



SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December **2022**

Collaboration. Activation. Sales.



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Commentary

Nature of business

CA Sales Holdings Limited ("CA&S" or "the group") is the holding entity of a collective of well-established fast-moving consumer goods ("FMCG") retail solutions businesses that operate across Southern Africa, offering route-to-market services to prominent multinational, as well as local brand owners and manufacturers. The group partners with its clients to take brands across geographical borders, then assists moving them through the supply chain and into stores, onto shelves and into baskets and trollies, ensuring they are available, visible and promoted to shoppers across the Southern African region. CA&S works closely with its clients to solve trade obstacles, to build category and brand presence on shelf and to protect and grow their respective market shares. The group's services include warehousing and distribution, retail execution and advisory, retail support, training, and technology and data solutions.

Financial highlights

CA&S is pleased to announce satisfying annual results for the year ended 31 December 2022. This is the result of an improved trading environment as well as the successful onboarding of new clients.

Revenue increased by 18.2% to R9.5 billion on the prior year (2021: R8.0 billion). Revenue growth was driven by inflation and volume increases as well as the onboarding of new clients to the group's portfolio. Gross profit increased by 24.9% to R1.4 billion (2021: R1.1 billion). Overheads increased by 19.4% on the prior year. Over and above inflation, this increase included the significant increases in fuel and energy prices across all of the regions, over the past year.

The improved trading environment, compared to the prior year's restrictions, and coupled with managing cost increases, contributed to the increase of 32.4% in operating profit for the group to R531.1 million (2021: R401.0 million). Headline earnings increased by 33.7% to R363.2 million (2021: R271.6 million). Headline earnings per share was up 31.2% to 78.2 cents per share (2021: 59.6 cents). Earnings per share increased by 35.3% to 78.5 cents per share (2021: 58.0 cents).

Total assets increased by 13.7% to R4.1 billion due to the increase in fixed and intangible assets as well as working capital. The strong cash flow generated from operations contributed to a healthy

increase in net cash resources from R344.1 million at 31 December 2021 to R451.1 million at 31 December 2022.

The dividend declared increased by 30.4% to 15.35 cents per share (prior year: 11.77 cents).

The group also acquired an additional in-store execution business based in South Africa, as part of its channel broadening strategy. This transaction gave rise to intangible assets of R24.6 million (note 4).

The group increased its shareholding in Promexs Limited in Zambia and Smithshine Enterprises Proprietary Limited in Botswana for a combined cash consideration of R8.2 million. It also increased its shareholding to 100%, in Logico Unlimited Proprietary Limited in Eswatini, by issuing equity to the value of R52.3 million (notes 6 and 7).

The group acquired a group of companies, including its properties, known as the T&C Group, in Namibia, after the balance sheet date, on 2 January 2023.

Outlook

The ongoing geopolitical uncertainty due to the conflict in Ukraine continue to adversely impact global economic conditions with resultant rising fuel, energy and other commodity prices, and scarcity of certain raw materials. The challenging economic environment and rising inflation is expected to continue across the globe and into the foreseeable future. The ongoing energy crisis facing South Africa, with various stages of load-shedding, continues to disrupt businesses and households alike. Notwithstanding, the group is well positioned with its strong balance sheet and a diverse geographical presence as well as a diversified portfolio which should continue to enable it to deliver good results for the year ahead.

The group will continue its expansion of services for new and existing clients and will continue to offer bespoke solutions to brand owners across the region. A focus will be on channel broadening across existing businesses within existing geographies. Where feasible, the group will also grow its client and customer networks and make value-adding acquisitions.

