



ZEDA

55
YEARS
Of Connecting humanity

ANNUAL RESULTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

2022



Zeda Limited
Incorporate in the Republic of South Africa
Registration number: 2022/493042/06
JSE share code: ZZD
ISIN: ZAE000315768
Zeda Limited (Zeda or the company)

Disclaimer

This statement contains forward-looking statements. All statements, other than statements of historical facts, including, among others, statements regarding our strategy, future financial position and plans, objectives, projected costs and anticipated cost savings and financing plans and projected levels of growth in the communications markets, are forward-looking statements. Forward-looking statements can be identified by terminology such as "may", "might", "should", "expect", "envisage", "intend", "plan", "project", "estimate", "anticipate", "believe", "hope", "can", "is designed to", or similar phrases. However, the absence of such words does not necessarily mean a statement is not forward-looking. Forward-looking statements involve several known and unknown risks, uncertainties and other factors that could cause our actual results and outcomes to be materially different from historical results or any future results expressed or implied by such forward-looking statements. Factors that could cause our actual results or outcomes to differ materially from our expectations include, but are not limited to, those risks identified in Zeda financial reports available at www.zeda.co.za

Zeda cautions readers not to place undue reliance on these forward-looking statements. All written and verbal forward-looking statements attributable to Zeda, or persons acting on behalf of Zeda are qualified in their entirety by these cautionary statements. Unless we are required by law to update these statements, we will not necessarily update any of these statements after the date of publication of this document so that they conform either to the actual results or to changes in our expectations.

Any forward-looking information disclosed in these annual results for the year ended 30 September 2022 ("results announcement") has not been reviewed, audited, or otherwise reported on by our independent external auditors.

Administration

Board of Directors

Sibani Mngomezulu (Interim Chairman)
Yolanda Miya
Donald Wilson
Dr Ngao Motsei

Executive Directors

Ramasela Ganda (Chief Executive Officer)
Thobeka Ntshiza (Financial Director)

Company Secretary

William Redcliffe

JSE Sponsor

Nedbank CIB

Auditors

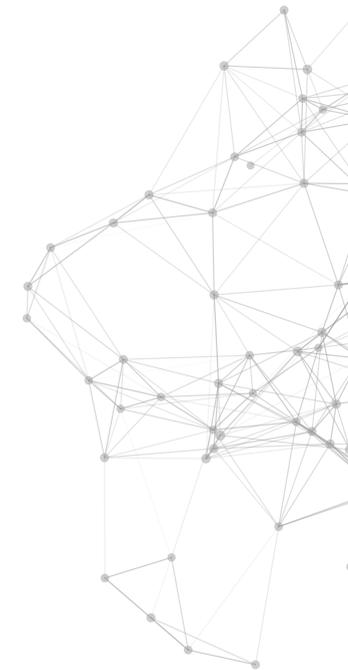
SizweNtsalubaGobodo
Grant Thornton

Corporate Affairs & Investor Relations

Babalwa George

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OVERVIEW OF THE BUSINESS



Zeda was established in Bloemfontein in 1967 as Zeda Car Rental and Tours (Pty) Ltd. It has become Africa's largest and only integrated mobility solutions provider.

Zeda's headquarters are in Johannesburg, South Africa, with operations in Sub Saharan Africa. Zeda operates the widely recognised Avis and Budget global brands under a long-term licence agreement with the Avis Budget Group (ABG).

OUR PURPOSE AND VISION

PURPOSE



Our purpose is "connecting humanity."

Our mobility solutions add to greater connections between individuals, unlock new business opportunities, support the growth of several industries and ultimately contribute to Africa's economic development

Connecting humanity across the Southern African economy.

Enabling individuals to get to their places of work.

Propelling industries, including fast-moving consumer goods, mining and telecoms.

Partnering with the public sector to enable effective service delivery.

Providing mobility to clinch those pivotal business deals.

Providing small businesses with mobility to grow their businesses.

Enabling journeys to connect with loved ones.

Positively contributing to livelihoods.

VISION



Our vision is to be the trusted mobility solutions provider leading in its chosen markets.

ASPIRATION



Our Aspiration is to drive greater adoption of usership economy

HOW WE WIN IN CONNECTING HUMANITY



Customer value proposition

Provide best-in-class customer experience through tailored, diversified and integrated mobility solutions



Employee proposition

Create an enabling environment of excellence where employees are provided with opportunities to grow and the desire to win



Strategic partnerships

Establish and grow strategic partnerships that will help us achieve our vision



Innovation

Promote the benefits of the usership economy over vehicle ownership



Operational excellence

Automate and digitise processes, unlock cost efficiencies and use analytics to customise solutions



Sustainability

Reduce our environmental impact, demonstrate our positive social impact and sound governance practices

INTEGRATED MOBILITY BUSINESS

The Zeda Group is structured around two integrated business segments – Car Rentals and Leasing business (reportable segments as defined by IFRS 8). They both utilise Avis Car Sales as a disposal channel through its extensive network.

Avis Car Rental business



The company has just under 18,000 vehicles in its fleet in Southern Africa. The rent-a-car business operates under the brand name **Avis Budget** and focuses exclusively on rentals that do not exceed 12 months. The customer segment base is diversified and consists of private sector, public sector, insurance business (replacement), inbound market, domestic leisure market and subscription. This business provides a range of products and services to a wide range of customers, which include car rental, chauffeur services, luxury, and van rental.

We provide a range of products and services.

Rental products

Car Rental

A selection of vehicles to meet varying customer needs. Vehicles range from smaller group A to larger group O.

Van Rental

Short and long-term van rental for businesses and individuals.

Chauffeur

A chauffeur can be included in the customer's vehicle rental.

Luxury

Customers can select from a range of luxury vehicles.

Ancillary products

Car Seat

For added child safety, child seats are offered to customers. Reduced liability.

Waivers

Waivers offered to customers cover different aspect ranging from basic waiver e.g. tires, to super waiver e.g. major damages.

Avis Safe Drive

A GPS or Avis Safe Drive device can be fitted to the vehicle upon request, to promote driver safety and reduce damages.

Avis Fleet



Avis Fleet was established in 1980 and has grown to be Africa's largest fleet management company, that manages just under 240,000 vehicles. Avis Fleet provides a full spectrum of outsourced mobility solutions to private and public sector entities, including leasing, fleet management, maintenance and service plan solutions, fuel management, traffic fine management, accident management and vehicle telematics. The offering is across passenger, light delivery vehicles, and commercial vehicles up to extra heavy for all fleet users, with a sub-Saharan Africa footprint. The holistic and modular offering allows customers to focus on their core operations, while Avis Fleet takes care of their mobility needs and ensures maximum up-time for their operations.

Avis Fleet provides customers with a full suite of funded and unfunded fleet-related services.

Funded products	
Full maintenance	Full leasing product including financing, maintenance risk carrier and residual value. The vehicle are on the balance sheet.
Operational lease with managed maintenance	Leasing services without carrying the maintenance or residual value risk.
Unfunded products	
Manufacture upfront payment	Service and maintenance plan administration for car manufacturers with potential for partial or full risk carrying.
Managed maintenance	Management of fleet maintenance while the customer retains vehicle ownership.
GPS and Avis Safe Drive	A GPS or Avis Safe Drive device can be fitted to the vehicle upon request.
Value added products	<ul style="list-style-type: none"> • Traffic fine management • Intelligent fuel management • Fuel card and e-toll management • Telematics • Stolen recovery • Accident management • Short-term rentals • Insurance • Roadside assistance

Avis Car Sales



Avis Car Sales sells used cars from our rental and leasing businesses to retail customers and wholesalers. This is done through the 14 Avis Car Sales dealerships, our online channel, or the independent auction site, www.avisauktion.co.za. Wholesale stock is sold through our online auction trading platform or bulk deal offerings directly to the market. Avis Car Sales accepts trade-ins and buy-ins, allowing for market competitiveness and an alternative car stock source.

Customer value proposition

Avis Car Sales offers additional value to customers:

Vehicle finance options

Warranties, service and maintenance plans

Comprehensive insurance cover and debt protection

Anti-smash-and-grab window film, dent cover and tracking devices

After market accessories



SUSTAINABILITY

Committed to best-in-class sustainability practices

Brand ambassadors	Communities
We adopt a people-centered approach in doing business, primarily focused on the safety and well-being of our employees. Forster zero harm culture by driving gemba	We deliberately seek to make a positive, long-lasting difference in the communities in which we operate.
Environment	Governance
We understand the adverse effect of climate change and water shortages and take meaningful actions to responsibly reduce our environmental footprint.	We are governed by the highest standards and are overseen by an independent Board of Directors.

Environmental

Appreciating the nature of our business, we acknowledge that a number of environmental impacts stem from our operations, e.g. global greenhouse emissions and water contributions.

