# TRELLIDOR HOLDINGS LIMITED

(REGISTRATION NUMBER 1970/015401/06)
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

## General Information

| | |
|---|---|
| **Country of incorporation and domicile** | South Africa |
| **Nature of business and principal activities** | Investment holding company whose subsidiaries are engaged in manufacturing activities and the selling and installation of products. |
| **Directors** | TM Dennison<br>MC Olivier<br>JB Winship<br>RB Patmore<br>DJR Judge<br>SI Bird |
| **Registered office** | 20 Aberdare Drive<br>Phoenix Industrial Park<br>Durban<br>4001 |
| **Business address** | 20 Aberdare Drive<br>Phoenix Industrial Park<br>Durban<br>4001 |
| **Postal address** | PO Box 20173<br>Durban North<br>4016 |
| **Banker** | First National Bank, a division of FirstRand Bank Limited ('FNB') |
| **Auditor** | Mazars<br>Registered Auditor |
| **Secretary** | P Nel |
| **Company registration number** | 1970/015401/06 |
| **Level of assurance** | These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa. |
| **Preparer** | The annual financial statements were independently compiled by NLK Financial Services under the supervision of:<br>JA Hotz CA(SA) |

# Index

The reports and statements set out below include the consolidated and separate annual financial statements ("annual financial statements") presented to the shareholders:



The following supplementary information does not form part of the annual financial statements and is unaudited:

## Audit, Risk and Compliance Committee Report

The information below constitutes the report of the Audit, Risk and Compliance Committee ('committee') in respect of the year under review, as required by the Companies Act of South Africa, for the Trellidor Holdings Limited group.

The committee is an independent statutory committee and, in addition to having specific statutory responsibilities to the shareholders in terms of the Companies Act, also assists the board through advising and making submissions on financial reporting, oversight of the risk management process and internal financial controls, the external and internal audit functions, information and technology governance, as well as the statutory and regulatory compliance of the company.

**Terms of reference/charter**

The committee has adopted a formal charter which has been approved by the board and which has also been incorporated in the Board charter.

The charter sets out the committee's responsibilities and it is reviewed annually to confirm compliance with King IV™ and the Companies Act and to ensure the incorporation of further best practice developments.

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### 1. Membership

The committee comprises four independent non-executive directors. Three of whom have served on the committee throughout the period, and the fourth SI Bird having been appointed on 1 June 2022 in line with his appointment to the Trellidor Board. The CEO, CFO and representatives from the external and internal auditors attend the committee meetings by invitation only. The external and internal auditors have unrestricted access to the committee.

At the date of this report, the committee comprised the following directors:

| Name | Period served |
|---|---|
| RB Patmore (Chairman) | 28 October 2015 - current |
| JB Winship | 28 October 2015 - current |
| MC Olivier | 28 October 2015 - current |
| SI Bird | 01 June 2022 - current |

The nomination committee and the board are satisfied that these members have the requisite knowledge and experience as set out in Section 94(5) of the Companies Act and Regulation 42 of the Companies Regulations, 2011. They have also considered and are comfortable with the committee composition. On the recommendation of the nomination committee re-appointment of committee members will be a matter for consideration by shareholders at the forthcoming Annual General Meeting.

As communicated in the SENS dated 31 May 2022, the board of directors, advised that JB Winship, after serving on the Trellidor Board since 2006, has indicated that he will not be making himself available for re-election to the board at the AGM, currently scheduled for 09 November 2022.

The Nomination Committee, having assessed the skill set gap on the board approached SI Bird with an offer of an appointment as an independent non-executive director of the company as well as a member of the Audit, Risk & Compliance Committee, Nomination & Remuneration and the Social & Ethics Committee (which committee he will also chair), which appointment he accepted, with effect from 01 June 2022.

The company secretary is the secretary of this committee.

RB Patmore, representing the committee, attends the Annual General Meeting to answer any questions relating to matters within the committee's ambit.

# Audit, Risk and Compliance Committee Report

**2. Meetings**

The committee performs the duties required of it by Section 94(7) of the Companies Act by holding meetings with the key role players on a regular basis and by the unrestricted access granted to the external auditor.

Four scheduled meetings of the committee were held during the financial year, this being in accordance with its charter, King IV and the Companies Act.

The committee meets with external audit and the Chairman with internal audit and external audit without the presence of management at least once per annum.

A formal evaluation of the committee is completed every two years by the board whilst an assessment of its effectiveness is completed every year by the committee itself. The evaluation was completed in the prior year and will be completed again in the 2023 financial period in line with the evaluation cycle. Following a review of this assessment during the year, the committee was found to be effective and to have duly completed and discharged all its responsibilities in accordance with its written terms of reference.

**3. Responsibilities**

In the execution of its statutory duties relating to the financial year under review, the committee:
- Reviewed the principles, policies and practices adopted in the preparation of the financial statements of the group to ensure that the financial statements of the group and any other formal announcements relating to the financial performance complied with all statutory and regulatory requirements as was required;
- Ensured that both the consolidated interim and consolidated final financial statements of the group, in respect of the first six-month period and the full financial period respectively, complied with all statutory and regulatory requirements;
- Nominated and recommended the appointment of the external auditors Mazars to the shareholders at the Annual General Meeting, under section 90 of the Companies Act; a registered auditor who, in the opinion of the committee, is independent;
- Determined the auditor's terms of engagement, and approved their fees;
- Ensured that the appointment of the auditor complied with the provision of the Companies Act, and any other legislation relating to the appointment of auditors;
- Reviewed the group's compliance with applicable legislation and requirements of regulatory authorities;
- Reviewed the reports of the group's external and internal auditors to ensure the adequacy and effectiveness of the group's financial, operating compliance and risk management controls;
- Determined the nature and extent of any non-audit services performed by the external auditors and ensured that these were kept to a minimum;
- Pre-approved any proposed agreement with the auditors for the provision of non-audit services to the company or group;
- Received and dealt appropriately with any concerns or complaints, whether from within or outside the company, or on its own initiative, in relation to the matters as set out in the Companies Act;
- Performed duties that are attributed to it by its mandate from the board, the Companies Act, the JSE Listings Requirements and regulatory requirements;
- Considered the JSE's proactive monitoring report as issued in November 2021 and the possible impact on the annual financial statements;
- Approved materiality for the group consolidated financial statements in terms of IFRS Practice Statement 2 - Making Materiality Judgements;
- Evaluated and concluded that it is satisfied with the accounting treatment and disclosures of the provision arising from the labour court dispute;
- Considered proposed changes to the Companies Act, JSE Listings Requirements and King IV.

In addition to its statutory duties, the committee also performed the following duties:
- Reviewed and approved the group's Internal Audit Charter;
- Reviewed the scope and report provided by the internal auditors;
- Reviewed the effectiveness of the internal financial controls;
- Reviewed the expertise and experience of the CFO, and the finance function;
- Reviewed the group's going concern status;
- Discussed and addressed the company and group's tax matters.

The committee is satisfied that the internal controls are effective.

# Audit, Risk and Compliance Committee Report

**4. Risk management**

The committee, is responsible for monitoring that management's processes and procedures are adequate to identify, assess, manage, and monitor group-wide risks.

The committee has performed the following duties:
- Overseen risk management by reviewing and approving the key risks facing the group;
- Reviewed the management of risk and monitored compliance effectiveness within the group;
- Assisted the board in its review of the group's risk management and compliance policies;
- Monitored compliance with the JSE Listings Requirements.

The committee is satisfied that the appropriate risk management processes and policies are in place.

**5. External auditor**

**Independence of external auditors**

The committee reviewed the independence of Mazars as external auditor with T Erasmus as the independent individual registered auditor who undertook the audit for the current year. The committee considered all information as required by Section 3.84 and 3.86 of the JSE Listings Requirements in assessing Mazars's independence, registration as a Registered Auditor and the ability to perform a quality audit of the group. Mazars has been the auditor of Trellidor Holdings Limited for 16 years.

After considering the factors below and the auditor's tenure, the committee is satisfied that Mazars is independent of Trellidor Holdings Limited.

This assessment was made after considering the following:
- Confirmation from the external auditors that they, or their immediate family, do not hold any direct or indirect financial interest or have any material business relationship with Trellidor Holdings Limited. The external auditors also confirmed that they have internal monitoring procedures to ensure their independence;
- The current auditors do not, other than in their capacity as external auditors or rendering permitted non-audit services, receive any remuneration or other benefits from Trellidor Holdings Limited;
- The future auditors, who previously acted as the company's internal auditors, ceased their role as internal auditors during the current financial period and have been replaced for the forth coming financial period. In addition none of the staff members who were involved in the internal audit function, will be part of the external audit;
- The auditor's independence was not impaired by the non-audit work performed having regard to the nature of the non-audit work undertaken and the quantum of the audit fees relative to the total fee base;
- The auditor's independence was not prejudiced as a result of any previous appointment as auditor. In addition, an audit partner rotation process is in place in accordance with the relevant legal and regulatory requirements;
- The criteria specified for independence by the Independent Regulatory Board for Auditors (IRBA);
- Information provided by the auditors in terms of the JSE Listings Requirements, Paragraph 22.15(h); and
- The audit firm and the designated auditor are accredited with the JSE.

The committee confirms that the external auditor has functioned in accordance with its terms of reference for the 2022 financial year.

## Audit, Risk and Compliance Committee Report

**External auditors' fees**

The committee:

- Approved, in consultation with management, the audit fee and engagement terms for the external auditors for the 2022 financial year;
- Reviewed and approved the non-audit services fees for the year under review and ensured that the fees were in line with the non-audit service policy; and
- Determined the nature and extent of allowable non-audit services and approved the contract terms for the provision of non-audit services through the Audit Committee charter.

**External auditors' performance**

The committee:

- Reviewed and approved the external audit plan, ensuring that material risk areas were included, and that coverage of the significant business processes was acceptable;
- Monitored the effectiveness of the external auditors in terms of audit quality and expertise; and
- Reviewed the external audit reports and management’s response and considered their effect on the financial statements and internal financial control.

**Mandatory Audit Firm Rotation**

In accordance the rules published by IRBA, audit firms of public interest companies are subject to Mandatory Audit Firm Rotation (MAFR), where such audit firm were appointed as auditors for more than 10 consecutive financial years.

Following the conclusion of a comprehensive tender process and the committee considering the requirements of Section 3.84 and 3.86 of the JSE Listings Requirements in assessing independence, registration as a Registered Auditor and the ability to perform a quality audit of the group, the Audit, Risk and Compliance Committee has recommended, and the board of directors has endorsed, the appointment of PKF Durban, with TC Marti-Warren as the designated audit partner, as the external auditors of the company for the financial year ending 30 June 2023. The appointment is subject to shareholder approval at the AGM in November 2022.

The incumbent external auditors, Mazars will continue to serve as Trellidor Holdings Limited external auditor in respect of the current financial year ending 30 June 2022.

**6. Internal audit**

Due to the size of the group, the board does not consider it to be cost-effective to maintain a full-time internal audit function and therefore continues to outsource the internal audit function. PKF Durban have previously performed this outsourced function but with the appointment of PKF Durban as the incoming external auditors of the company, the committee again followed a comprehensive tender process in order to source new internal auditors and following the conclusion of this process, the committee appointed BDO as the internal auditors.

The group’s situation and needs in terms of an internal audit function are reassessed on an annual basis.

**7. Annual Financial Statements**

The committee has reviewed the consolidated and separate financial statements of the group and company for the financial year ended 30 June 2022, and is satisfied that they comply, in all material aspects, with the requirements of the Companies Act, International Financial Reporting Standards ('IFRS'), International Financial Reporting Interpretation Committee ('IFRIC') interpretations, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the Listings Requirements of the JSE Limited.

These financial statements, have been reviewed and recommended by the committee to the board for approval. The board subsequently approved the annual financial statements and they will be open for discussion at the forthcoming Annual General Meeting.

# Audit, Risk and Compliance Committee Report

**8. Chief Financial Officer and finance function**

The external auditor has expressed an unqualified opinion on the financial statements for the year ended 30 June 2022.

The committee on an annual basis obtains feedback from the external auditors and considers and satisfies itself as to the appropriateness of the expertise and experience of the CFO and must confirm this by reporting to shareholders in its annual report that the committee has executed this responsibility.

In this regard, the committee is satisfied that after assessing the competence and performance of the CFO, they believe he possesses the appropriate expertise and experience to meet his responsibilities in that position. The committee is also satisfied with the expertise of the financial staff and the adequacy of resources within the finance function. The committee in making these assessments has satisfied itself in terms of paragraph 3.84(g)(i) of the JSE Listings Requirements.

Based on the processes and assurances obtained the committee is of the view that the accounting practices are effective and that appropriate financial reporting procedures exist and are working.

**9. Regulatory compliance**

The committee has complied with all the applicable regulatory and legal responsibilities.

**10. Going concern**

The committee through its review of the 2023 budget, cash flows, and discussions with executive management reported to the board that it supports management's view that the group will continue to operate as a going concern for the foreseeable future. Consideration has also been given to the weak local economy and negative global macro impacts and the impact thereof on the going concern status of the business, and the committee is comfortable that although there has been a negative impact it has not impacted the going concern status of the business. The annual financial statements have been prepared on the going concern basis.

**11. Integrated Annual Report**

The committee has reviewed and commented on the financial information and the disclosure of sustainability issues included in the integrated annual report to ensure that they are reliable and do not conflict with the financial information disclosed in the annual financial statements. It has recommended the approval of the integrated annual report, to the board, which report the board has formally approved.

**12. Subsequent events**

The committee has considered the events that have occurred between the date of the financial statements and the date of this report, as disclosed in the subsequent events note to the financial statements. The committee has reviewed this note as well as management's assessment of events and where appropriate provided its input thereto.

**13. Complaints and/or concerns**

No complaints or concerns were received by the Committee on any matters relating to the accounting practices and internal audit of the group, the content or auditing of the consolidated and separate annual financial statements, the internal financial controls of the group or on any other related matter during the year under review.

**RB Patmore**
**Audit, Risk and Compliance Committee Chairman**
**Durban**
**01 September 2022**

# Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the group and company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditor is engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied unless stated otherwise and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors set standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the group and all employees are required to maintain the highest ethical standards in ensuring the group’s business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing, and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems, and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the group and company’s cash flow forecast for the year to 30 June 2023, which has adequately considered the weak local economy and negative global macro factors, and in light of this review and the current financial position, they are satisfied that the group and company has or will have access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor is responsible for independently auditing and reporting on the group and company’s annual financial statements. The annual financial statements have been examined by the group and company's external auditor and their report is presented on pages 11 to 16.

The annual financial statements set out on pages 18 to 79, which have been prepared on the going concern basis, were approved by the board of directors on 01 September 2022 and were signed on their behalf by:

| | |
|---|---|
| **TM Dennison** | **DJR Judge** |

# Group Chief Executive Officer and Group Chief Financial Officer Responsibility Statement

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

- The annual financial statements set out on pages 18 to 79, fairly present in all material respects the financial position, financial performance and cash flows of the issuer 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 the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer;
- 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 as executive directors with primary responsibility for implementation and execution of controls;
- We are not aware of any fraud involving directors; and
- Where we were not satisfied, we disclosed to the Audit, Risk and Compliance Committee and the auditors any deficiencies in the design and operational effectiveness of the internal financial controls, and remediated the deficiencies.

**TM Dennison**
**Chief executive officer**

**01 September 2022**

**DJR Judge**
**Chief financial officer**

**01 September 2022**

## Group Secretary's Certification

In terms of Section 88(2)(e) of the Companies Act of South Africa, as amended, I certify that the group and company has lodged with the Companies and Intellectual Property Commission all such returns as are required of a public company in terms of the Act and that all such returns are true, correct and up to date.

**P Nel**
**Company Secretary**
**01 September 2022**

Mazars, Ridgeside Office Park
21 Richefond Circle, Umhlanga Ridge,
Durban, 4319

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## Independent Auditor's Report

30 June 2022

*To the Shareholders of Trellidor Holdings Limited*

# Report on the Audit of the Consolidated and Separate Financial Statements

## Opinion

We have audited the consolidated and separate financial statements of Trellidor Holdings Limited and its subsidiaries (the group) set out on pages 22 to 79 , which comprise the consolidated and separate statements of financial position as at 30 June 2022, and the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Trellidor Holdings Limited and its subsidiaries as at 30 June 2022, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

## Basis for Opinion

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

## Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>
Valuation of Goodwill and Intangibles (Notes 5 & 6)<br><br>
The Goodwill and Intangible Assets (including the Taylor brand name) are material assets on the statement of financial position. As required by the applicable accounting standards, goodwill and intangible assets with an indefinite useful life are assessed for impairment annually, or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. These calculations involve a significant degree of judgement to estimate the recoverable amounts in the current economic climate.<br><br>
There are a number of assumptions made in determining the inputs into these models which include:<br>
• Future revenue<br>
• Discount rates<br>
• Adequacy of budgeting techniques<br><br>
As a result of the judgement applied by management and the estimation uncertainty, we consider this area to be a matter of most significance to the audit.
</td><td>
Our procedures included the following;<br><br>
We assessed, with the assistance of an auditor’s expert, the appropriateness of the models used in terms of the financial reporting framework, determining the value in use of the cash generating units and the discount and growth rates used.<br><br>
A sensitivity analysis was performed around the key assumptions, being the future revenue and discount rates, used in the valuation models for both the goodwill and intangible assets.<br><br>
We assessed the future projections used in the models for reasonability by:<br>
• comparing forecasted information to approved budgets and other relevant market and economic information;<br>
• assessing the reliability of the budgeting process by comparing the actual results for 2022 to the 2022 budgets;<br>
• assessing the assumptions and estimates used by management in the valuations against supporting documentation; and<br>
• testing the underlying calculations.<br><br>
We assessed whether reliance could be placed on the work performed by the auditor’s expert by assessing the qualifications, experience and objectivity of the expert.<br><br>
We assessed and evaluated the presentation and disclosure of the goodwill and intangible assets in terms of IAS 36 Impairment of Assets and IAS 38 Intangible Assets.
</td></tr>
</table>

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| **Labour Court Litigation (Note 21)**<br><br>On 7 March 2022, the group announced that its appeal to the Labour court had been dismissed. The litigation arose from the dismissal of employees who were involved in a series of illegal protests in 2013.<br><br>On 17 April 2020 the Labour Court had delivered its judgment and the company had been ordered to reinstate 42 employees and back-pay these employees from 1 January 2017.<br><br>Trellidor had petitioned for a leave to appeal which was granted on 9 November 2020.<br><br>At the close of business on 3 March 2022, the Board was notified of the Labour Appeal Court judgement, dated 10 February 2022, in terms of which the company's appeal against the Labour Court judgement, which was delivered on 17 April 2020, was dismissed.<br><br>As a result, the Company has been ordered to reinstate 42 employees and to make certain limited back-pay payments to these employees from 1 January 2017.<br><br>Management has recognised a provision for the limited back pay.<br><br>We considered this area to be a matter of most significance to our current year audit due to the following:<br>• the judgement applied by management in the estimation and recognition of the litigation;<br>• the magnitude of the amount involved in the litigation; and<br>• the appropriateness of the presentation and disclosure of the litigation<br><br>The above will be assessed to determine whether the requirements of IAS 37 – Provisions, Contingent liabilities and Contingent Assets has been appropriately applied. | Our audit procedures relating to the litigation in the current year, were as follows:<br>We have inspected the relevant documentation and enquired from management to assess the reasonability and appropriateness of management's judgement in determining the recognition in terms of IAS37 Provisions, Contingent liabilities and contingent assets.<br><br>We have reviewed the work performed by management and assessed the reasonableness of their conclusions by comparing the inputs in management's calculation against external supporting documentation;<br><br>We have obtained legal confirmations verifying the status of the legal process and the legal claims submitted by claimants;<br><br>We have reperformed management's calculation of the amount disclosed in the annual financial statements in respect of the litigation;<br><br>We have review the reasonability of the period covered by and the assumptions underlying management's assessment against the court order received; and<br><br>We assessed and evaluated the presentation and disclosure of the provision raised in terms of IAS 37 Provisions, Contingent liabilities and contingent assets. above. |

## Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Trellidor Holdings Limited Annual Financial Statements for the year ended 30 June 2022", which includes the Directors' Report, the Audit Committee's Report; and the Company Secretary's Certificate as required by the Companies Act of South Africa; which we obtained prior to the date of this report, and the Integrated Report, which is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.
Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

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

## Responsibilities of the Directors for the Consolidated and Separate Financial Statements

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

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the group's 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 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 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 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 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/ 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/ 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 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/ company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the 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 Mazars has been the auditor of Trellidor Holdings Limited for 16 years.

Mazars

**Mazars**
**Partner: Tertius Erasmus**
**Registered Auditor**
**2 September 2022**
**Durban**

# Practitioner's Compilation Report

**To the Shareholders of Trellidor Holdings Limited**

We have compiled the annual financial statements of Trellidor Holdings Limited, as set out on pages 22 to 79, based on information the directors have provided. These annual financial statements comprise the statement of financial position of Trellidor Holdings Limited as at 30 June 2022, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

We performed this compilation engagement in accordance with the International Standard on Related Services 4410 (Revised), Compilation Engagements.

We have applied our expertise in accounting and financial reporting to assist the directors in the preparation and presentation of these annual financial statements in accordance with the International Financial Reporting Standards and the requirements of the Companies Act of South Africa. We have complied with relevant ethical requirements, including principles of integrity, objectivity, professional competence and due care.

These annual financial statements and the accuracy and completeness of the information used to compile them are the directors' responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information the directors provided to us to compile these annual financial statements. Accordingly, we do not express an audit opinion or a review conclusion on whether these annual financial statements are prepared in accordance with the International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

NLK Financial Services

**NLK Financial Services Proprietary Limited**
**Director: JA Hotz**
**Chartered Accountant (SA)**
**01 September 2022**
**Durban**

# Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of Trellidor Holdings Limited and the group for the year ended 30 June 2022.

## 1. Nature of business

Trellidor Holdings Limited is an investment entity incorporated in South Africa. The company's subsidiaries are engaged in the manufacture and sale of custom-made barrier security products, blinds, decorative and security shutters and the importing and selling of cornicing/skirting products.

The group operates principally in South Africa, United Kingdom, and Ghana.

## 2. Review of financial results and activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS'), the International Financial Reporting Interpretation Committee ('IFRIC') interpretations, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the Listings Requirements of the JSE Limited, and the requirements of the Companies Act of South Africa. The accounting policies have been applied consistently compared to the prior year unless stated otherwise.