Highlights



REVENUE
18.2%



OPERATING
PROFIT
32.4%



EARNINGS
PER SHARE
35.3%



HEADLINE
EARNINGS
PER SHARE
31.2%



TOTAL
DIVIDEND
PER SHARE
30.4%

Summarised consolidated statement of financial position

	Notes	Audited at 31 Dec 2022 R'000	Audited at 31 Dec 2021 R'000
Assets			
Non-current assets		1 207 317	1 054 359
Property, plant and equipment		636 272	521 770
Intangible assets	4	500 369	476 933
Investments accounted for using the equity method	5	30 664	27 094
Deferred income tax assets		40 012	28 562
Current assets		2 883 289	2 544 859
Inventories		759 838	585 877
Trade and other receivables		1 382 839	1 295 083
Income tax receivable		4 763	7 951
Cash and cash equivalents		735 849	655 948
Total assets		4 090 606	3 599 218
Equity and liabilities			
Equity		2 174 893	1 815 702
Stated capital	7	949 342	894 379
Other reserves		23 437	41 967
Retained earnings		1 178 186	839 030
		2 150 965	1 775 376
Non-controlling interest		23 928	40 326
Liabilities			
Non-current liabilities		331 161	262 333
Borrowings		322 825	253 268
Deferred income tax liabilities		8 336	9 065
Current liabilities		1 584 552	1 521 183
Trade and other payables		1 039 767	1 019 203
Employee benefits and other provisions		173 362	105 497
Income tax payable		8 900	9 703
Borrowings		362 523	386 780
Total liabilities		1 915 713	1 783 516
Total equity and liabilities		4 090 606	3 599 218

Summarised consolidated statement of comprehensive income

	Notes	Audited year ended 31 Dec 2022 R'000	Audited Restated* year ended 31 Dec 2021 R'000
Continuing operations			
Revenue from contracts with customers		9 485 361	8 027 916
Cost of sales		(8 061 272)	(6 887 542)
Gross profit		1 424 089	1 140 374
Other operating expenses		(918 570)	(769 176)
Net impairment (losses)/gains on financial assets		(5 276)	858
Other operating income		17 096	19 455
Share of profit of investments accounted for using the equity method		13 732	9 537
Operating profit	8	531 071	401 048
Finance income		20 644	12 684
Finance costs		(33 580)	(24 696)
Profit before income tax		518 135	389 036
Income tax	9	(139 539)	(105 086)
Profit for the year		378 596	283 950
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
Profit attributable to:			
– Owners of the parent		364 677	264 529
– Non-controlling interest		13 919	19 421
Total profit for the year		378 596	283 950
Total comprehensive income attributable to:			
– Owners of the parent		347 524	267 003
– Non-controlling interest		14 001	20 270
Total comprehensive income for the year		361 525	287 273
* 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

Summarised consolidated statement of changes in equity

	Stated capital R'000	Other reserves R'000	Retained earnings R'000	Total attributable to the owners R'000	Non-controlling interest R'000	Total equity R'000
Balance as at 31 December 2020 (Audited)	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	–	2 474	–	2 474	849	3 323
Transactions with owners:						
Share swap	45 780	–	–	45 780	–	45 780
Share-based payment cost of share options exercised	–	(28)	–	(28)	–	(28)
Share-based payment costs	–	7 162	–	7 162	–	7 162
Transfer remaining cost of share options exercised	–	(3 918)	3 918	–	–	–
Transfer cost of forfeited share options	–	(548)	548	–	–	–
Transactions with non-controlling interest	–	–	(36 956)	(36 956)	(31 242)	(68 198)
Increase in investment in subsidiary	–	–	(55 726)	(55 726)	–	(55 726)
Dividends paid	–	–	(46 396)	(46 396)	(9 465)	(55 861)
Balance as at 31 December 2021 (Audited)	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	–	(17 615)	–	(17 615)	82	(17 533)
Transactions with owners:						
Transactions with non-controlling interest	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	–	(932)	–	(932)	–	(932)
Share-based payment costs	–	6 218	–	6 218	–	6 218
Transfer remaining cost of share options exercised	–	(5 567)	5 567	–	–	–
Transfer cost of forfeited share options	–	(1 096)	1 096	–	–	–
Acquisition of subsidiary	–	–	–	–	3 400	3 400
Dividends paid	–	–	(54 311)	(54 311)	(6 416)	(60 727)
Balance as at 31 December 2022 (Audited)	949 342	23 437	1 178 186	2 150 965	23 928	2 174 893