Our policies on climate change, energy efficiency, water use and management, and waste management are aligned with the United Nations Sustainable Development Goals, and continue to be strengthened as we identify emerging risks and other environmental factors.

We have long-standing relationships with car manufacturers and have rolled out hybrid vehicle solutions across our business, a business imperative in enabling our customers to also meet their corporate responsibility aspirations and reduce their carbon footprint. We are well placed to introduce electric vehicles once they are readily available in our operating markets.

Social

We have adopted a zero-harm approach, which is supported by various processes and programmes to actualise this critical objective for all our brand ambassadors.

We contribute to a better society through ongoing investments in education, youth development and empowerment, and humanitarian programmes. We encourage our employees to contribute their time and talent to support their local communities.

Governance

We have an appropriate level of Board independence, a Code of Conduct centred around commitment, integrity and responsibility and independent assurance on key internal and financial controls.

INDEPENDENT BOARD OF DIRECTORS

Chairman (interim)



Sibani Mngomezulu
(Interim Chairman)
Independent Non-Executive Director

Executive Directors



Ramasela Ganda CA(SA)
Chief Executive Officer



Thobeka Ntshiza CA(SA)
Financial Director

Non- Executive Directors



Yolanda Miya
Independent Non-Executive Director



Donald Wilson
Independent Non-Executive Director



Dr. Ngao Motsei
Independent Non-Executive Director

OUR EXECUTIVE TEAM



Ramasela Ganda CA(SA)
Chief Executive Officer



Thobeka Ntshiza CA(SA)
Financial Director



Dave Porteous
Chief Operations Officer



Tlhab SA
Executive:
Leasing Operations



Litha Nkombisa
Executive: Commercial -
Car Rental



Tumi Ramoganyaka
Chief Risk Officer



Kiruben Pillay
Chief Information Officer



Simba Takuva
General Counsel



Claudine Ebrahim
Executive:
Car Sales



Rebone Motsatsi
Executive:
Car Rental Operations



Dolly Sathekge
Executive:
Human Capital



Babalwa George
Executive:
Corporate Affairs & IR



Andisiwe Nikelo
Executive:
Commercial - Leasing



MESSAGE FROM THE CEO

Ramasela Ganda

Welcome to Zeda Limited's ("Zeda") annual results for the year ended 30 September 2022. Zeda has a long-term licence agreement with the Avis Budget Group (ABG) to operate the widely recognised Avis and Budget brands in Southern Africa. It is an integrated mobility solution provider through its car rental business (Avis Budget) and the leasing business (Avis Fleet), with Avis Car Sales being a disposal channel for both businesses to de-fleet at the end of their respective cycles. We are experts in managing the assets throughout their life cycles. From a business model perspective, we see our rental and leasing business as two sides of the same coin and at the centre is the asset that we deploy to the various customer segments. The two sides of the coin provide us with balanced diversities and annuity revenue streams. Our car sales business improves the elasticity of generating continued second gross income from one initial transaction by generating finance and insurance commission and taking on trade-ins, thus extending the earnings cycle. The cycle ends only when there is no other trade-in to take on.

On 19 November 2022, the Board of Directors of Barloworld resolved to implement the separation of its rental and leasing business from the Barloworld Group through unbundling and listing it on the JSE separately.

On 13 December, Zeda will become an independent publicly traded company on the Main Board of the Johannesburg Stock Exchange ("JSE"), with its own independent Board of Directors and Executive team ("Exco").

The separate listing of Zeda will unlock value for shareholders not reflected in the conglomerate structure of its parent company (refer to the summary of Zeda's investment case on [page 19](#)). This provides Zeda with an opportunity to pursue its own independent strategy, with autonomy on accessing and allocating capital underpinned by its own capital allocation framework that seeks to drive shareholder returns. This also allows management to focus, anticipate and react to changes within its market segment and economic landscape. Investors have an opportunity to gain a greater understanding of the business due to enhanced disclosures. They can also invest in a distinct sub-Saharan African company focusing on integrated mobility solutions.

Zeda has been on a journey for the past two years following the significant impact of the Covid-19 pandemic on the rental business, as the airport model and inbound markets were not viable due to several lockdowns. Zeda developed and implemented a diversifying strategy at the height of Covid-19 in FY2020, responding to the challenging trading environment. To recap on the diversifying strategy, management integrated the car rental and leasing businesses to form one end-to-end integrated mobility business under one CEO and Exco. We leveraged off the integrated business synergies, right-sized the business and implemented austerity measures to reduce fixed costs. Non-profitable businesses were discontinued. We diversified into heavy commercial leasing vehicles and growth non-tourism based business model through the introduction of mobility subscription. We are comfortable that we have reset the business and laid a solid foundation that will enable its growth.

The diversifying strategy has since yielded positive results as reported (see Group highlights). These efforts were also recognised by the Association for the Advancement of Black Accountants of Southern Africa (Abasa) when it awarded the Private Sector CEO of the year accolade to the CEO of Zeda Limited.

GROUP HIGHLIGHTS: DIVERSIFYING STRATEGY HAS YIELDED A STRONG SET OF RESULTS



Revenue up 6.6%

to R8 181 million generated with a fleet size of 33 891 (FY2021: 34 293)



EBITDA up 28.1%

to R2 814 million with EBITDA margin of 34.4% (FY2021: 28.6%)



Operating profit up 52.8%

to R1 264 million with operating margin of 15.5% (FY2021: 10.8%)



Superior quality of earnings:

Basic earnings up 55.8% to 296.00 cents and Headline earnings up 70.9% to 324.7 cents



Return hurdles exceeded: Delivered ROE of 32.7% and ROIC of 11.9% exceeding WACC



Net debt to EBITDA of 1.5 times

Zeda reported a strong set of annual results underpinned by our diversifying strategy which was implemented during the height of Covid-19 in 2019/2020. Solid execution of the strategy has culminated in a strong recovery of the businesses. I am pleased that top-line revenue has returned to growth in the period under review. Group revenue grew by 6.6% year-on-year to R8 181 million despite the lower size fleet and lagging recovery in the inbound market.

The rental business reported positive results driven by the growth in the replacement business, subscription offering, domestic travel, and green shoots from corporate travel. While the underlying leasing business demonstrated positive results in the second half of the financial year, supported by gains in market share and diversifying into heavy commercial vehicles. The performance of the overall leasing business in the last quarter was impacted by an adverse outlook on parts pricing, interest rates and foreign currency fluctuation, increasing the projected future costs. The car sales business continues to benefit from demand for used vehicles due to the shortage of new vehicles.

Growth trajectory in the profitability of the business was sustained, surpassing pre-Covid-19 levels in the period under review. EBITDA grew 28.1% to R2 814 million with EBITDA margin expanding by 5.8ppts basis to 34.4%. This was underpinned by synergies of the integrated business model, process efficiencies and strong contract management. Operating profit surged by 52.8% to R1 264 million, with operating profit margin expanding from 10.8% to 15.5%. The used car business maximised profit margins due to constraints in new vehicle supply. The used cars margins benefit from leveraging common infrastructure, strategic disposal channels and systems.

During the year the business was being prepared for exit from Barloworld. An independent Board of Directors who is committed to the highest standards of governance was constituted. Key to the unbundling was externalising funding for Zeda, which was 100% funded by Barloworld in the past. To this end, Zeda externalised funding of approximately R8.2 billion. Its balance sheet remains sound with net debt to EBITDA of 1.5 times.

With a strong turnaround of the business, a solid foundation has been laid to grow our business. We are well-positioned to capture the market opportunities presented by the recovering car rental industry by leveraging our leading market positions and the strong Avis and Budget brands. Zeda is well placed to unlock value for shareholders, having generated above the sector. Return on Equity (ROE) of 32.7% in the period under review. I am comfortable that Zeda as a standalone, independent business is a viable investment case, underpinned by its solid growth strategy and a robust capital allocation that seeks to maximise shareholder returns.

BUSINESS OVERVIEW

Car rental business (Avis Budget)

Several tailwinds benefited the car rental industry across our operating markets as the easing of pandemic-imposed restrictions positively impacted activity levels and rental demand. While demand has improved, global supply chain constraints continue to impact our ability to procure vehicles and demand remains below pre-pandemic levels.

The Group's strategy of diversifying our offering and increased efforts to drive subscription products continues to pay off. Revenue grew by 9.7% to R5 982 million due to sustained demand for subscription offerings, a solid base of the insurance business (replacement) and the recovery in domestic and corporate travel. This was achieved on the back of a 12.3% year-on-year increase in billed days from 4.3 million to 4.8 million. Revenue and the billed days remain below pre-Covid-19 levels at 90.5% and 69.2% of FY2019 levels, respectively, demonstrating a gradual recovery of the rental industry. Solid execution of the diversifying strategy has evolved the business away from the airport model, with the insurance business (replacement), corporate travel (VIPCO) and monthly subscription. More than 55% of revenue is contracted business.

