasts for each territory. Management considered the impact of the war in Ukraine on the cash flow projections, through adjusting their costs and revenue for the impact of the higher expected inflation in the period before the terminal period..	3
Budgeted gross margin	Based on past performance and management's expectations for the future, including the impact of the war in Ukraine and long-term inflation forecasts for each territory, on gross margins.	3
Long-term growth rate	This is the growth rate used to extrapolate cash flows beyond the budget period. The rates are consistent with forecasts included in industry reports.	3
Discount rate	Reflect specific risks relating to the relevant segments and the countries in which they operate.	3

4. INTANGIBLE ASSETS continued

The following table sets out the key assumptions for those CGUs that have significant goodwill allocated to them:

	CA Sales %	PnS %	SMC Botswana %	SMC Namibia %	Logico %	ESM %
2022						
Revenue growth	**7.0**	**6.0**	**(2.2)**	**8.2**	**8.7**	**9.7**
Gross margin	**10.8**	**28.2**	**18.0**	**17.7**	**19.3**	**26.0**
Long-term growth rate	**5.0**	**5.0**	**5.0**	**5.0**	**5.0**	**5.0**
Discount rate (post tax)	**13.3**	**18.2**	**13.5**	**15.4**	**17.9**	**18.8**
2021						
Revenue growth	5.0	5.0	5.0	5.0	5.0	–
Gross margin	10.3	25.3	16.6	17.4	19.5	–
Long-term growth rate	5.0	5.0	5.0	5.0	5.0	–
Discount rate (post tax)	11.5	17.4	12.6	13.7	20.0	–

The increase in the PnS gross margin assumption compared to the prior year assumption is due to improved cost management.

Management of SMC Botswana has taken into consideration the potential impact of corporate action involving one of its major clients and has conservatively assumed the worst case scenario impact of the corporate action. That is the reason for the average decline in the revenue assumption for that operation. The forecasted lost sales are that of lower margin products, resulting in the gross margin assumption increase for SMC Botswana.

The increased revenue growth assumptions of the other operations, compared to the prior year assumptions, are due to increased inflation as well as new clients and products.

The increase in the discount rate from 2021 to 2022 is attributable to the increase in the foreign risk free rate used in the calculation of the cost of equity. The decline in the discount rate for Logico is due to the reduced equity risk market premium for Eswatini used in the calculation of the cost of equity in 2022 compared to 2021.

The results of the group's impairment tests are dependent upon estimates and judgements made by management, particularly in relation to the key assumptions described above. Sensitivity analysis to potential changes in key assumptions has therefore been considered.

The table below shows the adjusted assumptions used in isolation in the calculation of the fair value less cost of disposal where the estimated recoverable amount equals the carrying value.

Sensitivity analysis of assumptions used in the goodwill impairment tests of CGUs indicating low safety margins:

Apart from the below, no other CGUs' key assumptions were sensitive.

		CA Sales 2022 R'000	SMC Namibia 2022 R'000	CA Sales 2021 R'000	SMC Namibia 2021 R'000
Recoverable amount based on fair value less cost of disposal using original assumptions		**1 425 320**	**100 227**	1 424 415	97 945
Carrying value		**1 025 479**	**79 345**	1 046 831	77 991
Headroom		**399 841**	**20 882**	377 584	19 954
Adjusted assumptions where the carrying value equals the recoverable amount					
Revenue growth rate	%	**3.8**	**(3.6)**	1.3	(5.6)
Gross margin	%	**10.0**	**16.3**	9.4	15.9
Long-term growth rate	%	**(0.1)**	**0.7**	1.3	1.6
Discount rate	%	**16.3**	**17.8**	13.9	15.8

CGU's assumptions were considered sensitive when a movement of less than 10% in any one of the assumptions above will result in the fair value equalling the carrying value.

5. INVESTMENTS IN SUBSIDIARIES

	COMPANY 2022 R'000	COMPANY 2021 R'000
Ordinary shares at cost	930 952	934 403
Share-based payments allocated to subsidiaries	10 813	12 471
	941 765	946 874

The group's subsidiaries at 31 December 2022 are set out below. They have share capital consisting solely of ordinary shares that are held directly and indirectly by the company.

The proportion of ownership interests held, equals the voting rights held by the group.

The country of incorporation is also their principal place of business.

Direct holding	Indirect holding	Country of incorporation	Effective holding 2022 %	Effective holding 2021 %	Stated capital R'000	Shares at cost 2022 R'000	Shares at cost 2021 R'000
CA Sales & Distribution (Pty) Ltd		**Botswana**	100	100	798.7	336 422	336 422
	Dafin Sales and Distribution (Pty) Ltd	Botswana	100	100			
	Warehousing Services Botswana (Pty) Ltd	Botswana	100	100			
	Kalahari Sales (Pty) Ltd	Botswana	100	100			
Logico Unlimited (Pty) Ltd		**Eswatini**	100	90	100.0	204 273	207 724
	Biotrace Trading 338 (Pty) Ltd	South Africa	100	90			
Pack 'n Stack Investment Holdings (Pty) Ltd		**South Africa**	94	94	2.0	218 019	218 019
	Agility-in-store (Pty) Ltd	South Africa	94	94			
	Array Marketing (Pty) Ltd	South Africa	94	94			
	Brand Support Services (Pty) Ltd	South Africa	94	94			
	Magnet Marketing (Pty) Ltd	South Africa	–	84			
	Pack 'n Stack (Pty) Ltd	South Africa	71	71			
	Pack 'n Stack IT (Pty) Ltd	South Africa	32	94			
	PnS Activate (Pty) Ltd	South Africa	94	94			
	PnS Retail Solutions Namibia (Pty) Ltd	Namibia	94	94			
	Surapax (Pty) Ltd	South Africa	94	94			
	Effective Sales and Merchandising (Pty) Ltd	South Africa	71	–			
	Visible Worx (Pty) Ltd	South Africa	48	30			
SMC Brands SA (Pty) Ltd		**South Africa**	100	100	100.0	158 017	158 017
	SMC Brands Botswana (Pty) Ltd	Botswana	100	100			
	SMC Brands Namibia (Pty) Ltd	Namibia	100	100			
	SMC Brands Swaziland (Pty) Ltd	Eswatini	100	100			
	SMC Brands Lesotho (Pty) Ltd	Lesotho	100	100			

5. INVESTMENTS IN SUBSIDIARIES continued

Direct holding	Indirect holding	Country of incorporation	Effective holding 2022 %	Effective holding 2021 %	Stated capital R'000	Shares at cost 2022 R'000	Shares at cost 2021 R'000
Wutow Trading (Pty) Ltd		Namibia	100	100	0.0	14 221	14 221
Diverse Distribution (Pty) Ltd		Namibia	100	100	0.1	–	–
Private Label Sales and Merchandising Services (Pty) Ltd		South Africa	100	100	0.1	–	–
CAS Marketing (Pty) Ltd		South Africa	100	100	1.0	–	–
CA Sales Investments (Pty) Ltd		South Africa	100	100	1.0	–	–
	Expo Africa Marketing Ltd	Mauritius	90	90			
	Expo Africa (Pty) Ltd	Botswana	90	90			
	Expo Zambia Marketing Ltd	Zambia	–	90			
	Expo Mozambique Ltd	Mozambique	90	90			
	Africa Marketing and Promotions (Pty) Ltd	South Africa	–	90			
	Expo Africa Marketing Swaziland (Pty) Ltd	Eswatini	–	90			
	Expo Africa Marketing (Lesotho) (Pty) Ltd	Lesotho	–	90			
	Expo Africa Marketing and Promotions (Pty) Ltd	Namibia	90	90			
Pamstad (Pty) Ltd		Botswana	100	100	–	–	–
	Smithshine Enterprises (Pty) Ltd	Botswana	95	94			
	Smithshine Distribution (Pty) Ltd	Zambia	95	–			
	Kalahari Training Institute (Pty) Ltd	Botswana	83	83			
	Peo Capital (Pty) Ltd	Botswana	70	70			
	Promexs Ltd	Zambia	100	60			
	Breckwick Holdings (Pty) Ltd	Botswana	100	100			
						930 952	934 403

The share-based payments allocated to subsidiaries decreased as the value of the share options exercised and forfeited during the year was higher than the share-based payment expense allocated as per IFRS 2. The holding company has an obligation to settle the transaction with the subsidiaries' employees by providing its own equity instruments. The CA Sales Holdings Share Incentive Trust was incorporated by the company and the first trustees. The Trust is setup to facilitate and govern the implementation of the Executive Share Option Scheme 2018, 2019, 2020, 2021 and 2022. The Trust is consolidated by the company and is seen as an extension of the company and therefore the actions of the Trust are viewed as those of the company. In the current year no funding was provided to the Trust.

5. INVESTMENTS IN SUBSIDIARIES continued

Non-controlling interest (NCI)

Set out below is summarised financial information for each subsidiary that has non-controlling interest that is material to the group. The amounts disclosed are before inter-company eliminations.

	Pack 'n Stack		Visible Worx*	Logico Unlimited**
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Summarised statement of financial position				
Current assets	**449 239**	354 895	**15 279**	330 997
Current liabilities	**(280 242)**	(198 942)	**(7 756)**	(172 462)
Current net assets	**168 997**	155 953	**7 523**	158 535
Non-current assets	**99 501**	49 682	**2 936**	96 700
Non-current liabilities	**(8 509)**	(12 380)	**(1 321)**	(24 855)
Non-current net assets	**90 992**	37 302	**1 615**	71 845
Net assets	**259 989**	193 255	**9 138**	230 380
Accumulated NCI	**(15 209)**	(11 305)	**(4 477)**	(23 038)
Summarised statement of comprehensive income				
Revenue	**1 307 370**	965 060	**16 654**	1 160 372
Profit for the period	**106 033**	58 509	**2 901**	74 608
Total comprehensive income attributable to the owners	**106 033**	58 509	**2 198**	74 608
Profit allocated to NCI	**6 203**	4 437	**1 077**	13 362
Dividends paid to NCI	**2 603**	2 413	**–**	6 000
Summarised cash flows				
Cash flows from operating activities	**91 006**	117 930	**1 490**	84 343
Cash flows from investing activities	**6 217**	(21 439)	**2 236**	(21 143)
Cash flows from financing activities	**(60 847)**	(52 344)	**(430)**	(40 997)
Net increase in cash and cash equivalents	**36 376**	44 147	**3 296**	22 203

* *Visible Worx had no NCI in the prior year – refer note 23*

** *See note below – the remaining NCI of Logico was acquired this year*

5. INVESTMENTS IN SUBSIDIARIES continued

Transactions with non-controlling interest

On 17 August 2022, Pamstad (Pty) Ltd, a wholly-owned subsidiary of CA Sales Holdings Ltd, acquired an additional 1% of the issued shares of Smithshine Enterprises for cash, to the value of R0.8 million. Immediately prior to the purchase, the group's carrying amount of the existing 6% non-controlling interest in Smithshine Enterprises was R2.5 million. The group recognised a decrease in non-controlling interest of R0.4 million and an increase in retained earnings attributable to the owners of the parent of R0.4 million.

On 28 September 2022, the group acquired the remaining 10% of the issued shares of Logico Group for equity instruments, to the value of R52.3 million. Immediately prior to the purchase, the group's carrying amount of the existing 10% non-controlling interest in Logico Group was R24.5 million. The group recognised a decrease in non-controlling interest of R24.5 million and an increase in retained earnings attributable to the owners of the parent of R27.8 million.