	31 Dec 2022	31 Dec 2021
Dividends paid per share (cent)	11.77	10.26

Summarised consolidated statement of cash flows

	Note	Audited year ended 31 Dec 2022 R'000	Audited year ended 31 Dec 2021 R'000
Cash flows from operating activities			
Cash generated from operations	10	458 315	442 759
Interest paid		(33 405)	(24 696)
Income taxes paid		(148 405)	(99 967)
Net cash generated from operating activities		276 505	318 096
Cash flow from investing activities			
Acquisition of subsidiaries		1 642	–
Prepayment for acquisition of subsidiary		–	(24 844)
Additions to property, plant and equipment		(50 894)	(46 494)
Additions to intangible assets		(34)	(2 029)
Proceeds from disposal of property, plant and equipment		9 202	5 869
Acquisition of associated companies		–	(290)
Loans repaid by associated companies		375	1 136
Dividends received		2 623	1 818
Interest received		20 644	12 684
Net cash outflow from investing activities		(16 442)	(52 150)
Cash flow from financing activities			
Consideration received from share options exercised		2 688	–
Transactions with non-controlling interest		(8 245)	(22 418)
Dividends paid		(54 311)	(46 396)
Dividends paid to non-controlling interest		(6 416)	(9 465)
Repayments of borrowings		(83 247)	(96 177)
Proceeds from borrowings		32	5 855
Net cash outflow from financing activities		(149 499)	(168 601)
Net increase in cash and cash equivalents		110 564	97 345
Effects of exchange rate changes on cash and cash equivalents		(3 499)	1 154
Cash and cash equivalents including overdrafts at beginning of the year		344 072	245 573
Cash and cash equivalents including overdrafts at end of the year		451 137	344 072

Summarised segmental results

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 "adjusted EBITDA"). The intersegment sales and transfers are included in the values per segment and eliminated on the intersegmental transactions line.

The segments derive their income from selling and distributing fast-moving consumer goods as well as services such as retail execution and advisory, retail support and training.

	Audited year ended 31 Dec 2022 R'000	Audited year ended 31 Dec 2021 R'000
Segmental revenue		
Botswana	5 131 061	4 515 887
Eswatini	1 451 095	1 246 089
Namibia	1 413 194	1 220 106
South Africa	1 374 252	1 025 401
Other countries	115 759	47 816
Intersegmental transactions	–	(27 383)
	9 485 361	8 027 916
Segmental EBIT		
Botswana	224 081	177 165
Eswatini	108 626	96 291
Namibia	43 999	25 777
South Africa	144 494	94 693
Other countries	9 982	7 123
Intersegmental transactions	(111)	(1)
	531 071	401 048
Segmental adjusted EBITDA		
Botswana	246 828	199 970
Eswatini	122 643	108 623
Namibia	60 146	30 869
South Africa	174 141	128 440
Other countries	13 229	7 680
Intersegmental transactions	(111)	(1)
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	–	(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

Summarised segmental results continued

	Audited at 31 Dec 2022 R'000	Audited at 31 Dec 2021 R'000
Segmental assets		
Botswana	2 253 596	2 101 708
Eswatini	467 924	474 364
Namibia	407 714	300 710
South Africa	944 110	815 551
Other countries	102 903	71 209
Intersegmental transactions	(85 641)	(164 324)
	4 090 606	3 599 218
Segmental liabilities		
Botswana	1 172 876	1 161 193
Eswatini	149 748	244 744
Namibia	301 888	191 694
South Africa	298 520	302 263
Other countries	78 322	48 989
Intersegmental transactions	(85 641)	(165 367)
	1 915 713	1 783 516

Reconciliation between profit after taxation attributable to the owners of the parent and headline earnings

	Audited year ended 31 Dec 2022 R'000	Audited year ended 31 Dec 2021 R'000
Profit after taxation attributable to the owners of the parent	364 677	264 529
Impairment of investment in associates	–	9 129
Profit on sale of property, plant and equipment	(3 332)	(2 651)
Fair value loss on step-up acquisition	809	–
Tax effect on above	918	287
Non-controlling interest on above	122	314
Headline earnings attributable to owners of the parent	363 194	271 608
Headline earnings per share (cent)	78.21	59.61
Diluted headline earnings per share (cent)	77.46	59.60
Issued number of shares	473 337 178	461 432 502
Weighted average number of shares	464 408 671	455 674 724
Weighted average number of diluted shares	468 878 067	455 735 351

Notes to the summarised consolidated annual financial statements

1. Basis of preparation and accounting policies

The summarised consolidated annual financial statements for the year ended 31 December 2022, have been prepared and presented in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”), interpretations issued by the IFRS Interpretations Committee (“IFRIC”), the information as required by International Accounting Standards (“IAS”) 34 – *Interim Financial Reporting* 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. This financial report is an extract from the consolidated integrated report.