The growth trajectory in the profitability of the car rental business was sustained, surpassing pre-Covid-19 levels in the period under review. EBITDA grew 66.7% to R1 580 million, a record EBITDA with margin expanding from 17.4% in the prior year to 26.4%. Operating profit surged by 159.3% to R861 million ahead of the comparative period with the operating profit margin more than doubling from 6.1% in the prior year to 14.4%. Due to process efficiencies and stringent out-of-service vehicle management, fleet utilisation averaged 79% (2ppts above the prior comparative period). The used car business continued to maximise profit margins driven by the constraints in new vehicle supply.



Leasing business (Avis Fleet)

The trading environment has been subdued, impacted by slow economic recovery, constrained supply of new vehicles and a high inflationary environment. While trading conditions remain challenging, there are areas of growing demand, particularly in the corporate and SMME segments. The private sector market was resilient during this period, posting a slight decline of 0.3% compared to the prior years when it was severely under pressure. This signals improved business confidence for the medium-term economic outlook.

The constrained supply of new vehicles resulted in contract extensions and increased maintenance costs. There were areas of growing demand, particularly in the corporate and SMME segments. The underlying leasing business demonstrated positive results in the second half of the business, supported by strong market share retention in the corporate sector and diversifying into heavy commercial vehicles. Notwithstanding the positive underlying performance, overall revenue was down **0.9%** to **R2 199 million**, impacted by an adverse outlook on parts pricing and a resultant actuarial valuation adjustment, interest rates and foreign currency fluctuation, increasing the projected future costs. Excluding the impact of external factors on the maintenance fund, leasing revenue grew by **1.9%** to **R1 753 million**.

Operating profits were further impacted by once-off costs associated with the funding externalisation, declining by **18.6%** year-on-year, though buffered by strong contract management and a focus on the health of the fleet. The result of operating profit would have been positive if the once-off costs were excluded, notwithstanding the headwinds, the EBITDA margin expanded to **56.1%**. Used vehicle margins continued to benefit from the integration with the car rental operation, leveraging infrastructure, strategic disposal channels, and systems.

STRATEGY

Mobility is undergoing positive changes that are making the world move faster and more efficiently and connecting more people and businesses than ever. Usership economy is at the centre of evolving customer behaviour and will be a game changer for the industry. We are monitoring emerging global trends such as right to repair, mobility as a service, connected and autonomous vehicles, electric vehicles as these will shape the industry in the long term. Our comprehensive Avis Budget product proposition enables us to fully partake in mobility as a service.

The South African car rental and leasing industry is showing signs of recovery, with billed days increasing by 12.3% compared to the prior year. Notwithstanding the recovery, the billed days remain approximately at 70% of FY2019. In the short term, the recovering rental and leasing industry in South Africa presents us with an opportunity to grow our market share by leveraging our leading market position, strong Avis and Budget brands and comprehensive product offerings.

Our growth strategy is well-positioned to capture the opportunities in the market. Our key strategic focus areas include usership economy, expansion and evolution of offering, strategic relationships, utilisation of technology and innovation as well as optimising the balance sheet and generate cash.

OUTLOOK STATEMENT

The outlook for Zeda remains positive, and a solid foundation has been laid from which to grow our business. Our solid competitive advantage and the strategy position us well to capture the emerging opportunities. We are cognisant of the challenging economic circumstances and will assess their possible impact continuously.

Key to the execution of our strategy is BBBEE, which is a licence to trade in South Africa. Following the Unbundling and the Listing, we will assess our black ownership, which is expected to drop from current level 1 as we will no longer benefit from the Barloworld flow-through. The Board of Directors of Zeda will advise on the impact and the plan to achieve BBBEE level 1. To the extent that this is material, shareholder approval may be required. We are committed to embedding Environmental, Social and Government (“ESG”) practices by reducing our environmental impact, demonstrating our positive social impact and sound governance practices.

We appreciate all our stakeholders and are committed to continuing to create value for all stakeholders and bring our purpose to connect humanity to life. I want to acknowledge the Barloworld Exco led by Dominic Sewela, its Board of Directors, and our Zeda Board of Directors for the support afforded during this journey. I want to express my heartfelt gratitude to my Exco team and brand ambassadors for their support and commitment. They remained focused and dedicated as we navigated the challenging trading environment, preparing the business from exiting Barloworld to deliver a strong set of annual results for FY2022. To our customers, thank you for your support over the past 55 years, you make our purpose of connecting humanity possible. To the investor community, Zeda will enter the Capital Markets through a listing on the JSE on 13 December 2022, and we look forward to engaging and sharing our investment case with you. I appreciate the support from my principal, ABG; this journey would not have been possible without them.

Ramasela Ganda

Chief Executive Officer



OUR COMPELLING INVESTMENT PROPOSITION

	Leading market position	Leading in Southern Africa for vehicle-based mobility solutions, with a long-term licence to operate the Avis and Budget brands, the premier global brands in mobility.
	Integrated business model	Integrated fleet leasing and rental platform, offering the full range of short-, medium-, and long-term mobility solutions to a broad base of customers.
	Deep customer relationships	Established and brand loyal customer base across the public and private sectors, developed over 55-year history.
	Technology leadership	Well-positioned to be the partner of choice for technology companies in the future South African mobility ecosystem.
	Fleet management expertise	Infrastructure and sophisticated fleet management expertise, including financing, acquisition, utilisation and monetisation.
	Sustainably cash generative	Long term, contractual, and increasingly annuity-based revenue model yielding sustainably high levels of operating cash flow generation.
	Experienced management team	Highly experienced management and leadership teams with a track record of execution, capitalising on customer mobility trends.
	Growth and returns	Increasingly diverse income streams delivering attractive growth and sector leading returns.

FINANCIAL OVERVIEW

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FINANCIAL OVERVIEW FOR THE YEAR ENDED 30 SEPTEMBER 2022

Key financial indicators

R' million	2022	2021	%
Revenue	8 181	7 672	6.6
EBITDA	2 814	2 196	28.1
EBITDA margin (%)	34.4	28.6	-
Operating profit	1 264	827	52.8
Operating margin (%)	15.5	10.8	-
Basic Earnings per share (cents)	296.0	190.0	55.8
Headline earnings per share (cents)	324.7	190.0	70.9
Dividend per share	611	67	811.9

We ended the year with a strong set of annual results. Revenue grew 6.6% to R8 181 million despite a decline in fleet compared to the prior year. This was driven by the rental business particularly the subscription model, insurance business and domestic segments (Corporate travel). Key to note that the main drivers of revenue growth are contracted businesses. Over the past two years, our revenue mix has evolved to more than 65.0% of our revenue being annuity. This evolution protects us against cyclical. In addition our 79% utilisation gives further impetus to sustainable revenue generation.

Notwithstanding top line growth compared to the prior year, total revenue is at 81% of pre-Covid levels. The resilience of the corporate sector signals improved business confidence for the medium-term outlook which bodes well with our growth prospects. In addition, there are a number of positive global sector trends that indicate recovery of the rental and leasing business. We are best placed to capture these opportunities and consistently grow our revenue from the current level.

EBITDA and Operating profit have surpassed pre-Covid levels. Our profitability continues to benefit from the integrated business model, leveraging infrastructure, strategic disposal channels and systems. In addition, the preowned car sales market has contributed positively to our margins. As the preowned car sales market normalises, we expect the margins to follow suit.

Headline Earnings and Basic Earnings surge in the period under review benefitting from more than 50% growth in profitability and a stable effective tax rate compared to the prior year.

A dividend of 611 cents per share was declared to Barloworld in the period under review, amounting to R1 160 million.

FREE CASH FLOW

R' million	2022	2021
Operating cash flows before working capital	2 900	2 295
Working capital movements	4 880	2 724
Investment in rental fleet assets	(5 280)	(4 866)
Net tax paid	(250)	(219)
Net interest and foreign exchange losses	(422)	(53)
Cash generated from operations before dividends	1 828	(119)
Cash flow generated(utilised) in investing activities	2	(16)
Free cash flow before dividends	1 830	(135)
Dividends received	-	12
Dividends paid	(1 160)	(129)
Free cash flow	670	(252)

Free cash flow improved to R670 million (R252 million outflow in the prior period) and is reflected net of a dividend paid of R1 160 million for the current financial year.

Free cash flow before dividends for the current period was R1 830 million compared to the cash outflow of R135 million in the prior period, mainly due to a lower investment in working capital which was achieved through the reduction of trade and other receivables as a result of better collection of cash and internal debt settlement. The group was able to invest R414 million more in the rental fleet assets compared to the prior year.