During the year under review the operations of the business have been negatively impacted by the following events which are not reasonably expected to recur in the forseeable future:

- KwaZulu-Natal encountered severe looting and riots from 12 July 2021 to 16 July 2021 which had resulted in substantial damage and loss to businesses in the province. As a result of the unrest, the company was forced to close their business for that period. The unrest situation was temporary therefore no material impact to our customers and supply chain had occurred.
- In the Taylor Segment, ongoing severe supply chain challenges caused by the COVID related lockdowns in China specifically, have led to stock shortages causing certain product lines to be unavailable for sale during the period negatively impacting revenue.
- On Monday, 11 April 2022, KwaZulu-Natal experienced severe rainfall that resulted in unprecedented flooding and caused tremendous devastation across the province. The company's facilities were not damaged by the floods, but severe damage to infrastructure in the province caused disruption to employee movement and negatively impacted the market.
- The directors are aware of the conflicts currently occurring in Europe and the impact thereof on the global economy, and are monitoring the situation to determine if and when any impacts are expected on business operations.

In addition, the National Metalworkers industrial action in October 2021 caused factory closure for 15 days. This was late in the calendar year meaning the lost capacity could not be recovered prior to annual factory shut down in mid-December 2021.

Full details of the financial position, results of operations and cash flows of the group and company are set out in these annual financial statements.

## 3. Stated capital

Refer to note 15 of the annual financial statements for detail of the movement in authorised and issued share capital.

## 4. Shareholder analysis

Refer to page 80 of this report for the shareholder analysis.

## 5. Dividends

The company's dividend policy is to consider an interim and a final dividend in respect of each financial year. At its discretion, the board of directors may consider a special dividend, where appropriate. Depending on the perceived need to retain funds for expansion or operating purposes, the board of directors may pass on the payment of dividends.

Due to the possible financial impact of the Labour Court ruling, the board of directors, in line with the Companies Act solvency and liquidity test, have recommended that the company not make any distributions to shareholders for the 2022 financial year end.

Refer to note 32 for further details relating to distributions in prior period.

# Directors' Report

### 6. Directorate

The directors in office at the date of this report are as follows:

| Directors | Office | Designation | Changes |
|---|---|---|---|
| TM Dennison | Chief Executive Officer | Executive | |
| DJR Judge | Chief Financial Officer | Executive | |
| MC Olivier | Chairman | INED | |
| JB Winship | Director | INED | |
| RB Patmore | Director | INED | |
| SI Bird | Director | INED | Appointed 01 June 2022 |

#INED - Independent non-executive

JB Winship will be stepping down from his responsibility as an independent non-executive director post the Annual General Meeting (currently scheduled for 09 November 2022). SI Bird has been appointed to the board effective 01 June 2022.

### 7. Directors' interests in shares

As at 30 June 2022, the directors of the company held direct and indirect beneficial interests in its issued ordinary shares, as set out below:

| **Interest in shares** | 2022 | | 2021 | |
|---|---|---|---|---|
| | **Direct** | **Indirect** | **Direct** | **Indirect** |
| **Directors** | | | | |
| TM Dennison | 8,819,342 | - | 8,819,342 | - |
| MC Olivier | - | 1,884,333 | - | 1,884,333 |
| JB Winship | - | 1,642,039 | - | 1,642,039 |
| DJR Judge | 405,785 | 5,300 | 405,785 | 5,300 |
| | **9,225,127** | **3,531,672** | **9,225,127** | **3,531,672** |

There have been no changes in beneficial interests that occurred between the end of the reporting period and the date of this report.

### 8. Directors' interests in contracts

During the financial year, no contracts were entered into which directors or officers of the group had an interest and which significantly affected the business of the group.

### 9. Directors' emoluments and service contracts

The executive directors have service contracts with the company which include a three-month notice period. The non-executive directors enter a formal letter of appointment on acceptance of their board position.

During the prior year loans were advanced to two directors of the group for the purchase of shares in the company.

Loans advanced to directors and the directors' emoluments are disclosed in notes 9 and 38 of the annual financial statements.

### 10. Interests in subsidiaries

Details of the group's interest in subsidiaries are presented in note 7.

### 11. Borrowing powers

In terms of the Memorandum of Incorporation, the borrowing powers of the group are unlimited. However, all borrowings by the group are subject to board approval.

# Directors' Report

### 12. Events after the reporting period

On 01 July 2022 we completed the acquisition of the Trellidor Hillcrest franchise in Durban. This franchise will be absorbed into our existing Durban operation and included in the Trellidor Retail business unit.

Effective 01 September 2022, Trellidor Innovations Proprietary Limited sold its NMC Moldings operations to Trellidor Decor Proprietary Limited, a wholly owned subsidiary of Trellidor Holdings Limited. This intragroup transfer has been implemented to improve the operating effectiveness of both Taylor and NMC operations and to drive strategic growth through focused management.

The directors are not aware of any further material events which occurred after the reporting date and up to the date of this report.

### 13. Litigation statement

The group becomes involved from time to time in various claims and lawsuits incidental to the ordinary course of business.

A claim has been instituted by former employees of the group who were dismissed. Refer to note 21 for further details.

### 14. Insurance

The group has appropriate insurance cover against crime risks as well as professional indemnity. This cover was assessed and confirmed by the Audit, Risk and Compliance Committee and the board.

### 15. Promotion of Access to Information Act

There were no requests for information lodged with the company in terms of the Promotion of Access to Information Act, No 2 of 2000.

### 16. Auditors

Mazars continued in office as auditors for the company and its subsidiaries for the 30 June 2022 period in terms of section 90 of the Companies Act.

At the AGM, the shareholders will be requested to approve the appointment of PKF Durban as the independent external auditors of the group and company and to confirm TC Marti-Warren as the designated lead audit partner for the 2023 financial year.

### 17. Governance

The board remains aligned with the King IV recommendations and continues to explore the six capitals (financial, manufactured, human, intellectual, natural, and social and relationship) and link them appropriately into the strategy.

### 18. Secretary

The company secretary is P Nel.

- Postal and business address: 71 Cotswold Drive<br>Westville<br>3629

### 19. Date of authorisation for issue of financial statements

The annual financial statements have been authorised for issue by the directors on 01 September 2022. No authority was given to anyone to amend the annual financial statements after the date of issue.

# Directors' Report

**20. Going concern**

The directors are of the opinion that the group and company have adequate resources to continue operating for the foreseeable future and that it is appropriate to adopt the going concern basis in preparing the group's financial statements.

The directors have satisfied themselves that the group and company are in a sound financial position, have adequately considered the weak local economy and negative global macro factors on future performance and that they have access to sufficient borrowing facilities to meet its foreseeable cash requirements including the provision for the Labour Court judgement should this settlement be required.

The directors have also performed the liquidity and solvency tests required by the Companies Act and are satisfied that the group and company is sufficiently liquid and solvent.

**21. Special resolutions**

No additional special resolutions were passed during the 2022 financial year other than those passed at the company's Annual General Meeting.

# Trellidor Holdings Limited

(Registration number 1970/015401/06)
Annual Financial Statements for the year ended 30 June 2022

## Statement of Financial Position as at 30 June 2022

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Notes | 2022<br>R | 2021<br>R | 2022<br>R | 2021<br>R |
| **Assets** | | | | | |
| **Non-Current Assets** | | | | | |
| Property, plant and equipment | 3 | 59,929,354 | 57,591,032 | 55,649 | 41,558 |
| Right-of-use assets | 4 | 42,234,633 | 15,356,253 | - | - |
| Goodwill | 5 | 55,795,250 | 46,772,645 | - | - |
| Intangible assets | 6 | 43,653,629 | 41,695,052 | 707,215 | 707,215 |
| Investments in subsidiaries | 7 | - | - | 52,256,152 | 51,047,851 |
| Loans to group companies | 8 | - | - | 74,447,511 | 56,586,650 |
| Loans receivable | 9 | 3,253,221 | 4,806,856 | - | - |
| Deferred tax | 10 | 16,165,874 | 7,576,913 | 513,015 | 884,600 |
| | | **221,031,961** | **173,798,751** | **127,979,542** | **109,267,874** |
| **Current Assets** | | | | | |
| Loans to group companies | 8 | - | - | 20,696,407 | 19,302,015 |
| Loans receivable | 9 | 3,369,431 | 4,000,806 | - | - |
| Inventories | 12 | 122,029,677 | 107,606,698 | - | - |
| Trade and other receivables | 13 | 55,296,079 | 61,458,731 | 4,147,059 | 3,441,215 |
| Cash and cash equivalents | 14 | 13,521,921 | 17,758,566 | 1,661,605 | 4,002,869 |
| Current tax receivable | | 3,331,164 | 1,528,606 | - | 77,181 |
| | | **197,548,272** | **192,353,407** | **26,505,071** | **26,823,280** |
| **Total Assets** | | **418,580,233** | **366,152,158** | **154,484,613** | **136,091,154** |
| **Equity and Liabilities** | | | | | |
| **Equity** | | | | | |
| Stated capital | 15 | 401,010 | 401,010 | 401,010 | 401,010 |
| Reserves | | 5,033,402 | 5,844,561 | 7,676,715 | 7,676,715 |
| Retained income | | 162,412,227 | 169,927,831 | 90,598,277 | 81,233,662 |
| | | 167,846,639 | 176,173,402 | 98,676,002 | 89,311,387 |
| Non-controlling interest | | (984,822) | 2,934,681 | - | - |
| | | **166,861,817** | **179,108,083** | **98,676,002** | **89,311,387** |
| **Liabilities** | | | | | |
| **Non-Current Liabilities** | | | | | |
| Lease liabilities | 4 | 31,234,554 | 7,361,227 | - | - |
| Deferred tax | 10 | 763,779 | 394,741 | - | - |
| Other financial liabilities | 19 | 80,905,618 | 63,653,592 | 43,154,231 | 33,205,872 |
| | | **112,903,951** | **71,409,560** | **43,154,231** | **33,205,872** |
| **Current Liabilities** | | | | | |
| Lease liabilities | 4 | 10,262,156 | 7,559,852 | - | - |
| Bank overdraft | 14 | 21,422,970 | 12,580,015 | - | - |
| Other financial liabilities | 19 | 15,507,769 | 22,623,058 | 10,305,813 | 10,679,964 |
| Trade and other payables | 20 | 58,366,392 | 70,876,186 | 2,060,991 | 2,893,931 |
| Provisions | 21 | 32,483,444 | 548,282 | - | - |
| Current tax payable | | 771,734 | 1,447,122 | 287,576 | - |
| | | **138,814,465** | **115,634,515** | **12,654,380** | **13,573,895** |
| **Total Liabilities** | | **251,718,416** | **187,044,075** | **55,808,611** | **46,779,767** |
| **Total Equity and Liabilities** | | **418,580,233** | **366,152,158** | **154,484,613** | **136,091,154** |

# Statement of Profit or Loss and Other Comprehensive Income

| | Notes | 2022 R | 2021 R |
|---|---|---|---|
| **Group** | | | |
| Revenue | 23 | 513,234,440 | 518,386,431 |
| Cost of sales | 24 | (315,991,223) | (298,972,179) |
| **Gross profit** | | **197,243,217** | **219,414,252** |
| Other operating income | | 8,090,801 | 6,389,085 |
| Movement in credit loss allowances | 25 | 149,244 | 1,433,758 |
| Other operating expenses | | (163,234,618) | (164,707,441) |
| Labour court settlement provision expense | 25 | (32,058,001) | - |
| **Operating profit before interest and taxation** | 25 | **10,190,643** | **62,529,654** |
| Investment income | 27 | 941,247 | 1,392,010 |
| Finance costs | 28 | (10,184,770) | (8,023,773) |
| **Profit (loss) before taxation** | | **947,120** | **55,897,891** |
| Taxation | 29 | (606,882) | (15,568,853) |
| **Profit (loss) for the year** | | **340,238** | **40,329,038** |
| **Other comprehensive income:** | | | |
| **Items that may be reclassified to profit or loss:** | | | |
| Exchange differences on translating foreign operations | | (905,123) | (1,003,534) |
| **Other comprehensive income for the year net of taxation** | | **(905,123)** | **(1,003,534)** |
| **Total comprehensive (loss) income for the year** | | **(564,885)** | **39,325,504** |
| **Profit (loss) attributable to:** | | | |
| Owners of the parent | | 418,609 | 39,754,738 |
| Non-controlling interest | | (78,371) | 574,300 |
| | | **340,238** | **40,329,038** |
| **Total comprehensive (loss) income attributable to:** | | | |
| Owners of the parent | | (392,550) | 38,822,906 |
| Non-controlling interest | | (172,335) | 502,598 |
| | | **(564,885)** | **39,325,504** |
| **(Loss)/earnings per share** | | | |
| **Per share information** | | | |
| Earnings and diluted earnings per share (cents) | 34 | 0.40 | 40.70 |

## Statement of Profit or loss and Other Comprehensive Income

| | Notes | 2022 R | 2021 R |
|---|---|---|---|
| **Company** | | | |
| **Revenue** | | | |
| Management fees | | 13,941,240 | 12,817,696 |
| Interest received | | 5,101,814 | 4,544,738 |
| Dividends received | | 19,000,000 | 32,000,000 |
| | 23 | **38,043,054** | **49,362,434** |
| **Other operating income** | | **15,302** | **-** |
| **Other operating expenses** | | | |
| Administration and management fees | | (29,741) | (25,818) |
| Auditors remuneration | 25 | (536,896) | (687,986) |
| Consulting and professional fees | | (2,183,728) | (1,628,546) |
| Depreciation | | (21,324) | (14,184) |
| Employee costs | | (8,842,287) | (9,146,422) |
| Other operating expenses | | (2,866,691) | (1,930,889) |
| Movement on ECL allowance | | 438,338 | 543,641 |
| | | **(14,042,329)** | **(12,890,204)** |
| **Operating profit before interest and taxation** | 25 | **24,016,027** | **36,472,230** |
| Investment income | 27 | 250,136 | 292,999 |
| Finance costs | 28 | (3,314,285) | (3,215,582) |
| **Profit before taxation** | | **20,951,878** | **33,549,647** |
| Taxation | 29 | (1,114,183) | (970,039) |
| **Profit for the year** | | **19,837,695** | **32,579,608** |

## Statement of Changes in Equity

| | Stated capital | Foreign currency translation reserve | Share-based payment reserve | Total reserves | Retained income | Total attributable to equity holders of the group / company | Non-controlling interest | Total equity |
|---|---|---|---|---|---|---|---|---|
| | R | R | R | R | R | R | R | R |
| **Group** | | | | | | | | |
| **Balance at 01 July 2020** | **12,142,997** | **(321)** | **6,776,715** | **6,776,394** | **139,844,926** | **158,764,317** | **2,432,083** | **161,196,400** |
| Profit for the year | - | - | - | - | 39,754,738 | 39,754,738 | 574,300 | 40,329,038 |
| Other comprehensive income | - | (931,833) | - | (931,833) | - | (931,833) | (71,701) | (1,003,534) |
| **Total comprehensive income for the year** | **-** | **(931,833)** | **-** | **(931,833)** | **39,754,738** | **38,822,905** | **502,599** | **39,325,504** |
| Buy-back of shares | (11,741,987) | - | - | - | - | (11,741,987) | - | (11,741,987) |
| Dividends (Note 32) | - | - | - | - | (9,671,833) | (9,671,833) | - | (9,671,833) |
| **Balance at 01 July 2021** | **401,010** | **(932,154)** | **6,776,715** | **5,844,561** | **169,927,831** | **176,173,402** | **2,934,681** | **179,108,083** |
| Profit for the year | - | - | - | - | 418,609 | 418,609 | (78,371) | 340,238 |
| Other comprehensive income | - | (811,159) | - | (811,159) | - | (811,159) | (93,964) | (905,123) |
| **Total comprehensive income for the year** | **-** | **(811,159)** | **-** | **(811,159)** | **418,609** | **(392,550)** | **(172,335)** | **(564,885)** |
| Dividends (Note 32) | - | - | - | - | (10,473,080) | (10,473,080) | - | (10,473,080) |
| Changes in ownership interest - control not lost | - | - | - | - | 2,538,867 | 2,538,867 | (3,747,168) | (1,208,301) |
| **Balance at 30 June 2022** | **401,010** | **(1,743,313)** | **6,776,715** | **5,033,402** | **162,412,227** | **167,846,639** | **(984,822)** | **166,861,817** |
| Notes | 15 | 16 | | | | | | |

# Statement of Changes in Equity

| | Stated capital | Share-based payment reserve | Other reserves | Total reserves | Retained income | Total equity |
|---|---|---|---|---|---|---|
| | R | R | R | R | R | R |
| **Company** | | | | | | |
| **Balance at 01 July 2020** | **12,142,997** | **6,776,715** | **900,000** | **7,676,715** | **58,325,887** | **78,145,599** |
| Profit for the year | - | - | - | - | 32,579,608 | 32,579,608 |
| **Total comprehensive income for the year** | **-** | **-** | **-** | **-** | **32,579,608** | **32,579,608** |
| Buy-back of shares | (11,741,987) | - | - | - | - | (11,741,987) |
| Dividends (Note 32) | - | - | - | - | (9,671,833) | (9,671,833) |
| **Balance at 01 July 2021** | **401,010** | **6,776,715** | **900,000** | **7,676,715** | **81,233,662** | **89,311,387** |
| Profit for the year | - | - | - | - | 19,837,695 | 19,837,695 |
| Other comprehensive income | - | - | - | - | - | - |
| **Total comprehensive income for the year** | **-** | **-** | **-** | **-** | **19,837,695** | **19,837,695** |
| Dividends (Note 32) | - | - | - | - | (10,473,080) | (10,473,080) |
| **Balance at 30 June 2022** | **401,010** | **6,776,715** | **900,000** | **7,676,715** | **90,598,277** | **98,676,002** |
| Notes | 15 | | 17 | | | |

# Statement of Cash Flows

| | Notes | Group 2022 R | Group 2021 R | Company 2022 R | Company 2021 R |
|---|---|---|---|---|---|
| **Cash flows from operating activities** | | | | | |
| Cash generated from operations | 30 | 39,128,161 | 96,350,360 | 16,958,416 | 36,485,217 |
| Interest income | | 941,247 | 1,392,010 | 5,351,950 | 4,595,640 |
| Finance costs | | (10,029,151) | (7,938,267) | (3,197,333) | (3,273,648) |
| Tax paid | 31 | (11,304,788) | (19,328,319) | (377,841) | (1,538,456) |
| **Net cash from operating activities** | | **18,735,469** | **70,475,784** | **18,735,192** | **36,268,753** |
| **Cash flows from investing activities** | | | | | |
| Purchase of property, plant and equipment | 3 | (9,941,062) | (7,080,213) | (35,416) | (27,390) |
| Proceeds on disposal of property, plant and equipment | 3 | 555,942 | 144,506 | - | - |
| Purchase of other intangible assets | 6 | (2,640,116) | (2,322,594) | - | (476,331) |
| Proceeds on disposal of other intangible assets | 6 | - | - | - | 799,203 |
| Business combinations | 11 | (9,500,000) | (11,534,983) | - | - |
| Acquisition of subsidiary | | - | - | - | (2,053) |
| Loans to group companies repaid | | - | - | 10,305,504 | 12,302,770 |
| Loans advanced to group companies | | - | - | (29,122,419) | (13,446,250) |
| Acquisition of minority shareholding | | - | - | (1,208,301) | - |
| Advances of loans receivable at amortised cost | | - | (3,400,000) | - | - |
| Receipts from loans receivable at amortised cost | | 2,090,317 | 3,311,211 | - | - |
| **Net cash from investing activities** | | **(19,434,919)** | **(20,882,073)** | **(20,060,632)** | **(850,051)** |
| **Cash flows from financing activities** | | | | | |
| Buy-back of shares | 15 | - | (11,741,987) | - | (11,741,987) |
| Proceeds from other financial liabilities | 33 | 36,194,204 | - | 20,076,704 | - |
| Repayment of other financial liabilities | 33 | (20,920,068) | (17,844,606) | (10,619,448) | (8,849,707) |
| Repayment of loans from minority | 33 | (4,375,881) | (866,900) | - | - |
| Acquisition of minority shareholding | | (1,208,301) | - | - | - |
| Payment on lease liabilities | 33 | (11,483,838) | (12,299,069) | - | - |
| Dividends paid | 32 | (10,473,080) | (17,688,121) | (10,473,080) | (17,688,121) |
| **Net cash from financing activities** | | **(12,266,964)** | **(60,440,683)** | **(1,015,824)** | **(38,279,815)** |
| **Total cash movement for the year** | | **(12,966,414)** | **(10,846,972)** | **(2,341,264)** | **(2,861,113)** |
| Cash at the beginning of the year | | 5,178,551 | 16,070,652 | 4,002,869 | 6,863,982 |
| Effect of exchange rate movement on cash balances | | (113,186) | (45,129) | - | - |
| **Total cash at end of the year** | 14 | **(7,901,049)** | **5,178,551** | **1,661,605** | **4,002,869** |

# Accounting Policies

## 1. Significant accounting policies

This section sets out the company's accounting policies that relate to the financial statements as a whole. Where an accounting policy is specific to a note, the policy is described in that note. In addition, this section details new accounting standards, amendments and interpretations, and their effective period. An explanation of the expected impact on the financial position and performance of the group is also disclosed.

### 1.1 Basis of preparation

The annual financial statements have been prepared in accordance with the International Financial Reporting Standards ('IFRS'), International Financial Reporting Interpretations Committee ('IFRIC') interpretations, the requirements of the Companies Act, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the Listings Requirements of the JSE Limited.

The annual financial statements have been prepared on the historical cost basis, except as otherwise indicated, and incorporate the following principal accounting policies and those included in the notes to the annual financial statements, which have been consistently applied in all material respects.

The amendments in Interest Rate Benchmark Reform did not impact the group and company as none of its interest-bearing instruments are subject to IBOR-linked loans.

The annual financial statements have been prepared on the going concern basis, which assumes that the group and company will continue in operation for the foreseeable future. The group and company did not early adopt amendments that were not effective in the 2022 financial period.

All amounts in the annual financial statements, reports and supporting schedules are stated in South African Rands (ZAR) and is the functional and presentation currency of the group.

These accounting policies are consistent with the previous period.

### 1.2 Consolidation

**Basis of consolidation**

The consolidated annual financial statements incorporate the annual financial statements of the company and all subsidiaries. Subsidiaries are entities (including structured entities) which are controlled by the group. The results of subsidiaries are included in the consolidated annual financial statements from the effective date of acquisition to the effective date of disposal.

All inter-company transactions, balances, income and expenses are eliminated in full on consolidation. Non-controlling interests in the net assets of subsidiaries are identified and recognised separately from the group's interest therein, within equity.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions and are recognised directly in the Statement of Changes in Equity.