On 22 December 2022, Pamstad (Pty) Ltd, a wholly-owned subsidiary of CA Sales Holdings Ltd, acquired the remaining 40% of the issued shares of Promexs Ltd for cash to the value of R7.4 million. Immediately prior to the purchase, the group's carrying amount of the existing 40% non-controlling interest in Promexs was R2.5 million. The group recognised a decrease in non-controlling interest of R2.5 million and an increase in retained earnings attributable to the owners of the parent of R4.9 million.

	2022				2021		
	Logico R'000	**Smithshine Enterprises R'000**	**Promexs R'000**	**Total R'000**	**Logico R'000**	**PnS R'000**	**Total R'000**
Carrying amount of non-controlling interest acquired	24 439	414	2 530	27 383	21 375	9 867	31 242
Consideration in the form of equity instruments	(52 275)	–	–	(52 275)	(22 418)	(23 362)	(45 780)
Cash consideration paid to non-controlling interest	–	(793)	(7 452)	(8 245)	(22 418)	–	(22 418)
Excess of consideration paid recognised in the transactions with non-controlling interest reserve within equity	(27 836)	(379)	(4 922)	(33 137)	(23 461)	(13 495)	(36 956)

In the prior year, the group acquired 10% of the issued shares of Logico Group for cash to the value of R22.4 million and equity instruments to the value of R22.4 million. The group committed to purchase the remaining 10% from the minority shareholders of Logico Group during 2022. A contingent consideration of R55.7 million was raised, based on the estimated results of the Logico Group. In the current year, the contingent consideration was revalued to R52.3 million and equity to the value of R52.3 million was issued for the remaining 10% shares of Logico Group and this was set off against the contingent consideration.

6. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Set out below are the associates of the group as at 31 December 2022. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

		GROUP				COMPANY	
		Percentage of ownership interest		Carrying amount		Carrying amount	
Name of entity	**Place of business**	**2022 %**	2021 %	**2022 R'000**	2021 R'000	**2022 R'000**	2021 R'000
IBP Africa Distribution (Pty) Ltd	South Africa	**30**	30	**–**	–	**–**	–
Whitakers Agencies (Pty) Ltd	South Africa and Lesotho	**45**	45	**3 443**	3 305	**1 903**	1 903
Bullred Farming (Pvt) Ltd	Zimbabwe	**49**	49	**10 148**	6 035	**–**	–
Private Label Sales and Merchandising Cape Town (Pty) Ltd	South Africa	**49**	49	**–**	–	**–**	–
Mac Money Mobile Banking Solutions (Pty) Ltd	South Africa	**–**	47	**–**	1 160	**–**	–
Mac Investments (Pty) Ltd	South Africa	**46.67**	46.67	**5 756**	3 568	**–**	–
Mac Marketing Communications (Mauritius) Ltd	Mauritius	**46**	46	**10 092**	9 990	**–**	–
Visible Worx (Pty) Ltd	South Africa	**–**	30	**–**	2 187	**–**	–
Retail Development Solutions (Pty) Ltd	South Africa	**–**	30	**–**	–	**–**	–
Takbro Logistics (Pty) Ltd	Eswatini	**49**	49	**1 225**	474	**–**	–
				30 664	26 719	**1 903**	1 903
All the above entities are privately owned companies.							
Loans							
Unlisted							
Mac Money Mobile Banking Solutions (Pty) Ltd ("Mac Money") The loan was fully repaid during the current year.				**–**	375	**–**	–
The loan agreement with Mac Money included a cession and pledge agreement where the surety cedes and pledges all its shares in the company to the lender. The repayment date was April 2022 and interest was charged at prime rate plus 2%.							
Carrying value of ordinary share investments in unlisted associated companies				**30 664**	27 094	**1 903**	1 903

6. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD continued

The table below provides summarised financial information of the associates that are material to the group. The information disclosed reflects the amounts presented in the financial statements or management accounts of the relevant associates and not the group's share of those amounts.

	Bullred		Mac Investments		Mac Marketing		Total	Total
	2022 R'000	2021 R'000	2022 R'000	2021 R'000	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Summarised statement of financial position								
Current assets	67 457	37 659	14 192	1 268	6 282	5 666	87 931	44 593
Non-current assets	153	478	273	100	–	–	426	578
Current liabilities	(45 379)	(20 655)	–	(2 244)	(2 157)	(1 282)	(47 536)	(24 181)
Non-current liabilities	(17)	(48)	(13 484)	–	–	–	(13 501)	(48)
Net assets	22 214	17 434	981	(876)	4 125	4 384	27 320	20 942
Reconciliation to carrying amounts:								
Opening net assets	17 434	–	(876)	(987)	4 384	4 532	20 942	3 545
Profit for the period	17 313	11 430	2 204	111	5 710	3 639	25 227	15 180
Dividends paid	–	–	–	–	(5 702)	(1 368)	(5 702)	(1 368)
Acquisitions and disposals by associate*	–	–	(347)	–	–	–	(347)	–
Foreign currency translation and other adjustments	(12 533)	6 004	–	–	(267)	(2 419)	(12 800)	3 585
Closing net assets	22 214	17 434	981	(876)	4 125	4 384	27 320	20 942
Group's share %	49%	49%	46.67%	46.67%	46%	46%		
Group's share R'000	10 885	8 543	458	(409)	1 898	2 017	13 241	10 151
Goodwill	–	–	5 298	3 977	7 297	7 297	12 595	11 274
Foreign currency translation differences and other adjustments	(737)	(2 508)	–	–	897	676	160	(1 832)
Carrying amount	10 148	6 035	5 756	3 568	10 092	9 990	25 996	19 593
Summarised statement of comprehensive income								
Revenue	132 050	70 607	19 311	14 963	13 296	9 902	164 657	95 472
Profit for the period	17 313	11 430	2 204	111	5 710	3 639	25 227	15 180
Group's share	49%	49%	46.67%	46.67%	46%	46%		
Share of profit of investments accounted for using the equity method	8 486	5 601	1 029	52	2 627	1 674	12 142	7 327
Immaterial aggregated associates								
Carrying amount							4 668	7 126
Profit for the period							4 185	6 220
Share of profit of investments accounted for using the equity method							1 590	2 210

6. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD continued

The year end for Whitakers Agencies South Africa (Pty) Ltd and Whitakers Agencies Lesotho (Pty) Ltd is February. The management accounts for the period 1 January to 31 December were used to include the associate's profit after tax in the group's statement of comprehensive income. Whitakers provides clients with merchandisers, field managers & sales representatives to the FMCG trade in Lesotho.

The year end for Mac Mobile Group is December. The management accounts for the period 1 January to 31 December were used to include the associates profit after tax in the group's statement of comprehensive income. Mac Mobile Group provides clients with end-to-end, cloud-based FMCG value-chain information technology solutions. *Mac Investments (Pty) Ltd acquired the remaining shares in Mac Money Mobile Banking Solutions (Pty) Ltd, from the minority shareholder and disposed of 51% of its shareholdings in Mac Web (Pty) Ltd.

2022

Disposals

On 2 January 2022, CA Sales Investments (Pty) Ltd, a wholly-owned subsidiary of CA Sales Holdings Ltd, disposed of its 47% share in Mac Money Mobile Banking Solutions (Pty) Ltd (Mac Money), at no consideration, to Mac Investments (Pty) Ltd, who now owns 100% of Mac Money. This transaction resulted in the group's effective holding in Mac Money now being 46.67%. This investment was previously reported under the immaterial aggregated associates. The group's investment in the associate at the date of disposal was R1.2 million.

The group disposed of its 30% share in Retail Development Solutions (Pty) Ltd to the remaining shareholder for a nominal amount.

Transfers to subsidiaries

The group obtianed control over Visible Worx (Pty) Ltd on 1 August 2022 and the subsidiary was consolidated. See note 23.

7. INVENTORIES

	GROUP	
	2022 R'000	**2021 R'000**
Finished goods held for re-sale	**756 393**	584 389
Other consumable stock items	**3 445**	1 488
	759 838	585 877

Inventories are measured at the lower of cost or net realisable value. Inventories are ceded against trade loans and bank overdraft facilities to the value of R537.3 million (2021: R480.1 million) as disclosed in note 12.

Inventories recognised as an expense during the year ended 31 December 2022 amounted to R7.2 billion (2021: R6.2 billion). These were included in cost of sales.

Amounts written off during the year due to stock losses and damages amounted to R3.8 million (2021: R7.4 million).

Amounts written off are for short dated stock, expired stock, damaged stock and a provision for stock that has been discontinued in the trade.

8. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Trade and other receivables				
Trade receivables	**1 309 707**	1 220 607	**–**	–
Loans to related parties (note 24)	**–**	–	**66 230**	61 812
Less: Loss allowance	**(10 942)**	(10 266)	**(36 501)**	(25 945)
Trade receivables	**1 298 765**	1 210 341	**29 729**	35 867
Deposits	**4 784**	4 027	**–**	–
Staff loans	**1 344**	856	**–**	–
Payables with debit balances	**27 453**	17 228	**–**	–
Other receivables	**8 099**	8 899	**–**	–
Trade and other receivables – financial assets	**1 340 445**	1 241 351	**29 729**	35 867
Vat receivable	**37 010**	23 761	**–**	–
Prepayments	**5 384**	29 971	**–**	–
Trade and other receivables – non-financial assets	**42 394**	53 732	**–**	–
Total trade and other receivables	**1 382 839**	1 295 083		
Current portion	**1 382 839**	1 295 083	**–**	35 867
Non-current portion	**–**	–	**29 729**	–

The group's business model is to collect contractual cash flows from its trade receivables. As per IFRS 9, trade receivables therefore qualify as financial assets held at amortised cost.

Trade receivables are amounts due from customers for goods sold or services rendered in the ordinary course of business. They are generally due for settlement between 30 and 90 days as per their credit terms and therefore are all classified as current. Trade receivables are measured at the undiscounted invoice price. As a practical expedient, the group presumes that a trade receivable does not have a significant financing component as the expected term is less than one year. Trade receivables outstanding for more than 60 days past the credit terms are seen as credit impaired. Details about the group's loss allowance policy are provided in note 1.

The increase in the loss allowance has been reported separately in the statement of comprehensive income. The criteria for a bad debt write off is explained in the accounting policies (note 1). The loss allowance has increased with R5.3 million as some customers were negatively impacted by the inflationary increases, partly related to the war in Ukraine. This increase in the provision was partly offset with the bad debt write off of R4.8 million.

Trade and other receivables of R1.3 billion (2021: R1.2 billion) were fully performing.

The carrying amounts of the group's trade and other receivables are denominated in the following currencies:

	GROUP		COMPANY	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
South African Rand (ZAR)	**659 750**	583 868	**29 729**	35 867
Namibian Dollar (NAD)	**124 086**	108 379	**–**	–
Emalangeni (SZL)	**208 760**	208 851	**–**	–
Botswana Pula (BWP)	**362 273**	381 975	**–**	–
Other	**27 970**	12 010	**–**	–
	1 382 839	1 295 083	**29 729**	35 867

Included in "Other" in the current year are Zambia Kwacha (ZMW) and Lesotho Loti (LSL). The Namibian Dollar (NAD), Lesotho Loti (LSL) and Emalangeni (SZL) are currently at ratios of one to one to the Rand.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The group does not hold any collateral as security.