The net cash inflow from investing activities of R2 million is a result of lower acquisitions of property, plant and equipment. The net cash utilised in investing activities was R16 million in 2021.

FINANCIAL POSITION

R' million	2022	2021
ASSETS		
Total non-current assets	4 198	4 160
Total current assets	6 363	6 814
Total assets	10 561	10 974
EQUITY AND LIABILITIES		
Equity attributable to equity holders	1 632	2 185
Non-controlling interest	42	36
Total equity	1 674	2 221
LIABILITIES		
Total non-current liabilities	3 039	5 484
Total current liabilities	5 848	3 269
Total liabilities	8 887	8 753
Total equity and liabilities	10 561	10 974
Return on Equity (%)	32.7	18.0
Return on Invested Capital (%)	11.9	7.5

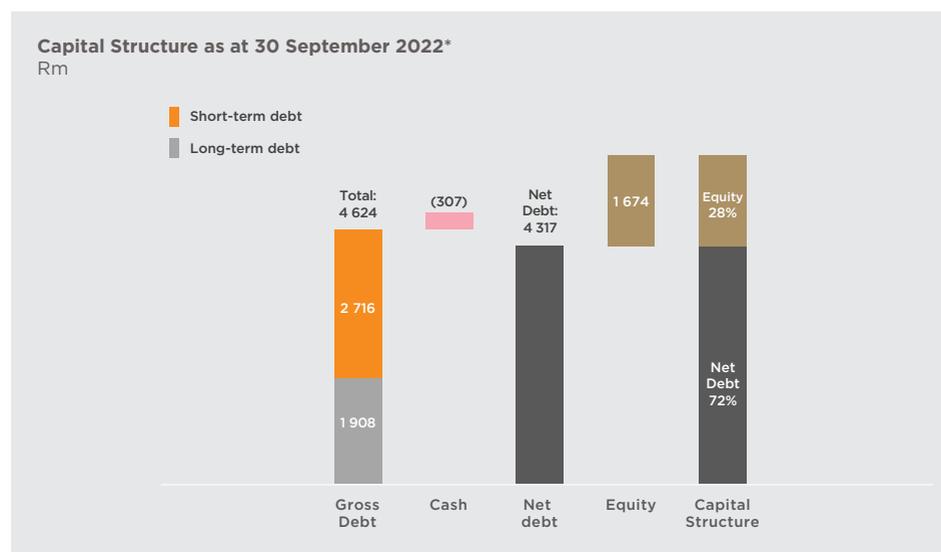
The group's total assets amounted to R 10 561 million as at September 2022 compared to R10 974 million as at 30 September 2021. The reduction was mainly driven by the reduction in trade and other receivables by R1 927 million which was partly offset by the growth in the rental fleet assets from R2 818 million to R3 812 million.

Total equity reduced from R2 221 million to R1 674 million. The movement is mainly due to an increase in retained earnings due to the total profit for the year of R570 million and a decrease as a result of the payment of R 1 160 million in dividends.

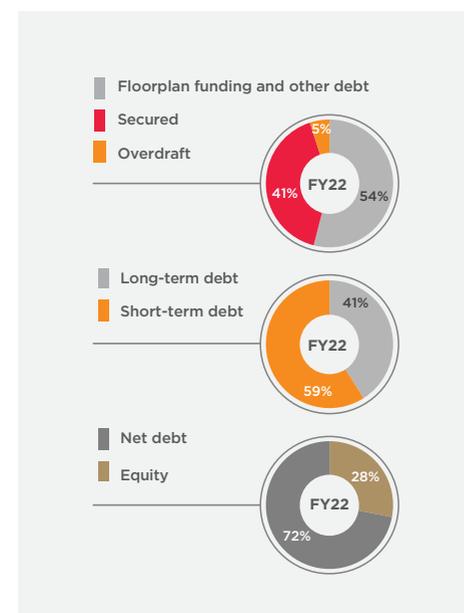
Net debt

Group net debt reduced from R4 923 million as at September 2021 to R4 317 million as at 30 September 2022. This was mainly due to the improvement in the collection of accounts receivables. The reduction in net debt was also driven by the group reducing its total indebtedness to Barloworld Limited.

The capital structure of the Zeda Limited Group was as follows as at September 2022:



* Excluding IFRS 16 liabilities



The decision by the Board of Directors of Barloworld Limited to implement the separation of its rental and leasing business from the Barloworld Group through the unbundling and listing it on the JSE separately has resulted in a change in the types of debt instruments utilised by the Zeda Limited Group. The group aims to increase the utilisation of asset backed financing in the form of floor plan and term loans to finance its operations going forward.

Group facilities

R7 271 million of facilities were approved at the balance date. The group actively reviews and monitors all facilities on an ongoing basis and aims to maintain a good liquidity position that is able to support the business operations.



REVIEWED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED
30 SEPTEMBER 2022

Board approval

These consolidated financial statements for the year ended 30 September 2022 was authorised for issue on 22 November 2022 by the Zeda Limited Board of Directors and published on 28 November 2022. The Directors have the power to amend and reissue the financial statements.

Directors responsibility and audit report:

The Directors of the company take full responsibility for the preparation of the consolidated abridged financial statements for the year ended 30 September 2022. The consolidated abridged financial statements for the year ended 30 September 2022 have been audited by our independent auditors SizweNtsalubaGobodo Grant Thornton Inc.

Preparer and supervisor of the consolidated abridged financial statements:

These consolidated abridged financial statements for the year ended 30 September 2022 were prepared by the Zeda Limited finance team under the supervision of the Financial Director, Thobeka Ntshiza CA(SA).



INDEPENDENT AUDITOR'S REVIEW REPORT ON THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF ZEDA LIMITED

SNG Grant Thornton
20 Morris Street, East Woodmead, 2191
P.O. Box 2939, Saxonwold, 2132
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We have reviewed the condensed consolidated financial statements of Zeda Limited, contained in the accompanying interim report, which comprise the condensed consolidated statement of financial position as at 30 September 2022 and the related condensed consolidated statements of comprehensive income, changes in equity and cash flows for the period then ended, and selected explanatory notes.

Directors' Responsibility for the Condensed Consolidated Financial Statements

The directors are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with the International Financial Reporting Standard, (IAS) 34 Interim Financial Reporting, 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 interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on these financial statements. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of interim financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures performed in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

INDEPENDENT AUDITOR'S REVIEW REPORT ON THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF ZEDA LIMITED continued

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated financial statements of Zeda Limited for the period ended 30 September 2022 are not prepared, in all material respects, in accordance with the International Financial Reporting Standard, (IAS) 34 Interim Financial Reporting, and the requirements of the Companies Act of South Africa.

Other matters

We draw attention to the users of the condensed consolidated financial statement, which state that the comparative amounts for the year ended 30 September 2021 are unreviewed.



SizweNtsalubaGobodo Grant Thornton Inc.

Director: Neridha Moodley

Chartered Accountant (SA) Registered Auditor

25 November 2022

20 Morris Street East, Woodmead, 2191



Victor Sekese [Chief Executive]
A comprehensive list of all Directors
is available at the company offices
or registered office

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SizweNtsalubaGobodo Grant Thornton
Incorporated Registration Number:
2005/034639/21

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FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 30 SEPTEMBER 2022

R'000	Note	(Reviewed) 2022	(Unreviewed) 2021
Revenue	5	8 180 508	7 671 625
Cost of sales		(4 639 328)	(5 046 692)
Gross profit		3 541 180	2 624 933
Other operating income/(loss)		116 910	199 755
Impairment of receivables		(32 776)	(65 402)
Administrative and other operating expenses		(2 268 087)	(1 905 209)
Foreign exchange losses		(39 056)	(27 550)
Operating profit before capital items		1 318 171	826 527
Capital items	6	(54 380)	-
Operating Profit		1 263 791	826 527
Finance income		6 047	52 457
Finance costs		(389 044)	(321 512)
Share of associates (profit)/loss after tax		931	4 563
Profit before taxation		881 725	562 035
Taxation		(311 837)	(197 715)
Profit for the year		569 888	364 320
Attributable to:			
Owners of Zeda Limited		561 416	360 225
Non-controlling interest		8 472	4 095
		569 888	364 320
Earnings per share	7		
Basic		296	190
Diluted		296	190

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2022

R'000	Note	(Reviewed) 2022	(Unreviewed) 2021
Profit for the year		569 888	364 320
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss:			
Foreign currency translation difference		43 333	13 288
Total comprehensive income for the year		613 221	377 608
Total comprehensive income attributable to:			
Owners of Zeda Limited		604 749	373 513
Non-controlling interest		8 472	4 095
		613 221	377 608