### 1.3 Significant judgements and estimates

The preparation of annual financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

**Significant judgements include:**

***Materiality statement***

The need for materiality judgements is pervasive in the preparation of financial statements. Materiality judgement is required when making decisions about presentation, disclosure, recognition and measurement. IFRS requires information only to be disclosed when it is material. Therefore management is required to determine who is the primary users and their information needs.

# Accounting Policies

**1.3 Significant judgements and estimates (continued)**

***Leases***

In establishing whether or not it is reasonably certain that an extension or termination option of a property lease contract will be exercised, the group considers the nature of the activities being carried out in the specific premises. In cases where the activities are considered movable and can be carried out in various locations, the option to either extend or terminate is considered equally possible. In cases where the nature of the activities are considered immovable, the option to extend is considered probable.

In determining the incremental borrowing rate applied to lease liabilities, the group applies the current borrowing rates it is charged for similar assets or the applicable in-country borrowing rates from financial institutions in cases where the group has no current related borrowings. Refer to note 4 for further details regarding the leasing activities of the group.

***Taxation***

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are transactions and calculations for which the estimated tax payable or receivable could be different. The group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. In this regard, the Labour Court Settlement provision that has been provided for as at 30 June 2022 has been treated as a non-deductible provision, given that the court has not provided clarity on whether or not they would grant leave to appeal as at year-end. Once the Constitutional Court has ruled, the full extent of the tax impact will be known and adjusted for in that period.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Management applies judgement to determine whether sufficient future taxable profit will be available after considering historical profits and board approved forecasts. Refer to note 29 for further details regarding the taxation of the group.

***Contingencies***

Judgement is required in determining whether or not a present obligation exists based on the probability of an outflow of resources as a result of pending or ongoing legal disputes. In making its assessment, the group consults with independent legal counsel in determining the probability of the outflow of resources.

**Significant estimates include:**

***Impairment of non-financial assets***

The group assesses annually whether there is any indication that non-financial assets may be impaired. If any such indication exists, the group estimates the recoverable amount of the non-financial asset.

Determining whether non-financial assets are impaired requires an estimation of the value in use of the cash generating units to which they have been allocated. The value in use calculation requires the group to estimate expected pre-tax cash flows, market related growth for a foreseeable period (3 to 5 years) and a discount rate suitable to the small-cap industrial market in order to determine the present value.

If there is any indication that a non-financial asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined. Indications of possible impairment includes, among others, a decrease in revenue and cash generation of the applicable business unit from the prior period.

Refer to notes 5 and 6 for further details.

# Accounting Policies

### 1.3 Significant judgements and estimates (continued)

***Impairment of financial assets***

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The group uses judgement in making these assumptions, selecting the inputs, and applying either the general approach or simplified method to the impairment calculation at each reporting period. In applying the general approach, the loss allowance for financial assets is calculated based on historic credit losses, historic repayment trends, existing market conditions, forward looking estimated forecasts and budgets and the time-value of money. For details of the key assumptions and inputs used for this approach refer to notes 8, 9 and 22. In applying the simplified method, the loss allowance for financial assets is calculated based on the life-time expected losses. For details of the key assumptions and inputs used for this approach refer to note 13.

The loss allowance is updated at each reporting date based on changes in the credit risk since initial recognition. If an asset is considered to have a low credit risk at the reporting date, then it is assumed that the credit risk has not increased significantly since initial recognition. On the other hand, as the average debtors days for the group ranges between 30 and 90 days based on agreed payment terms, an asset that is more than 30 days past due is assumed to have a significant increase in its credit risk since initial recognition. Evidence of impairment and default includes, among others, the failure of a debtor to engage in a repayment plan with the group or a failure to make contractual payments for a period of greater than 90 days past due. Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument. For details of the key assumptions and inputs used for this approach refer to notes 13 and 22.

***Useful lives and residual values of assets***

The useful lives of assets within each asset category are determined based on group replacement policies for the various assets or the best estimate of the period the group expects to use it. In assessing the residual values, the remaining life of the asset, its projected disposal value and future market conditions are taken into account. The useful lives and where applicable residual values are assessed annually based on factors including wear and tear, technological obsolescence, usage requirements and market information.

***Useful lives of intangible assets***

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors including future growth plans, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows.

Refer to notes 3 and 6 for further details.

***Franchise rights***

In determining the value of a Trellidor franchise right intangible asset, the average historic revenue and gross profit achieved by a franchise in its defined franchise region is assessed. A valuation % is applied to the average gross profit in determining the franchise right value and is adjusted for the remaining contractual period of the franchise right. The valuation % ranges from 30% to 60% depending on the performance trend and geographical location of the franchise.

Refer to note 6 for further details.

# Accounting Policies

### 1.4 New Standards and Interpretations

New standards or revisions to current standards have been issued with effective dates applicable to future statements of the group. Only those standards not yet adopted and that could be expected to be applicable to the group are set out below, i.e. those applicable to unrelated industries or economies are not dealt with herein.

| | Effective date | Details of amendment and managements' impact assessment |
|---|---|---|
| IFRS 3 Business Combinations | 01 January 2022 | Adds a requirement that transactions and other events within the scope of IAS 37 or IFRIC 21 must be accounted for per IAS 37 and IFRIC 21 to identify the liabilities assumed in a business combination, and adds an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.<br><br>The impact of the amendment on the annual financial statements is unknown as the application thereof depends of the occurrence of future transactions. |
| IFRS 9 Financial Instruments | 01 January 2022 | Clarifies which fees must be applied in the application of the ‘10 per cent’ test when assessing whether to derecognise a financial liability. Only include fees paid or received between the borrower and the lender, including those paid or received on the other’s behalf.<br><br>The impact of the amendment on the annual financial statements is not expected to have a material impact on the results of the group and company or the disclosures and there are currently no modifications to the financial liabilities to assess the impact of this amendment. |
| IAS 1 Presentation of Financial Statements | 01 January 2023 | Classification of liabilities as Current or Non-current: Narrow-scope amendments to IAS 1 to clarify how to classify debt and other liabilities as current or non-current.<br><br>No impact as the group and company is already applying the principle of classification of liabilities in accordance with the standard.<br><br>In reference to Practice Statement 2 - Making Material judgments, accounting policies to be disclosed where the information is material, by nature or amount. Explains when accounting policy information is considered material, and also clarifies that when an entity chooses to disclose an immaterial accounting policy, it must not obscure or affect other material or required disclosures.<br><br>No expected change as the group and company considers both the nature and magnitude of the information in terms of the group and company's materiality statement. |
| IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors | 01 January 2023 | The amendments introduce the definition of accounting estimates and include other amendments to IAS 8 to help entities distinguish changes in accounting estimates from changes in accounting policies.<br><br>The impact of the amendment on the annual financial statements is unknown as the application thereof depends of the occurrence of future transactions. |
| IAS 12 Income Taxes | 01 January 2023 (Early application permitted) | Narrows the scope of the exemption for recognition of taxable/deductible temporary differences that arise on certain transactions. The transaction should not give rise to equal taxable and deductible temporary differences.<br><br>Clarifies that deferred tax must be recognised on initial recognition of IFRS 16 -Leases and similar types of transactions that give rise to the recognition of an asset and a liability, such as decommissioning, restoration and similar liabilities with corresponding amounts recognised as part of the related asset.<br><br>The transactions referred to are not expected to have a material impact on the group and company’s results as the deferred tax clarity is currently being applied. |
| IAS 16 Property, plant and equipment | 01 January 2023 | Amendment prohibits the deduction of proceeds from selling items produced while brings an asset into use from the cost of that asset. The entity must recognise the proceeds from sale, and the cost of producing those items, in profit or loss. The amendment is applied retrospectively to the earliest comparative.<br><br>No expected change as the group and company considers both the nature and magnitude of the information in terms of the group and company's materiality statement as the group does not construct its own property, plant and equipment. |
| IAS 37 Provisions, Contingent Liabilities and Contingent Assets | 01 January 2022 | Specifies that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts.<br><br>The impact of the amendment on the annual financial statements is unknown as the application thereof depends of the occurrence of future transactions. There are currently no contracts that would be impacted by this amendment. |

# Notes to the Annual Financial Statements

## 2. Segmental information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive committee that makes strategic decisions.

The group has three reportable segments that are used by the Chief Executive Officer, as chairman of the executive committee, to assess for resource allocation and to make key operating decisions and assess performance. These operating segments are differentiated and identified by the products they manufacture, the services they provide and the markets they operate in. These reportable segments as well as the products and services from which each of them derives revenue are set out below:

| Reportable Segment | Products and services |
|---|---|
| Trellidor | Manufacture and distribution of custom-made barrier security products. |
| Taylor | Manufacture and distribution of custom-made blinds, decorative and security shutters and distribute cornicing/skirting products. |
| Holdings | Management of the group treasury function and receives management fee income. |

**Segmental revenue**

The performance of the operating segments is based on the measure of operating profit. This measure excludes the effects of ad-hoc and non-operational expenditure from the operating segments such as acquisition costs, intangible amortisation and fair value adjustments. The segment information provided to the Chief Executive Officer is presented below. The information presented includes a reconciliation of the group's EBITDA to net profit before tax.

| 2022 | Trellidor | Taylor | Holdings | Internal | Consolidated |
|---|---|---|---|---|---|
| **Revenue by location of customer** | | | | | |
| South Africa | 248,112,836 | 184,748,499 | 38,043,054 | (38,799,783) | 432,104,606 |
| Rest of Africa | 38,073,420 | 2,600,977 | - | - | 40,674,397 |
| Rest of World | 40,455,437 | - | - | - | 40,455,437 |
| | **326,641,693** | **187,349,476** | **38,043,054** | **(38,799,783)** | **513,234,440** |
| **Revenue by source** | | | | | |
| Security products | 324,463,043 | - | - | - | 324,463,043 |
| Decorative products | 1,343,675 | 187,349,476 | - | (756,729) | 187,936,422 |
| Management fee | - | - | 13,941,240 | (13,941,240) | - |
| Royalty income | 834,975 | - | - | - | 834,975 |
| Dividends | - | - | 19,000,000 | (19,000,000) | - |
| Interest | - | - | 5,101,814 | (5,101,814) | - |
| | **326,641,693** | **187,349,476** | **38,043,054** | **(38,799,783)** | **513,234,440** |

| 2021 | Trellidor | Taylor | Holdings | Internal | Consolidated |
|---|---|---|---|---|---|
| **Revenue by location of customer** | | | | | |
| South Africa | 244,302,881 | 198,214,918 | 49,362,434 | (50,586,494) | 441,293,739 |
| Rest of Africa | 47,883,464 | 6,124,771 | - | - | 54,008,235 |
| Rest of World | 23,084,457 | - | - | - | 23,084,457 |
| | **315,270,802** | **204,339,689** | **49,362,434** | **(50,586,494)** | **518,386,431** |
| **Revenue by source** | | | | | |
| Security products | 312,025,408 | - | - | - | 312,025,408 |
| Decorative products | 1,931,571 | 204,339,689 | - | (1,224,060) | 205,047,200 |
| Management fee | - | - | 12,817,696 | (12,817,696) | - |
| Royalty income | 1,313,823 | - | - | - | 1,313,823 |
| Dividends | - | - | 32,000,000 | (32,000,000) | - |
| Interest | - | - | 4,544,738 | (4,544,738) | - |
| | **315,270,802** | **204,339,689** | **49,362,434** | **(50,586,494)** | **518,386,431** |

# Notes to the Annual Financial Statements

## 2. Segmental information (continued)

**Segment results and assets and liabilities:**

The amounts presented with respect to total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset. Deferred tax, cash and cash equivalents and other financial liabilities are not considered to be segment assets or liabilities and are not allocated to segments. The table below provides information on segment assets and liabilities as well as a reconciliation to total assets and liabilities, as per the statement of financial position:

| | | | 2022 | | |
|---|---|---|---|---|---|
| | Trellidor | Taylor | Holdings | Internal | Consolidated |
| EBITDA | 19,346,580 | 10,761,340 | 24,036,095 | (24,881,366) | 29,262,649 |
| Profit (Loss) before tax | 5,618,641 | (6,177,938) | 20,950,622 | (19,444,205) | 947,120 |
| Investment income | 683,351 | 7,760 | 250,136 | - | 941,247 |
| Finance cost | (4,941,211) | (7,053,563) | (3,314,285) | 5,124,289 | (10,184,770) |
| Depreciation | (6,179,707) | (1,616,029) | (21,324) | - | (7,817,060) |
| Depreciation of RoU asset | (3,117,091) | (7,768,749) | - | 312,872 | (10,572,968) |
| Amortisation | (173,285) | (508,696) | - | - | (681,981) |
| Movement in ECL allowance | 327,575 | (178,331) | 438,338 | (438,338) | 149,244 |
| Employee costs | (86,838,293) | (44,088,305) | (7,818,958) | - | (138,745,556) |
| Advertising | (20,967,421) | (7,160,207) | - | - | (28,127,628) |
| Segment assets | 226,289,728 | 190,646,857 | 154,484,612 | (152,840,965) | 418,580,232 |
| Segment liabilities | (148,189,046) | (147,552,362) | (55,808,607) | 99,831,600 | (251,718,415) |
| Cash and cash equivalents | 11,298,608 | 558,303 | 1,665,011 | - | 13,521,922 |
| Bank overdraft | (2,586,067) | (18,836,903) | - | - | (21,422,970) |
| Deferred tax assets | 11,403,361 | 4,249,498 | 513,015 | - | 16,165,874 |
| Capital expenditure - assets | 11,186,390 | 2,015,380 | 35,416 | - | 13,237,186 |
| Capital expenditure - RoU assets | 930,835 | 37,232,627 | - | - | 38,163,462 |

| | | | 2021 | | |
|---|---|---|---|---|---|
| | Trellidor | Taylor | Holdings | Internal | Consolidated |
| EBITDA | 60,185,337 | 25,899,773 | 36,485,146 | (37,312,914) | 85,257,342 |
| Profit (Loss) before tax | 47,495,309 | 7,372,458 | 33,548,380 | (32,518,256) | 55,897,891 |
| Investment income | 1,084,851 | 80,024 | 292,999 | (65,804) | 1,392,070 |
| Finance cost | (4,066,960) | (5,319,245) | (3,215,581) | 4,578,013 | (8,023,773) |
| Depreciation | (6,198,423) | (1,489,236) | (14,184) | - | (7,701,843) |
| Depreciation of RoU asset | (3,250,174) | (6,839,337) | - | 182,509 | (9,907,002) |
| Amortisation | (259,323) | (4,959,522) | - | - | (5,218,845) |
| Movement in ECL allowance | 1,214,114 | 219,644 | 543,641 | (543,641) | 1,433,758 |
| Employee costs | (80,039,323) | (43,473,468) | (9,146,423) | - | (132,659,214) |
| Advertising | (18,009,963) | (6,554,851) | - | - | (24,564,814) |
| Segment assets | 204,221,060 | 157,577,559 | 136,091,153 | (131,737,614) | 366,152,158 |
| Segment liabilities | (110,908,512) | (109,945,055) | (46,779,763) | 80,589,539 | (187,043,791) |
| Cash and cash equivalents | 11,935,509 | 1,815,525 | 4,007,532 | - | 17,758,566 |
| Bank overdraft | (2,781,843) | (9,798,172) | - | - | (12,580,015) |
| Capital expenditure - assets | 9,367,587 | 2,976,077 | 503,720 | - | 12,847,384 |
| Capital expenditure - RoU assets | 4,907,795 | 2,394,315 | - | (912,545) | 6,389,565 |

Segment assets include foreign non-current assets in Ghana of R2.9 million (R31 million) and R11.5 million (2021: R12.3 million) in the UK.

# Notes to the Annual Financial Statements

**3. Property, plant and equipment**

Property, plant and equipment is initially measured at cost which includes all expenditure directly attributable to the acquisition or construction of the asset.

Measurable expenditure incurred subsequently for major services, additions to or replacements of significant parts of property, plant and equipment are capitalised if it is probable that future economic benefits will flow to the group and company. Day-to-day repair and maintenance costs are included in profit or loss in the year they are incurred. Assets acquired, constructed or refurbished are added to assets under construction, once the construction is complete the costs are transferred to the appropriate category of property, plant and equipment and depreciated when the asset becomes available for use.

Property, plant and equipment is subsequently carried at cost less accumulated depreciation, except for land which is stated at cost.

An item of property, plant and equipment is derecognised upon disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

Depreciation of an asset commences when the asset is available for its intended use. The assets carrying amount is depreciated down to residual value over its estimated useful life. The charge is recognised in profit or loss. The useful lives of items of property, plant and equipment have been assessed as follows:

| **Categories** | **Depreciation method** | **Average useful life** |
|---|---|---|
| Land and buildings | | |
| • Land | | Indefinite |
| • Buildings | Straight line basis | 50 years |
| • Buildings improvements | Straight line basis | 10 years |
| Furniture, fittings and equipment | Straight line basis | 2-6 years |
| Plant and machinery | Straight line basis | 3-10 years |
| Motor vehicles | Straight line basis | 4-5 years |
| IT Equipment | Straight line basis | 4 years |
| Assets under construction | Straight line basis | Depreciated when available for use |

**Assets under construction**

All costs associated with the design, construction, supervision and management of capital projects are held in the assets under construction account. Once the project is complete, costs are transferred to the appropriate category of property, plant and equipment and depreciated when the asset becomes available for use. Management assess whether there is an indication of impairment with reference to the detailed forecasts of the cash flows expected to be generated from the use of the asset.

# Notes to the Annual Financial Statements

### 3. Property, plant and equipment (continued)

| | 2022 Cost | 2022 Accumulated depreciation | 2022 Carrying value | 2021 Cost | 2021 Accumulated depreciation | 2021 Carrying value |
|---|---|---|---|---|---|---|
| **Group** | | | | | | |
| Land | 5,625,481 | - | 5,625,481 | 5,625,481 | - | 5,625,481 |
| Buildings | 31,026,608 | (7,137,348) | 23,889,260 | 31,026,608 | (6,525,302) | 24,501,306 |
| Building improvements | 12,044,308 | (4,427,236) | 7,617,072 | 7,270,712 | (3,897,967) | 3,372,745 |
| Plant and machinery | 61,224,015 | (45,898,361) | 15,325,654 | 58,820,493 | (42,701,896) | 16,118,597 |
| Furniture, fixtures and equipment | 5,780,885 | (4,089,487) | 1,691,398 | 5,287,049 | (3,437,270) | 1,849,779 |
| Motor vehicles | 4,630,919 | (2,629,240) | 2,001,679 | 4,876,915 | (2,087,219) | 2,789,696 |
| IT equipment | 6,991,676 | (4,984,600) | 2,007,076 | 6,349,104 | (4,242,921) | 2,106,183 |
| Assets under construction | 1,771,734 | - | 1,771,734 | 1,227,245 | - | 1,227,245 |
| **Total** | **129,095,626** | **(69,166,272)** | **59,929,354** | **120,483,607** | **(62,892,575)** | **57,591,032** |
| **Company** | | | | | | |
| Furniture, fixtures and equipment | 27,389 | (9,348) | 18,041 | 27,389 | (3,870) | 23,519 |
| IT equipment | 76,668 | (39,060) | 37,608 | 41,252 | (23,213) | 18,039 |
| **Total** | **104,057** | **(48,408)** | **55,649** | **68,641** | **(27,083)** | **41,558** |

**Reconciliation of property, plant and equipment**

| **Group** | 2022 Opening balance | Additions | Additions through business combinations | Disposals | Transfers | Foreign exchange movements | Depreciation | Total |
|---|---|---|---|---|---|---|---|---|
| Land | 5,625,481 | - | - | - | - | - | - | 5,625,481 |
| Buildings | 24,501,306 | - | - | - | - | - | (612,046) | 23,889,260 |
| Building improvements | 3,372,745 | 4,882,445 | - | (1) | 57,659 | 1,767 | (697,543) | 7,617,072 |
| Plant and machinery | 16,118,597 | 1,959,255 | 97,678 | (74,812) | 835,490 | 152,305 | (3,762,859) | 15,325,654 |
| Furniture, fixtures and equipment | 1,849,779 | 388,574 | 155,369 | (24,071) | - | 59 | (678,312) | 1,691,398 |
| Motor vehicles | 2,789,696 | 384,941 | 358,717 | (401,113) | - | (72,025) | (1,058,537) | 2,001,679 |
| IT equipment | 2,106,183 | 823,609 | 44,246 | (22,713) | 64,600 | (1,086) | (1,007,763) | 2,007,076 |
| Assets under construction | 1,227,245 | 1,502,238 | - | - | (957,749) | - | - | 1,771,734 |
| | **57,591,032** | **9,941,062** | **656,010** | **(522,710)** | **-** | **81,020** | **(7,817,060)** | **59,929,354** |

### 3. Property, plant and equipment (continued)

**Reconciliation of property, plant and equipment**

| Group | 2021 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Opening balance | Additions | Additions through business combinations | Disposals | Transfers | Foreign exchange movements | Depreciation | Total |
| Land | 5,625,481 | - | - | - | - | - | - | 5,625,481 |
| Buildings | 25,110,434 | - | - | - | - | - | (609,128) | 24,501,306 |
| Building improvements | 2,984,297 | 771,899 | 198,865 | (36,384) | - | (15,477) | (530,455) | 3,372,745 |
| Plant and machinery | 17,074,644 | 2,056,938 | 1,077,604 | (39,085) | 119,985 | (116,120) | (4,055,369) | 16,118,597 |
| Furniture, fixtures and equipment | 1,439,485 | 879,327 | 142,522 | (5,816) | - | (17,505) | (588,234) | 1,849,779 |
| Motor vehicles | 2,264,910 | 1,266,805 | 355,826 | (218,643) | - | (19,856) | (859,346) | 2,789,696 |
| IT equipment | 1,782,956 | 1,134,301 | 336,731 | (66,249) | - | (22,245) | (1,059,311) | 2,106,183 |
| Assets under construction | 547,267 | 1,133,994 | - | (343,992) | (119,985) | 9,961 | - | 1,227,245 |
| | **56,829,474** | **7,243,264** | **2,111,548** | **(710,169)** | **-** | **(181,242)** | **(7,701,843)** | **57,591,032** |

**Reconciliation of property, plant and equipment**

| Company | 2022 | | | |
|---|---|---|---|---|
| | Opening balance | Additions | Depreciation | Total |
| Furniture, fixtures and equipment | 23,519 | - | (5,478) | 18,041 |
| IT equipment | 18,039 | 35,416 | (15,847) | 37,608 |
| | **41,558** | **35,416** | **(21,325)** | **55,649** |

| Company | 2021 | | | |
|---|---|---|---|---|
| | Opening balance | Additions | Depreciation | Total |
| Furniture and fixtures | - | 27,390 | (3,871) | 23,519 |
| IT equipment | 28,352 | - | (10,313) | 18,039 |
| | **28,352** | **27,390** | **(14,184)** | **41,558** |

**Property, plant and equipment encumbered as security**

The following assets have been encumbered as security for the secured long-term borrowings as referred to in note 19:

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| Land and buildings | 29,514,741 | 30,126,787 | - | - |

## 4. Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group.

The group assesses at contract inception whether a contract is, or contains, a lease. That is, if 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. The group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Extension and termination options are included in a number of leases across the group. These are used to maximise operational flexibility in terms of managing the assets used in the group's operations.