The accounting policies applied in the preparation of the consolidated annual financial statements are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous year’s consolidated annual financial statements. The directors take full responsibility for the preparation of the summarised consolidated annual financial statements and that the financial information has been correctly extracted from the underlying financial records.

The financial information is presented in South African Rand (rounded to the nearest thousand), which is considered the reporting currency. The summarised consolidated annual financial statements have been prepared under the supervision of the Chief Financial Officer, Mr Frans Reichert CA(SA) and have been audited by PricewaterhouseCoopers Inc. These summarised consolidated annual financial statements for the year ended 31 December 2022 were approved for issue by the board on 21 March 2023.
2. New and amended standards adopted by the group

Certain new accounting standards and interpretations have been published, that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.
3. Fair value estimation of financial instruments

Financial instruments consist of trade receivables, bank and cash balances, borrowings and other payables resulting from normal business operations. The nominal value less loss allowance of trade receivables and the nominal value of payables are assumed to approximate their fair values.
4. Intangible assets

On 1 January 2022, the group acquired 100% of the share capital of Effective Sales and Merchandising Proprietary Limited. Goodwill of R21.8 million and other intangible assets of R2.8 million arose from the acquisition.

In prior years, the group acquired 30% of the share capital of Visible Worx Proprietary Limited. On 1 August 2022, the group acquired a further 21% of the share capital of Visible Worx. The group recognised a loss of R0.8 million as a result of measuring at fair value its 30% equity interest in Visible Worx. Goodwill of R1.5 million arose from the acquisition.
5. Investments accounted for using the equity method

The group obtained control over Visible Worx Proprietary Limited on 1 August 2022 and the subsidiary was consolidated (see note 4).
6. Transactions with non-controlling interest

On 17 August 2022 the group 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, the group acquired the remaining 60% of the issued shares of Promexs Limited 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.

Notes to the summarised consolidated annual financial statements continued

The above effect on the equity attributable to the owners of CA Sales Holdings Limited during the year is summarised as follows:

	Logico 2022 R'000	Smithshine Enterprises 2022 R'000	Promexs 2022 R'000	Total 2022 R'000
Carrying amount of non-controlling interest acquired	24 439	414	2 530	27 383
Consideration in the form of equity instruments	(52 275)	–	–	(52 275)
Cash consideration paid to non-controlling interest	–	(793)	(7 452)	(8 245)
Excess of consideration paid recognised in the transactions with non-controlling interest reserve within equity	(27 836)	(379)	(4 922)	(33 137)

Non-controlling interest is measured at the proportional share of identifiable net assets.

7. Shares issued

Additional shares were issued on 28 September 2022 to minority shareholders in exchange for a 10% shareholding of Logico Group (see note 6).

During October 2022, share options were exercised by directors of the company and executives of the subsidiaries of the group.

The impact is as follows:

	Number	R'000
Balance at beginning of the year	461 432 502	894 379
Share swap	11 028 559	52 275
Share options exercised	876 117	2 688
Balance at end of the year	473 337 178	949 342

8. Operating profit

Profit for the year includes the following items that are unusual because of their nature or size:

	31 Dec 2022	31 Dec 2021
Gains		
Fair value gain on contingent consideration	–	925
Expenses		
Fair value loss on step-up acquisition	809	–
Impairment of goodwill	–	7 463

9. Income tax

Income tax expense is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the financial year. The estimated average annual tax rate used for the year to 31 December 2022, excluding withholding taxes of R7.5 million, is 25.5%, compared to 25.2% for the year ended 31 December 2021 (adjusted for non-deductible impairment charges and withholding tax).