FINANCIAL STATEMENTS continued

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2022

R'000	Note	(Reviewed) 2022	(Unreviewed) 2021
ASSETS			
Non-current assets			
Property, plant and equipment		3 624 656	3 583 786
Right of use assets		295 834	331 017
Goodwill		16 789	16 789
Intangible assets		8 311	62 646
Investment and loans in associates		-	126
Investment in joint ventures		8 100	7 169
Deferred tax asset		117 842	26 243
Finance lease receivable		125 896	124 754
Investment	13	463	-
Share appreciation rights receivable		9	7 041
Total non-current assets		4 197 900	4 159 571
Current assets			
Rental vehicles		3 812 005	2 818 473
Finance lease receivable		76 766	77 495
Inventories		471 039	306 589
Trade and other receivables		1 498 707	3 426 125
Income tax receivable		197 804	90 335
Cash and cash equivalents		306 526	82 973
Non-current asset classified as held for sale		-	12 639
Total current assets		6 362 847	6 814 629
Total assets		10 560 747	10 974 200
EQUITY AND LIABILITIES			
EQUITY			
Stated capital		4 500 000	4 500 000
Merger reserve		(4 474 011)	(4 474 011)
Retained earnings		1 546 352	2 142 364
Foreign currency translation reserve		35 116	(8 217)
Other reserves		24 027	24 890
Equity attributable to equity holders		1 631 484	2 185 026
Non-controlling interest		42 188	35 849
Equity		1 673 672	2 220 875
LIABILITIES			
Long term interest bearing borrowings	4,8	1 908 131	4 380 522
Lease liability		434 790	521 170
Contract liabilities		500 457	445 074
Deferred tax liability		174 427	113 033
Provisions		21 019	24 144
Total non-current liabilities		3 038 824	5 483 943
Current liabilities			
Bank overdraft		240 202	321 088
Short term interest bearing borrowings	4,8	1 489 502	127 134
Lease liability		88 280	42 360
Floorplans from suppliers	8	986 130	176 959
Trade and other payables		2 339 737	2 148 196
Contract liabilities		346 679	330 122
Provisions		144 463	113 667
Income tax payable		213 258	9 856
Total current liabilities		5 848 251	3 269 382
Total liabilities		8 887 075	8 753 325
Equity and liabilities		10 560 747	10 974 200

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2022

R'000 (Unreviewed)	Stated Capital	Merger reserve*	Retained earnings	Foreign currency translation reserve	Other reserves	Equity at- tributable to equity holders	Non- controlling interest	Total equity
Balance at 30 September 2020	4 500 000	(4 474 011)	1 886 627	(21 505)	24 759	1 915 870	34 601	1 950 471
Total comprehensive income for the year	-	-	360 225	13 288	-	373 513	4 095	377 608
Profit for the year	-	-	360 225	-	-	360 225	4 095	364 320
Foreign currency translation difference	-	-	-	13 288	-	13 288	-	13 288
Transactions with shareholders recorded directly in equity								
Capital contribution	-	-	22 169	-	-	22 169	-	22 169
Dividends declared**	-	-	(126 657)	-	-	(126 657)	(2 847)	(129 504)
Other movements	-	-	-	-	131	131	-	131
Balance at 30 September 2021 (Unreviewed)	4 500 000	(4 474 011)	2 142 364	(8 217)	24 890	2 185 026	35 849	2 220 875
Total comprehensive income for the year	-	-	561 416	43 333	-	604 749	8 472	613 221
Profit for the year	-	-	561 416	-	-	561 416	8 472	569 888
Foreign currency translation difference	-	-	-	43 333	-	43 333	-	43 333
Transactions with shareholders recorded directly in equity								
Dividends declared**	-	-	(1 157 428)	-	-	(1 157 428)	(2 133)	(1 159 561)
Other movement	-	-	-	-	(863)	(863)	-	(863)
Balance at 30 September 2022 (Reviewed)	4 500 000	(4 474 011)	1 546 352	35 116	24 027	1 631 484	42 188	1 673 672

* In terms of the book value accounting as detailed in the basis of preparation the difference between the acquiree's share capital and the cost of investment is represented as a merger reserve directly in equity in the consolidated statement of financial position.

** Dividends paid comprise dividends paid by Avis Southern Africa Proprietary Limited and its subsidiary companies to Barloworld Limited before the implementation of the restructure as detailed in the basis of preparation in note 2.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 SEPTEMBER 2022

R'000	Note	(Reviewed) 2022	(Unreviewed) 2021
Cash generated from/(used in) operations	11	2 499 994	152 789
Interest paid on interest bearing borrowings and lease liability		(389 044)	(76 825)
Realised foreign exchange losses		(39 056)	(27 550)
Dividends received		-	12 224
Interest received		6 047	52 457
Taxation paid		(250 393)	(219 185)
Dividends paid including to non-controlling interest		(1 159 561)	(129 504)
Cash retained from/(utilised by) operating activities		667 987	(235 594)
Cash flows from investing activities			
Acquisition of property, plant and equipment excluding leasing and vehicles		(9 748)	(18 999)
Disposal of other property, plant and equipment excluding leasing vehicles		12 829	3 191
Acquisition of investment in cell captive		(50)	-
Acquisition of goodwill		-	(64)
Acquisition of intangible assets		(1 513)	(306)
Net cash derived from/(used in) investing activities		1 518	(16 178)
Cash flows from financing activities			
Share scheme receipts		(6 932)	(46 561)
Repayment of long term interest-bearing borrowings		(3 144 974)	-
Long term interest-bearing borrowings raised		1 914 332	130 355
Increase/(decrease) in short-term interest-bearing borrowings		120 619	(68 893)
(Decrease)/increase in bank overdraft		(80 886)	38 959
Increase in floorplans from suppliers		809 171	176 959
Repayment of lease liability		(61 922)	(39 196)
Contributions from group companies		-	22 169
Net cash (used in)/derived from financing activities		(450 592)	213 792
Net increase/(decrease) in cash and cash equivalents		218 913	(37 980)
Cash and cash equivalents at beginning of year		82 973	118 370
Effect of foreign exchange rate movement on cash and cash equivalents		4 640	2 583
Cash and cash equivalents at the end of year		306 526	82 973

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

1. SEGMENTAL INFORMATION

Operating segments

The Executive Committee, as chief operating decision maker, has determined the operating segments based on the information it uses to allocate resources and assess segmental performance.

Segments are analysed by operating activities. No operating segments have been aggregated in arriving at the reportable segments of the Business as presented in the Segmental information.

The activities of the Zeda Limited (the "Company") and its direct and indirect subsidiaries ("Zeda Group") operating segments are described below:

- **Car rental business:**

The business of providing car rental solutions to a broad range of customers for periods ranging from one day up to 12 months, carried on by the Zeda Group, through its network of directly-operated, agency-operated and sub-licensee-operated branches (as applicable), in South Africa and other countries in Sub-Saharan Africa (including Angola, Botswana, Lesotho, Malawi, Mozambique, Namibia, eSwatini and Zimbabwe) under the "Avis" and "Budget" brands, and includes, as the context requires, the revenue generated from de-fleeting cars through Car Sales.

- **Leasing business:**

The business of providing long-term fleet leasing solutions for periods of longer than 12 months to corporate and public sector (i.e. national and local government) customers carried on by the Group in South Africa and other countries in Sub-Saharan Africa (including Botswana, Ghana, Lesotho, Mozambique, Namibia and Zambia) under the "Avis" brand, and includes, as the context requires, the revenue generated from de-fleeting vehicles through Car Sales.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022 *continued*

1. SEGMENTAL INFORMATION *continued*

	2022 (Reviewed)							
	Revenue	EBITDA	Depreciation and amortisation and impairments*	Operating profit	Net finance costs	Share of joint venture profit after tax	Income tax expense	Profit after tax
R'000								
Leasing	2 198 911	1 233 792	(830 698)	403 094	(173 200)	931	(83 842)	146 983
Car rental	5 981 597	1 580 032	(719 335)	860 697	(209 797)	-	(227 995)	422 905
	8 180 508	2 813 824	(1 550 033)	1 263 791	(382 997)	931	(311 837)	569 888

*Impairments are included in capital items

	Operating profit margin*	Staff costs	Operating lease costs	Capital items	Restructuring costs
R'000					
Leasing	21%	197 662	17 994	54 254	128
Car rental	14%	426 257	104 295	126	658
	18%	623 919	122 289	54 380	786

*Operating profit margin is determined by dividing "operating profit before capital items" by revenue

	External revenue	Inter Group companies	Total revenue
R'000			
Leasing	2 100 308	98 603	2 198 911
Car rental	5 977 545	4 052	5 981 597
	8 077 853	102 655	8 180 508