Group as a lessee

The group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes:

- The amount of the initial measurement of lease liability;

Right-of-use assets are depreciated on a straight-line basis over the lease term. Rental contracts are typically made for fixed periods of 3 years to 5 years, with an average initial term of 3 years, but may have extension options included.

The right-of-use assets are also subject to impairment. Refer to the accounting policy in note 1.3.

ii) Lease liabilities

At the commencement date of the lease, the group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include:

- Fixed payments (including in-substance fixed payments);
- Amounts expected to be payable by the group under residual value guarantees;
- The exercise price of a purchase option if the group is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

In calculating the present value of lease payments, the group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

## Notes to the Annual Financial Statements

**4. Leases (continued)**

The group’s lease liabilities are included in Lease liabilities (refer to note 4).

iii) Short-term leases and leases of low-value assets.

The group applies the short-term lease recognition exemption to its short-term leases of equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of IT and office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

In determining low-value assets, the group first assess whether or not the value of the underlying assets when it is (or was) new is greater than R100,000. In addition, the group assesses whether or not the use of the underlying asset is readily available to the group and is highly dependent or interrelated with other assets. Should the asset value be below R100,000, is readily available and not highly dependent or interrelated to other assets, it is considered low-value.

**The group's leasing activities and how these are accounted for:**

The group leases various production facilities, office buildings and motor vehicles. Rental contracts are made for fixed periods but may have extension options as described below. Leases are negotiated on an individual basis and contain different terms and conditions. All leased assets are managed through written contracts to reduce the risk of uncertainty in regards to the conditions or existence of a lease.

In assessing the lease period of the various production and office facilities, management considers the nature of the production and office equipment to be movable and adaptable to variety of facilities and as a result the likelihood of extending the lease term or terminating are both possible. The agreed lease period is therefore used in determining the lease payment until such time as the likelihood of extending or terminating the lease becomes probable.

The lease payments are discounted using the weighted average incremental borrowing rate which ranges between 5% to 20%, which takes into account the impact of the effective interest rates in South Africa, Ghana and the United Kingdom.

It is company policy to lease certain assets under an instalment sale agreements (ISA). The ISA is repayable in average monthly instalments of R281,943 (2021: R246,126), secured by plant, machinery and motor vehicles with a carrying value of R6,602,737 (2021: R6,601,542), bearing interest at prime less 2%.

| | Property | Motor vehicles | Plant and equipment | Total |
|---|---|---|---|---|
| **Reconciliation of RoU assets:** | | | | |
| As at 01 July 2021 | 8,556,351 | 1,862,592 | 4,937,310 | 15,356,253 |
| Recognised subsequent to 01 July 2021 | 36,531,403 | 1,629,673 | 2,386 | 38,163,462 |
| Depreciation expense | (9,481,253) | (580,641) | (511,074) | (10,572,968) |
| Lease cancelled | (532,517) | (66,933) | - | (599,450) |
| Translation reserve | (105,907) | (6,757) | - | (112,664) |
| **As at 30 June 2022** | **34,968,077** | **2,837,934** | **4,428,622** | **42,234,633** |
| **Reconciliation of carrying amount of lease liability:** | | | | |
| As at 01 July 2021 | 8,991,048 | 1,924,344 | 4,005,687 | 14,921,079 |
| Recognised subsequent to 01 July 2021 | 36,531,403 | 1,679,931 | - | 38,211,334 |
| Interest expense | 2,505,814 | 157,443 | 221,301 | 2,884,558 |
| Payments | (10,768,644) | (1,150,495) | (2,449,257) | (14,368,396) |
| Translation reserve | 480,949 | (3,453) | - | 477,496 |
| Lease liability terminated - lease cancelled | (629,361) | - | - | (629,361) |
| **As at 30 June 2022** | **37,111,209** | **2,607,770** | **1,777,731** | **41,496,710** |

**4. Leases (continued)**

| | Property | Motor vehicles | Plant and equipment | Total |
|---|---|---|---|---|
| **Reconciliation of RoU assets** | | | | |
| As at 01 July 2020 | 13,126,553 | 803,593 | 5,687,544 | 19,617,690 |
| Recognised subsequent to 01 July 2020 | 2,369,104 | 1,617,344 | - | 3,986,448 |
| Business combinations | 2,403,116 | - | - | 2,403,116 |
| Depreciation expense | (8,626,711) | (530,055) | (750,234) | (9,907,000) |
| Lease cancelled | (122,868) | - | - | (122,868) |
| Translation reserve | (592,843) | (28,290) | - | (621,133) |
| **As at 30 June 2021** | **8,556,351** | **1,862,592** | **4,937,310** | **15,356,253** |
| **Reconciliation of carrying amount of lease liability:** | | | | |
| As at 01 July 2020 | 14,542,073 | 860,512 | 5,925,568 | 21,328,153 |
| Recognised subsequent to 01 July 2020 | 2,369,104 | 1,855,148 | - | 4,224,252 |
| Business combinations | 2,432,573 | - | - | 2,432,573 |
| Interest expense | 1,213,799 | 119,452 | 376,596 | 1,709,847 |
| Payments | (10,830,845) | (881,595) | (2,296,477) | (14,008,917) |
| Translation reserve | (603,256) | (29,173) | - | (632,429) |
| Lease liability terminated - lease cancelled | (132,400) | - | - | (132,400) |
| **As at 30 June 2021** | **8,991,048** | **1,924,344** | **4,005,687** | **14,921,079** |

| | 2022 R | 2021 R |
|---|---|---|
| **Split for lease liabilities:** | | |
| Non-current liabilities | 31,234,554 | 7,361,227 |
| Current liabilities | 10,262,156 | 7,559,852 |
| | **41,496,710** | **14,921,079** |

The maturity analysis of lease liabilities at year-end has been disclosed below:

| | Undiscounted cash flows 2022 | Undiscounted cash flows 2021 |
|---|---|---|
| **Period** | | |
| 2022 | - | 8,381,833 |
| 2023 | 13,032,913 | 4,368,839 |
| 2024 | 11,670,804 | 2,290,681 |
| 2025 | 11,314,326 | 1,231,122 |
| 2026 | 9,990,864 | 69,864 |
| 2027 | 2,125,385 | - |

# Notes to the Annual Financial Statements

**4. Leases (continued)**

| | 2022<br>R | 2021<br>R |
|---|---|---|
| **Amounts recognised in profit and loss:** | | |
| Depreciation expense on RoU asset | 10,572,968 | 9,907,000 |
| Interest expense on lease liability | 2,884,558 | 1,709,847 |
| **Total amount recognised in profit and loss** | **13,457,526** | **11,616,847** |

The cash outflow from leases during the year was R11,483,839 (2021: R12,299,069).

## 5. Goodwill

Goodwill is initially measured at cost, being the excess of the business combination consideration over the group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities. Subsequently goodwill is carried at cost less any accumulated impairment, with the impairment included in operating expenses as incurred.

Goodwill is, from the date of the business combination, allocated to each of the cash-generating units, that are expected to benefit from the synergies of the combination is tested annually for impairment.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

| | 2022 | | | 2021 | | |
|---|---|---|---|---|---|---|
| **Group** | Cost | Accumulated impairment | Carrying value | Cost | Accumulated impairment | Carrying value |
| Goodwill | 93,217,250 | (37,422,000) | 55,795,250 | 84,194,645 | (37,422,000) | 46,772,645 |

**Reconciliation of goodwill**

| | 2022 | | | |
|---|---|---|---|---|
| **Group** | Opening balance | Additions through business combinations | Foreign exchange movements | Total |
| Goodwill | 46,772,645 | 8,937,000 | 85,605 | 55,795,250 |

| | 2021 | | | |
|---|---|---|---|---|
| **Group** | Opening balance | Additions through business combinations | Foreign exchange movements | Total |
| Goodwill | 39,244,279 | 8,018,086 | (489,720) | 46,772,645 |

The goodwill relates to the Rollerstyle and Clearguard product ranges, the acquisition of local and international Trellidor franchises and the acquisition of the Taylor Segment (Taylor Blinds and Shutters and NMC) from Odyssey House Proprietary Limited. The Rollerstyle and Clearguard related goodwill is not material and therefore no further disclosure is required.

The 2021 addition specifically relates to the acquisition of the Trellidor UK franchise, and the 2022 addition relates to the purchase of the RSA franchises.

### 5. Goodwill (continued)

When testing for impairment during the year and assessing future income, management has considered the assumptions relating to the sustainable growth. In assessing sustainable growth, management has taken into consideration the on going economic impact as a result of the Covid-19 pandemic, political uncertainty and civil unrest both locally and globally, has had on the current year performance of the various CGU and the probable impact it will have on performance over the next 24 months. This includes the impact on the global supply-chain which has resulted in shipping lead-times more than doubling, the significant impact on input cost, which by way of example steel costs have increased by more than 40% during the period and the impact on consumer confidence and spending power in the local and international economy. The estimation of pre-tax cash flows is sensitive to the periods for which forecasts are available and to assumptions regarding the long-term sustainable cash flows.

Management, in assessing sustainable cash flows, has considered the impact anticipated conservative consumer spending capacity could have on demand and as a result future cash flow forecasts have not only accounted for reduced income but has also factored increased operating costs in line with board approved budgets and strategies over the next 12 months and to manage working capital requirements in line with demand

In terms of the Trellidor UK goodwill, which has a carrying value of R7,614,428 (2021: R7,528,366), an impairment of Rnil (2021:Rnil) was identified. The recoverable amount of goodwill is based on value-in-use calculations, this calculation utilises expected pre-tax cash flows, market related growth for 4 years and a reasonable growth rate applied thereafter, discounted at a risk adjusted interest rate appropriate to the cash generating unit (CGU).

The discount rates used in the discounted cash flow models are calculated using the principles of the capital asset pricing model, taking into account the current market conditions in the UK. A pre-tax weighted-average cost-of-capital (WACC) rate of 9.56% (2021: 8.95%) was used. The average growth rate applied for the periods beyond 2024 was 5% given the economic conditions, increased inflation forecasts, and consumer spending power in the UK.

With regards to the Taylor and NMC acquisition goodwill, which has a recoverable carrying value of R34,590,772 (2021: R34,590,772), an impairment of Rnil (2021: Rnil) was identified. The recoverable amount of goodwill is based on value-in-use calculations, this calculation utilises expected pre-tax cash flows, market related growth for 4 years (2021: 4 years) and a reasonable growth rate applied thereafter, discounted at a risk adjusted interest rate appropriate to the cash generating unit (CGU).

The discount rates used in the discounted cash flow models are calculated using the principles of the capital asset pricing model, taking into account the current market conditions in South Africa. A pre-tax weighted-average cost-of-capital (WACC) rate of 18.4% to 20.4% (2021: 15.8% to 18.8%) was used. As result of increasing the external risk factor given the current market conditions, the WACC rate has increased from prior year which is driven mainly by the increase in the capital market rates year-on-year.

The average growth rate applied for the periods beyond 2024 in assessing the Taylor Segment was between 5% to 10% (2021: 2%). Given the uncertainty created by Covid on the local and global economy, previous growth rates were conservative although actual growth from 2020 to 2021 was 19.8%. Looking beyond 2023, we have taken into consideration the cost escalation rates which are linked to the impact of raw material price increases the company has received during the period. Since July 2020, the cost of aluminium has increased by more than 40%. The company will be recovering these cost increases through selling price adjustments to the market in excess of 10% per annum in the medium term. When assessing the performance in 2022, adjustments have been made to normalise turnover levels to exclude the impact of raw material supply shortages in October 2021 and March 2022 as well as the unprecedented 2 week labour strike in April 2022. These events are considered by management to be extraordinary and not indicative of day-to-day trading conditions as result of the continuous short-term impact of Covid-19 related lockdowns in China and more recently the war in the Ukraine. These events are considered to be beyond the control of management although robust mitigation steps have been implemented to reduce the occurrence of these events going forward. The challenge of managing these external factors, coupled with the weak economic growth outlook in South Africa and the rising inflation rates globally which will negatively impact consumer spending across our markets, the growth rates beyond 2023 have been forecasted to be very conservative for the purpose of assessing goodwill.

In terms of the Trellidor Retail goodwill, which has a recoverable carrying value of R11,201,551 (2021: R2,265,008), an impairment of Rnil (2021: Rnil) was identified. The recoverable amount of goodwill is based on value-in-use calculations, this calculation utilises expected pre-tax cash flows, market related growth for 4 years and a reasonable growth rate applied thereafter, discounted at a risk adjusted interest rate appropriate to the cash generating unit (CGU).

# Notes to the Annual Financial Statements

### 5. Goodwill (continued)

The discount rates used in the discounted cash flow models are calculated using the principles of the capital asset pricing model, taking into account the current market conditions in South Africa. A pre-tax weighted-average cost-of-capital (WACC) rate of 18.4% (2021:15.8%) was used. The average growth rate applied for the periods beyond 2024 was 6% (2021: 2%) which is considered conservative given the uncertain economic conditions which remain in South Africa. To emphasise the conservative nature of the growth rate, the average annual price increase is through 2023 is expected to be above 10%.

### 6. Intangible assets

Intangible assets are initially recognised at cost and are subsequently carried at cost less any accumulated amortisation and impairment, with the amortisation and any impairment included in operating expenses as incurred.

No amortisation is provided for intangible assets which have been assessed as having indefinite useful lives, but they are tested for impairment annually at the same time every period and wherever there is an indication that the asset may be impaired by comparing its carrying amount with its value-in-use.

Amortisation is provided to write down the intangible assets as follows:

| Categories | Amortisation method | Average useful life |
|---|---|---|
| Patents and trademarks | Straight line basis | 10-20 years |
| Brand names | | Indefinite |
| Computer software | Straight line basis | 3 years |
| Product design | Straight line basis | 10 years |
| Customer base | Straight line basis | 5 years |
| Franchise rights | Straight line basis | Remaining contractual period |
| Assets under development | Straight line basis | Amortised when available for use |

**Assets under development**

All costs associated with the development and management of intangible assets are held in the assets under development account. Once the project is complete, costs are transferred to the appropriate category of intangible asset and amortised when the asset becomes available for use. Management assess whether there is an indication of impairment with reference to the detailed forecasts of the cash flows expected to be generated from the use of the asset.

| | | 2022 | | | 2021 | |
|---|---|---|---|---|---|---|
| | Cost | Accumulated amortisation | Carrying value | Cost | Accumulated amortisation | Carrying value |
| **Group** | | | | | | |
| Patents and trademarks | 1,551,078 | (1,181,501) | 369,577 | 1,585,382 | (1,189,402) | 395,980 |
| Brand names | 26,682,191 | (131,690) | 26,550,501 | 25,939,082 | (58,329) | 25,880,753 |
| Computer software | 2,467,811 | (627,357) | 1,840,454 | 1,666,167 | (103,132) | 1,563,035 |
| Product design | 2,075,922 | (938,158) | 1,137,764 | 2,058,152 | (849,095) | 1,209,057 |
| Customer base | 24,456,000 | (24,456,000) | - | 24,456,000 | (24,456,000) | - |
| Franchise rights | 10,445,851 | - | 10,445,851 | 10,445,851 | - | 10,445,851 |
| Assets under development | 3,309,482 | - | 3,309,482 | 2,200,376 | - | 2,200,376 |
| **Total** | **70,988,335** | **(27,334,706)** | **43,653,629** | **68,351,010** | **(26,655,958)** | **41,695,052** |
| | | | | | | |
| **Company** | | | | | | |
| Assets under development | 707,215 | - | 707,215 | 707,215 | - | 707,215 |

# Notes to the Annual Financial Statements

**6. Intangible assets (continued)**

**Reconciliation of intangible assets**

| | Opening balance | Additions | Transfers | Foreign exchange movements | Amortisation | Total |
|---|---|---|---|---|---|---|
| **Group - 2022** | | | | | | |
| Patents and trademarks | 395,980 | 39,107 | - | - | (65,510) | 369,577 |
| Brand names | 25,880,753 | 669,748 | - | - | - | 26,550,501 |
| Computer software | 1,563,035 | 216,424 | 587,961 | 442 | (527,408) | 1,840,454 |
| Product design | 1,209,057 | 17,770 | - | - | (89,063) | 1,137,764 |
| Franchise rights | 10,445,851 | - | - | - | - | 10,445,851 |
| Assets under development | 2,200,376 | 1,697,067 | (587,961) | - | - | 3,309,482 |
| | **41,695,052** | **2,640,116** | **-** | **442** | **(681,981)** | **43,653,629** |

**Reconciliation of intangible assets**

| | Opening balance | Additions | Transfers | Foreign exchange movements | Amortisation | Total |
|---|---|---|---|---|---|---|
| **Group - 2021** | | | | | | |
| Patents and trademarks | 368,834 | 104,000 | 68,158 | - | (145,012) | 395,980 |
| Brand names | 25,835,659 | 45,094 | - | - | - | 25,880,753 |
| Computer software | 572,449 | 1,062,481 | - | (412) | (71,483) | 1,563,035 |
| Product design | 1,267,659 | 120,706 | (68,158) | - | (111,150) | 1,209,057 |
| Customer base | 4,891,200 | - | - | - | (4,891,200) | - |
| Franchise rights | 9,455,851 | 990,000 | - | - | - | 10,445,851 |
| Assets under development | 1,030,087 | 1,170,289 | - | - | - | 2,200,376 |
| | **43,421,739** | **3,492,570** | **-** | **(412)** | **(5,218,845)** | **41,695,052** |

**Details of intangible assets**

The Taylor brand name acquired in the 2017 acquisition of Trellidor Innovation Proprietary Limited has been tested by management for impairment annually at year end, irrespective of whether there is any possible indicators of impairment being present. The recoverable amount of the brand name is based on value-in-use calculations which utilise a deemed royalty income of between 1% and 3% (2021: between 1% and 3% based on the actual 2021 revenue), growth for the further 4 years, (2021: 4 years) and a reasonable growth rate applied thereafter, based on current market conditions.

In assessing future income, management has considered the assumptions relating to the sustainable growth. In assessing sustainable growth, management has taken into consideration the significant economic uncertainty, as a result of political and civil unrest both locally and globally, has had on the current year performance of the CGU and the probable impact it will have on performance over the next 24 months.

The discount rates used in the discounted cash flow models are calculated using the principles of the capital asset pricing model, taking into account the current market conditions in South Africa. A pre-tax weighted-average cost-of-capital (WACC) rate of 18.4% to 20.4% (2021: 15.5% to 18.8%) was used. As result of increasing the risk factor given the current market conditions, the WACC rate has increased from prior year which is driven mainly by the increase in the capital market rates year-on-year.

### 6. Intangible assets (continued)

The average growth rate applied for the periods beyond 2024 in assessing the Taylor brand was between 5% to 10% (2021: 2%). Given the uncertainty created by Covid on the local and global economy, previous growth rates were conservative although actual growth from 2020 to 2021 was 19.8%. Looking beyond 2023, we have taken into consideration the cost escalation rates which are linked to the impact of raw material price increases the company has received during the period. Since July 2020, the cost of aluminium has increased by more than 40%. The company will be recovering these cost increases through selling price adjustments to the market in excess of 10% per annum in the medium term. When assessing the performance in 2022, adjustments have been made to normalise turnover levels to exclude the impact of raw material supply shortages in October 2021 and March 2022 as well as the unprecedented 2 week labour strike in April 2022. These events are considered by management to be extraordinary and not indicative of day-to-day trading conditions as result of the continuous short-term impact of Covid-19 related lockdowns in China and more recently the war in the Ukraine. These events are considered to be beyond the control of management although robust mitigation steps have been implemented to reduce the occurrence of these events going forward. The challenge of managing these external factors, coupled with the weak economic growth outlook in South Africa and the rising inflation rates globally which will negatively impact consumer spending across our markets, the growth rates beyond 2023 have been forecasted to be very conservative for the purpose of assessing intangible assets.

### 7. Investment in subsidiaries

In the company's annual financial statements, investments in subsidiaries are carried at cost.

The following table lists the entities which are controlled by the group, either directly or indirectly through subsidiaries.

| | % holding 2022 | % holding 2021 | Carrying amount 2022 | Carrying amount 2021 |
|---|---|---|---|---|
| Trellidor Proprietary Limited | 100.00 % | 100.00 % | 100 | 100 |
| Trellidor Innovations Proprietary Limited | 100.00 % | 92.50 % | 51,208,301 | 50,000,000 |
| Trellicor Proprietary Limited | 100.00 % | 100.00 % | 1,045,698 | 1,045,698 |
| Trellidor UK Limited | 100.00 % | 100.00 % | 2,053 | 2,053 |
| Trellidor Ghana Limited | 85.00 % | 85.00 % | - | - |
| Trellidor Retail Proprietary Limited | 100.00 % | 100.00 % | - | - |
| | | | 52,256,152 | 51,047,851 |

**Principal place of business**

Trellidor Ghana Limited and Trellidor Retail Proprietary Limited are subsidiaries of Trellicor Proprietary Limited and is thus indirectly owned by the group. All the entities are domiciled and operate in South Africa except for Trellidor Ghana Limited which is domiciled and operates in Ghana and Trellidor UK Limited which is domiciled and operates in the UK.

The percentage shareholding is equal to the voting rights attached to each share.

**Impairment of Investments**

The carrying value of the investment in subsidiaries as at 30 June 2022 has been assessed and the values still exceeds the investment value of the subsidiary and therefore no impairment of the subsidiary have been identified.

**Acquisition of additional interest in subsidiary**

Effective 01 March 2022, Trellidor Holdings Limited purchased the 7.5% non-controlling interest in Trellidor Innovations Proprietary Limited from Novaspectacular Investments Proprietary Limited. As a result the equity attributable to Trellidor Holdings Limited increased from 92.5% to 100%.

| | 2022 R |
|---|---|
| Cash consideration paid to minority shareholder | 3,747,168 |
| Carrying value of the additional interest in Trellidor Innovations | (2,538,867) |
| **Difference recognised in equity** | **1,208,301** |

### 8. Loans to group companies

**Classification and initial measurement**

Financial instruments are measured initially at fair value plus direct transaction costs (if applicable).

The classification is determined by both:
- The entity's business model for managing the financial asset; and
- The contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit and loss are presented within finance costs, finance income, except for impairment which is presented separately in the statement of profit and loss and other comprehensive income.