Notes to the summarised consolidated annual financial statements continued

10. Cash generated from operations

	31 Dec 2022	31 Dec 2021
Profit before income tax	518 135	389 036
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
Finance income	(20 644)	(12 684)
Finance costs	33 580	24 696
Fair value adjustments on contingent consideration	–	(925)
Fair value loss on step-up acquisition	809	–
Impairment losses/(gains) on financial assets	5 276	(858)
Share of profit of investments accounted for using the equity method	(13 732)	(9 537)
Share-based payments	6 218	7 162
Profit on termination of lease agreement	(340)	(2 261)
Unrealised foreign exchange losses	347	(2)
Write-off of balances during unwinding of operation	(2 899)	–
Other	(78)	–
Payment on share options exercised	(932)	(28)
	608 213	466 481
Inventories	(181 487)	(29 293)
Trade and other receivables	(123 689)	33 786
Trade and other payables	82 086	(36 571)
Increase in employee benefits and other provisions	73 192	8 356
Changes in working capital	(149 898)	(23 722)
Cash generated from operations	458 315	442 759

11. Events after balance sheet date

On 2 January 2023, Wutow Trading Proprietary Limited acquired 100% of the share capital of T&C Properties Namibia (Pty) Ltd and Taeuber and Corssen SWA Proprietary Limited for R65 million, collectively known as the T&C Group. T&C Group is a distribution and in-store 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. This gain 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. These values are preliminary.

Notes to the summarised consolidated annual financial statements

continued

12. Dividend declaration

Notice is hereby given that the final gross ordinary share cash 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 by the board, from income reserves, on Wednesday, 22 March 2023. In line with the group's dividend policy, the dividend was maintained at 20% of the headline earnings. The dividend declaration salient dates are as follows:

Declaration date	Wednesday, 22 March 2023
Last day to trade <i>cum</i> dividend	Tuesday, 11 April 2023
Trading <i>ex</i> -dividend commences	Wednesday, 12 April 2023
Record date	Friday, 14 April 2023
Payment date	Monday, 17 April 2023

The South African register will be closed for the purposes of dematerialisation, re-materialisation from Wednesday, 12 April 2023 to Friday, 14 April 2023, both dates inclusive, and for transfers between the South African and Botswana registers between Wednesday, 12 April 2023 and Friday, 14 April 2023, both dates inclusive. The exchange rate applicable for the conversion of ZAR to BWP, tax implications and other information on the payment to shareholders on the Botswana Stock Exchange register will be confirmed in a separate announcement to be released on BSE X-news and the JSE SENS on Monday, 27 March 2023, being the finalisation date.

The number of issued shares at the declaration date is 473 337 178. The dividend has been declared from income reserves. The tax registration number of the group is 9390266170.

As per the double tax agreement between Botswana and South Africa, the South African 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, 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. Shareholders must take individual advice as to applicable taxes.

For and on behalf of the board



Chairman: JA Holtzhausen



Chief Executive Officer: DS Lewis

Centurion
22 March 2023

Corporate information

Incorporated in the Republic of South Africa
Company registration number: 2011/143100/06
Registered as an external company in the Republic of Botswana
Botswana registration number: BW00001085331
JSE share code: CAA
BSE share code: CAS-EQO
ISIN: ZAE400000036

Directors

Executive: DS Lewis, FJ Reichert

Non-executive: JA Holtzhausen

Independent non-executive: FW Britz, LR Cronje, B Marole, E Masilela, B Mathews, JS Moakofi, B Patel

Alternate non-executive: J Craven

Registered office

1st Floor Building C, Westend Office Park, 254 hall Street, De Hoewes, Centurion, South Africa, 0154

BSE Sponsoring broker

Imara Capital Securities (Pty) Ltd, Office 3A, 3rd Floor, Masa Centre, Plot 54353, New CBD, Gaborone, Botswana

JSE Sponsor

PSG Capital (Pty) Ltd, 1st Floor, Ou Kollege Building, 35 Kerk Street, Stellenbosch and at Suite 1105, 11th Floor, Sandton Eye Building, 126 West Street, Sandton, South Africa