	Depreciation	Amortisation	Impairments	Total
R'000				
Leasing	776 449	-	54 249	830 698
Car rental	717 610	1 599	126	719 335
	1 494 059	1 599	54 375	1 550 033

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022 continued

1. SEGMENTAL INFORMATION continued

R'000	2021 (Unreviewed)							
	Revenue	EBITDA	Depreciation amortisation and impairments*	Operating profit	Net finance costs	Share of joint venture profit after tax	Income tax expense	Profit after tax
Leasing	2 218 585	1 248 442	(753 562)	494 880	(152 415)	4 563	(81 574)	265 455
Car rental	5 453 040	947 360	(615 713)	331 647	(116 640)	-	(116 141)	98 865
	7 671 625	2 195 802	(1369 275)	826 527	(269 055)	4 563	(197 715)	364 320

*Impairments are included in capital items

R'000	Operating profit margin* %	Staff costs	Operating lease costs	Capital items	Restructuring costs
Leasing	22%	208 208	19 994	-	984
Car rental	6%	415 680	63 983	-	-
	11%	623 888	83 977	-	984

*Operating profit margin is determined by dividing operating profit before capital items by revenue

R'000	External revenue	Inter Group companies	Total revenue
Leasing	2 127 740	90 845	2 218 585
Car rental	5 450 280	2 760	5 453 040
	7 578 020	93 605	7 671 625

R'000	Depreciation	Amortisation	Impairments	Total
Leasing	753 562	-	-	753 562
Car rental	614 753	960	-	615 713
	1 368 315	960	-	1 369 275

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022 continued

1. SEGMENTAL INFORMATION continued

Segmental information <small>continued</small>	Leasing		Car Rental		Adjustments		Total	
R'000	2022	2021	2022	2021	2022	2021	2022	2021
Property, plant, and equipment	3 512 209	3 464 351	111 836	118 824	611	611	3 624 656	3 583 786
Right of use assets	9 791	9 371	286 043	321 646	-	-	295 834	331 017
Intangible assets	-	54 249	8 311	8 397	-	-	8 311	62 646
Investment in joint venture	8 100	7 169	-	-	-	-	8 100	7 169
Investment in associates and other investments	463	-	-	126	-	-	463	126
Finance lease receivable	202 662	202 249	-	-	-	-	202 662	202 249
Rental vehicles	-	-	3 812 005	2 818 473	-	-	3 812 005	2 818 473
Inventories	22 799	18 559	448 240	287 942	-	88	471 039	306 589
Trade and other receivables	474 674	2 421 708	1 034 052	1 004 417	(10 029)	-	1 498 697	3 426 125
Operating assets	4 230 698	6 177 656	5 700 487	4 559 825	(9 418)	699	9 921 767	10 738 180

R'000	Leasing		Car Rental		Adjustments		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Lease liability	26 247	30 388	496 823	533 142	-	-	523 070	563 530
Contract liabilities	847 136	775 196	-	-	-	-	847 136	775 196
Provisions	165 482	137 811	-	-	-	-	165 482	137 811
Trade and other payables	675 583	703 812	1 670 768	1 446 102	(6 614)	(1 718)	2 339 737	2 148 196
Operating liabilities	1 714 448	1 647 207	2 167 591	1 979 244	(6 614)	(1 718)	(3 875 425)	3 624 733
Net operating assets	2 516 250	4 530 449	3 532 896	2 580 581	(2 804)	2 417	6 046 342	7 113 447

2. Basis of preparation

A. Accounting framework

Background

Restructuring and formation of the Zeda Group

As announced in the Barloworld Limited SENS Announcement dated 21 November, 2022, the board of directors of Barloworld Limited approved the separation of the Zeda Group from the Barloworld Group through the proposed distribution of 189,641,787 Zeda ordinary shares (“**Zeda Shares**”) held by Barloworld and comprising 100% of the issued Zeda shares of the Company, to Barloworld ordinary shareholders in the ratio of 1 Zeda Share for every 1 Barloworld ordinary share (“**Unbundling**”) and the primary listing by introduction of the Zeda Shares (“**Listing**”) on the JSE Limited (“**JSE**”).

In order to facilitate the Unbundling and Listing, Barloworld, the former parent of the Company and the Business, implemented a restructuring which, through a series of intra-group transactions in compliance with the applicable tax roll-over relief provisions of the South African Income Tax Act, resulted in the Business being transferred to, and consolidated under, the Company (“**Restructuring**”). At a high-level, the Restructuring involved the sequential steps discussed below and which are also set out in more detail in “Section 5 – Restructuring and Formation of the Zeda Group” of the Zeda Pre-Listing Statement (“**PLS**”). The Restructuring was implemented through the Restructuring Implementation Agreements as follows: (i) the phase one restructuring implementation agreement entered into between Barloworld, Barloworld South Africa Proprietary Limited (“**BAWSA**”), Avis Southern Africa Proprietary Limited (“**Avis Southern Africa**”) and Zeda Car Leasing Proprietary Limited (“**ZCL**”), on or about 22 September 2022, as amended (“**Phase One Restructuring Implementation Agreement**”); and (ii) the phase two restructuring implementation agreement entered into between the Company, Barloworld, BAWSA, Avis Southern Africa and Zenith Proprietary Limited (“**Zenith**”) on or about 28 September 2022 (“**Phase Two Restructuring Implementation Agreement**”).

Prior to 1 October 2021, the Business was housed in and carried out by the following subsidiaries, joint ventures, and divisions of Barloworld, as further explained in the PLS:

- A division of BAWSA (a wholly-owned subsidiary of Barloworld)
- Avis Southern Africa, an intermediate holding company, with several subsidiaries located outside South Africa, and
- ZCL (a wholly-owned subsidiary of BAWSA) which housed and operated, several direct and indirect subsidiaries,
- In addition to the above, and to further facilitate the Unbundling and the Listing, the following additional internal restructuring steps, were implemented to effectively consolidate the entire Business under the Company prior to the Unbundling and Listing:
 - Zenith, a wholly owned subsidiary of BAWSA was incorporated during the year to house the car rental business of Barloworld;
 - in terms of the Phase One Restructuring Implementation Agreement and the Phase Two Restructuring Implementation Agreement, on and with effect from 28 September 2022, through a resolution of its board of directors, BAWSA distributed 100% of the shares in ZCL and Zenith, respectively, to Barloworld as a distribution in specie, with the result that Barloworld became the sole shareholder of each of Zenith and ZCL;
 - in terms of the Phase One Restructuring Implementation Agreement and the Phase Two Restructuring Implementation Agreement, on and with effect from 29 September 2022, Barloworld then sold 100% of the shares in ZCL and Zenith to Avis Southern Africa in exchange for additional shares in Avis Southern Africa. On completion of this step, Avis Southern Africa became the sole shareholder of each of Zenith and ZCL, and accordingly, became the intermediate holding company of the entire Business; and
 - in terms of the Phase Two Restructuring Implementation Agreement, all the issued shares in Avis Southern Africa were then disposed of by Barloworld to the Company in exchange for the issue by the Company of 189,641,687 Zeda shares at the fair market value of Avis Southern Africa amounting to R4 500,0 million. On completion of this step, the Company became the sole shareholder of Avis Southern Africa.

2. Basis of preparation *continued*

Post the internal restructuring, the resultant business held by Zeda consisted of the following:

- Avis Southern Africa and its direct and indirect subsidiaries;
- ZCL and its direct and indirect subsidiaries; and
- Zenith.

Basis of preparation

These condensed consolidated financial statements of Zeda Limited, comprising of the condensed consolidated statement of financial position as at 30 September 2022, and the condensed consolidated statements of profit or loss, condensed consolidated statement of other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the year ended 30 September 2022, and a summary of significant accounting policies and the notes thereto, have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (“IFRS”) as adopted by the International Accounting Standards Board (“IASB”). They are also prepared in accordance with the interpretations adopted by the IASB, the South African Institute of Chartered Accountants’ Financial Reporting Guides and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, and contains the information required by IAS 34: Interim Financial Reporting.

The condensed consolidated financial statements were authorised for issue by the Company’s board of directors on 22 November 2022.

The condensed consolidated financial statements have been prepared in accordance with the accounting policies adopted by the Zeda Group included in the audited combined carve-out historical financial information of the Business for the financial year ended 30 September 2021, including accounting notes thereto, as set out in Annexure 3C to the PLS and which has been: (a) compiled in accordance with the basis of compilation set out in Annexure 3A to the PLS; and (b) prepared in accordance with the basis of preparation set out in Annexure 3B to the PLS (“**Combined Carve-out Historical Financial Information of the Business**”).