These include loans to subsidiaries and are subsequently measured at amortised cost using the effective interest rate method, less any expected impairment loss allowance recognised to reflect irrecoverable amounts. The general approach is used in determining the expected credit losses. Under this approach the current economic conditions, forward-looking estimated forecasts and the time-value of money is used in the determination of expected credit losses.

For loans receivable with fixed terms of repayment, should the assessment of these factors indicate an inability of the subsidiary to meet its repayment obligation in the immediate future (default), this would result in an increase in the credit risk profile of the subsidiary and the loan being classified as underperforming. In the event that all methods have been exhausted in recovery of the debt, the debt would be considered non-performing, uncollectable and written-off. In determining whether or not a debt is uncollectable the executive management will review all steps that have been taken to recover the debt before approving the write-off.

For loans receivable with no fixed terms of repayment, expected credit losses are based on the assumption that repayment of the loan is demanded at the reporting date. If the borrower has sufficient accessible highly liquid assets in order to repay the loan if demanded at the reporting date, the probability of default is usually low and the expected credit loss is immaterial.

If the borrower could not repay the loan if demanded at the reporting date, the group classifies this loan as non-performing and considers the expected manner of recovery to measure expected credit losses. This includes a ‘repay over time’ strategy. If the recovery strategies indicate that the lender would fully recover the outstanding balance of the loan, the expected credit loss is limited to the effect of discounting the amount due on the loan (at the loan’s effective interest rate, which is regarded as 0% if the loan is interest free) over the period until cash is realised. If the effective interest rate is 0%, and all strategies indicate that the lender would fully recover the outstanding balance of the loan, no impairment loss is recognised.

The group considers that an event of default has occurred if the borrower does not repay the loan when demanded. The group writes off a loan when there is information indicating that the borrower is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the borrower has been placed under liquidation or has entered into bankruptcy proceedings.

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 R | 2021 R | 2022 R | 2021 R |
| Trellidor Innovations Proprietary Limited - Loan 1 | - | - | 47,787,468 | 43,226,386 |
| Trellidor Innovations Proprietary Limited - Loan 2 | - | - | 9,097,459 | 9,981,143 |
| Trellidor Retail Proprietary Limited - Loan 3 | - | - | 12,240,779 | 8,994,843 |
| Trellidor UK Limited - Loan 4 | - | - | 19,808,852 | 13,686,293 |
| Trellicor Proprietary Limited - Loan 5 | - | - | 5,709,360 | - |
| Trellidor Proprietary Limited - Loan 6 | - | - | 500,000 | - |
| | **-** | **-** | **95,143,918** | **75,888,665** |

# Notes to the Annual Financial Statements

**8. Loans to group companies (continued)**

Loans 1, 3, 5 and 6, are unsecured, bear interest at prime plus 0.5% and are repayable over five years.

Loan 2 is unsecured, interest free and has no fixed terms of repayment.

Loans 1, 3, 5 and 6, are subordinated in favour of FNB as these loans have been financed through FNB by the Holding company as part of its group treasury function.

Loan 4 is unsecured, bears interest at the prime UK interest rate and is repayable over five years. The loan arose to assist with the acquisition of Really Secure Company UK Limited in the prior period.

| | | | | |
|---|---|---|---|---|
| **Split between non-current and current portions** | | | | |
| Non-current assets | - | - | 74,447,511 | 56,586,650 |
| Current assets | - | - | 20,696,407 | 19,302,015 |
| | **-** | **-** | **95,143,918** | **75,888,665** |

**Exposure to credit risk**

Loans to group companies inherently expose the company to credit risk, being the risk that the company will incur financial loss if counterparties fail to make payments as they fall due. Loans to group companies are subject to the impairment provision which requires a loss allowance to be recognised for all exposures to credit risk.

A credit loss allowance is monitored at the end of each reporting period. Executive management is responsible for the management of credit risk and is held accountable for any defaults in loans to group companies and does so through on going credit evaluations which include monthly reviews by the executive committee and quarterly reviews by the Trellidor Holdings board. Any change in the credit quality is considered from the date credit was granted up to the reporting date. Credit quality is assessed by taking into account the financial position of the group company, cashflow forecasts, overall financial performance and other qualitative factors. Based on this assessment the current credit loss is considered adequate.

**Credit loss allowances**

In applying the general approach to loans 1, 3, 5 and 6, and taking into account historic repayment trends and the board approved financial budgets for the forth coming period, there is no indication of a significant impairment and as a result no impairment has been recognised for this loans. This assessment has specifically considered the continued impact of the weak economic growth in South Africa, rising inflation rates globally and the impact of political and civil unrest locally and globally. Including the subordination of loans 1, 3, 5 and 6, the company's assets still exceeds its liabilities and there are sufficient liquid assets to settle liabilities and as a result the loan is still deemed recoverable.

In respect to loan 2, which has no fixed terms of repayment, the impairment assessment has been based on the payments received during the period under review and the counterparties ability to repay the loan over a reasonable period based on board approved financial budgets and cash flow forecasts. This assessment has specifically considered the continued impact of the weak economic growth in South Africa, rising inflation rates globally and the impact of political and civil unrest locally and globally. Based on this assessment the expected credit loss has been determined assuming the loan is repaid within a five year period.

## Notes to the Annual Financial Statements

### 8. Loans to group companies (continued)

The following information details the carrying amount, loss allowance and measurement basis of expected credit losses for group loans receivable by credit rating grade:

| | 2022 | | | |
|---|---|---|---|---|
| | **Basis of loss allowance** | **Gross carrying amount** | **Loss allowance** | **Amortised cost** |
| **Loans to subsidiaries** | | | | |
| Loan 1 - performing | 12 month ECL | 47,787,468 | - | 47,787,468 |
| Loan 2 - underperforming | Lifetime ECL | 9,732,231 | (634,771) | 9,097,460 |
| Loan 3 - performing | 12 month ECL | 12,240,779 | - | 12,240,779 |
| Loan 4 - performing | 12 month ECL | 19,808,852 | - | 19,808,852 |
| Loan 5 - performing | 12 month ECL | 5,709,359 | - | 5,709,359 |
| Loan 6 - performing | 12 month ECL | 500,000 | - | 500,000 |
| | | **95,778,689** | **(634,771)** | **95,143,918** |

| | 2021 | | | |
|---|---|---|---|---|
| | **Basis of loss allowance** | **Gross carrying amount** | **Loss allowance** | **Amortised cost** |
| **Loans to subsidiaries** | | | | |
| Loan 1 - performing | 12 month ECL | 43,226,386 | - | 43,226,386 |
| Loan 2 - underperforming | Lifetime ECL | 11,054,252 | (1,073,109) | 9,981,143 |
| Loan 3 - performing | 12 month ECL | 8,994,843 | - | 8,994,843 |
| Loan 4 - performing | 12 month ECL | 13,686,293 | - | 13,686,293 |
| | | **76,961,774** | **(1,073,109)** | **75,888,665** |

**Reconciliation of loss allowance**

| | Company | |
|---|---|---|
| | **2022** | **2021** |
| **Opening balance** | **(1,073,109)** | **(1,616,750)** |
| Remeasurement of Loan 2 | 438,338 | 543,641 |
| **Closing balance** | **(634,771)** | **(1,073,109)** |

## Notes to the Annual Financial Statements

### 9. Loans receivable

**Classification and initial measurement**

Other loans and receivables, which includes loans to third parties, are subsequently carried at amortised cost less any expected impairment loss allowance. The general approach is used in determining the expected credit losses. Under this approach the current economic conditions, forward-looking estimated forecasts and the time-value of money is used in the determination of expected credit losses.

Should the assessment of these factors indicate an inability of the third party to meet its repayment obligation in the immediate or near future (default), this would result in an increase in the credit risk profile of the third party and the loan being classified as underperforming. In the event that all methods have been exhausted in recovery of the debt, the debt would be considered non-performing, uncollectable and written-off. In determining whether or not a debt is uncollectable the executive management will review all steps that have been taken to recover the debt before approving the write-off.

For loans receivable with no fixed terms of repayment, expected credit losses are based on the assumption that repayment of the loan is demanded at the reporting date. If the borrower has sufficient accessible highly liquid assets in order to repay the loan if demanded at the reporting date, the probability of default is usually low and the expected credit loss is immaterial.

If the borrower could not repay the loan if demanded at the reporting date, the group classifies this loan as non-performing and considers the expected manner of recovery to measure expected credit losses. This includes a 'repay over time' strategy. If the recovery strategies indicate that the lender would fully recover the outstanding balance of the loan, the expected credit loss is limited to the effect of discounting the amount due on the loan (at the loan's effective interest rate, which is regarded as 0% if the loan is interest free) over the period until cash is realised. If the effective interest rate is 0%, and all strategies indicate that the lender would fully recover the outstanding balance of the loan, no impairment loss is recognised.

The group considers that an event of default has occurred if the borrower does not repay the loan when demanded. The group writes off a loan when there is information indicating that the borrower is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the borrower has been placed under liquidation or has entered into bankruptcy proceedings.

| | Group | | Company | |
|---|---|---|---|---|
| | 2022<br>R | 2021<br>R | 2022<br>R | 2021<br>R |
| Loans to franchisees - performing | 3,918,963 | 6,094,763 | - | - |
| Various loans were issued to franchisees, attracting interest at approximately prime plus 0.5% to 3%, secured by franchise rights. The monthly repayments are linked to sales via a reduced trade discount on a monthly basis, and /or monthly repayments. | | | | |
| Loans receivable - D Judge - performing | 998,744 | 972,661 | - | - |
| Loans receivable - C Meekers - performing | 954,945 | 990,238 | - | - |
| The above loans to the directors were advanced for the purchase of shares in Trellidor Holdings Limited and are secured by these shares, bear interest at prime less 0.5% and is repayable in full by 31 December 2025. | | | | |
| Skyatt Investments Proprietary Limited - performing | 750,000 | 750,000 | - | - |
| The above loan is unsecured, interest free and repayable on demand. | | | | |
| | **6,622,652** | **8,807,662** | **-** | **-** |

### 9. Loans receivable (continued)

| | Group 2022 R | Group 2021 R | Company 2022 R | Company 2021 R |
|---|---|---|---|---|
| Split between non-current and current portions | | | | |
| Non-current assets | 3,253,221 | 4,806,856 | - | - |
| Current assets | 3,369,431 | 4,000,806 | - | - |
| | **6,622,652** | **8,807,662** | **-** | **-** |

**Exposure to credit risk**

Loans receivable inherently exposes the group to credit risk, being the risk that the group will incur financial loss if counterparties fail to make payments as they fall due. Loans receivable are subject to impairment provisions, which requires a loss allowance to be recognised for all exposures to credit risk.

A credit loss allowance is measured by applying the general approach and is monitored at the end of each reporting period. Executive management is responsible for the management of credit risk and is held accountable for any defaults in loans receivable and does so through ongoing credit evaluations which include monthly reviews by the executive committee and quarterly reviews by the Trellidor Holdings board. Any change in the credit quality is considered from the date credit was granted up to the reporting date. Credit quality is assessed by taking into account the financial position of the counterparty, cashflow forecasts, franchise rights valuation, overall financial performance and other qualitative factors. Based on this assessment the current credit loss is considered adequate.

**Impairment of loans receivable - Credit loss allowance**

The directors in considering the carrying amounts of the loans receivable, have applied the general approach in determining possible impairment and the expected credit losses. In applying this approach to the interest bearing loans and taking into account historic repayment trends and executive approved financial budgets for the forth coming period, there is no indication of a possible change to the credit risk and as a result no credit loss has been recognised. Regarding the non-interest bearing loan, which has no fixed terms of repayment, the credit loss assessment has been based on the counterparties ability to repay the loan over a reasonable period based on executive approved financial budgets and cash flow forecasts. As part of this assessment, management has considered the performance of the franchises through the challenging economic conditions, including rising inflation, reduced consumer spending and civil and political unrest. Given that turnover was sustained from 2021 to 2022 despite the challenges, no impairment impact has been identified and no expected credit loss has been recognised.

**Reconciliation of loss allowances**

The following table set out the carrying amount, loss allowance and measurement basis of expected credit losses for loans to group companies:

| **2022 - Instrument** | **Basis of loss allowance** | **Gross carrying amount** | **Loss allowance** | **Amortised cost** |
|---|---|---|---|---|
| Franchisees - performing | 12 month ECL | 3,918,963 | - | 3,918,963 |
| D Judge - performing | 12 month ECL | 998,744 | - | 998,744 |
| C Meekers - performing | 12 month ECL | 954,945 | - | 954,945 |
| Skyatt Investments - performing | 12 month ECL | 750,000 | - | 750,000 |
| | | **6,622,652** | **-** | **6,622,652** |

| **2021 - Instrument** | | | | |
|---|---|---|---|---|
| Franchisees - performing | 12 month ECL | 6,094,763 | - | 6,094,763 |
| D Judge - performing | 12 month ECL | 972,661 | - | 972,661 |
| C Meekers - performing | 12 month ECL | 990,238 | - | 990,238 |
| Skyatt Investments - performing | 12 month ECL | 750,000 | - | 750,000 |
| | | **8,807,662** | **-** | **8,807,662** |

# Notes to the Annual Financial Statements

## 10. Deferred tax

A deferred tax liability/(asset) is recognised for all taxable/(deductible) temporary differences, except to the extent that the deferred tax liability/(asset) arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

| | Group | | Company | |
|---|---|---|---|---|
| | 2022<br>R | 2021<br>R | 2022<br>R | 2021<br>R |
| Property plant and equipment | (3,063,165) | (2,300,999) | (2,535) | 986 |
| Intangible assets | 155,731 | 19,130 | - | - |
| Prepaid expenses | (337,648) | (140,922) | (35,578) | (23,678) |
| Expected credit loss allowance | (88,802) | (126,882) | - | - |
| Section 24C allowance | (2,085,949) | (2,476,327) | - | - |
| Unrealised profit in inventory | 1,037,519 | 965,783 | - | - |
| Provisions | 13,123,825 | 5,831,945 | 477,156 | 907,292 |
| Income received in advance | 3,087,242 | 4,005,582 | - | - |
| RoU asset | (19,230,097) | (11,863,945) | - | - |
| Lease liability | 20,972,521 | 12,964,746 | - | - |
| Section 18A deductions carried forward | 118,366 | - | 73,972 | - |
| Capital loss | 56,096 | - | - | - |
| Assessed loss | 1,656,456 | 304,061 | - | - |
| **Total net deferred tax asset** | **15,402,095** | **7,182,172** | **513,015** | **884,600** |
| | | | | |
| Deferred tax liability | (763,779) | (394,741) | (38,113) | (23,678) |
| Deferred tax asset | 16,165,874 | 7,576,913 | 551,128 | 908,278 |
| **Total net deferred tax asset** | **15,402,095** | **7,182,172** | **513,015** | **884,600** |

**Reconciliation of deferred tax asset / (liability)**

| | | | | |
|---|---|---|---|---|
| At beginning of year | 7,182,171 | 2,840,711 | 884,600 | 598,640 |
| Temporary differences | 8,526,244 | 4,341,461 | (256,561) | 285,960 |
| Effect of decrease in tax rate | (222,863) | - | (31,593) | - |
| Prior period adjustment | (83,457) | - | (83,431) | - |
| | **15,402,095** | **7,182,171** | **513,015** | **884,600** |

**Utilisation of deferred tax asset**

Management has utilised financial budgets approved by management and the strategic plan, which has been approved by the executive committee and the board of directors, to determine the recoverability of the deferred tax asset balance.

## 11. Business combinations

The group accounts for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values of assets given, liabilities incurred or assumed and equity instruments issued. Costs directly attributable to the business combination are expensed as incurred.

Any contingent consideration is included in the cost of the business combination at fair value as at the date of acquisition. Subsequent changes to the assets, liability or equity which arise as a result of the contingent consideration are not affected against goodwill, unless they are valid measurement period adjustments. Otherwise, all subsequent changes to the fair value of contingent consideration that is deemed to be an asset or liability is recognised in either profit or loss.

### 11. Business combinations (continued)

The acquiree's identifiable assets, liabilities and contingent liabilities which meet the recognition conditions of IFRS 3 Business combinations are recognised at their fair values at acquisition date.

Contingent liabilities are only included in the identifiable assets and liabilities of the acquiree where there is a present obligation at acquisition date.

On acquisition, the acquiree's assets and liabilities are reassessed in terms of classification and are reclassified where the classification is inappropriate for group purposes. This excludes lease agreements whose classification remains as per their inception date.

Goodwill is determined as the consideration paid less the fair value of the identifiable assets and liabilities of the acquiree.

Goodwill is not amortised but is tested on an annual basis for impairment. If goodwill is assessed to be impaired, that impairment is not subsequently reversed.

During the year, Trellidor Retail Proprietary Limited, acquired two Trellidor Franchises, the one in Cape Town and one in Johannesburg and form an integral part of the Trellidor network in these cities. The franchises, in conjunction with the other owned franchise, will be managed as owned Trellidor branches with the expectation of improving service delivery in these regions and improve efficiency to the end user.

Goodwill of R8,936,544 rom the acquisition consist largely of market awareness of the brand that has been created by the previous franchise owners. Goodwill is not deductible for Income tax purposes.

| | 2022<br>R |
|---|---|
| **Fair value of assets acquired and liabilities assumed:** | |
| Property, plant and equipment | 656,000 |
| Trade and other payables | (93,000) |
| Goodwill | 8,937,000 |
| | **9,500,000** |

**Acquisition date fair value of consideration paid**

| | |
|---|---|
| Cash | (9,500,000) |

The acquisition of the additional franchises during the year increased the revenue of the entity by R14.1 million and a loss before tax of R0.4 million. This was for the period 01 July 2021 to 30 June 2022 and was significantly impacted by the civil unrest in July and Metal Union Strike in October 2021. On acquisition, the franchises within the same geographical area were consolidated into one “branch” and a number of the administrative operations of the all the acquired franchises were centralised at the group’s head office. Revenue that was derived by the acquired franchises from the sale of products outside the group’s direct product offerings were also discontinued on acquisition. Given that the entity has increased the number of owned franchises from 5 to 7 during the year, the impact on performance during 2023 is expected to improve. Uncertainty still remains in terms of the forecasted performance given the weak economic environment in South Africa and the rising cost of living for consumers.

The group has not disclosed annualised pro forma financial information in respect of revenue and profit for the acquisitions as it does not have access to the relevant information with respect to the acquired franchises for the group’s full reporting period up to the date of the acquisition. The preparation and presentation of this information is therefore deemed impracticable.

### 12. Inventories

Inventories are measured at the lower of cost and net realisable value on the weighted average cost basis. The group believes the use of the weighted average cost basis better matches current costs with revenues earned.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in cost of sales in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs.

# Notes to the Annual Financial Statements

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 R | 2021 R | 2022 R | 2021 R |

## 12. Inventories (continued)

| | | | | |
|---|---|---|---|---|
| Raw materials | 116,748,393 | 99,402,540 | - | - |
| Work in progress | 2,027,851 | 1,561,026 | - | - |
| Finished goods | 4,518,567 | 4,443,308 | - | - |
| Goods in transit | 4,624,497 | 7,270,330 | - | - |
| | 127,919,308 | 112,677,204 | - | - |
| Provision for obsolescence of raw materials | (5,889,631) | (5,070,506) | - | - |
| | **122,029,677** | **107,606,698** | **-** | **-** |

The provision for obsolescence is calculated by identifying inventory items that have not moved in the previous 12 to 24 months and are not expected to move in the next 12 months. This assessment takes into consideration the weak economic growth in South Africa, rising inflation rates globally and the impact of political and civil unrest locally and globally, no additional impairments were identified.

Inventory, with a carrying value of R114,948,995 (2021: R107,606,698) have been encumbered as security for the second long-term borrowings as referred to in note 19.

## 13. Trade and other receivables

Trade and other receivables excluding non-financial assets listed below are initially measured at the transaction price received or receivable and subsequently measured at amortised cost using the effective interest rate method. The group makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade receivables and other receivables. The provision matrix is based on historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and the forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised separately in the statement of profit or loss. Trade receivables that are uncollectible and subsequent recoveries of such amounts previously written off are credited against operating expenses in the statement of profit or loss and other comprehensive income.

The group considers that a trade and other receivable has no reasonable expectation of recoverability when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the borrower has been placed under liquidation or has entered into bankruptcy proceedings.

| | | | | |
|---|---|---|---|---|
| **Financial instruments:** | | | | |
| Trade receivables | 46,539,330 | 52,380,529 | 3,244,551 | 2,091,112 |
| Loss allowance | (1,375,094) | (1,855,830) | - | - |
| Trade receivables at amortised cost | 45,164,236 | 50,524,699 | 3,244,551 | 2,091,112 |
| Other receivable | 1,943,046 | 3,159,967 | - | - |
| **Non-financial instruments:** | | | | |
| VAT | 771,912 | 611,750 | - | - |
| Other receivables | 483,906 | 103,667 | 770,737 | 1,265,538 |
| Prepayments | 6,932,979 | 7,058,648 | 131,771 | 84,565 |
| **Total trade and other receivables** | **55,296,079** | **61,458,731** | **4,147,059** | **3,441,215** |

**Financial instrument and non-financial instrument components of trade and other receivables**

| | | | | |
|---|---|---|---|---|
| At amortised cost | 47,107,282 | 53,684,666 | 3,244,551 | 2,091,112 |
| Non-financial instruments | 8,188,797 | 7,774,065 | 902,508 | 1,350,103 |
| | **55,296,079** | **61,458,731** | **4,147,059** | **3,441,215** |

# Notes to the Annual Financial Statements

### 13. Trade and other receivables (continued)

**Trade and other receivables pledged as security for group facilities**

Trade receivables with a carrying amount of R48,993,202 (2021: R55,284,676) has been ceded as security for the financing facilities of the group. Refer to note 36 for the facilities and securities held with FNB.

**Exposure to credit risk**

Trade receivables inherently expose the group to credit risk, being the risk that the group will incur financial loss if customers fail to make payments as they fall due. The group's credit risk exposure to customers is influenced mainly by the individual characteristics of each customer and there is no significant concentration of risk related to operating segments. The aggregation of trade receivables in this manner is consistent with the way in which management monitors sales and market demand.

A credit loss allowance is recognised for all trade receivables and is measured by applying a provision matrix and is monitored at the end of each reporting period. In addition to the loss allowance and in terms of the accounting policy, trade receivables are written off when there is no reasonable expectation of recovery.