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on historical default rates over the expected life. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The historical default rates have been assessed, using a 24-month period. Forward looking estimates include the economic outlook of the country in which the customer resides. The group has identified GDP, food inflation and levels of consumer confidence in the countries in which it sells its goods and services to be the most relevant factors. In addition, the impact of the war in Ukraine has been factored into expected credit losses recognised, which is most relevant to customers that have been impacted by the rising inflation. See the accounting policies (note 1) for more information.

8. TRADE AND OTHER RECEIVABLES continued

The loss allowance as at 31 December was determined as follows:

31 December 2022		Botswana R'000	Eswatini R'000	Namibia R'000	South Africa R'000	Other countries R'000	Group eliminations R'000	Total R'000
Not past due								
Gross carrying amount		438 719	177 786	90 894	234 414	15 031	(5 835)	951 009
Expected loss rate	(%)	0.0	(0.1)	(0.8)	(0.1)	(0.1)	–	(0.1)
Expected loss allowance		(200)	(112)	(738)	(274)	(13)	–	(1 337)
0 – 30 days past due								
Gross carrying amount		205 297	4 937	12 971	66 071	5 614	(1 366)	293 524
Expected loss rate	(%)	(0.2)	(1.0)	(2.7)	(0.5)	(0.5)	–	(0.4)
Expected loss allowance		(335)	(50)	(356)	(299)	(26)	–	(1 066)
31 – 60 days past due								
Gross carrying amount		19 958	4 221	3 830	5 744	913	(1 351)	33 315
Expected loss rate	(%)	(0.4)	(1.1)	(5.0)	(21.9)	(5.7)	–	(4.9)
Expected loss allowance		(80)	(46)	(193)	(1 256)	(52)	–	(1 627)
61 – 120 days past due								
Gross carrying amount		5 174	10 969	597	5 931	780	(1 558)	21 893
Specific loss allowance		(99)	–	(32)	–	–	–	(131)
		5 075	10 969	565	5 931	780	(1 558)	21 762
Expected loss rate	(%)	(18.5)	(3.7)	(10.1)	(18.4)	(1.2)	–	(11.5)
Expected loss allowance		(941)	(405)	(57)	(1 093)	(9)	–	(2 505)
>120 days past due								
Gross carrying amount		8 342	133	741	1 462	128	(840)	9 966
Specific loss allowance		(1 059)	(114)	(54)	–	(11)	–	(1 238)
		7 283	19	687	1 462	117	(840)	8 728
Expected loss rate	(%)	(30.0)	(15.8)	(38.0)	(39.2)	(13.7)	–	(34.8)
Expected loss allowance		(2 185)	(3)	(261)	(573)	(16)	–	(3 038)
Total gross carrying amount		677 490	198 046	109 033	313 622	22 466	(10 950)	1 309 707
Total specific loss allowance		(1 158)	(114)	(86)	–	(11)	–	(1 369)
		676 332	197 932	108 947	313 622	22 455	(10 950)	1 308 338
Total expected loss rate	(%)	(0.6)	(0.3)	(1.5)	(1.1)	(0.5)	–	(0.7)
Total expected loss allowance		(3 741)	(616)	(1 605)	(3 495)	(116)	–	(9 573)
Total loss allowance		(4 899)	(730)	(1 691)	(3 495)	(127)	–	(10 942)

8. TRADE AND OTHER RECEIVABLES continued

31 December 2021		Botswana R'000	Eswatini R'000	Namibia R'000	South Africa R'000	Other countries R'000	Group eliminations R'000	Total R'000
Not past due								
Gross carrying amount		429 752	181 530	85 118	170 913	9 575	(2 060)	874 828
Expected loss rate	(%)	0.0	(0.1)	(0.4)	(0.1)	(10.5)	–	(0.2)
Loss allowance		(99)	(171)	(319)	(175)	(1 010)	–	(1 774)
0 – 30 days past due								
Gross carrying amount		165 724	5 376	11 506	44 899	1 487	(3 531)	225 461
Expected loss rate	(%)	(0.2)	(0.5)	(0.8)	(0.3)	(1.6)	–	(0.2)
Loss allowance		(257)	(28)	(97)	(152)	(24)	–	(558)
31 – 60 days past due								
Gross carrying amount		76 985	2 374	784	2 070	1 046	(806)	82 453
Expected loss rate	(%)	(0.3)	(1.0)	(4.8)	(1.6)	(5.1)	–	(0.5)
Loss allowance		(233)	(23)	(38)	(34)	(53)	–	(381)
61 – 120 days past due								
Gross carrying amount		8 537	13 631	340	4 349	57	(751)	26 163
Specific loss allowance		(118)	(110)	(30)	–	–	–	(258)
		8 419	13 521	310	4 349	57	(751)	25 905
Expected loss rate	(%)	(21.1)	(6.0)	(9.4)	(3.1)	(7.0)	–	(10.7)
Loss allowance		(1 778)	(815)	(29)	(134)	(4)	–	(2 760)
>120 days past due								
Gross carrying amount		9 740	105	1 691	–	166	–	11 702
Specific loss allowance		(2 117)	(99)	(1 280)	–	–	–	(3 496)
		7 623	6	411	–	166	–	8 206
Expected loss rate	(%)	(12.8)	(16.7)	(10.9)	–	(9.6)	–	(12.7)
Loss allowance		(977)	(1)	(45)	–	(16)	–	(1 039)
Total gross carrying amount		690 738	203 016	99 439	222 231	12 331	(7 148)	1 220 607
Total specific loss allowance		(2 235)	(209)	(1 310)	–	–	–	(3 754)
		688 503	202 807	98 129	222 231	12 331	(7 148)	1 216 853
Total expected loss rate	(%)	(0.5)	(0.5)	(0.5)	(0.2)	(9.0)	–	(0.5)
Expected loss allowance		(3 344)	(1 038)	(528)	(495)	(1 107)	–	(6 512)
Total loss allowance		(5 579)	(1 247)	(1 838)	(495)	(1 107)	–	(10 266)

The prior year loss allowance in other countries related to the receivables of an operation that closed down. The remaining balances were partly written off during the current year and partly recovered.

8. TRADE AND OTHER RECEIVABLES continued

The closing loss allowance for trade receivables as at 31 December reconciles to the opening loss allowance as follows:

	GROUP		COMPANY	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Opening loss allowance as at 1 January	**10 266**	18 702	**25 945**	34 217
Increase in loss allowance recognised in statement of comprehensive income during the year	**5 861**	1 976	**10 556**	-
Release of loss allowance recognised in statement of comprehensive income during the year	**(585)**	(2 834)	**-**	(8 272)
Receivables written off during the year as uncollectible	**(4 649)**	(7 385)	**-**	-
Other movements including foreign exchange translation differences	**49**	(193)	**-**	-
At 31 December	**10 942**	10 266	**36 501**	25 945

The expected credit loss for other classes of assets within trade and other receivables are not considered to be material.

Receivables of certain subsidiaries have been pledged as security for trade loans and overdraft facilities to the value of R294.9 million (2021: R506.9 million). See note 12.

Loans to related parties

The company has impaired R7.1 million of its loan to CAS Marketing (Pty) Ltd and R3.5 million of its loan to CA Sales Investments (Pty) Ltd during the year, as the related parties had no expectation to settle these amounts in the foreseeable future. As the recovery strategies indicate that the company will fully recover the remaining loans, the expected credit loss will be limited to the effect of discounting the amount due on the loans (at the loan's effective interest rate, which is 0% as the loan is interest free) over the period until cash is realised. As the effective interest rate is 0%, and all strategies indicate that the company will fully recover the remaining outstanding loans, there is no impairment loss to recognise on the remaining outstanding balances.

Where the related parties have no liquid funds available to repay the loans and there is no realistic expectation of recovering the outstanding loans, or part thereof, an estimated credit loss will be raised for the unrecoverable portion of the loans to the related parties

Deposits

Deposits consist mostly of deposits made to landlords for leased properties. These are repayable upon cancellation of the lease agreements.

Prepayments

Prepayments consist mostly of payments made on annual software licenses as well as annual insurance premiums.

9. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Cash at bank and in hand	**411 510**	398 501	**128 874**	102 868
Short-term bank deposits	**324 339**	257 447	**–**	–
	735 849	655 948	**128 874**	102 868
Cash and cash equivalents include the following for the purposes of the statement of cash flows:				
Cash and cash equivalents	**735 849**	655 948	**128 874**	102 868
Bank overdrafts (note 12)	**(284 712)**	(311 876)	**–**	–
	451 137	344 072	**128 874**	102 868
The carrying amounts of the group's cash and cash equivalents are denominated in the following currencies:				
Rand (ZAR)	**627 996**	523 745	**128 872**	102 864
Namibian Dollar (NAD)	**15 618**	11 681	**–**	–
Emalangeni (SZL)	**33 859**	48 534	**–**	–
Botswana Pula (BWP)	**49 097**	63 830	**2**	4
Other (incl.US Dollar, Zambia Kwacha, Lesotho Loti)	**9 279**	8 158	**–**	–
	735 849	655 948	**128 874**	102 868

Restricted cash

The cash and cash equivalents disclosed above and in the statement of cash flows include R4.2 million which are held by Pamstad (Pty) Ltd and CAS Marketing (Pty) Ltd. These deposits are subject to restrictions and are therefore not available for general use by the other entities within the group.

10. STATED CAPITAL

	2022 Number	2021 Number
Authorised shares		
Ordinary shares with no par value	2 000 000 000	2 000 000 000

Movements in ordinary shares	2022 Number of shares	2021 Number of shares	2022 R'000	2021 R'000
Balance at the beginning of the year	461 432 502	452 206 869	894 379	848 599
Share swap	11 028 559	9 209 138	52 275	45 780
Share options exercised	876 117	16 495	2 688	–
Balance at the end of the year (fully paid)	473 337 178	461 432 502	949 342	894 379

Ordinary shares entitle the holder to participate in dividends, and to share in the proceeds of winding up the company in proportion to the number of shares and amounts paid on the shares held.

11 028 559 shares were issued on 28 September 2022 to minority shareholders of a subsidiary in exchange for a 10% increase in shareholding of that subsidiary (see note 5).

Options relating to the 2018 scheme were exercised in October 2022. R0.7 million relating to the employee tax was debited to the share based payment reserve. The remaining cost of R4.7 million in the share based payment reserve relating to the exercised options was transferred and credited to retained earnings.

Options relating to the 2019 scheme were exercised in October 2022. R0.03 million relating to the employee tax was debited to the share based payment reserve. The remaining cost of R0.6 million in the share based payment reserve relating to the exercised options was transferred and credited to retained earnings.

Options relating to the 2020 scheme were exercised in October 2022. R0.2 million relating to the employee tax was debited to the share based payment reserve. The remaining cost of R1.4 million in the share based payment reserve relating to the exercised options was transferred and credited to retained earnings.