Comparative information and common control transactions

The Zeda Group applies book value accounting for common control business combinations, which are business combinations between entities or businesses which are ultimately controlled by the same party or parties both before and after the combination. Under book value accounting, the net assets of the combining entities or businesses use the existing book values from the controlling parties’ perspective. No amount is recognised in consideration for goodwill or excess of acquirers’ interest in the net fair value of acquiree’s identifiable assets, liabilities and contingent liabilities over fair value of the consideration transferred at the time of the common control combination. The difference between the acquiree’s share capital and the cost of investment is represented as a merger reserve directly in equity in the consolidated statement of financial position.

Costs incurred in relation to the common control combination are recognised as an expense in the year in which they are incurred.

This is the first set of condensed consolidated financial statements prepared by the Zeda Group, prepared in accordance with the accounting policies detailed in the Combined Carve-out Historical Financial Information of the Business.

The movement of entities and businesses to the Company through the Restructuring as described in the PLS has been accounted by applying book value accounting. The condensed consolidated financial statements have been prepared as if the Zeda Group had already existed before the start of the earliest period presented. The comparative information has, therefore, been presented as if the Restructuring had occurred at 1 October 2020. The comparative information has been derived from the audited financial information of entities and businesses forming the Business and is not itself reviewed or audited.

The condensed consolidated financial statements have been prepared on the historical cost basis except as described otherwise in the notes.

The presentation currency of the Group is South African Rand (“R”), which is also the functional currency of the Company. Figures have been rounded to the nearest thousand (“R’000”), unless otherwise indicated.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022 continued

3. Going concern

The financial information has been prepared on a going concern basis. The going concern assumption was assessed by management as appropriate after taking into consideration its available information about the future, the profitability of the operations and the accessibility to financial resources for at least the next twelve months from the end of the last reporting date.

4. Significant events

Impairment of computer software

It was decided by the management of the Leasing Business to terminate the agreement to develop computer software and impair the entire project cost of R54.2 million.

Restructuring of interest-bearing borrowings

The interest bearing borrowings of the Zeda Group were restructured during the latter part of the year in anticipation of the Unbundling and Listing. The Zeda Group negotiated banking facilities with ABSA Group Limited and utilised the funds derived from these facilities of R1.9 billion to reduce the long-term loan from Barloworld Limited. Further restructuring of interest bearing borrowings is set out in note 8 and 14.

Disposal of property plant and equipment

The Group disposed of land and buildings accounted for as a non-current asset held for sale in 2021 with a carrying amount of R12.6 million during the year

There were no other events that had a significant effect on the results of the Business.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022 continued

5. Revenue

R'000	(Reviewed) 2022	(Unreviewed) 2021
Revenue recognized in terms of IFRS 15:	6 328 356	5 855 013
Recognised at a point of time		
Sale of rental vehicles recognised at a point in time	3 586 053	3 951 617
Recognised over time		
Rendering of service	60 833	172 815
Rentals (outside the scope of IFRS 16)	2 642 293	1 683 544
Commissions	39 177	47 037
Revenue recognized in terms of IFRS 16: (recognised over time)	1 852 152	1 816 612
Leasing income	1 730 577	1 674 796
Rental income	121 575	141 816
	8 180 508	7 671 625
The contract liability relates to the Group' obligation to incur contractual costs of service, maintenance, and warranty work to be carried out in the future and the unearned margin to be recognised over the life of the contract.		
Amounts recognised in revenue	60 833	172 814
The transaction price allocated to partially unsatisfied performance obligations at 30 September are as set out below:		
Within one year	346 679	330 122
Two to five years	500 457	445 074
Total	847 136	775 196

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022 continued

6. Capital items

R'000	(Reviewed) 2022	(Unreviewed) 2021
Impairment of intangible assets	54 249	-
Impairment of investment in associate	126	-
Profit on disposal of plant and equipment excluding rental assets	5	-
	54 380	-

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022 continued

7. Headline earnings

Basic earnings per share is derived by dividing profit or loss attributable to the equity holders of Zeda Limited for the year by the weighted average number of shares in issue. Appropriate adjustments are made in calculating diluted and headline earnings per share.

Headline earnings has been calculated and disclosed in accordance with the JSE Listings Requirements, and in terms of circular 1/2021 issued by SAICA. Disclosure of headline earnings is not a requirement of IFRS, but it is a commonly used measure of earnings in South Africa that is more closely aligned to the operating activities of the entity. The items excluded from the calculation of headline earnings meet the definition of separately identifiable remeasurements as defined in circular 1/2021. The table below reconciles the profit for the year attributable to equity holders to headline earnings:

R'000	(Reviewed) 2022	(Unreviewed) 2021
Reconciliation of headline earnings		
Profit attributable to the equity holders	561 416	360 225
Adjusted for:		
Impairment of intangible assets	54 249	-
Impairment of investment in associate	126	-
Loss on disposal of property, plant and equipment excluding leasing vehicles	5	-
Tax effects of above items:	-	-
Profit on disposal of property, plant and equipment excluding leasing vehicles	(1)	-
Headline earnings	615 795	360 225

	2022 Number of shares	2021 Number of shares
Weighted average number of ordinary shares in issue (000)	189 642	189 642
Diluted weighted average number of ordinary shares (000)	189 642	189 642
The weighted average number of ordinary shares in issue and diluted weighted average number of shares in issue are the same as there are no dilutive instruments in issue		

	2022 cents	2021 cents
Earnings per share		
Basic	296.0	190.0
Diluted	296.0	190.0
Headline earnings per share		
Basic	324.7	190.0
Diluted	324.7	190.0

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022 *continued*

8. Interest bearing borrowings

R'000	(Reviewed) 2022	(Unreviewed) 2021
The groups interesting bearing borrowings are as follows:		
Long term interest bearing borrowings	1 908 131	4 380 522
Bank overdrafts	240 202	321 088
Short term interest bearing borrowings	1 489 502	127 134
Floorplans from suppliers	986 130	176 959
	4 623 965	5 005 703
Long term Interest bearing borrowings		
ABSA Group Limited	1 874 234	-
The loan bears interest at 9.31 % and is repayable from 2023 to 2026. It is secured by a special notarial bond over vehicles in Zeda Car Leasing and the cession of the Zeda Car Leasing shares held by Avis South Africa Limited.		
Daimler Truck Financial Services Proprietary Limited	40 098	-
The loan bears interest at 8.75% and is repayable by 3 January 2024		
Barloworld Limited	1 235 548	4 380 522
The loan from bears interest at 9.31% (2021 - 6.18%) and is repayable by November 2023		
	3 149 880	4 380 522
Current portion included in short-term interest-bearing borrowings	(1 241 749)	-
ABSA Group Limited	(290 635)	-
Daimler Truck Financial Services Proprietary Limited	(15 566)	-
Barloworld Limited	(935 548)	-
Non-current portion		
ABSA Group Limited	1 583 599	-
Daimler Truck Financial Services Proprietary Limited	24 532	-
Barloworld Limited	300 000	4 380 522
	1 908 131	4 380 522
Bank overdraft and short-term interest bearing loans		
Bank overdrafts	240 202	321 088
Short-term interest-bearing borrowings		
Short-term interest-bearing loans	247 753	127 134
Current portion of long-term loans	1 241 749	-
	1 489 502	127 134
Short-term interest-bearing loans		
Rand Merchant Bank Limited	195 899	127 134
The loan from Rand Merchant Bank bears interest at 6.9 % and is repayable on demand		
Standard Bank Limited	51 854	-
The loan from Standard Bank Limited bears interest at prime less 0.75 and is repayable within 6 months		
	247 753	127 134

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022 *continued*

8. Interest bearing borrowings *continued*

Floorplans from suppliers

R'000	(Reviewed) 2022	(Unreviewed) 2021
Standard Bank Limited Wholesale finance fleet saver facility	874 299	-
The facility bears interest at prime less 0.75%		
Standard Bank Limited. Wholesale finance facility	111 831	-
The facility bears interest at prime less 0.75%		
Absa Group	-	176 959
The facility bears interest at prime less 0.50%		
	986 130	176 959

Floorplans from suppliers consist of interest-bearing facilities provided by the finance provider. The floorplans are secured by the vehicles that have been purchased using these facilities and are included under the rental fleet and inventories.

These terms and conditions are stated in the term sheets which require the Wholesale finance fleet saver facility to be used to fund the acquisition of new motor vehicles and the Wholesale finance facility is used to fund the acquisition of used vehicles not older than 10 years.

The Absa facility was repaid in full during the 2022 financial year.