Each business unit in the group is responsible for the management of credit risk in receivables and does so through ongoing credit evaluations and credit control policies and procedures which include weekly reviews by executive management, monthly review by the executive committee and a quarterly review by Trellidor Holdings board. The latter reviews are undertaken by people independent of the daily operations of the company. Executive management is held accountable for any defaults. Any change in the credit quality of trade receivables is considered from the date credit was granted up to the reporting date. Credit quality of the customer is assessed by the business units in taking into account its financial position, past experiences and other qualitative factors. The establishment and subsequent maintenance of credit limits is, in the majority of cases, based either on the applicable franchise right valuation or the specific credit insurance that can be secured. Based on this assessment the current credit loss is considered adequate.

The loss allowance as at 30 June 2022 was determined as follows:

| | 2022 | | | 2021 | | |
|---|---|---|---|---|---|---|
| **Expected credit loss rate:** | **Gross carrying amount** | **Loss allowance** | **ECL rate** | **Gross carrying amount** | **Loss allowance** | **ECL Rate** |
| Group ageing | | | | | | |
| Current (not past due) | 28,080,579 | (70,194) | 0.25 % | 20,923,911 | (96,160) | 0.46 % |
| Up to 60 days (past due) | 8,172,702 | (4,978) | 0.06 % | 9,200,081 | (4,749) | 0.05 % |
| Up to 90 days (past due) | 2,107,863 | (13,907) | 0.66 % | 3,287,314 | (840) | 0.00 % |
| Up to 120 days (past due) | 2,779,529 | (7,687) | 0.28 % | 709,956 | (9,486) | 1.34 % |
| More than 120 days (past due) | 2,367,015 | (579,027) | 24.46 % | 5,214,178 | (740,577) | 14.20 % |
| Specifically impaired | 3,031,642 | (699,301) | | 13,045,089 | (1,004,018) | |
| **Total** | **46,539,330** | **(1,375,094)** | | **52,380,529** | **(1,855,830)** | |

The credit loss rates are based on the payment profile of sales over a period of 48-months before 30 June 2022 and the corresponding historical credit losses experienced within this period. As debtors days are on average less than 60 days, this period reflects sufficient data points. The historical rates are adjusted to reflect current and forward-looking factors which include but not limited to regional growth, political stability and economic forecasts. This adjustment requires judgment and the adjusted credit loss rate may not be representative of the customer's actual default in the future.

Subsequent to the Covid-19 pandemic, management has had the ability to implement interventions which reduced the risk of debts becoming uncollectable and have allowed majority of our debtors to trade out of the short-term crises experienced. It has also enabled the group to identify specific impairment issues which have been provided for.

The risk profile remains weighted to a higher risk of loss on amounts more than 91 days past due. There has been a leveling in the risk rating for amounts 31 to 61 days past due mainly as a result of normalised trading conditions to a large degree as the economy started to recover over this period despite the numerous micro and macro challenges. Management has also considered that the debtors have recovered from a potentially catastrophic event being the National lockdown and continue to trade and therefore except for the specifically impaired debtors, the credit risk profile remains robust.

Including the specifically impaired customers the total loss allowance as a % of the total gross carrying amount has reduced from 3.54% in 2021 to 2.95% as a result of better than expected recoveries.

### 13. Trade and other receivables (continued)

**Reconciliation of loss allowances**

The following table shows the movement in the loss allowance (lifetime expected credit losses) for trade receivables:

| | Group | |
|---|---|---|
| | **2022 R** | **2021 R** |
| **Opening balance** | **(1,855,830)** | **(3,421,448)** |
| Remeasurement of loss allowance | 149,244 | 1,433,758 |
| Amounts written off | 284,251 | - |
| Translation | 47,241 | 131,860 |
| **Closing balance** | **(1,375,094)** | **(1,855,830)** |

**Other receivable financial instruments**

In determining the amount of expected credit losses of other receivables, the group has taken into account any historic default experience, the financial positions of the counterparty at year end as well as the future cash flows of the counterparty. This information has been obtained from the counterparty themselves. Consequently, there is no significant credit loss expected and hence no provision for impairments has been raised.

**Company:**

Given that the company's income is mainly derived from the two major subsidiaries, there is a concentration of risk inherent in its income. Management relies on the credit quality of the subsidiaries to mitigate this risk, and based on the financial performance of the subsidiaries, despite the continued impact of micro and macro economic and political challenges, the credit quality is considered adequate.

**Exposure to currency risk**

Refer to note 22 for details of currency risk management for trade receivables.

**Fair value of trade and other receivables**

The directors consider the carrying amounts of the trade and other receivables to be its fair value due to the short-term nature.

The directors are satisfied that the carrying amount of trade and other receivables are adequate based on the recognised credit loss allowance and its assessment of the business units of the credit quality of the receivables.

**Trade and other receivables pledged as security:**

Trade receivables with a carrying amount of R48,993,202 (2021: R55,284676) has been ceded as security for the financing facilities of the group and company. Refer to note 36 for the facilities and securities held with FNB.

# Notes to the Annual Financial Statements

| | Group | | Company | |
|---|---|---|---|---|
| | 2022<br>R | 2021<br>R | 2022<br>R | 2021<br>R |

### 14. Cash and cash equivalents

Cash and cash equivalents are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents comprise cash on hand and cash held at the bank, that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. For the purposes of the cash flow statement, cash and cash equivalents as defined above is reflected net of bank overdrafts as they are considered an integral part of the group and company's cash management.

Cash and cash equivalents consist of:

| | Group 2022 R | Group 2021 R | Company 2022 R | Company 2021 R |
|---|---|---|---|---|
| Cash on hand | 214,714 | 168,488 | - | - |
| Bank balances | 13,307,207 | 17,590,078 | 1,661,605 | 4,002,869 |
| Bank overdraft | (21,422,970) | (12,580,015) | - | - |
| | **(7,901,049)** | **5,178,551** | **1,661,605** | **4,002,869** |
| Current assets | 13,521,921 | 17,758,566 | 1,661,605 | 4,002,869 |
| Current liabilities | (21,422,970) | (12,580,015) | - | - |
| | **(7,901,049)** | **5,178,551** | **1,661,605** | **4,002,869** |

Due to the short-term nature of cash and cash equivalents the carrying amount is deemed to approximate fair value.

**Credit quality of cash at bank and short-term deposits, excluding cash on hand**

The credit quality of cash at bank and short-term deposits, excluding cash on hand, can be assessed by reference to external credit ratings of the group's bankers. Based on this assessment, which is forward-looking in nature, and the historic performance of the bankers, the carrying amount is deemed to be appropriate with no indication of a credit loss.

The group had total undrawn facilities available at year-end for future operating activities and commitments of:

| | Group 2022 R | Group 2021 R | Company 2022 R | Company 2021 R |
|---|---|---|---|---|
| Undrawn facilities available | 21,695,918 | 25,564,204 | - | - |

**Cash and cash equivalents pledged as security**

Cash and cash equivalents with a carrying amount of R8,036,517 (2021: R12,604,962) has been ceded as security for the financing facilities of the group and company. Refer to note 36 for the facilities and securities held with FNB.

**Exposure to currency risk**

Refer to note 22 Financial instruments and financial risk management for details of currency risk management for cash and cash equivalents.

The credit ratings of individual banks were reviewed and noted that credit rating has remained at Ba2 for the long-term local currency and foreign currency deposit ratings of FirstRand Bank Limited. Risk on South African banks is considered negligible as all cash deposits are guaranteed by the SA Reserve Bank and banks are financially sound. Zanith Bank Plc in Ghana (B2) and Barclays Bank (A) in the UK remain on stable credit ratings.

# Notes to the Annual Financial Statements

### 15. Stated capital

Stated capital - Ordinary shares are classified as equity.

Treasury shares - The group's own equity instruments that are reacquired are recognised at cost and deducted from equity. No gain or loss is recognised on the purchase, sale, issue, or cancellation of treasury shares. Consideration paid or received is recognised directly in equity and no dividends are allocated to them.

Due to share buy-backs the stated capital balance has been significantly reduced and further share buy-backs will be set off against retained earnings, once the capital balance has been reduced to nil.

| | Number of shares | |
|---|---|---|
| | **2022** | **2021** |
| **Authorised** | | |
| No par value shares | 5,000,000,000 | 5,000,000,000 |
| **Issued** | | |
| **Reconciliation of number of shares issued:** | 95,209,820 | 95,209,820 |
| Opening balance | 95,209,820 | 100,203,596 |
| Shares repurchased and cancelled | - | (4,993,776) |
| **Closing balance** | **95,209,820** | **95,209,820** |

| | Group | |
|---|---|---|
| | **2022** | **2021** |
| | **R** | **R** |
| **Reconciliation of number of shares issued:** | | |
| Opening balance | 401,010 | 12,142,997 |
| Shares repurchased and cancelled | - | (11,741,987) |
| **Closing balance** | **401,010** | **401,010** |

During the prior year 4,993,776 shares at an average cost of R2.35 per share was repurchased as part of the share buy-back programme announced during the 2021 financial year.

### 16. Foreign currency translation reserve (FCTR)

The results and financial position of a foreign operation are translated into the functional currency using the following procedures:

- Assets and liabilities are translated at the closing rate at the reporting date;
- Income and expenses are translated at an average exchange rate on a monthly basis; and
- All resulting exchange differences are recognised to other comprehensive income and accumulated as a separate component of equity.

The cash flows of a foreign subsidiary are translated at the exchange rates between the functional currency and the foreign currency at the dates of the cash flows.

The translation reserve comprises exchange differences on consolidation of the foreign subsidiaries into the presentation currency of the group.

### 17. Other non-distributable reserve

The other non-distributable reserve represents the surplus on restructuring of a subsidiary.

# Notes to the Annual Financial Statements

**18. Share-based payments**

The group issues equity-settled share options to certain employees. The fair value of options granted is recognised as an expense with a corresponding increase in equity. The fair value is measured at grant date and is recognised over the period during which the employees become unconditionally entitled to the option. Fair value is measured using the Black Scholes model taking into account the terms and conditions upon which the options are granted. The risk-free rate, dividend yield, share price volatility and attrition rate key assumptions used in the valuation model are based on management's best estimate at the date of valuation.

At each reporting date the estimate of the number of options that are expected to vest based on the non-market vesting conditions are revised. The impact of the revision to original estimates, if any, is recognised in profit or loss with a corresponding adjustment to equity.

The subsidiaries will pay the company for the portion of the share-based expense that relates to employees rendering services in those companies. This results in the company recognising an asset for the amount to be recovered.

Under the Trellidor share-incentive scheme, the group, at the discretion of the remuneration committee, may grant share options on the shares of the parent to the employees of any company within the group, via the Trellidor Group Share Incentive Trust. The share options granted give the holder the right to purchase Trellidor shares. The subsidiary company settles the liability due to group, in cash. These share options vest and are exercisable in tranches of 25% on the 2nd, 3rd, 4th and 5th anniversary of the award. The vesting of the share options is dependent on the employee being employed within the group at vesting date and exercising the option within the 30 day exercise period.

During the period under review no additional options were granted.

| | 2022 | | 2021 | |
|---|---|---|---|---|
| | **Weighted average exercise price** | **Number of options** | **Weighted average exercise price** | **Number of options** |
| **Reconciliation of share options for the year** | | | | |
| Outstanding options at beginning of year | 5.53 | 1,667,761 | 5.50 | 3,066,358 |
| - SBP 2016 | 5.41 | 896,221 | 5.41 | 1,909,098 |
| - SBP 2017 | 5.66 | 771,540 | 5.66 | 1,157,310 |
| Options lapsed - SBP 2016 | 5.41 | (896,221) | 5.41 | (954,524) |
| Options forfeited - SBP 2016 | - | - | 5.41 | (58,303) |
| Options lapsed - SBP 2017 | 5.66 | (385,770) | 5.66 | (385,770) |
| Options forfeited - SBP 2017 | 5.66 | (342,613) | 5.66 | - |
| Outstanding option at end of year | 5.66 | 43,157 | 5.53 | 1,667,761 |
| - SBP 2016 | - | - | 5.41 | 896,221 |
| - SBP 2017 | 5.66 | 43,157 | 5.66 | 771,540 |

The fourth tranche of the SBP 2016 award and the third tranche of SBP 2017 vested in October 2021, however no options were exercised and therefore lapsed after the 30 day exercise period. The final tranche of the SBP 2017 award, vest in October 2022.

At 30 June 2022 the carrying amount of the of the share-based payment reserve was R6,775,715 (2021: R6,776,715) with an expense of Rnil (2021: Rnil) recognised for employee services rendered during the year. Each company in the group recognise the expense for employee services rendered during the year.

### 19. Other financial liabilities

Borrowings are subsequently measured at amortised cost, using the effective interest rate method.

Any contingent consideration is included in the cost of the business combination at fair value as at the date of acquisition. Subsequent changes to the assets, liability or equity which arise as a result of the contingent consideration are not affected against goodwill, unless they are valid measurement period adjustments. Otherwise, all subsequent changes to the fair value of contingent consideration that is deemed to be an asset or liability is recognised in profit or loss.

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 R | 2021 R | 2022 R | 2021 R |
| **Held at amortised cost** | | | | |
| **Secured** | | | | |
| FNB - Holdings Facility | 46,427,268 | 43,885,836 | 46,427,268 | 43,885,836 |
| FNB - Holdings Facility 2 | 7,032,776 | - | 7,032,776 | - |
| FNB - Innovations Facility | 9,917,107 | 1,670,071 | - | - |
| FNB - Property Finance | - | 30,415,304 | - | - |
| FNB - Property Finance 2 | 33,036,236 | - | - | - |
| **Unsecured** | | | | |
| Novaspectacular Investments Proprietary Limited - interest bearing | - | 3,488,653 | - | - |
| Novaspectacular Investments Proprietary Limited - interest free | - | 896,106 | - | - |
| **Held at fair value** | | | | |
| J Millburn - Deferred consideration | - | 5,920,680 | - | - |
| | **96,413,387** | **86,276,650** | **53,460,044** | **43,885,836** |

**Split between non-current and current portions**

| | | | | |
|---|---|---|---|---|
| Non-current liabilities | 80,905,618 | 63,653,592 | 43,154,231 | 33,205,872 |
| Current liabilities | 15,507,769 | 22,623,058 | 10,305,813 | 10,679,964 |
| | **96,413,387** | **86,276,650** | **53,460,044** | **43,885,836** |

**FNB**

The Holdings Facility held by Trellidor Holdings Limited bears interest at prime less 0.5% per annum and is repayable in 54 monthly instalments.

The Holdings Facility 2 held by Trellidor Holdings Limited bears interest at prime less 0.5% per annum and is repayable in 59 monthly instalments.

The loan held by Trellidor Innovations Proprietary Limited bears interest at prime less 0.5% per annum and is repayable in 53 monthly instalments.

The Property Finance Facility 1 bore interest at prime less 0.5% per annum and was settled during the year with the Property Finance Facility 2.

The Property Finance Facility 2 bears interest at prime less 0.5% per annum and is repayable in 110 monthly instalments.

**Novaspectacular Investments Proprietary Limited**

Loan 1 was unsecured, bore interest at prime and was repayable over 5 years. This loan was subordinated to FNB as security for the facilities with the bank.

Loan 2 was unsecured, bore no interest and had no fixed term of repayment. This loan was subordinated to FNB as security for the facilities with the bank.

During the year, the minority interest of Novaspectacular Investments in Trellidor Innovations was purchased by Trellidor Holdings and the outstanding loans were settled.

# Notes to the Annual Financial Statements

| | Group 2022 R | Group 2021 R | Company 2022 R | Company 2021 R |
|---|---|---|---|---|

### 19. Other financial liabilities (continued)

Refer to note 36 for securities held for these facilities.

Refer to note 33 - Changes in liabilities arising from financing activities for details of the movement in the borrowings during the reporting period and note 22 - Financial instruments and financial risk management for the fair value of borrowings.

### 20. Trade and other payables

Trade and other payables excluding non-financial liabilities listed below are subsequently measured at amortised cost, using the effective interest rate method.

| | Group 2022 R | Group 2021 R | Company 2022 R | Company 2021 R |
|---|---|---|---|---|
| **Financial instruments:** | | | | |
| Trade payables | 25,829,112 | 34,586,016 | 654,777 | 550,141 |
| **Non-financial instruments:** | | | | |
| Accrued leave pay and bonus | 7,436,622 | 11,209,619 | 108,813 | 1,589,218 |
| Accrued expenses | 5,800,060 | 7,071,280 | 589,822 | 317,822 |
| Other payroll accruals | 5,034,965 | 3,741,889 | 322,590 | 232,719 |
| Amounts received in advance | 11,618,794 | 13,315,701 | - | - |
| VAT | 2,646,839 | 951,681 | 384,989 | 204,031 |
| | **58,366,392** | **70,876,186** | **2,060,991** | **2,893,931** |

**Financial instrument and non-financial instrument components of trade and other payables**

| | Group 2022 R | Group 2021 R | Company 2022 R | Company 2021 R |
|---|---|---|---|---|
| At amortised cost | 25,829,112 | 34,586,016 | 654,777 | 550,141 |
| Non-financial instruments | 32,537,280 | 36,290,170 | 1,406,214 | 2,343,790 |
| | **58,366,392** | **70,876,186** | **2,060,991** | **2,893,931** |

**Exposure to currency risk**

Refer to note 22 Financial instruments and financial risk management for details of currency risk management for trade payables.

**Fair value of trade and other payables**

The directors consider the carrying amount of trade and other payables to approximate their fair value based on the short-term nature of the trade and other payables.

### 21. Provisions

Provisions are recognised when:
- the group has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

**Reconciliation of provisions - Group - 2022**

| | Opening balance | Additions | Reversed during the year | Total |
|---|---|---|---|---|
| Legal proceedings | - | 32,058,075 | - | 32,058,075 |
| Product warranties | 548,282 | - | (122,913) | 425,369 |
| | **548,282** | **32,058,075** | **(122,913)** | **32,483,444** |

### 21. Provisions (continued)

A dispute, which has previously been disclosed, is in process relating to former employees who were dismissed by a subsidiary of the company during the 2013 financial period. On 17 April 2020 the Labour Court delivered its judgement in respect of the dismissal dispute and found that the dismissal of certain employees was substantively fair but the dismissal of certain "night shift employees" was substantively unfair  The judgement ordered reinstatement of the 42 night shift employees and limited back-pay from 01 January 2017. We filed for Leave to Appeal the judgement was filed and was subsequently denied.

On 07 September 2020, the Judge President was petitioned for leave to appeal and on 09 November 2020 the petition was granted. The Labour Appeal Court upheld the judgement in February 2022 and as result a provision for the backpay, restructuring costs and legal fees has been provided for in the current year

On 06 April 2022, legal counsel submitted an affidavit to the Constitutional Court to appeal the judgment but as at 30 June 2022, the appeal has not been granted. Given that the court have not provided clarity on whether or not they would grant leave to appeal at year end the timing of the settlement of the cost is uncertain until the Constitutional court ruling is received. Confirmation has been received that the matter is awaiting direction and therefore a ruling is expected during the 2023 financial period. Should the Labour Court judgement be upheld by the Constitutional Court, the group has secured funding from its bankers in order to settle the estimated provision, which has been determined in line with the requirements of the judgement, assuming all 42 employees are reinstated, however the final number of employees has yet to be determined.

### 22. Financial instruments and risk management

**Accounting policy:**

Financial instruments held by the group are classified in accordance with the provisions of IFRS 9 Financial Instruments.

**Initial recognition**

The group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

**Classification and initial measurement**

Financial instruments are measured initially at fair value plus direct transaction costs (if applicable, except for the contingent consideration which excludes transaction costs).

All financial assets and other financial liabilities are classified at amortised cost as they are solely held for collection or payment of capital and interest, except for derivatives and any contingent considerations which are classified at fair value through profit and loss ('FVTPL').

All income and expenses relating to financial assets that are recognised in profit and loss are presented within finance costs, finance income, except for impairment of which is presented separately in the statement of profit or loss and other comprehensive income.

Should the assessment of these factors indicate an inability of the subsidiary to meet its repayment obligation in the immediate or near future (default), this would result in an increase in the credit risk profile of the subsidiary. In the event that all methods have been exhausted in recovery of the debt, the debt would be considered uncollectable and written-off. In determining whether or not a debt is uncollectable the executive management will review all steps that have been taken to recover the debt before approving the write-off.

For loans receivable with no fixed terms of repayment, expected credit losses are based on the assumption that repayment of the loan is demanded at the reporting date. If the borrower has sufficient accessible highly liquid assets in order to repay the loan if demanded at the reporting date, the probability of default is usually low and the expected credit loss is immaterial.

If the borrower could not repay the loan if demanded at the reporting date, the group considers the expected manner of recovery to measure expected credit losses. This includes a ‘repay over time’ strategy.  If the recovery strategies indicate that the lender would fully recover the outstanding balance of the loan, the expected credit loss is limited to the effect of discounting the amount due on the loan (at the loan’s effective interest rate, which is regarded as 0% if the loan is interest free) over the period until cash is realised. If the effective interest rate is 0%, and all strategies indicate that the lender would fully recover the outstanding balance of the loan, no impairment loss is recognised.

**22. Financial instruments and risk management (continued)**

The group considers that an event of default has occurred if the borrower does not repay the loan when demanded. The group writes off a loan when there is information indicating that the borrower is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the borrower has been placed under liquidation or has entered into bankruptcy proceedings.

**Other loans and receivables**

Other loans and receivables, which includes loans to third parties, are subsequently carried at amortised cost less any expected impairment loss allowance. The general approach is used in determining the expected credit losses. Under this approach the current economic conditions, forward-looking estimated forecasts and the time-value of money is used in the determination of expected credit losses.

**Trade and other receivables**

Trade and other receivables excluding where applicable VAT and prepayments are subsequently measured at amortised cost using the effective interest rate method. The group makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade receivables and other receivables. The provision matrix is based on historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and the forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised separately in the statement of profit or loss and other comprehensive income. Trade receivable that are uncollectible and subsequent recoveries of such amounts previously written off are credited against operating expenses in the statement of profit or loss and other comprehensive income.

The group considers that a trade and other receivable has no reasonable expectation of recoverability when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the borrower has been placed under liquidation or has entered into bankruptcy proceedings.

**Trade and other payables**

Trade and other payables excluding where applicable VAT and income received in advance are subsequently measured at amortised cost, using the effective interest rate method.

**Derivatives**

Changes in the fair value of derivative financial instruments are recognised in profit or loss as they arise.

**Cash and cash equivalents**

Cash and cash equivalents are subsequently measured at amortised cost, using the effective interest rate method.

**Bank overdrafts and borrowings**

Bank overdrafts and borrowings are subsequently measured at amortised cost, using the effective interest rate method.