Substantial shareholders above 5%

Pursuant to the provisions of section 56 of the South African Companies Act, the following shareholders held directly and indirectly equal to or in excess of 5% of the issued share capital as at 31 December 2022 :

	Total shareholding	%
Botswana Public Officers Pensions Fund (BPOPF)	91 807 474	19.4
Mouton, JF	44 151 747	9.3
Export Marketing Investments (Pty) Ltd	42 200 690	8.9
Total	178 159 911	37.6

The shareholding of directors in the ordinary issued share capital of CA Sales Holdings Ltd as at 31 December 2022 was as follows:

	2022		2021	
	Number	%	Number	%
Direct shareholding				
Executive directors				
DS Lewis	2 650 588	0.56	2 597 175	0.56
FJ Reichert	27 084	0.01	3 752	0.00
Non-Executive directors				
JA Holtzhausen	732 996	0.16	–	–
Indirect shareholding				
Executive directors				
DS Lewis	11 248 100	2.38	11 231 100	2.43
Non-Executive directors				
FW Britz	1 229 382	0.26	1 229 382	0.27
E Masilela	30 850	0.01	–	–
L Cronje	9 950	–	–	–
JA Holtzhausen	560 250	0.12		
Total	16 489 200	3.49	15 061 409	3.26

Share-based payments

EXECUTIVE SHARE OPTION SCHEMES

CA Sales Holdings Ltd operates five equity-settled share incentive schemes under which the share options were granted to selected executive management of the group's subsidiaries and holding company. The share option schemes were approved by shareholders at the preceding annual general meetings. Participation in the plan is at the board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

10. STATED CAPITAL continued

In terms of the aforementioned scheme, share options are allocated to participants on the grant date at fair value. The settlement of the purchase consideration payable by the executive in terms of the shares granted occurs when options are exercised. The options are equity settled and have no performance conditions. The benefit to the employees is the growth potential in the value of the shares to which the options relate.

	Executive share option scheme 2018	Executive share option scheme 2019	Executive share option scheme 2020	Executive share option scheme 2021	**Executive share option scheme 2022**
The equity-settled share based payment charge recognised in the statement of comprehensive income ('000)	R1 093	R311	R2 474	R1 205	**R1 135**
The equity-settled share based payment charge (prior year) ('000)	R2 533	R511	R3 150	R968	**–**
This charge, net of the related tax effect, was debited to the statement of comprehensive income and credited to other reserves (refer note 11).					
Date granted	13 April 2018	14 March 2019	14 March 2020	13 March 2021	**15 March 2022**
Number granted	13 128 000	1 258 972	7 090 200	3 639 000	**7 793 800**
Contractual life	5 years	5 years	5 years	5 years	**5 years**
Number vested	7 847 100	285 013	1 639 475	–	**–**
Number forfeited	3 084 500	408 952	579 325	63 200	**83 700**
Number available to vest	2 196 400	565 007	4 871 400	3 575 800	**7 710 100**
Vesting conditions	25% per year from year 2				
Fair value of each share option granted	R5.94	R6.86	R6.70	R6.22	**R5.53**
The fair values were calculated by applying the Black-Scholes option pricing model.					
Option pricing model input:					
Share price at grant date	R4.54	R5.11	R5.12	R5.07	**R4.74**
Exercise price	R4.54	R5.11	R5.12	R5.07	**R4.74**
Expected volatility	38.67%	44.59%	42.83%	41.97%	**47.39%**
Expected dividend yield	1.55%	1.37%	1.86%	2.03%	**2.48%**
Contractual life	5 years	5 years	5 years	5 years	**5 years**
Risk free interest rate	7.39%	7.20%	6.14%	4.45%	**7.21%**

To allow for the effects of early exercise, it was assumed that the executives would exercise the options after vesting date when the share price was the same as the exercise price. Volatility was calculated using the share average volatility of similar businesses listed on the JSE.

10. STATED CAPITAL continued

Below is the reconciliation of the share options for the five schemes relating to the executive directors of the company.

		Number of share options as at 31 December 2021	Number of share options awarded during the year	Number of share option exercised during the year	Strike price per share R	Exercise price per share R	Date granted	Number of share options as at 31 December 2022
D Lewis	Scheme 2018	685 800	–	342 900	4.54	5.55	13 April 2018	**342 900**
	Scheme 2019	47 790	–	15 930	5.11	5.55	14 March 2019	**31 860**
	Scheme 2020	1 727 100	–	431 775	5.12	5.55	12 March 2020	**1 295 325**
	Scheme 2021	1 138 500	–	–	5.07		13 March 2021	**1 138 500**
	Scheme 2022	–	1 375 800	–	4.74		15 March 2022	**1 375 800**
		3 599 190	1 375 800	790 605				**4 184 385**
F Reichert	Scheme 2018	175 000	–	87 500	4.54	5.55	13 April 2018	**87 500**
	Scheme 2019	358 317	–	119 439	5.11	5.55	14 March 2019	**238 878**
	Scheme 2020	531 200	–	132 800	5.12	5.55	12 March 2020	**398 400**
	Scheme 2021	244 900	–	–	5.07		13 March 2021	**244 900**
	Scheme 2022	–	1 407 700	–	4.74		15 March 2022	**1 407 700**
		1 309 417	1 407 700	339 739				**2 377 378**
Total		4 908 607	2 783 500	1 130 344				**6 561 763**

There are no vested share options which have not been exercised.

11. OTHER RESERVES

The following table shows a breakdown of the other reserves and the movements in these reserves during the year. A description of the nature and purpose of each reserve is provided below the table.

	GROUP			COMPANY	
	Foreign currency translation R'000	Share-based payment R'000	Total R'000	Share-based payment R'000	Total R'000
2022					
Opening carrying value	26 085	15 882	41 967	16 030	16 030
Currency translation adjustments	(17 763)	148	(17 615)	–	–
Share-based payment cost of share options exercised	–	(932)	(932)	(932)	(932)
Share-based payment cost – 2018 scheme	–	1 093	1 093	1 093	1 093
Share-based payment cost – 2019 scheme	–	311	311	311	311
Share-based payment cost – 2020 scheme	–	2 474	2 474	2 474	2 474
Share-based payment cost – 2021 scheme	–	1 205	1 205	1 205	1 205
Share-based payment cost – 2022 scheme	–	1 135	1 135	1 135	1 135
Transfer remaining cost of share options exercised	–	(5 567)	(5 567)	(5 567)	(5 567)
Transfer cost of forfeited share options to retained earnings	–	(1 096)	(1 096)	(1 096)	(1 096)
Transactions with non-controlling interest	462	–	462	–	–
Closing carrying value	8 784	14 653	23 437	14 653	14 653
2021					
Opening carrying value	23 614	13 211	36 825	13 362	13 362
Currency translation adjustments	2 471	3	2 474	–	–
Share-based payment cost of share options exercised	–	(28)	(28)	(28)	(28)
Share-based payment cost – 2018 scheme	–	2 533	2 533	2 533	2 533
Share-based payment cost – 2019 scheme	–	511	511	511	511
Share-based payment cost – 2020 scheme	–	3 150	3 150	3 150	3 150
Share-based payment cost – 2021 scheme		968	968	968	968
Transfer remaining cost of share options exercised	–	(3 918)	(3 918)	(3 918)	(3 918)
Transfer cost of forfeited share options to retained earnings	–	(548)	(548)	(548)	(548)
Closing carrying value	26 085	15 882	41 967	16 030	16 030

Nature and purpose of other reserves

SHARE-BASED PAYMENT

The share based payment reserve is used to recognise the grant date fair value of options issued to employees, but not exercised.

FOREIGN CURRENCY TRANSLATION

Exchange differences arising on the translation of the foreign controlled entities are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

12. BORROWINGS

	GROUP	
	2022 R'000	**2021 R'000**
Non-current		
Unsecured loans	**266**	–
Secured loans	**167 960**	208 481
Lease liabilities	**154 599**	44 787
Total non-current borrowings	**322 825**	253 268
Current		
Bank overdrafts	**284 712**	311 876
Unsecured loans	**33**	–
Secured loans	**38 002**	36 806
Lease liabilities	**39 776**	38 098
Total current borrowings	**362 523**	386 780
Total borrowings	**685 348**	640 048

The lease liabilities increased significantly as Wutow Trading entered into a ten year lease for the warehouse and office property in Windhoek, Namibia, on 1 January 2022, to the value of R116.6 million.

The carrying amount of total borrowings is a reasonable approximation of the fair value.

The carrying amounts of the group's borrowings are denominated in the following currencies:

	GROUP 2022 R'000	GROUP 2021 R'000
Rand (ZAR)	**46 344**	42 175
Namibian Dollar (NAD)	**165 841**	51 860
Emalangeni (SZL)	**33 514**	42 791
Botswana Pula (BWP)	**433 813**	495 778
Other (incl. Zambia Kwacha (ZMW))	**5 836**	7 444
	685 348	640 048
The secured loans are secured as follows:		
Loan secured by mortgage bond over fixed property	**195 804**	231 842
Total secured revolving trade loan facilities	**66 000**	71 000
Loans secured by cessions of inventories and trade receivables	**(10 158)**	(13 445)
Undrawn facilities	**55 842**	57 555
Total bank overdraft facilities	**547 503**	493 499
Bank overdrafts are secured by cessions of inventories and trade receivables	**(284 712)**	(311 876)
Undrawn facilities	**262 791**	181 623

The principal covenant limits of the mortgage bond are net debt to EBITDA of no more than 2.5 times, interest cover of no less than 3 times and a debt service cover ratio of no less than 1.35 times. Compliance with the debt covenants is formally tested annually and have not been breached. The group has complied with these covenants throughout the reporting period. As at 31 December 2022, the ratio of net debt to EBITDA was 0.4 times (2021: 1.2 times), interest cover was 13.0 times (2021: 6.4 times) and the debt service cover ratio was positive as the relevant operation was in a short term net cash position (2021: 3.0 times).

The principal covenant limits of the overdrafts vary per facility and include net debt to EBITDA of no more than 2 times, interest cover of no less than 4 times and a debt service cover ratio of no less than 3 times (2021: 2.5 times). Compliance with the debt covenants is formally tested monthly and have not been breached. The group has complied with these covenants throughout the reporting period. As at 31 December 2022, the ratio of net debt to EBITDA was 0.6 times (2021: 0.3 times), interest cover was 30.6 times (2021: N/A) and the debt service cover ratio was 20.5 times (2021: 2.9 times).

The group leases various offices, warehouses, equipment and vehicles. Rental contracts are typically entered into for fixed periods of three to ten years but may have extension options, described in the accounting policies (note 1).

	GROUP	
	2022 R'000	**2021 R'000**
Reconciliation of net book value of lease liabilities:		
Opening net book value	**82 885**	91 464
Exchange differences	**(318)**	22
New leases	**152 172**	43 419
Business combinations	**10 248**	–
Termination of lease agreements	**(493)**	(16 281)
Capital repayments	**(48 935)**	(36 181)
Finance cost accrued	**16 025**	7 058
Finance cost paid	**(15 850)**	(7 058)
Other movements including lease modifications	**(1 359)**	442
Closing net book value	**194 375**	82 885

Cost relating to short term and low-value leases, included in expenses is R21.6 million (2021: R25.7 million) and R0.9 million (2021: R2.8 million) respectively as per note 17 (ii).

Interest on lease liabilities for the year amounted to R16.0 million (2021: R7.1 million) as per note 19.