9. Net asset value and net tangible asset value

R'000	30 September 2022 (Reviewed)	30 September 2021 (Unreviewed)
Net asset value (R000)	1 631 484	2 185 026
Net tangible asset value (R000)	1 606 384	2 105 591
Number of shares in issue (000's)	189 642	189 642
Net asset value per share (cents)	8 603.0	1 152.2
Net tangible asset value per share (cents)	8 470.6	1 110.2

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022 *continued*

10. Related party transactions

R'000	Group companies	Holding company
2022 (Reviewed)		
Administration/Management fees paid to		
Barloworld South Africa Proprietary Limited	-	14 044
Dividend paid to		
Barloworld Limited	-	(1 157 428)
Interest paid to		
Barloworld Limited	-	299 207
Revenue received from		
Barloworld Limited		(1 240)
Barloworld Equipment Proprietary Limited	(52 578)	-
Barloworld Equipment Botswana Proprietary Limited	(3 025)	-
Barloworld Namibia Proprietary Limited	(4 825)	-
Barloworld Equipment Lesotho Proprietary Limited	(2 364)	-
Barloworld South Africa Proprietary Limited	(10 276)	-
Barloworld Equipamentos Mocambique Lda	(764)	-
Barloworld Equipment Zambia Limited	(535)	-
Barloworld Transport Proprietary Limited	(21 059)	-
Barloworld South Africa Proprietary Limited	(5 989)	-
	(101 415)	(1 240)
Trade and other receivables		
Barloworld Equipamentos Mocambique Lda	82	
Long term interest bearing borrowings		
Barloworld Limited	-	(1 235 548)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022 *continued*

10. Related party transactions *continued*

R'000	Group companies	Holding company
2021 (Unreviewed)		
Administration/Management fees paid to		
Barloworld South Africa Proprietary Limited	7 805	-
Interest paid to		
Barloworld Limited	-	251 159
Revenue internal paid by		
Barloworld Equipamentos Mocambique Lda	(185)	-
Barloworld Equipamentos Mocambique Lda	(9 331)	-
Barloworld Equipment Zambia Limited	(15 794)	-
Barloworld Transport Proprietary Limited	(705)	-
Barloworld Transport Proprietary Limited	(1 925)	-
Barloworld Equipamentos Mocambique Lda	(21)	-
	(93 496)	(109)
Trade and other payables		
Barloworld Investments Proprietary Limited	(2 497)	-
Barloworld Equipment Proprietary Limited	(5 797)	-
Barloworld Equipment Proprietary Limited	(8 976)	-
	(17 270)	-
Trade and other receivables (interest bearing)		
Barloworld Limited	-	1 090 880
Trade and other receivable (non-interest bearing)		
Barloworld Limited	-	1 659 358
Long term interest bearing borrowings		
Barloworld Limited	-	(4 380 522)
Amounts owed by related parties		
Barloworld Siyakhula Proprietary Limited	1238	-
Barloworld Siyakhula Proprietary Limited	1 200	-
	2 438	-

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022 *continued*

11. Cash generated from operations

R'000	(Reviewed) 2022	(Unreviewed) 2021
Profit before taxation	881 725	562 035
Operating cash flows adjustments for:		
Amortisation	1 599	960
Depreciation of property, plant and equipment	791 062	770 263
Depreciation of rental vehicles	647 982	547 703
Depreciation of right of use assets	55 015	50 349
Dividends received	-	(12 224)
Interest received	(6 047)	(52 457)
Foreign exchange losses	39 056	27 550
Interest paid on interest bearing borrowings	339 152	270 112
Interest paid on lease liability	49 892	51 400
Loss on rental and leasing vehicles	96 510	85 416
Loss on disposal of property, plant and equipment (excluding rental and leasing vehicles)	5	-
Impairment of intangible assets	54 249	-
Impairment of investment in associate	126	-
Loss on modification of leases	9 904	2 476
Increase in provisions	27 671	3 611
Share of joint venture profit after tax	(931)	(4 563)
Increase in provision for expected credit losses	(99 565)	(31 409)
Revaluation of investments	(413)	-
IFRS 2 charge	13 964	23 534
Operating cash flows before movements in working capital	2 900 956	2 294 756
Working capital movements		
Decrease in inventories	2 592 122	2 983 849
Decrease/(increase) in trade and other receivables	2 025 524	(1 129 982)
Increase in contract liabilities	70 180	30 619
Increase in trade and other payables	191 541	839 578
Cash generated from operations before investment in leasing and car rental operations	7 780 323	5 018 820
Investment in leasing vehicles	(1 561 728)	(1 329 865)
Proceeds on disposal of leasing vehicles	55 681	47 952
Investment in rental vehicles	(3 773 869)	(3 605 937)
(Increase)/decrease in finance lease receivable	(413)	21 819
Cash generated from operations	2 499 994	152 789

12. Commitments

R'000	(Reviewed) 2022	(Unreviewed) 2021
Capital commitments*		
Motor vehicles	(954 617)	(3 093 576)
Property, plant and equipment	(1 841)	(11 716)
Software development	(12 774)	(7 842)
	(969 232)	(3 113 134)

* Capital commitments will be financed by cash generated from operations and borrowing facilities available to the Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022 *continued*

13. Fair value measurement

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value which are grouped into level 1 to 3 with the different levels defined as follows:

- Level 1: fair value measurements are derived from quoted prices in active markets for identical assets.
- Level 2: fair value measurements are derived from inputs other than quoted prices included within Level 1 that are observable for assets or liabilities either directly or indirectly
- Level 3: fair value measurements are derived from valuation techniques that include inputs for the asset or liability that are not based on unobservable market data.

R'000	2022 (Reviewed)			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Investment in cell captive	-	-	463	463

The fair value of the cell captive is determined by its net asset value

The movement in the investment in cell captive is as follows

R'000	(Reviewed) 2022	(Unreviewed) 2021
At beginning of year	-	-
Acquisition of investment	50	-
Revaluation of investment	413	-
At end of year	463	-

Group R'000	2021 (Unreviewed)			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Investment	-	-	-	-

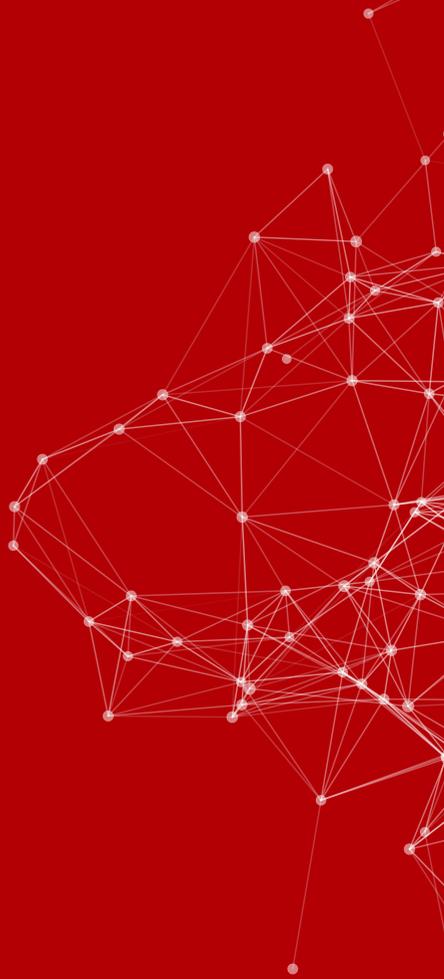
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022 continued

14. Subsequent events

On 17 November 2022, Zeda and Barloworld entered into the Separation Agreement which sets out the principles regulating various aspects of the separation of the Zeda Group from the Barloworld Group (as a result of the implementation of the Unbundling), as follows:

- The repayment of the remaining Barloworld loan post the restructuring of the capital and debt in advance of the listing amounting to R1 546,1 million ("Remaining Loan") by no later than 30 November 2023. The Remaining Loan will bear interest at the Prime Rate plus 1%. The repayment to Barloworld of the Remaining Loan is guaranteed by Zeda in terms of the Separation Agreement. In addition, Zenith has registered a first ranking continuing covering special notarial bond in the agreed form over vehicles owned by Zenith in favour of Barloworld in an amount of not less than R1 546.1 million, as security for Zenith's obligations in respect of the remaining Barloworld loans as set out in the Separation Agreement. In addition, Zeda and Zenith have jointly and severally provided a guarantee to Barloworld of their performance in respect of the repayment of the Barloworld long-term loan;
- The provision by Barloworld to Zeda of Information Technology Transitional Services post the listing;
- The continuation by Barloworld of its guarantee of Zenith's obligations under the Khula Sizwe Lease Agreements after the Listing; and
- The entering into by Barloworld and Zeda of a back-to-back guarantee in respect of Barloworld's obligations in terms of the Khula Sizwe Property Rental Guarantees.

On 21 November 2022 Barloworld announced that it had resolved to unbundle and separately list Zeda on the JSE. The Zeda listing date is expected to be on or about 13 December 2022.



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