**Derecognition of financial instruments**

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expires, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

### 22. Financial instruments and risk management (continued)

**Categories of financial instruments**

| **Financial assets by category** | **Group 2022** | **Group 2021** | **Company 2022** | **Company 2021** |
|---|---|---|---|---|
| **Amortised cost** | | | | |
| Loans receivable | 6,622,652 | 8,807,662 | - | - |
| Loans to group companies | - | - | 95,143,918 | 75,888,665 |
| Trade and other receivables | 47,107,282 | 53,684,666 | 3,244,551 | 2,091,112 |
| Cash and cash equivalents | 13,521,921 | 17,758,566 | 1,661,605 | 4,002,869 |
| | **67,251,855** | **80,250,894** | **100,050,074** | **81,982,646** |

**Financial liabilities by category**

| | **Group 2022** | **Group 2021** | **Company 2022** | **Company 2021** |
|---|---|---|---|---|
| **Amortised cost** | | | | |
| Trade and other payables | 25,829,112 | 34,586,016 | 654,777 | 550,141 |
| Other financial liabilities | 96,413,387 | 80,355,970 | 53,460,044 | 43,885,836 |
| Bank overdraft | 21,422,970 | 12,580,015 | - | - |
| **Fair value through profit or loss** | | | | |
| J Millburn - deferred consideration | - | 5,920,680 | - | - |
| | **143,665,469** | **133,442,681** | **54,114,821** | **44,435,977** |

| | **Group 2022** | **Group 2021** | **Company 2022** | **Company 2021** |
|---|---|---|---|---|
| **Gains and losses on financial assets** | | | | |
| **Recognised in profit or loss** | | | | |
| Interest income | 941,247 | 1,392,010 | 250,136 | 292,999 |
| Movement in credit loss allowance | 149,244 | 1,433,758 | 438,338 | 543,641 |
| **Net gains (losses)** | **1,090,491** | **2,825,768** | **688,474** | **836,640** |

| | **Group 2022** | **Group 2021** | **Company 2022** | **Company 2021** |
|---|---|---|---|---|
| **Gains and losses on financial liabilities** | | | | |
| **Recognised in profit or loss** | | | | |
| Finance cost | 10,184,770 | 8,023,773 | 3,314,285 | 3,215,582 |
| Change in fair value of contingent consideration | (998,455) | - | - | - |
| **Net (gains)/losses** | **9,186,315** | **8,023,773** | **3,314,285** | **3,215,582** |

**Capital risk management**

The group's financial capital is derived from a number of sources including our franchise network, income garnered from our shareholders and retained earnings. Financial capital is managed through long-and short-term borrowings (interest-bearing debt), effective management of cash and capital allocation, franchise distribution model and strong working capital 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. Capital adequacy and liquidity are managed by monitoring the return on invested capital (ROIC), Net debt to EBITDA ratios, debt to equity ratio, interest cover and debt service ratios.

The group generated, operating profit for the year of R30.5 million (2021: R45 million) and operating invested capital of R245.9 million (2021: R254.5 million), resulting in a ROIC of 11.0% (2021: 21.5%). The group's target ratio is 18% (2021: 18%).

The group's interest bearing net debt position (excluding IFRS accounted lease liabilities) as at 30 June 2022 is R96.4 million (2021: R84.1 million). This level of debt is well within the group's covenant requirement of net debt/EBITDA ratio of 2.00x, excluding the Labour Court judgement provision.

Senior debt divided by shareholders interest. The ratio is closely monitored by management and the group aims to maintain this ratio below 1 (2022: 0.6) in line with the covenant requirements.

# Notes to the Annual Financial Statements

**22. Financial instruments and risk management (continued)**

The group is required to maintain and monitor dividend, interest and debt cover ratios in terms of its agreements with its financiers, as referred to in note 36. As at 30 June 2022 the group was not in breach of any covenants and there was no change to what the entity manages as capital or the strategy for capital maintenance from the previous year.

In terms of the debt cover, our covenants ratio allows for a 2 x EBITDA level, however the board's targeted debt level is 1.5 x EBITDA which ensures effective management of our debt covenants. We close the current at a debt level of 1.575x EBITDA.

Our dividend is limited to 50% of profit after tax in terms of our dividend policy based on available cash. The debt to equity ratio and dividend cover at 2022 and 2021 respectively were as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | **2022** | **2021** | **2022** | **2021** |
| Borrowings | 96,413,387 | 86,276,650 | 53,460,044 | 43,885,836 |
| Equity | 166,861,817 | 179,108,092 | 98,676,006 | 89,311,389 |
| Gearing ratio | 57.78 % | 48.17 % | 54.18 % | 49.14 % |
| Dividend cover | - | 2.26 | - | - |

Based on the ratios above the group has managed its capital in line with its objectives to safeguard the group's ability to continue as a going concern, provide returns for shareholders and benefits for other stakeholders.

**Financial risk management**

**Overview**

The group’s financial instruments consist primarily of cash resources invested with financial institutions, accounts receivable, accounts payable, loans to/(from) group companies, instalment sale agreements, loans from financial institutions and loans to third parties. The group's activities expose it to a variety of financial risks including credit, interest, foreign currency, capital and liquidity risk.

Risk management policies have been established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls to monitor risks and adherence to limits. Risk management policies are regularly reviewed to reflect changes in market conditions and the group's activities. The group through training, management standards and procedures aims to develop a disciplined and constructive environment in which all employees understand their roles and obligations.

There have been no major changes to the group's financial risk management policies and processes from the previous period.

**Credit risk**

Credit risk is the risk of financial loss to the group if a customer or counter-party to a financial instrument fails to meet their contractual obligations. Credit risk consists mainly of cash deposits, cash equivalents, trade receivables and other financial assets.

The credit quality of cash held at the bank is assessed to be good as the group only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

# Notes to the Annual Financial Statements

**22. Financial instruments and risk management (continued)**

Financial assets exposed to credit risk at year end were as follows:

| **Group** | | 2022 Gross carrying amount | 2022 Credit loss allowance | 2022 Amortised cost | 2021 Gross carrying amount | 2021 Credit loss allowance | 2021 Amortised cost |
|---|---|---|---|---|---|---|---|
| Loans receivable | 9 | 6,622,652 | - | 6,622,652 | 8,807,662 | - | 8,807,662 |
| Trade and other receivables | 13 | 48,482,376 | (1,375,094) | 47,107,282 | 55,540,496 | (1,855,830) | 53,684,666 |
| Cash and cash equivalents | 14 | 13,521,921 | - | 13,521,921 | 17,758,566 | - | 17,758,566 |
| | | **68,626,949** | **(1,375,094)** | **67,251,855** | **82,106,724** | **(1,855,830)** | **80,250,894** |
| **Company** | | | | | | | |
| Loans to group companies | 8 | 95,778,689 | (634,771) | 95,143,918 | 76,961,774 | (1,073,109) | 75,888,665 |
| Trade and other receivables | 13 | 3,244,551 | - | 3,244,551 | 2,091,112 | - | 2,091,112 |
| Cash and cash equivalents | 14 | 1,661,605 | - | 1,661,605 | 4,002,869 | - | 4,002,869 |
| | | **100,684,845** | **(634,771)** | **100,050,074** | **83,055,755** | **(1,073,109)** | **81,982,646** |

**Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, Trellidor group maintains flexibility in funding by maintaining facilities under committed credit lines.

These facilities are used whenever an entity within the group requires cash to maintain operations. Overall credit lines are approved by the board. There is a concentration risk in that both of the major facilities used (Wesbank and FNB) are part of the FirstRand group. However, this risk is mitigated by the fact that the FirstRand group is a strong financial services provider and that a large substitution market exists.

Management monitors rolling forecasts of the entity's cash and cash equivalents on the basis of expected cash flow. There is central cash management function at group level, which manages cash flows and balances, ensuring liquidity by operation as required and the maximisation of the overall return on free cash.

Trade and other receivables are used to offset the risk that arises from trade and other payables. Repayment of loans payable will be financed from cash generated from operating activities or working capital facilities.

The table below analyses the group and company’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. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

| | | 2022 Less than 1 year | 1 to 2 years | 2 to 5 years | Over 5 years | Total | Carrying amount |
|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | |
| **Non-current liabilities** | | | | | | | |
| Lease liabilities | 4 | - | 11,670,803 | 23,430,575 | - | 35,101,378 | 31,234,554 |
| Other financial liabilities | 19 | - | 21,835,895 | 58,107,831 | 21,745,257 | 101,688,983 | 80,905,618 |
| **Current liabilities** | | | | | | | |
| Lease liabilities | 4 | 13,032,913 | - | - | - | 13,032,913 | 10,262,156 |
| Bank overdraft | 14 | 21,422,970 | - | - | - | 21,422,970 | 21,422,970 |
| Other financial liabilities | 19 | 22,057,523 | - | - | - | 22,057,523 | 15,507,769 |
| Trade and other payables | 20 | 25,829,112 | - | - | - | 25,829,112 | 25,829,112 |
| **Current assets** | | | | | | | |
| Trade and other receivables | 13 | (47,107,282) | - | - | - | (47,107,282) | (47,107,282) |
| | | **35,235,236** | **33,506,698** | **81,538,406** | **21,745,257** | **172,025,597** | **138,054,897** |

# Notes to the Annual Financial Statements

**22. Financial instruments and risk management (continued)**

| | | 2021 | | | | | |
|---|---|---|---|---|---|---|---|
| | | **Less than 1 year** | **1 to 2 years** | **2 to 5 years** | **Over 5 years** | **Total** | **Carrying amount** |
| **Group** | | | | | | | |
| **Non-current liabilities** | | | | | | | |
| Lease liabilities | 4 | - | 4,368,839 | 3,591,667 | - | 7,960,506 | 7,361,227 |
| Other financial liabilities | 19 | - | 18,957,926 | 37,759,903 | 16,683,348 | 73,401,177 | 63,653,592 |
| **Current liabilities** | | | | | | | |
| Lease liabilities | 4 | 8,381,832 | - | - | - | 8,381,832 | 7,559,852 |
| Bank overdraft | 14 | 12,580,015 | - | - | - | 12,580,015 | 12,580,015 |
| Other financial liabilities | 19 | 29,533,496 | - | - | - | 29,533,496 | 22,623,058 |
| Trade and other payables | 20 | 34,586,016 | - | - | - | 34,586,016 | 34,586,016 |
| **Current assets** | | | | | | | |
| Trade and other receivables | 13 | (53,684,666) | - | - | - | (53,684,666) | (53,684,666) |
| | | **31,396,693** | **23,326,765** | **41,351,570** | **16,683,348** | **112,758,376** | **94,679,094** |

| | | 2022 | | | | | |
|---|---|---|---|---|---|---|---|
| | | **Less than 1 year** | **1 to 2 years** | **2 to 5 years** | **Over 5 years** | **Total** | **Carrying amount** |
| **Company** | | | | | | | |
| **Non-current liabilities** | | | | | | | |
| Other financial liabilities | 19 | - | 14,161,929 | 34,996,441 | - | 49,158,370 | 43,154,231 |
| **Non-current assets** | | | | | | | |
| Loans to group companies | 8 | - | (24,378,852) | (59,973,157) | - | (84,352,009) | (74,447,511) |
| **Current liabilities** | | | | | | | |
| Other financial liabilities | 19 | 14,161,929 | - | - | - | 14,161,929 | 10,305,813 |
| Trade and other payables | 20 | 654,774 | - | - | - | 654,774 | 654,774 |
| Bank sureties* | | 6,046,302 | - | - | - | 6,046,302 | - |
| Bank guarantees* | | 34,863,463 | - | - | - | 34,863,463 | - |
| **Current assets** | | | | | | | |
| Loans to group companies | 8 | (26,758,852) | - | - | - | (26,758,852) | (20,696,407) |
| Trade and other receivables | 13 | (3,244,551) | - | - | - | (3,244,551) | (3,244,551) |
| | | **(25,723,065)** | **10,216,923** | **24,976,716** | **-** | **9,470,574** | **44,273,651** |

## Notes to the Annual Financial Statements

### 22. Financial instruments and risk management (continued)

| | | 2021 Less than 1 year | 1 to 2 years | 2 to 5 years | Over 5 years | Total | Carrying amount |
|---|---|---|---|---|---|---|---|
| **Company** | | | | | | | |
| **Non-current liabilities** | | | | | | | |
| Other financial liabilities | 19 | - | 13,148,531 | 21,914,218 | - | 35,062,749 | 33,205,872 |
| **Non-current assets** | | | | | | | |
| Loans to group companies | 8 | - | (23,459,708) | (43,405,521) | - | (66,865,229) | (56,586,650) |
| **Current liabilities** | | | | | | | |
| Other financial liabilities | 19 | 13,148,531 | - | - | - | 13,148,531 | 10,679,964 |
| Trade and other payables | 20 | 550,139 | - | - | - | 550,139 | 550,139 |
| Bank sureties* | | 1,670,071 | - | - | - | 1,670,071 | - |
| Bank guarantees* | | 30,415,304 | - | - | - | 30,415,304 | - |
| **Current assets** | | | | | | | |
| Loans to group companies | 8 | (23,459,708) | - | - | - | (23,459,708) | (19,302,015) |
| Trade and other receivables | 13 | (2,091,112) | - | - | - | (2,091,112) | (2,091,112) |
| | | **(20,233,225)** | **10,311,177** | **21,491,303** | **-** | **11,569,255** | **33,543,802** |

*It is the opinion of the directors that the possibility of any loss from bank sureties or guarantees is improbable and it is not anticipated that any material liabilities will arise.

**Foreign currency risk**

The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar, GB Pound and Euro.

The group imports raw materials and components and exports finished goods. These transactions are foreign currency based, hence there is exposure to foreign currency risk in the form of transactions and translation expenses from fluctuations in foreign currency exchange rates. The group utilises, as part of its risk management, the natural hedging that arises from being an importer and exporter of goods and forward exchange contracts where appropriate.

### 22. Financial instruments and risk management (continued)

**Exposure in foreign currency amounts**

The net carrying amounts, in foreign currency of the above exposure was as follows:

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 2022 R | 2021 R | 2022 R | 2021 R |
| **Current assets** | | | | | |
| **Trade and other receivables:** | | | | | |
| • USD 44,316 (2021: 144,254) | 13 | 721,117 | 2,057,776 | - | - |
| • GBP 331,779 (2021: 528,327) | 13 | 6,572,949 | 10,426,856 | - | - |
| • EUR 21,944 (2021: 27,487) | 13 | 374,743 | 465,433 | - | - |
| **Cash and cash equivalents:** | | | | | |
| • USD 139,385 (2021: 136,523) | 14 | 2,270,169 | 1,947,505 | - | - |
| • EUR 264 (2021: 29) | 14 | 4,516 | 490 | - | - |
| • GBP 265,326 (2021: 176,968) | 14 | 5,262,988 | 3,492,567 | - | - |
| **Current liabilities:** | | | | | |
| **Trade and other payables:** | | | | | |
| • USD 208,007 (2021: 741,272) | 20 | 3,387,810 | 10,574,243 | - | - |
| • EUR 3,266 (2021: 242,289) | 20 | 55,768 | 4,102,588 | - | - |
| • GBP 26,950 (2021: 66 423) | 20 | 534,579 | 1,310,900 | - | - |

**Year end exchange rates used for conversion of foreign items were:**

| | | | | |
|---|---|---|---|---|
| US Dollar | 16.29 | 14.27 | - | - |
| Euro | 17.08 | 16.93 | - | - |
| Great British Pound | 19.84 | 19.74 | - | - |

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

**Foreign currency sensitivity analysis**

The following information presents the sensitivity of the group to an increase or decrease in the respective currencies it is exposed to. The sensitivity rate is the rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated amounts and adjusts their translation at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period, however we have noted the increased volatility in the global exchange markets during the year and therefore based our % on the average change in the exchange rates from the start of the financial year to year-end.

| **Group** | 2022 | | 2021 | |
|---|---|---|---|---|
| | Increase | Decrease | Increase | Decrease |
| **Impact on profit or loss:** | | | | |
| US Dollar 8% (2021: 1%) | (3,965) | 3,965 | (65,690) | 65,690 |
| Euro 8% (2021: 1%) | 4,350 | (4,350) | (36,367) | 36,367 |
| Great British Pound 3% (2021: 1%) | 113,014 | (113,014) | 36,334 | (36,334) |
| | **113,399** | **(113,399)** | **(65,723)** | **65,723** |

### 22. Financial instruments and risk management (continued)

**Interest rate risk**

The group's interest rate risk arises from cash deposits (refer to note 14), financial assets (refer notes 8 and 9) and financial liabilities (refer note 19), which can impact on the cash flows of these instruments. The exposure to interest rate risk is managed through a central cash management mechanism at group level, which enables the group to maximise returns whilst minimising risk.

**Group**

At 30 June 2022, if the prime interest rates which is considered the benchmark had been 0.5% higher/lower with all other variables held constant, pre-tax profit for the year would have been R633,787 (2021: R484,877) lower/higher, mainly as a result of higher interest expense/income on borrowings.

**Company**

At 30 June 2022, if the prime interest rates which is considered the benchmark had been 0.5% higher/lower with all other variables held constant, pre-tax profit for the year would have been R267,300 (2021: R219,429) higher/lower, mainly as a result of higher interest income/expense on borrowings.

### 23. Revenue

***Group***

Revenue is measured at the transaction price received or receivable and represents the amounts receivable for goods and services provided in the customary business practices, net of trade discounts and settlements and value added tax.

Revenue from the sale of product includes sales and installation of custom-made security and decorative products. The sales are recognised when control of the product has transferred to the buyer. The control of the goods passes on delivery at the premises nominated by the customer. The delivery of products and the transfer of risks are detailed by the terms of sale.

Products are often sold with retrospective volume discounts, and early-settlement terms. These rights give rise to a variable consideration. Revenue from these sales are recognised based on the price specified on the sale invoice, net of calculated discounts and early settlement discounts. The general repayment terms of sale vary from upfront deposits, with the balance payable on completion, to payment terms of 30 days or 90 days from statement date depending on the nature and geographical region of the customer. No element of financing is deemed present as the sales are not made on extended credit terms (not greater than 12 months),

The group typically provides warranties for repairs of defects that existed at the time of sale. These assurance-type warranties are accounted for as warranty provisions.

Royalties, which are generated from non-related entities who have a contractual right to manufacture and sell Trellidor products in a specific region or regions, are recognised on the accrual basis in the month in which the underlying sale has occurred in accordance with the substance of the relevant agreements.

***Company***

Company management fees received is based on actual services provided to the end of the reporting period apportioned evenly on a monthly basis because the customer receives and uses the services simultaneously.

Interest income, including income arising from other financial instruments, is recognised using the effective interest rate method. Dividend income is recognised when the right to receive payment is established.

**Disaggregation of revenue from customers**

| | | | | |
|---|---|---|---|---|
| **Revenue from source type and timing of transfer** | | | | |
| Sale of security products - invoice (point-in-time) | 324,463,043 | 312,025,409 | - | - |
| Sale of decorative products - invoice (point-in-time) | 187,936,422 | 205,047,199 | - | - |
| Management fees - monthly invoice (over time) | - | - | 13,941,240 | 12,817,696 |
| Royalty income - invoice (point-in-time) | 834,975 | 1,313,823 | - | - |
| | **513,234,440** | **518,386,431** | **13,941,240** | **12,817,696** |

# Notes to the Annual Financial Statements

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 R | 2021 R | 2022 R | 2021 R |

### 23. Revenue (continued)

In terms of factory throughput of security products, our traditional Trellidor type products made up 59% (2021: 67%), the Polycarbonate Bar 2% (2021: 2%), the Clearguard range 11% (2021: 14%), the Rollerstyle product set 12% (2021: 5%) and the aluminium security shutters contributed 16% (2021: 12%).

The factory throughput of decorative products were made up of 41% (2021: 43%) aluminium shutters, PVC shutters contributed 9% (2021: 9%), the blind range 33% (2021: 33%) and the NMC product set 17% (15%).

| | Group 2022 R | Group 2021 R | Company 2022 R | Company 2021 R |
|---|---|---|---|---|
| **Revenue by geographical location** | | | | |
| South Africa | 432,104,606 | 441,293,739 | 13,941,240 | 12,817,696 |
| Rest of Africa | 40,674,397 | 54,008,235 | - | - |
| Rest of World | 40,455,437 | 23,084,457 | - | - |
| | **513,234,440** | **518,386,431** | **13,941,240** | **12,817,696** |

From a South African perspective, the throughput of Trellidor product can be split into two key areas, Main Centres, being Durban, Cape Town, Johannesburg and Pretoria, which contributed 37% (2021: 37%), and the Outlying Regions, or the rest of South Africa, which made up 39% (2021: 41%). In terms of Innovations, Johannesburg contributed 29% (2021: 30%), Cape Town 67% (2021: 65%) and Durban 4% (2021: 5%).

For Trellidor, Africa made up 12% (2021: 15%) of factory throughput and 1% (2021:3%) in Innovations. The rest of the world contributed 12% (2021: 7%) in Trellidor.

| | Group 2022 R | Group 2021 R | Company 2022 R | Company 2021 R |
|---|---|---|---|---|
| **Other revenue** | | | | |
| Dividends received | - | - | 19,000,000 | 32,000,000 |
| Interest received | - | - | 5,101,814 | 4,544,738 |
| | **-** | **-** | **24,101,814** | **36,544,738** |
| **Total revenue** | **513,234,440** | **518,386,431** | **38,043,054** | **49,362,434** |

### 24. Cost of sales

| | Group 2022 R | Group 2021 R | Company 2022 R | Company 2021 R |
|---|---|---|---|---|
| Sale of goods | 209,467,294 | 199,606,662 | - | - |
| Employee costs | 73,226,108 | 68,808,693 | - | - |
| Depreciation and impairment | 10,718,305 | 9,937,737 | - | - |
| Manufacturing expenses | 22,579,516 | 20,619,087 | - | - |
| | **315,991,223** | **298,972,179** | **-** | **-** |

### 25. Operating profit before interest and taxation

**Short-term employee benefits**

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), is recognised in the period in which the service is rendered and is not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

**Foreign currency transactions:**

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

| | Group 2022 R | Group 2021 R | Company 2022 R | Company 2021 R |
|---|---|---|---|---|

### 25. Operating profit before interest and taxation (continued)

At the end of the reporting period:
- Foreign currency monetary items are translated using the closing rate;
- Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in profit or loss in the period in which they arise.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

Operating profit before interest and taxation for the year is stated after accounting for the following amongst others:

| | Group 2022 R | Group 2021 R | Company 2022 R | Company 2021 R |
|---|---|---|---|---|
| Advertising | 28,127,628 | 24,564,813 | - | - |
| Amortisation on intangible assets | 681,981 | 5,218,845 | - | - |
| Auditor's remuneration | 2,042,166 | 2,109,966 | 536,896 | 687,986 |
| Cartage | 8,722,261 | 10,393,316 | - | - |
| Commission | 9,804,289 | 8,817,625 | - | - |
| Consulting fees | 4,100,457 | 4,117,500 | 2,183,728 | 1,628,546 |
| Movement on ECL allowance | (149,244) | (1,433,758) | (438,338) | (543,641) |
| Depreciation on RoU asset | 10,572,968 | 9,907,002 | - | - |
| Depreciation on property plant and equipment | 7,817,060 | 7,701,843 | 21,325 | 14,184 |
| Gas, electricity and water | 7,993,648 | 7,603,147 | - | - |
| Labour court settlement provision expense (note 21) | 32,058,075 | - | - | - |
| Loss on exchange differences | 800,617 | 3,280,552 | - | - |
| Post employment benefits | 5,625,148 | 5,583,082 | 405,980 | 368,141 |
| Short-term employee benefits | 133,661,076 | 127,076,131 | 7,953,646 | 7,304,942 |

Included in Auditor's remuneration for non-assurance services provided to the amount of Rnil (2021: R142,253).