The effective interest rates per annum at the reporting date were as follows:

	GROUP	
	2022	**2021**
Lease liabilities	**4.75% – 13.5%**	4.75% – 8.5%
Secured loans	**5.0% – 10.0%**	5.0% – 7.5%
Unsecured loans	**0%**	–
Overdrafts	**4.66% – 10.25%**	4.0% - 7.5%

Refer to note 2.1(ii) for interest rate risk exposure.

12. BORROWINGS continued

	GROUP	
	2022 R'000	**2021 R'000**
The present value of lease liabilities may be analysed as follows:		
Gross lease liabilities – minimum lease payments		
Not later than one year	54 024	42 905
Later than one year not later than two years	39 290	45 792
Later than two years not later than five years	80 486	3 948
Later than five years not later than ten years	79 905	–
	253 705	92 645
Less: future finance charges on lease liabilities	(59 330)	(9 760)
Present value of lease liabilities	194 375	82 885
The present value of lease liabilities is as follows:		
Not later than one year	39 776	38 098
Later than one year not later than two years	27 838	41 804
Later than two years not later than five years	57 880	2 983
Later than five years not later than ten years	68 881	–
	194 375	82 885

Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default. Details of assets secured are disclosed in note 3.

The lease agreements do not contain purchase options. There are no restrictions imposed by the lease arrangements such as those concerning dividends, additional debt and further leasing. Leased assets may not be used as security for borrowing purposes.

13. DEFERRED INCOME TAX

	GROUP			
	Asset 2022 R'000	**Liability 2022 R'000**	**Asset 2021 R'000**	**Liability 2021 R'000**
The balance comprises temporary differences attributable to:				
Tax losses	6 552	–	12 087	–
Provisions	35 239	–	19 147	–
Lease liabilities	54 631	–	12 788	–
Share based payment reserve	513	–	998	–
Unrealised losses	1 032	–	–	–
Property, plant and equipment	–	(14 442)	–	(12 387)
Intangible assets	–	(527)	–	–
Prepayments	–	(100)	–	(388)
Unrealised profits	–	–	–	(940)
Right-of-use assets	–	(51 222)	–	(11 808)
Total deferred tax assets/(liabilities)	97 967	(66 291)	45 020	(25 523)
Set-off of deferred tax liabilities pursuant to set-off provisions	(57 955)	57 955	(16 458)	16 458
Net deferred tax assets/(liabilities)	40 012	(8 336)	28 562	(9 065)

Deferred income taxes are calculated on all temporary differences under the liability method using the principal tax rate of the country of incorporation as applied. The prior year deferred tax asset included an amount of R10.25 million which related to carried-forward losses of Wutow Trading (Pty) Ltd. The subsidiary has incurred the losses from its acquisition. The subsidiary has been generating taxable income since the prior year and the asset has reduced to R2.4 million.

The gross movement on the net deferred income tax assets is as follows:

	GROUP						
	Property , plant & equipment R'000	**Provisions R'000**	**Tax losses R'000**	**Right-of-use assets R'000**	**Lease liabilities R'000**	**Intangibles assets and other differences R'000**	**Total R'000**
2022							
At 1 January	(12 387)	19 147	12 087	(11 808)	12 788	(330)	19 497
Business combinations	–	–	1 751	(1 640)	1 888	(790)	1 209
Charged to statement of comprehensive income	(2 136)	16 111	(7 267)	(37 811)	39 994	2 008	10 899
Other movements (incl. foreign currency translation differences)	81	(19)	(19)	37	(39)	30	71
At 31 December	(14 442)	35 239	6 552	(51 222)	54 631	918	31 676
2021							
At 1 January	(4 435)	20 597	16 986	(16 994)	10 988	163	27 305
Charged to statement of comprehensive income	(7 948)	(1 413)	(4 888)	5 195	1 792	(478)	(7 740)
Other movements (incl. foreign currency translation differences)	(4)	(37)	(11)	(9)	8	(15)	(68)
At 31 December	(12 387)	19 147	12 087	(11 808)	12 788	(330)	19 497

13. DEFERRED INCOME TAX continued

The group did not recognise deferred income tax assets of R2.1 million (2021: R2.0 million) in respect of losses amounting to R7.8 million (2021: R7.3 million) that can be carried forward against future taxable income.

	2022 R'000	2021 R'000
Unrecognised temporary differences		
Temporary differences relating to investments in subsidiaries for which deferred tax liabilities have not been recognised:		
Foreign currency translation	8 784	26 085
Undistributed earnings	1 491 929	1 200 803
	1 500 713	1 226 888
Unrecognised deferred tax liabilities relating to the above temporary differences	405 193	331 260

Temporary differences of R8.8 million (2021: R 26.1 million) have arisen as a result of the translation of the financial statements of the group's subsidiaries outside South Africa. However, a deferred tax liability has not been recognised as the liability will only crystallise in the event of disposal of the subsidiaries, and no such disposal is expected in the foreseeable future.

The subsidiaries of the group have undistributed earnings of R1.5 billion (2021: R1.2 billion) which, if paid out as dividends, would be subject to tax in the hands of the recipient. An assessable temporary difference exists, but no deferred tax liability has been recognised as CA Sales Holdings Ltd is able to control the timing of distributions from these subsidiaries and is not expected to distribute these profits in the foreseeable future.

14. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Trade payables	**786 916**	745 246	**125**	150
Refund liabilities from contracts with customers	**9 293**	8 363	**–**	–
Deferred payments	**23**	2 249	**–**	–
Employee benefits	**24 356**	17 734	**–**	–
Payroll related accruals	**48 438**	56 210	**–**	–
Supplier related accruals	**98 457**	71 415	**–**	–
Other accrued expenses	**42 372**	36 633	**1 051**	1 051
Amounts due to related parties (note 24)	**835**	319	**–**	–
Contingent consideration	**–**	55 726	**–**	55 726
Trade and other payables – financial liabilities	**1 010 690**	993 895	**1 176**	56 927
Dividends payable	**20**	19	**20**	19
VAT payable	**29 057**	25 289	**–**	–
Trade and other payables – non-financial liabilities	**29 077**	25 308	**20**	19
Total trade and other payables	**1 039 767**	1 019 203	**1 196**	56 946
Current portion	**1 039 767**	1 019 203	**1 196**	56 946
The carrying amounts of the group's trade and other payables are denominated in the following currencies:				
Rand (ZAR)	**415 892**	421 463	**1 072**	56 946
Namibian Dollar (NAD)	**98 848**	89 545	**109**	–
Emalangeni (SZL)	**97 352**	140 141	**–**	–
Botswana Pula (BWP)	**420 253**	366 211	**15**	–
Other (incl.US Dollar, Lesotho Loti, Zambia Kwacha)	**7 422**	1 843	**–**	–
	1 039 767	1 019 203	**1 196**	56 946

15. EMPLOYEE BENEFITS AND OTHER PROVISIONS

Movements in each class of provision during the financial year are set out below:

	GROUP				
	Severance benefit R'000	**Bonuses R'000**	**Leave pay R'000**	**Other R'000**	**Total R'000**
2022					
Opening balance	**20 715**	**59 284**	**23 919**	**1 579**	**105 497**
Charged to statement of comprehensive income	**10 307**	**84 088**	**10 092**	**–**	**104 487**
Utilised during the year	**(6 955)**	**(24 170)**	**(4 958)**	**(1 579)**	**(37 662)**
Business combinations	**–**	**111**	**1 625**	**–**	**1 736**
Other (incl. foreign currency translation)	**(381)**	**(221)**	**(94)**	**–**	**(696)**
Closing balance	**23 686**	**119 092**	**30 584**	**–**	**173 362**
2021					
Opening balance	17 246	54 852	24 012	3 004	99 114
Charged to statement of comprehensive income	9 467	43 914	1 833	(1 417)	53 797
Utilised during the year	(6 018)	(39 606)	(1 935)	–	(47 559)
Other (incl. foreign currency translation)	20	124	9	(8)	145
Closing balance	20 715	59 284	23 919	1 579	105 497

Severance benefit scheme

For employees who are employed in Botswana, the group has implemented the requirements of the Botswana Labour Act relating to a severance benefit scheme. The benefits are paid out when employees' services are terminated.

Bonus provisions

The group recognises a liability and an expense for bonuses based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation. The pay-out of bonuses depend on the achievement of certain criteria by the group and the individuals. These criteria are only calculated after the year end. Bonuses are paid after finalisation of the group results, which occurs usually four months after year end.

Leave pay provision

The leave obligations cover the group's liability for annual leave. The current portion of this liability includes all of the provided annual leave. The leave obligation reduces when employees take leave which occurs through out the year and is paid out if and when employees resign.

Other

Other provisions consist of various minor provisions that vary in nature.

16. REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregation of revenue from contracts with customers

The group derives revenue from selling and distributing fast-moving consumer goods as well as services such retail execution and advisory, retail support and training. The group's reportable segments are operating segments that are differentiated by the country of operation. The intersegment transactions have not been eliminated in the segments but are shown separately as intersegmental revenue. There were no intersegmental transactions in the current year. For services provided over time, the obligations are always fulfilled by month end with monthly settlements and no contract assets or liabilities at month end. The table below shows the segment revenue information as well as the basis on which revenue is recognised:

	Botswana R'000	Eswatini R'000	Namibia R'000	South Africa R'000	Other Countries R'000	Total R'000
2022						
Selling and distribution of products	5 070 088	1 359 553	1 413 194	810	88 407	7 932 052
Retail execution and advisory	2 124	40 454	–	1 290 713	17 260	1 350 551
Transport	54 129	51 088	–	82 729	–	187 946
Retail support and training	4 720	–	–	–	10 092	14 812
Revenue from external customers	**5 131 061**	**1 451 095**	**1 413 194**	**1 374 252**	**115 759**	**9 485 361**
Timing of revenue recognition						
At a point in time	5 073 175	1 359 553	1 413 194	810	90 823	7 937 555
Over time	57 886	91 542	–	1 373 442	24 936	1 547 806
Revenue from external customers	**5 131 061**	**1 451 095**	**1 413 194**	**1 374 252**	**115 759**	**9 485 361**
2021						
Selling and distribution of products	4 457 216	1 162 237	1 218 825	–	17 440	6 855 718
Retail execution and advisory	1 131	36 226	–	963 467	13 624	1 014 448
Transport	39 376	47 626	–	54 851	–	141 853
Retail support and training	18 165	–	1 281	7 083	16 751	43 280
Total revenue	4 515 888	1 246 089	1 220 106	1 025 401	47 815	8 055 299
Intersegmental revenue	(24 795)	–	(537)	(853)	(1 198)	(27 383)
Revenue from external customers	4 491 093	1 246 089	1 219 569	1 024 548	46 617	8 027 916
Timing of revenue recognition						
At a point in time	4 458 147	1 162 237	1 218 825	–	17 440	6 856 649
Over time	57 740	83 852	1 281	1 025 401	30 376	1 198 650
Total revenue	4 515 887	1 246 089	1 220 106	1 025 401	47 816	8 055 299
Intersegmental revenue	(24 795)	–	(537)	(853)	(1 198)	(27 383)
Revenue from external customers	4 491 092	1 246 089	1 219 569	1 024 548	46 618	8 027 916

There were no costs incurred to obtain contracts. Obligations for returns and refunds related to contracts with customers are disclosed under note 14.

17. OPERATING PROFIT

The following items have been credited/charged in arriving at the operating profit:

	GROUP		COMPANY	
	2022 R'000	**2021 R'000**	**2022 R'000**	**2021 R'000**
(i) Other operating income				
Fair value gain on contingent consideration	**–**	925	**–**	–
Profit on sale of property, plant and equipment	**3 592**	2 901	**–**	–
Profit on termination of lease agreement	**340**	2 261	**–**	–
Foreign exchange gains	**–**	–	**–**	5
Rental income	**1 169**	1 200	**–**	–
Botswana training levy refund	**9 605**	8 207	**–**	–
Bad debts recovered	**351**	484	**–**	–
Sundry income	**2 039**	3 477	**–**	–
	17 096	19 455	**–**	5

17. OPERATING PROFIT continued

	Note	GROUP 2022 R'000	GROUP 2021 R'000	COMPANY 2022 R'000	COMPANY 2021 R'000
(ii) Expense by nature					
Amortisation of intangible assets	4	2 559	2 419	–	–
Auditor's remuneration – audit fees		6 780	6 323	–	–
Auditor's remuneration – other services		124	145	–	–
Bank charges		6 662	5 642	18	15
Conferences and subscriptions		9 291	6 119	–	–
Depreciation	3	83 246	62 985	–	–
Directors remuneration	25	10 362	8 334	–	–
Employee benefit expenses	18	386 657	319 683	2 072	2 000
Fair value loss on step-up acquisition		809	–	–	–
Foreign exchange losses		3 946	10 438	3	–
Forklift expenses		4 991	4 032	–	–
Impairment of intangible assets	4	–	9 129	–	–
Write off of intergroup loan		–	–	1 968	9 931
Information technology cost		37 369	28 645	–	–
Insurance		17 039	15 361	–	–
Loss on sale of property, plant and equipment		260	250	–	–
Marketing & advertising		3 846	2 263	–	–
Short term leases		21 559	25 725	–	–
Low-value leases		926	2 786	–	–
Office expenses and staff uniforms		6 935	15 080	–	–
Pallet hire		23 383	18 175	–	–
Professional fees		29 414	16 734	2 138	803
Repairs and maintenance		13 009	10 253	–	–
Security, fumigation & sanitation		9 154	7 543	–	–
Staff training		16 707	18 024	–	–
Stationary, printing & office expenses		7 120	5 760	–	–
Stock write off and provisions for write off		3 847	7 429	–	–
Telephone and communication		6 959	8 314	–	–
Third party transport expenses		39 937	35 495	–	–
Travel and entertainment		19 418	9 225	–	–
Vehicle expenses – fuel and maintenance		118 906	78 282	–	–
Water & electricity		11 681	10 648	–	–
Write off of debt		179	2 178	–	–
Other expenses		15 495	15 757	–	–
		918 570	769 176	6 199	12 749

Notes to the **consolidated and separate financial statements** continued

18. EMPLOYEE BENEFIT EXPENSES

	GROUP		COMPANY	
	2022 R'000	**2021 R'000**	**2022 R'000**	**2021 R'000**
Wages and salaries, including restructuring costs and other termination benefits:				
Salaries, wages and allowances	**380 439**	312 521	**–**	–
Share based payment expenses	**6 218**	7 162	**2 072**	2 000
	386 657	319 683	**2 072**	2 000
Salaries, wages and allowances included in cost of sales	**949 847**	712 651	**–**	–
	1 336 504	1 032 334	**2 072**	2 000

19. FINANCE INCOME AND COSTS

	GROUP 2022 R'000	GROUP 2021 R'000	COMPANY 2022 R'000	COMPANY 2021 R'000
Finance income				
Bank deposits	**20 343**	10 123	**1 263**	337
Local tax authority	**32**	1 166	**–**	–
Related party (note 24)	**269**	1 395	**–**	–
	20 644	12 684	**1 263**	337
Finance costs				
Bank overdrafts	**5 182**	5 133	**–**	–
Secured loans	**12 321**	12 209	**–**	–
Lease liabilities	**16 025**	7 058	**–**	–
Other	**52**	296	**–**	–
	33 580	24 696	**–**	–
Net finance costs/(income)	**12 936**	12 012	**(1 263)**	(337)

20. INCOME TAX EXPENSE

	GROUP		COMPANY	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Current tax				
Current tax on profits for the year	**143 497**	92 744	**340**	90
Adjustments for current tax of prior periods	**(553)**	(171)	**–**	–
Withholding tax	**7 494**	4 719	**2 700**	2 423
Securities transfer tax	**–**	58	**–**	58
Total current tax expense	**150 438**	97 350	**3 040**	2 571
Deferred income tax				
Current year movement	**(10 833)**	6 874	**–**	–
Adjustments for deferred tax of prior periods	**(66)**	862	**–**	–
Total deferred tax (benefit)/expense	**(10 899)**	7 736	**–**	–
Income tax expense	**139 539**	105 086	**3 040**	2 571
Numerical reconciliation of income tax expense to prima facie tax payable:				
Profit before income tax expense	**518 135**	389 036	**73 405**	59 152
Tax at the South African tax rate of 28%	**145 078**	108 930	**20 553**	16 562
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:				
Assessed tax losses	**1 984**	269	**–**	–
Capital gains tax rate differential	**12**	(434)	**–**	–
Interest expense disallowed under Section 41A of the Botswana Tax Act	**(230)**	–	**–**	–
Foreign tax rate differential*	**(12 454)**	(9 558)	**–**	–
Income from associated companies	**(3 659)**	(2 552)	**–**	–
Non-deductible charges[1]	**8 604**	8 093	**4 678**	3 565
Non-taxable income[2]	**(8 155)**	(4 662)	**(24 891)**	(20 037)
Tax adjustments of prior periods	**(619)**	691	**–**	–
Dividend withholding taxation	**6 550**	3 309	**2 700**	2 423
Withholding taxation	**944**	1 410	**–**	–
Change in tax rate**	**1 106**	–	**–**	–
Other	**378**	(410)	**–**	58
Income tax expense	**139 539**	105 086	**3 040**	2 571

20. INCOME TAX EXPENSE continued

	GROUP		COMPANY	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
[1]Non-deductible charges include the tax impact of:				
Share based payment expenses	1 053	1 087	580	560
Dividends paid to employees of the Trust	4 189	3 711	–	–
Apportionment of expenses to non-taxable income	526	224	526	224
Impairment of intangible assets	–	2 040	–	–
Impairment of intergroup loans	–	–	3 507	2 781
Fair value losses	226	–	–	–
Local tax authority penalties and interest	–	15	–	–
Donations	281	165	–	–
Legal and professional fees of capital nature	926	178	65	–
Capital expenditure disallowed under the Botswana Tax Act	758	–	–	–
Other non-deductible expenses	645	673	–	–
	8 604	8 093	4 678	3 565
[2]Non-taxable income include the tax impact of:				
Learnership rebates	(6 936)	(4 022)	–	–
Dividends received	–	–	(24 891)	(17 720)
Fair value gains	–	(259)	–	(2 317)
Profit on sale of fixed assets	(6)	(1)	–	–
Employee tax incentive	(391)	–	–	–
Capital gains	(478)	–	–	–
Other non-taxable income	(344)	(380)	–	–
	(8 155)	(4 662)	(24 891)	(20 037)

* *The group operates in seven countries across Africa which have statutory corporate tax rates from 22% to 32%.*

** *A reduction in the South African corporate tax rate, from 28% to 27%, has been announced and was effective from 1 April 2022. As a result, the relevant deferred tax balances were remeasured. The impact was R1.1 million on the income tax expense for the year.*

21. EARNINGS PER SHARE

	GROUP	
	2022 R'000	**2021 R'000**
Basic earnings per share		
From continuing operations attributable to the ordinary equity holders of the company	**78.53**	58.05
Diluted earnings per share		
From continuing operations attributable to the ordinary equity holders of the company	**77.78**	58.04
Headline earnings per share		
Profit attributable to ordinary equity holders of the company, adjusted as required by SAICA Circular 01/2021	**78.21**	59.61
Diluted headline earnings per share		
Profit attributable to ordinary equity holders of the company, adjusted as required by SAICA Circular 01/2021	**77.46**	59.60
Reconciliation of earnings used in calculating earnings per share		
Basic earnings per share		
Profit attributable to the ordinary equity holders of the company used in calculating the basic earnings per share		
From continuing operations	**364 677**	264 529
Diluted earnings per share		
The company does not have any potentially dilutive transactions		
Profit attributable to the ordinary equity holders of the company used in calculating the diluted earnings per share		
From continuing operations	**364 677**	264 529

21. EARNINGS PER SHARE continued

	GROSS		NET	
Headline earnings	**2022 R'000**	**2021 R'000**	**2022 R'000**	**2021 R'000**
Profit attributable to ordinary equity holders of the company			364 677	264 529
Adjustments as per SAICA Circular 01/2021:				
Impairment of intangible assets	–	9 129	–	9 129
Profit on sale of property, plant and equipment	(3 332)	(2 651)	(2 245)	(2 050)
Fair value loss on step-up acquisition	809	-	762	-
Headline earnings used in calculating headline earnings per share			363 194	271 608
The net amounts of the headline earnings adjustments are adjusted with the tax and non-controlling interest impact, where applicable.				
Diluted headline earnings				
The company does not have any potentially dilutive transactions				
Headline earnings used in calculating diluted headline earnings per share			363 194	271 608

Weighted average number of shares used as the denominator	**2022 Number**	**2021 Number**
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share and headline earnings per share	464 408 671	455 674 724
Adjustments for calculation of diluted earnings per share and diluted headline earnings per share:		
Share options	4 469 396	60 627
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share and diluted headline earnings per share	468 878 067	455 735 351

The group adopted earnings per share (EPS) and headline earnings per share (HEPS) as its trading statement requirement in accordance with the JSE Listings requirements par 8.63 (d).