### 26. Retirement benefits

**Defined contribution plan**

Payments to defined contribution retirement benefit plans and provident funds are charged as an expense as they fall due.

It is the policy of the group to provide retirement benefits to all of its employees. The group makes contributions to the pension and provident funds, which are subject to the Pension Funds Act and MEIBC regulations. The group is under no obligation to cover any unfunded benefits.

| | Group 2022 R | Group 2021 R | Company 2022 R | Company 2021 R |
|---|---|---|---|---|
| The total group contribution to such schemes | 5,625,148 | 5,583,082 | 405,980 | 368,141 |

### 27. Investment income

| | Group 2022 R | Group 2021 R | Company 2022 R | Company 2021 R |
|---|---|---|---|---|
| **Interest income** | | | | |
| **Investments in financial assets:** | | | | |
| Bank and other cash | 293,389 | 646,919 | 219,278 | 216,336 |
| Other financial assets | 647,858 | 745,091 | 30,858 | 76,663 |
| **Total interest income** | **941,247** | **1,392,010** | **250,136** | **292,999** |

# Notes to the Annual Financial Statements

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 R | 2021 R | 2022 R | 2021 R |

## 28. Finance costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

| | | | | |
|---|---|---|---|---|
| Shareholders | 191,442 | 282,409 | - | 14,145 |
| Non-current borrowings | 5,526,114 | 5,477,680 | 3,218,666 | 3,145,045 |
| Lease liabilities | 2,884,561 | 1,709,391 | - | - |
| Bank and other | 1,582,093 | 551,212 | 95,619 | 53,311 |
| Tax authorities | 560 | 3,081 | - | 3,081 |
| **Total finance costs** | **10,184,770** | **8,023,773** | **3,314,285** | **3,215,582** |

## 29. Taxation

Current tax is recognised when there is an expected charge or deduction for tax purposes. Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset. The group's liability for current tax is calculated using tax rates and tax laws that have been enacted or substantively enacted by the reporting date in the countries where the group operates and generates taxable income.

Current tax liabilities or assets for the current and prior periods are measured at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

**Major components of the tax expense**

| | | | | |
|---|---|---|---|---|
| **Current** | | | | |
| Local income tax - current period | 8,912,224 | 18,154,142 | 742,598 | 1,254,271 |
| Local income tax - prior period (over) under provision | (85,417) | 171,474 | - | 1,728 |
| | **8,826,807** | **18,325,616** | **742,598** | **1,255,999** |
| **Deferred** | | | | |
| Originating and reversing temporary differences | (8,303,382) | (2,756,763) | 371,585 | (285,960) |
| Arising from prior period adjustments | 83,457 | - | - | - |
| | **(8,219,925)** | **(2,756,763)** | **371,585** | **(285,960)** |
| | **606,882** | **15,568,853** | **1,114,183** | **970,039** |

**Reconciliation of the tax expense**

Reconciliation between applicable tax rate and average effective tax rate.

| | | | | |
|---|---|---|---|---|
| Applicable tax rate | 28.00 % | 28.00 % | 28.00 % | 28.00 % |
| Exempt income | - % | - % | (25.38)% | (27.17)% |
| Tax incentives | (43.47)% | (0.28)% | - % | - % |
| Lower foreign tax rates | (60.84)% | (0.42)% | - % | - % |
| Capital gains | 0.73 % | 0.20 % | - % | - % |
| Non-deductible expenses | 93.62 % | 0.04 % | 2.60 % | 2.11 % |
| Prior year under provision | (0.21)% | 0.31 % | - % | 0.01 % |
| Effect of decrease in tax rate | 46.24 % | - % | 0.11 % | - % |
| | **64.07 %** | **27.85 %** | **5.33 %** | **2.95 %** |

# Notes to the Annual Financial Statements

| | Group 2022 R | Group 2021 R | Company 2022 R | Company 2021 R |
|---|---|---|---|---|

## 30. Cash generated from operations

| | Group 2022 R | Group 2021 R | Company 2022 R | Company 2021 R |
|---|---|---|---|---|
| Profit (loss) before taxation | 947,120 | 55,897,891 | 20,951,878 | 33,549,647 |
| **Adjustments for:** | | | | |
| Depreciation and amortisation | 19,072,007 | 22,827,688 | 21,324 | 14,184 |
| Net (profit)/loss on disposal of property, plant and equipment | (33,231) | 82,637 | - | - |
| Gains on reclassification of financial liabilities | (998,455) | - | - | - |
| Interest income | (941,247) | (1,392,010) | (5,351,950) | (4,837,737) |
| Finance costs | 10,184,770 | 8,023,771 | 3,314,285 | 3,215,581 |
| Net movement in credit loss allowances | (149,244) | (1,433,758) | (438,338) | (543,641) |
| Movements in provisions | 31,935,162 | 3,839 | - | - |
| Movement in inventory obsolescence | 819,125 | (535,920) | - | - |
| Unrealised exchange differences | (324,464) | (670,680) | - | - |
| **Changes in working capital:** | | | | |
| (Increase)/decrease in inventories | (15,242,103) | (11,767,889) | - | - |
| (Increase)/decrease in trade and other receivables | 5,656,902 | 1,195,999 | (705,844) | 3,369,516 |
| Increase/(decrease) in trade and other payables | (11,798,181) | 24,118,792 | (832,939) | 1,717,667 |
| | **39,128,161** | **96,350,360** | **16,958,416** | **36,485,217** |

## 31. Tax paid

| | Group 2022 R | Group 2021 R | Company 2022 R | Company 2021 R |
|---|---|---|---|---|
| Balance at beginning of the year | 81,484 | 1,804,118 | 77,181 | (205,276) |
| Current tax for the year recognised in profit or loss | (8,826,807) | (18,325,616) | (742,598) | (1,255,999) |
| Balance at end of the year | (2,559,430) | (81,484) | 287,576 | (77,181) |
| | **(11,304,753)** | **(16,602,982)** | **(377,841)** | **(1,538,456)** |

## 32. Dividend paid

| | Group 2022 R | Group 2021 R | Company 2022 R | Company 2021 R |
|---|---|---|---|---|
| Dividend | (10,473,080) | (9,671,833) | (10,473,080) | (9,671,833) |

A dividend per share of R0.11 (2021: R0.18) was distributed to the shareholders. As result of the Labour Court judgement provision, no dividend has been declared or paid in respect of the year ended 30 June 2022.

# Notes to the Annual Financial Statements

### 33. Changes in liabilities arising from financing activities

| **Group 2022** | Opening balance | Lease cancelled | Additions | Interest accruals and translation reserve | Fair value adjustment | Cash inflows | Cash outflows | Interest paid | Closing balance |
|---|---|---|---|---|---|---|---|---|---|
| Other financial liabilities | 75,971,211 | - | - | 164,496 | - | 36,194,204 | (21,896,377) | 5,979,854 | 96,413,388 |
| Loans from shareholders - Novaspectacular | 4,384,758 | - | - | (8,877) | - | - | (4,567,322) | 191,441 | - |
| Contingent consideration | 5,920,680 | - | - | 81,310 | (998,445) | - | (5,003,545) | - | - |
| Lease liabilities | 14,921,077 | (629,361) | 38,211,333 | 477,499 | - | - | (14,368,396) | 2,884,558 | 41,496,710 |
| **Total liabilities from financing activities** | **101,197,726** | **(629,361)** | **38,211,333** | **714,428** | **(998,445)** | **36,194,204** | **(45,835,640)** | **9,055,853** | **137,910,098** |

| **Group 2021** | Opening balance | Business combinations | Additions | Interest accruals and translation reserve | Cash outflows | Interest paid | Closing balance |
|---|---|---|---|---|---|---|---|
| Other financial liabilities | 98,981,969 | - | - | 5,760,089 | (18,711,502) | (5,674,586) | 80,355,970 |
| Contingent consideration | - | 12,611,640 | - | (665,280) | (6,025,680) | - | 5,920,680 |
| Lease liabilities | 21,328,151 | 2,432,573 | 4,224,252 | 945,118 | (12,299,169) | (1,709,847) | 14,921,078 |
| **Total liabilities from financing activities** | **120,310,120** | **15,044,213** | **4,224,252** | **6,039,927** | **(37,036,351)** | **(7,384,433)** | **101,197,728** |

| **Company 2022** | Opening balance | Interest accruals and translation reserve | Cash inflows | Cash outflows | Interest paid | Closing balance |
|---|---|---|---|---|---|---|
| Other financial liabilities | 43,885,836 | 116,952 | 20,076,704 | (13,838,114) | 3,218,666 | 53,460,044 |
| **Total liabilities from financing activities** | **43,885,836** | **116,952** | **20,076,704** | **(13,838,114)** | **3,218,666** | **53,460,044** |

# Notes to the Annual Financial Statements

### 33. Changes in liabilities arising from financing activities (continued)

| **Company**<br>**2021** | Opening balance | Interest accruals and translation reserve | Cash outflows | Interest paid | Closing balance |
|---|---|---|---|---|---|
| Other financial liabilities | 52,793,611 | (58,067) | (11,994,753) | 3,145,045 | 43,885,836 |
| **Total liabilities from financing activities** | **52,793,611** | **(58,067)** | **(11,994,753)** | **3,145,045** | **43,885,836** |

### 34. Earnings per share

| | Group<br>2022<br>R | <br>2021<br>R |
|---|---|---|
| Profit/(loss) for the year attributable to ordinary shareholders | 418,609 | 39,754,738 |
| Adjusted for: | - | - |
| **(Loss)/profit on disposal of property, plant and equipment** | (23,927) | 55,316 |
| Gross amount | (33,232) | 82,637 |
| Non-controlling interest | - | (4,182) |
| Tax effect thereon | 9,305 | (23,138) |
| **Headline earnings** | **394,682** | **39,810,073** |
| Number of shares issued | 95,209,820 | 95,209,820 |
| | - | - |
| Weighted and diluted weighted average number of ordinary shares in issue during the year | 95,209,820 | 97,682,387 |
| | - | - |
| Earnings and diluted earnings per share (cents) | 0.4 | 40.7 |
| Headline and diluted headline earnings per share (cents) | 0.4 | 40.8 |

# Notes to the Annual Financial Statements

### 35. Contingencies

**Guarantees**

FNB has issued the following guarantees on behalf of the group to the following parties:

| | | | | |
|---|---|---|---|---|
| Emira Property Fund Limited | 1,118,199 | 963,190 | - | - |
| Ethekwini Municipality | 202,580 | 202,580 | - | - |
| South African Post Office | 40,000 | 40,000 | - | - |
| | **1,360,779** | **1,205,770** | **-** | **-** |

Trellicor Proprietary Limited provides support for a loan facility from FNB for one of the Trellidor Franchises in the form of a buy-back guarantee limited to R1 000 000. As at year-end and through investigations with the counterparties, there is no indication that this guarantee will be called in the foreseeable future.

### 36. Securities and Facilities - FNB

| | | | | |
|---|---|---|---|---|
| Overdraft facility | 25,000,000 | 20,000,000 | - | - |
| Credit card facility | 2,323,000 | 700,000 | - | - |
| Guarantees | 3,000,000 | 3,000,000 | - | - |
| Asset finance | 15,000,000 | 15,000,000 | - | - |
| Forward exchange contracts | 3,250,000 | 3,250,000 | - | - |
| Global banking | 200,000 | 200,000 | - | - |
| | **48,773,000** | **42,150,000** | **-** | **-** |

The following terms and conditions are required to be complied with in order to ensure the ongoing availability of the facilities approved with FNB:

- A cross-suretyship for the amount of R150,000,000 for the joint and several obligations of Trellidor Holdings Limited of all the entities in the Trellidor group excluding Trellidor Ghana Limited;

- A cross-suretyship for the amount of R100,000,000 for the joint and several obligations of Trellidor Holdings Limited;

- A suretyship of R25,000,000 given by Trellidor Holdings Limited for the obligations of Trellidor Innovations Proprietary Limited;

- Cessions given by each of the entities in the Trellidor group of any and all rights which they may have over the debtors of the group from time to time upon terms and conditions acceptable to the bank, excluding Trellidor Proprietary Limited, Trellidor UK Limited and Trellidor Ghana Limited;

- Unlimited cessions in favour of the bank of the group's credit balances held at First National Bank, excluding Trellidor Proprietary Limited, Trellidor UK Limited and Trellidor Ghana Limited;

- Subordination to FNB by Trellidor Holdings Limited, of its loan receivable from Trellidor Innovations Proprietary Limited; and

- General notarial covering bond of R40,000,000 together with cession of short term insurance, in favour of the bank over the moveable asset of all the entities within the Trellidor group excluding Trellidor Ghana Limited and Trellidor UK Limited.

Term loan 1 - Trellidor Holdings Limited

The loan is secured by a cession of Trellicor Proprietary Limited's debtors and credit balances at the bank, suretyship by Trellicor Proprietary Limited (limited to R100,000,000), cession by Trellidor Innovations Proprietary Limited of its debtors and credit balances at the bank and a suretyship by Trellidor Innovations Proprietary Limited (limited to R50,000,000).

# Notes to the Annual Financial Statements

**36. Securities and Facilities - FNB (continued)**

Term loan 2 - Trellidor Innovations Proprietary Limited

The loan is secured by a cession of Trellicor Proprietary Limited's debtors and credit balances at the bank, suretyship by Trellicor Proprietary Limited (limited to R25 000 000), cession by Trellidor Innovations Proprietary Limited of its debtors and credit balances at the bank, subordination of loans from Trellidor Holdings Limited to Trellidor Innovations Proprietary Limited.

**37. Related parties**

| | |
|---|---|
| Relationships | |
| Subsidiaries | Refer to note 7 |
| Members of key management | All directors (Refer to note 5 of the Directors' Report)<br>PWE Rawson |

**Related party balances**

| | Group | | Company | |
|---|---|---|---|---|
| | 2022<br>R | 2021<br>R | 2022<br>R | 2021<br>R |
| **Related party balances** | | | | |
| **Loan accounts - Owing (to) by related parties** | | | | |
| • Subsidiaries | - | - | 95,143,918 | 75,888,665 |
| • Novaspectacular Investments Proprietary Limited | - | (4,384,759) | - | - |
| • Directors | 1,953,688 | 1,962,898 | - | - |
| **Amounts included in Trade and other receivables regarding related parties** | | | | |
| • Subsidiaries | - | - | 4,007,814 | 3,356,649 |
| **Amounts included in Trade and other payables regarding related parties** | | | | |
| • Subsidiaries | - | - | 87,384 | 8,638 |
| **Related party transactions** | | | | |
| **Management fees received from related parties** | | | | |
| • Subsidiaries | - | - | 13,941,240 | 12,817,696 |
| **Dividends received from related parties** | | | | |
| • Subsidiaries | - | - | 19,000,000 | 32,000,000 |
| **Interest received from/(paid to) related parties** | | | | |
| • Subsidiaries | - | - | 5,101,814 | 4,544,738 |
| • Novaspectacular Investments Proprietary Limited | (191,441) | (268,264) | - | - |
| **Advertising expenses paid to related parties** | | | | |
| • Restless Brands Proprietary Limited | - | 3,044,868 | - | - |

Refer to note 38 for compensation paid to directors and the prescribed officer. The only key employees identified are the directors and prescribed officer of Trellidor Holdings Limited.

For loans to/(from) related parties refer to notes 8, 9 and 19 for repayment terms.

# Notes to the Annual Financial Statements

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | R | R | R | R |

### 37. Related parties (continued)

The repayment terms for related party balances included in trade and other receivables and payable, which are unsecured, are 30 days from statement date.

During the period under review, the minority interest of Novaspectacular Investments Proprietary Limited, which was the 7.5% shareholder in Trellidor Innovations Proprietary Limited, was purchased by Trellidor Holdings Limited and therefore Novaspectacular Investments Proprietary Limited ceased to be a related party.

Restless Brands, whose owner is the spouse of a former director of a group subsidiary company, ceased to be a related party as result of the resignation of the director during the year.

### 38. Directors' and prescribed officer's emoluments

The primary objective of the Long-Term Cash Incentive Scheme ("LTI") is to incentives and retain key employees by deferring and distributing cash incentives over a 3 year period. The LTI provides executives and key senior managers with the opportunity to receive a bonus over an extended period dependent on group financial performance. The factors taken into consideration when making payments are:

- annual financial results;
- minimum shareholder return; and
- the individual participant remaining employed by the group.

The LTI pool is capped at 2.4% of earnings before interest and tax (EBIT) before any incentive provided that the pool is less than or equal to the growth in EBIT over the prior year. ROIC must be 18% or more for any pool to be created. This is a hurdle/gatekeeper. The annual pool is divided between the participants and vests in equal instalments over the following three year period, provided that the participant remains an employee as at the vesting date. Allocation of the pool is determined at the discretion of REMCO.

# Notes to the Annual Financial Statements

**38. Directors' and prescribed officer's emoluments (continued)**

| Executive | Emoluments | Allowances | 2022 Bonus | Pension fund contributions | Total |
|---|---|---|---|---|---|
| **Paid by holding company** | | | | | |
| TM Dennison# | 3,266,326 | 120,000 | 1,375,000 | 185,991 | 4,947,317 |
| DJR Judge*# | 2,136,087 | 60,000 | 480,000 | 151,819 | 2,827,906 |
| **Paid by subsidiary companies** | | | | | |
| PWE Rawson# | 2,461,630 | - | 467,000 | 174,706 | 3,143,814 |
| | **7,864,043** | **180,000** | **2,322,000** | **512,516** | **10,919,037** |

| Executive | Emoluments | Allowances | 2021 Bonus | Pension fund contributions | Total |
|---|---|---|---|---|---|
| **Paid by holding company** | | | | | |
| TM Dennison | 3,103,844 | 120,000 | 837,710 | 176,366 | 4,237,920 |
| DJR Judge* | 1,818,995 | 60,000 | 443,990 | 126,157 | 2,449,142 |
| **Paid by subsidiary companies** | | | | | |
| PWE Rawson | 2,387,043 | - | 439,020 | 166,865 | 2,992,928 |
| | **7,309,882** | **180,000** | **1,720,720** | **469,388** | **9,679,990** |

*Loans advanced to directors for the purchase of shares in Trellidor Holdings Limited (refer to note 9).

#During the year R318,000, R106,000 per executive, was allocated to the executive directors and the prescribed officer as part of the Long-Term Cash Incentive Scheme.

| **Non-executive** | **Directors' fees** | |
|---|---|---|
| **Company** | **2022** | **2021** |
| MC Olivier | 356,011 | 342,875 |
| JB Winship | 323,135 | 311,226 |
| RB Patmore | 344,985 | 332,326 |
| | **1,024,131** | **986,427** |

**Executive directors' and prescribed officers' contracts**

The terms of executive directors and prescribed officers contracts are in line with all other employees.

Share options were granted and accepted in terms of the Trellidor share incentive scheme. Refer to note 18 for further information.

| | Opening balance | Granted | Lapsed | 2022 Forfeited | Exercise price | Closing balance | Annual expense |
|---|---|---|---|---|---|---|---|
| **Company** | | | | | | | |
| TM Dennison | 418,157 | - | (418,157) | - | 5.41 | - | - |
| **Subsidiary** | | | | | | | |
| PWE Rawson | 245,763 | - | (245,763) | - | 5.41 | - | - |

# Notes to the Annual Financial Statements

**38. Directors' and prescribed officer's emoluments (continued)**

| | 2021 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Opening balance | Granted | Lapsed | Forfeited | Exercise price | Closing balance | Annual expense |
| **Company** | | | | | | | |
| TM Dennison | 836,314 | - | (418,157) | - | 5.41 | 418,157 | - |
| **Subsidiary** | | | | | | | |
| PWE Rawson | 491,526 | - | (245,763) | - | 5.41 | 245,763 | - |

**39. Going concern**

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The directors believe that the group and company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the group and company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. Including the provision for the Labour Court judgement should this settlement be required. The directors are not aware of any new material changes that may adversely impact the group and company. The director directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the group and company.

**40. Events after the reporting period**

On 01 July 2022 we completed the acquisition of the Trellidor Hillcrest franchise in Durban. This franchise will be absorbed into our existing Durban operation and included in the Trellidor Retail business unit.

Effective 01 September 2022, Trellidor Innovations Proprietary Limited sold its NMC Moldings operations to Trellidor Decor Proprietary Limited, a wholly owned subsidiary of Trellidor Holdings Limited. This intragroup transfer has been implemented to improve the operating effectiveness of both Taylor and NMC operations and to drive strategic growth through focused management.

The directors are not aware of any further material events which occurred after the reporting date and up to the date of this report.

# Trellidor Holdings Limited
(Registration number 1970/015401/06)
Annual Financial Statements for the year ended 30 June 2022

## Shareholder Analysis

| | | 2022 | |
|---|---|---|---|
| **Shareholder type** | **Number** | **Shareholding** | **%** |
| • Directors and associates of the company - direct holding | 4 | 12,656,763 | 13.29 % |
| • Directors and associates of the company - indirect holding | 3 | 3,531,672 | 3.71 % |
| • Own holdings | - | - | - % |
| Public shareholders | 3,216 | 79,021,385 | 83.00 % |
| | **3,223** | **95,209,820** | **100.00 %** |
| **Fund managers with a shareholding greater than 5 % of issued shares** | | | |
| Mazi Asset Management Proprietary Limited | 29 | 11,945,191 | 12.55 % |
| Aylett and Co. Proprietary Limited | 4 | 9,744,649 | 10.23 % |
| Peresec Prime Brokers Proprietary Limited | 1 | 6,933,488 | 7.28 % |
| Fortuna Investments Holdings Proprietary Limited | 1 | 5,870,899 | 6 |
| | **35** | **34,494,227** | **36.06 %** |
| **Beneficial shareholders with a holding greater than 5% of the issued shares** | | | |
| Government Employees Pension Fund | 1 | 4,444,819 | 4.67 % |