22. NOTES TO THE CASH FLOW STATEMENT

	GROUP		COMPANY	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
22.1 Cash generated from operations				
Profit before income tax	**518 135**	389 036	**73 405**	59 152
Adjustments for:				
Depreciation	**83 246**	62 985	**–**	–
Amortisation	**2 559**	2 419	**–**	–
Net profit on disposal of property, plant and equipment	**(3 332)**	(2 651)	**–**	–
Impairment of intangible assets	**–**	9 129	**–**	–
Dividends received	**–**	–	**(88 897)**	(63 287)
Finance income	**(20 644)**	(12 684)	**(1 263)**	(337)
Finance costs	**33 580**	24 696	**–**	–
Fair value adjustments on contingent considerations	**–**	(925)	**–**	–
Fair value loss on step-up acquisition	**809**	–	**–**	–
Impairment losses/(gains) on financial assets	**5 276**	(858)	**10 556**	(8 272)
Write off of intergroup loan	**–**	–	**1 968**	9 931
Share of profit of investments accounted for using the equity method	**(13 732)**	(9 537)	**–**	–
Share based payments	**6 218**	7 162	**2 072**	2 000
Profit on termination of lease agreements	**(340)**	(2 261)	**–**	–
Unrealised foreign exchange losses/(gains)	**347**	(2)	**–**	–
Write off of balances during unwinding of operation	**(2 899)**	–	**–**	–
Other	**(78)**	–	**–**	–
Payment on share options exercised	**(932)**	(28)	**(932)**	(28)
	608 213	466 481	**(3 091)**	(841)
Changes in working capital				
Increase in inventories	**(181 487)**	(29 293)	**–**	–
(Increase)/decrease in trade and other receivables	**(123 689)**	33 786	**–**	10 765
Increase/(decrease) in trade and other payables	**82 086**	(36 571)	**22**	109
Increase in employee benefits and other provisions	**73 192**	8 356	**–**	–
	(149 898)	(23 722)	**22**	10 874
Cash generated from operations	**458 315**	442 759	**(3 069)**	10 033
22.2 Proceeds from disposal of property, plant and equipment				
In the statement of cash flows, proceeds from sale of property, plant and equipment comprise:				
Net book value	**5 870**	3 218	**–**	–
Net profit on disposal of property, plant and equipment	**3 332**	2 651	**–**	–
Proceeds	**9 202**	5 869	**–**	–
22.3 Non-cash investing and financing activities				
Acquisition of right-of-use assets through leases (note 3 and 12)	**152 172**	43 418	**–**	–

22. NOTES TO THE CASH FLOW STATEMENT continued

	GROUP 2022 R'000	GROUP 2021 R'000	COMPANY 2022 R'000	COMPANY 2021 R'000
22.4 Net cash/(debt) reconciliation				
Cash and cash equivalents excluding bank overdraft	**735 849**	655 948	**128 874**	102 868
Bank overdrafts	**(284 712)**	(311 876)	**–**	–
Current borrowings	**(38 035)**	(36 806)	**–**	–
Non-current borrowings	**(168 226)**	(208 481)	**–**	–
Current leases	**(39 776)**	(38 098)	**–**	–
Non-current leases	**(154 599)**	(44 787)	**–**	–
Net cash	**50 501**	15 900	**128 874**	102 868

GROUP	Other assets: Cash including overdraft R'000	Liabilities from financing activities: Current leases R'000	Non-current leases R'000	Current loans R'000	Non-current loans R'000	Total R'000
Net cash/(debt) as at 1 January 2022	**344 072**	**(38 098)**	**(44 787)**	**(36 806)**	**(208 481)**	**15 900**
Cash flows	**105 997**	**48 935**	**–**	**34 312**	**(32)**	**189 212**
Finance cost accrual	**(5 182)**	**(16 025)**	**–**	**(12 321)**	**–**	**(33 528)**
Finance cost paid	**5 182**	**15 850**	**–**	**12 321**	**–**	**33 353**
Business combinations	**4 567**	**(2 770)**	**(7 478)**	**(30)**	**(263)**	**(5 974)**
Foreign exchange adjustments	**(3 499)**	**102**	**216**	**857**	**4 182**	**1 858**
Non-cash movements – new leases	**–**	**–**	**(152 172)**	**–**	**–**	**(152 172)**
Non-cash movements – termination of leases	**–**	**493**	**–**	**–**	**–**	**493**
Other non-cash movements	**–**	**325**	**1 034**	**–**	**–**	**1 359**
Transfers from non-current to current balances	**–**	**(48 588)**	**48 588**	**(36 368)**	**36 368**	**–**
Net cash/(debt) as at 31 December 2022	**451 137**	**(39 776)**	**(154 599)**	**(38 035)**	**(168 226)**	**50 501**
Net cash/(debt) as at 1 January 2021	245 573	(35 679)	(55 785)	(59 830)	(240 285)	(146 006)
Cash flows	97 345	36 181	–	59 996	(5 855)	187 667
Finance cost accrual	(5 133)	(7 058)	–	(12 209)	–	(24 400)
Finance cost paid	5 133	7 058	–	12 209	–	24 400
Foreign exchange adjustments	1 154	72	(94)	586	101	1 818
Non-cash movements – new leases and bonds	–	–	(43 419)	–	–	(43 419)
Non-cash movements – termination of leases	–	3 832	12 449	–	–	16 281
Other non-cash movements	–	32	(474)	–	–	(441)
Transfers from non-current to current balances	–	(42 536)	42 536	(37 558)	37 558	–
Net cash/(debt) as at 31 December 2021	344 072	(38 098)	(44 787)	(36 806)	(208 481)	15 900

22. NOTES TO THE CASH FLOW STATEMENT continued

	GROUP		COMPANY	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
22.5 Taxation paid				
Tax liability at the beginning of the year	**(1 752)**	(3 981)	**(3)**	(2)
Charge to profit and loss	**(139 539)**	(105 086)	**(3 040)**	(2 571)
Movement in deferred taxation	**(10 899)**	7 736	**–**	–
Acquisition of subsidiary	**(496)**	–	**–**	–
Foreign currency translation	**135**	(418)	**–**	–
Other adjustments	**9**	30	**–**	–
Tax liability at the end of the year	**4 137**	1 752	**5**	3
Tax paid	**(148 405)**	(99 967)	**(3 038)**	(2 570)

23. BUSINESS COMBINATIONS

Acquisition of subsidiaries

EFFECTIVE SALES AND MERCHANDISING (PTY) LTD ("ESM")

On 1 January 2022, Pack 'n Stack (Pty) Ltd, a subsidiary of CA Sales Holdings Ltd, acquired 100% of the share capital of ESM, for R24.8 million. ESM is an in-store execution business in the wholesale sector, based in South Africa. This is in line with the group's channel broadening strategy. As a result of the acquisition, the group obtained access to the in-store execution wholesale industry. Goodwill of R21.8 million and other intangible assets of R2.8 million arose from the acquisition.

Transaction costs relating to the acquisition, in the form of professional fees, amounted to R0.1 million. These costs have been expensed as per the accounting policy.

The following table summarises the purchase consideration paid for ESM and the fair value of assets acquired and liabilities assumed at the acquisition date.

	2022 R'000
Cash paid	24 844
Total purchase consideration	24 844
Recognised amounts of identifiable assets acquired and liabilities assumed:	
Cash and cash equivalents	1 796
Property, plant and equipment	4 135
Intangible assets	2 822
Deferred income tax assets	1 106
Trade and other receivables	1 409
Trade and other payables	(3 815)
Borrowings	(4 383)
Total identifiable net assets	3 070
Goodwill	21 774
Net assets acquired	24 844
Cash flow on acquisition	
Purchase consideration – cash portion	24 844
Cash and cash equivalents acquired	(1 796)
Net cash outflow – investing activities	23 048

The assets and liabilities recognised are the final amounts.

The payment of R24.8 million for this acquisition was made in the previous financial year and recorded as a prepayment on acquisition of subsidiary in the prior year cashflow. In the current year, only the inflow of the cash acquired impacted the group cashflow.

The goodwill arose as a result of the business value, derived from the net present value of expected future cash flows, exceeding the fair value of net assets and other intangible assets acquired. Intangible assets are attributable to the current relationships with suppliers and customers. Goodwill is not expected to be deductible for tax purposes.

The revenue included in the consolidated statement of comprehensive income contributed by ESM was R60.5 million with R2.7 million profit after tax for the 12 months.

23. BUSINESS COMBINATIONS continued

Acquisition of subsidiaries continued

VISIBLE WORX (PTY) LTD ("VISIBLE WORX")

On 1 October 2020, PnS Investments Holdings (Pty) Ltd, a subsidiary of CA Sales Holdings Ltd, acquired 30% of the share capital of Visible Worx (Pty) Ltd for R1.4 million. It is a company that supplies retail displays and point of sale execution across Southern Africa. On 1 August 2022 the group acquired a further 21% of the share capital for R2.9 million and obtained control of Visible Worx. This is in line with the group's strategy to supply additional services to its clients.

The group recognised a loss of R0.8 million as a result of measuring at fair value its 30% equity interest in Visible Worx, held before the business combination. The loss is included in other operating expenses (note17) in the group's statement of comprehensive income. Goodwill of R1.5 million arose from the acquisition.

There were no transaction costs relating to the acquisition.

The following table summarises the purchase consideration paid for Visible Worx and the fair value of assets acquired and liabilities assumed at the acquisition date.

	2022 R'000
Cash paid	2 925
Fair value of equity interest in the company held before the business combination	2 081
Total purchase consideration	5 006
Recognised amounts of identifiable assets acquired and liabilities assumed:	
Cash and cash equivalents	2 771
Property, plant and equipment	6 198
Inventories	5
Deferred income tax assets	103
Trade and other receivables	7 753
Trade and other payables	(3 238)
Borrowings	(6 158)
Income tax liability	(496)
Total identifiable net assets	6 938
Non-controlling interest	(3 400)
Goodwill	1 468
Net assets acquired	5 006
Cash flow on acquisition	
Purchase consideration – cash portion	2 925
Cash and cash equivalents acquired	(2 771)
Net cash outflow – investing activities	154

The assets and liabilities recognised are the final amounts.

The goodwill arose as a result of the business value, derived from the net present value of expected future cash flows, exceeding the fair value of net assets acquired. Goodwill is not expected to be deductible for tax purposes.

The revenue included in the consolidated statement of comprehensive income since 1 August 2022, contributed by Visible Worx, was R16.7 million with R2.9 million profit after tax.

Had Visible Worx been consolidated from 1 January 2022, the consolidated statement of comprehensive income of the group would have included pro-forma revenue of R35.9 million and profit of R4.5 million.

24. RELATED PARTY TRANSACTIONS

Parent entities

On 12 September 2022 PSG Group unbundled its shareholding in CA&S Group and is no longer the parent entity of the group.

Subsidiaries

Interests in subsidiaries are set out in note 5.

Associated companies

Interests in associates are set out in note 6.

Transactions and balances

During the financial year the company and its subsidiaries conducted the following transactions with associates, key management and parties exercising significant influence.

			GROUP		COMPANY	
		Note	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Dividend income						
Pack 'n Stack Investment Holdings (Pty) Ltd			–	–	41 897	38 837
Logico Unlimited (Pty) Ltd			–	–	27 000	24 000
SMC Brands SA (Pty) Ltd			–	–	20 000	–
Whitakers Agencies (Pty) Ltd			–	–	–	450
Finance income		19				
Mac Money Mobile Banking Solutions (Pty) Ltd			6	185	–	–
PSG Konsult Ltd *			263	1 210	–	–
Other operating expenses		17 (ii)				
PSG Capital (Pty) Ltd	Professional fees		89	84	–	–
PSG Corporate Services (Pty) Ltd *	Insurance		–	107	–	–
PSG Corporate Services (Pty) Ltd *	Professional fees		118	234	–	–
PSG Corporate Services (Pty) Ltd *	Directors fees and travel reimbursements		242	271	–	–
PSG Insure (Pty) Ltd *	Insurance		2	74	–	–
Mac Money Mobile Banking Solutions (Pty) Ltd	IT expenses		3 472	1 536	–	–
Visible Worx (Pty) Ltd	Lease expenses - short term		–	928	–	–
Amounts due from related parties						
Loans to associates – equity accounted		6				
Mac Money Mobile Banking Solutions (Pty) Ltd			–	375	–	–
Trade and other receivables: Loans to related parties		8				
CA Sales and Distribution (Pty) Ltd			–	–	10 252	12 954
CAS Marketing (Pty) Ltd			–	–	33 064	25 945
Wutow Trading (Pty) Ltd			–	–	11 188	11 188
CA Sales Investments (Pty) Ltd			–	–	3 437	3 437
Pamstad (Pty) Ltd			–	–	8 289	8 288
Loss allowance on the above receivables			–	–	(36 501)	(25 945)

24. RELATED PARTY TRANSACTIONS continued

		GROUP		COMPANY	
	Note	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Cash balances invested with related parties					
PSG Konsult Ltd		–	6 351	–	–
Amounts due to related parties					
Trade payables	14				
Mac Money Mobile Banking Solutions (Pty) Ltd		835	234	–	–
Visible Worx (Pty) Ltd		–	85	–	–
Key management compensation					
Salaries and other short term employee benefits		10 362	8 334	–	–
Share options exercised		737	17	–	–
Detailed remuneration disclosures are provided in note 25.					

**These only include transactions from 1 January 2022 to 12 September 2022.*

Related party transactions were made on terms equivalent to those that prevail in arm's length transactions.

25. DIRECTORS REMUNERATION

	Salary (R'000)	Bonus (R'000)	Share options exercised (R'000)	Total (R'000)
Executive directors				
2022				
D Lewis	3 754	1 802	539	6 095
F Reichert	2 311	1 092	198	3 601
	6 065	2 894	737	9 696
Executive directors				
2021				
D Lewis	3 840	693	14	4 547
F Reichert	2 326	420	3	2 749
	6 166	1 113	17	7 296

	Board (R'000)	Audit and risk committee (R'000)	Remuneration committee (R'000)	Social and ethics committee (R'000)	Total (R'000)
Non-executive directors					
2022					
Britz, F	118	–	–	24	142
Cronje, L	144	24	–	–	168
de Waal, N	144	–	–	24	168
Holtzhausen, J	157	–	24	24	205
Marole, B	144	24	–	–	168
Masilela, E	144	24	24	–	192
Moakofi, S	144	–	24	–	168
Patel, B	144	24	–	24	192
	1 139	96	72	96	1 403
Non-executive directors					
2021					
Britz, F	111	–	–	11	122
Cronje, L	111	22	–	–	133
de Waal, N	111	–	–	11	122
Holtzhausen, J	111	–	22	11	144
Marole, B	111	22	–	–	133
Masilela, E	80	22	22	–	124
Moakofi, S	111	–	22	–	133
Patel, B	111	22	–	11	144
	857	88	66	44	1 055

See note 10 for share options granted to directors.

The directors fees for N de Waal and J Holtzhausen were paid to PSG Corporate Services (Pty) Ltd.

The bonuses are those amounts which were paid during the financial year but were calculated based on the results of the prior year.

26. SEGMENTAL REVIEW

The group's chief operating decision makers ("CODM"), consisting of the chief executive officer and the chief financial officer, examine the group's performance from a geographical perspective. The group's reportable segments are operating segments that are differentiated by the country of operation. Countries with insignificant results have been aggregated under the heading ''other countries"" and include Lesotho, Mauritius, Zambia and Zimbabwe.

The group evaluates the performance of its reportable segments based on revenue and operating profit ("EBIT" and "adjsuted EBITDA"). The intersegment sales and transfers are included in the values per segment and eliminated on the intersegmental transactions line

The segments derive their revenue from selling and distributing fast-moving consumer goods as well as services such as in-store execution, shopper marketing, transport and training (see note 16).

	REVENUE		EBIT		ADJUSTED EBITDA	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000	**2022 R'000**	2021 R'000
Botswana	**5 131 061**	4 515 887	**224 081**	177 165	**246 828**	199 970
Eswatini	**1 451 095**	1 246 089	**108 626**	96 291	**122 643**	108 623
Namibia	**1 413 194**	1 220 106	**43 999**	25 777	**60 146**	30 869
South Africa	**1 374 252**	1 025 401	**144 494**	94 693	**174 141**	128 440
Other countries	**115 759**	47 816	**9 982**	7 123	**13 229**	7 680
Intersegmental transactions	**–**	(27 383)	**(111)**	(1)	**(111)**	(1)
Total	**9 485 361**	8 027 916	**531 071**	401 048	**616 876**	475 581
Reconciliation from adjusted EBITDA to profit after tax:						
Adjusted EBITDA					**616 876**	475 581
Depreciation and amortisation					**(85 805)**	(65 404)
Impairment of intangible assets (relating to the Botswana segment)					**–**	(9 129)
EBIT					**531 071**	401 048
Net finance cost					**(12 936)**	(12 012)
Taxation					**(139 539)**	(105 086)
Profit after tax					**378 596**	283 950

Revenues of approximately R2.31 billion (2021: R1.68 billion) are derived from two external customers domiciled in Botswana and are attributed to the Botswana and Namibia segments.

	EMPLOYEE EXPENSES		VEHICLE EXPENSES		DEPRECIATION AND AMORTISATION	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000	**2022 R'000**	2021 R'000
Botswana	**170 289**	150 646	**72 706**	45 104	**22 748**	21 987
Eswatini	**51 396**	49 774	**13 907**	9 619	**14 018**	12 334
Namibia	**55 238**	49 016	**4 657**	3 629	**17 296**	5 091
South Africa	**1 051 572**	779 928	**26 123**	19 381	**29 646**	24 831
Other countries	**8 009**	2 970	**1 513**	549	**3 248**	1 161
Intersegmental transactions	**–**	–	**–**	–	**(1 151)**	–
Total	**1 336 504**	1 032 334	**118 906**	78 282	**85 805**	65 404
	Note 18		Note 17		Note 17	

24. RELATED PARTY TRANSACTIONS continued

Segment assets and liabilities are measured in the same way as in the financial statements. These assets and liabilities are allocated based on the operations of the segment and the physical location of the asset.

	TOTAL ASSETS		NON-CURRENT ASSETS EXCLUDING DEFERRED TAX AND FINANCIAL ASSETS		TOTAL LIABILITIES		CAPITAL EXPENDITURE AND INTANGIBLES ACQUIRED	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Botswana	2 253 596	2 101 708	625 809	637 515	1 172 876	1 161 193	21 790	21 653
Eswatini	467 924	474 364	113 707	116 013	149 748	244 744	11 823	31 933
Namibia	407 714	300 710	121 281	14 932	301 888	191 694	123 441	9 461
South Africa	944 110	815 551	269 123	225 703	298 520	302 263	78 431	16 218
Other countries	102 903	71 209	37 483	31 634	78 322	48 989	5 737	12 676
Intersegmental transactions	(85 641)	(164 324)	(98)	–	(85 641)	(165 367)	(1 725)	–
Total	4 090 606	3 599 218	1 167 305	1 025 797	1 915 713	1 783 516	239 497	91 941

27. CONTINGENT LIABILITIES

There were no contingencies and commitments which require adjustments to or disclosure in these financial statements.

28. CAPITAL COMMITMENTS

The group has capital expenditure commitments to the value of R3.9 million (2021: R6.2 million) that were authorised but not yet contracted or recognised as liabilities.

29. EVENTS AFTER BALANCE SHEET DATE

The significant events that occurred after the reporting date that require disclosure in the consolidated annual financial statements for the year ended 31 December 2022 are the following:

Business combination

On 2 January 2023, Wutow Trading (Pty) Ltd, a fully owned subsidiary of CA Sales Holdings Ltd, acquired 100% of the share capital of T&C Properties Namibia (Pty) Ltd and Taeuber and Corssen SWA (Pty) Ltd for R65 million, collectively known as the T&C Group. T&C Group is a distribution and retail execution business based in Namibia. As a result of the acquisition, the group increased its market share in Namibia. The transaction resulted in a gain on bargain purchase value of R123.6 million.

Transaction costs relating to the acquisition, in the form of Namibia Competition Commissioner and consultants' fees, amounted to R4.2 million. These costs will be expensed as per the accounting policy.

The following table summarises the purchase consideration paid for the T&C Group, the preliminary fair value of assets acquired and liabilities assumed at the acquisition date.

	2022 R'000
Cash paid	65 000
Total purchase consideration	65 000
Recognised amounts of identifiable assets acquired and liabilities assumed:	
Cash and cash equivalents	3 880
Property, plant and equipment	112 020
Inventories	52 802
Trade and other receivables	150 626
Income tax receivable	1 362
Trade and other payables	(119 634)
Deferred tax liability	(10 792)
Borrowings	(1 693)
Total identifiable net assets	188 571
Gain on bargain purchase	(123 571)
	65 000
Cash flow on acquisition	
Purchase consideration - cash portion	65 000
Cash and cash equivalents acquired	(3 880)
Net cash outflow – investing activities	61 120

The assets and liabilities recognised are provisional amounts and are based on the initial valuations that were performed. Given that the acquisition was only effective after year end, this has not allowed sufficient time to conclude on the fair value of all the assets and liabilities. The fair value of the acquired trade receivables is R150.6 million, which equals the net contractual amount (net of ECL) and is expected to be fully collectable.

The gain on bargain purchase arose as a result of the carrying value of net assets acquired, exceeding the purchase price. The operations were loss making for the past few years and the seller took a strategic decision to exit the Namibia market. The gain on bargain purchase will be included in other operating income in the CA&S Group's statement of comprehensive income for the year ended 31 December 2023, but excluded from headline earnings.

Dividend declaration

A final dividend of 15.35 (Prior Year: 11.77) cents (or BWP equivalent) per share in respect of the year ended 31 December 2022 was declared on Wednesday, 22 March 2023, for payment to the ordinary shareholders of the company at the close of business on Monday, 17 April 2023. In line with the company's dividend policy, the dividend was maintained at 20% of the headline earnings. The number of issued shares at the declaration date is 473 337 178. The dividend has been declared from income reserves.

30. GOING CONCERN

The financial statements have been prepared on the basis of accounting policies applicable to a going concern.

The directors consider that the group entities and company have adequate resources to continue operating for the foreseeable future. The directors have satisfied themselves that the group entities and company are in a sound financial position and that they have access to sufficient cash and borrowing facilities to meet foreseeable cash requirements.

Corporate **information**

Company registration number
2011/143100/06

Country of incorporation
South Africa

Date of incorporation
7 December 2011

Tax residency
South Africa

Registered Office:
1st Floor, Building C, Westend Office Park, 254 Hall Street, De Hoewes, Centurion, South Africa

Corporate Advisor and JSE Sponsor:
PSG Capital (Proprietary) Limited
(Registration number 2006/015817/07)
1st Floor, Ou Kollege Building, Stellenbosch, 7600 South Africa
(PO Box 7403, Stellenbosch, 7599)

Company Secretary:
Bernadien Naude CA(SA)
1st Floor, Building C, Westend Office Park, 254 Hall Street, De Hoewes, Centurion, South Africa
(PO Box 7403, Stellenbosch, 7599)

BSE Sponsor:
Imara Capital Securities (Proprietary) Limited
Office 3A, 3rd Floor, Masa Centre, Plot 54353 New CBD, Gaborone Botswana
Private Bag 173, Gaborone

Auditor and Reporting Accountants:
PricewaterhouseCoopers Inc.
4 Lisbon Lane, Waterfall City, Jukskei, 2090, South Africa

Principal Banker
First National Bank Limited

Website:
www.cas.group

Transfer Secretaries (BSE):
Central Securities Depository Company of Botswana Limited (CSDB)
Fourth Floor, Fairscape Precinct Plot 70667, Fairgrounds Office Park, Gaborone, Botswana

Transfer Secretaries (JSE):
JSE Investor Services (Proprietary Limited)
1 Exchange Square, Gwen Lane, Sandown, Sandton, South Africa
P.O. Box 4844, Johannesburg, 2000, South Africa