2022

REUNERT

REUNERT LIMITED

Integrated Report

2022 at a glance

Dear stakeholder

The year 2022 was both rewarding and challenging for Reunert. Our financial performance was strong with growth in all three segments resulting in a 16% increase in segment operating profit, which we consider the best metric to measure sustainable profit, with a growth of 9% in headline earnings. There were strong improvements in the Electrical Engineering and Applied Electronics Segments and another steady performance from the ICT Segment.

This robust financial performance delivered an improvement in the quality of earnings, measured by return on capital employed (ROCE). This performance is set against a backdrop of poor local economic growth and persistent supply chain issues, including a chronic shortage of electronic chips. Despite these challenges, we were pleased to reward shareholders with an 8% increase in dividends.

The Group's strategy execution progressed well in 2022. We retain our key strategic focus on the fast-growing markets of renewable energy and the expansion of the ICT Segment. In both areas, we are experiencing rapid growth and are beginning to reap the benefits of scale. We are confident that our strategic initiatives will continue to deliver on their potential.

Our prospects for 2023 are positive. Overall, the Group's order books are much improved and there are early signs of relief from supply chain challenges. While global recessionary pressures and South African socio-economic challenges pose risks to growth, we are well positioned to continue our trajectory of financial performance.

We invite you to read more about our commitment to executing our strategy and delivering value for all stakeholders.

Mohamed Husain
Chair, independent non-executive director

Alan Dickson
Group Chief Executive Officer (Group CEO)

Financial highlights

UP BY **16%**
REVENUE
R11 129 million
(2021: R9 575 million)

UP BY **16%**
SEGMENT OPERATING PROFIT
R1 140 million
(2021: R986 million)

UP BY **9%**
HEADLINE EARNINGS
519 cents per share
(2021: 478 cents per share)

UP BY **8%**
DIVIDEND
299 cents per share
(2021: 277 cents per share)

Operating highlights

Upward trajectory in earnings

Reunert experienced strong operational performance from all three of its segments and the quality of earnings improved. Year-on-year segment operating profit, earnings and return on capital employed (ROCE) have improved. Prospects reflect continued operating profit growth. Read more on the Group's segmental performance on page 38.

Compelling strategic growth initiatives supports capital growth

Reunert continued scaling its key growth businesses in the Renewable Energy and new-age ICT solutions' markets. Further acquisitions were made to bolster the ICT business +OneX. The recent acquisition of Etion Create[1] will boost the Applied Electronics Segment's manufacturing and original design capabilities and expand access to export markets. Read more on the Group's strategy performance on page 24.

[1] *Effective 1 October 2022*

Restructured Broad-Based Black Economic Empowerment (B-BBEE) structure unveiled

In February 2022, Reunert's shareholders approved a restructured BEE ownership structure that resulted in 13% Black shareholding and a broad base of Black shareholders, including the Group's South African employees. The deal includes an Employee Share Option Plan (ESOP) that resulted in 3 373 employees receiving options which aligns employee economic interest in the growth of Reunert to shareholders.

Read more on page 66.

Maximising shareholder value

> Reunert's strong history of dividend payment continues with a total cash dividend of 299 cents per share declared for the year

> The gross dividend increased by 8%, representing a 6,9% dividend yield

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Navigating the report (15)

Icons are used in this report to assist with understanding and linking information. These icons reflect Reunert's strategic pillars:

Diversification	Efficiency	Innovation
Our customers	Our people	Transformation

(#) The number in the icon refers to the relevant governance principle of the King IV Report on Corporate Governance™ for South Africa, 2016 (King IV)[1] (refer to https://www.reunert.co.za/downloads/corporate-governance/2022/Reunert_KING_IV_2022.pdf).

Year-on-year performance against key performance indicators is shown as:

Positive/creating value	Negative/eroding value	Neutral/preserving value

These key performance indicators are linked to the IFRS Foundation's[2] International Integrated Reporting Framework's use of value creation, preservation and erosion.

A glossary of key abbreviations and acronyms is included on page 136.

Visit Reunert's website, https://www.reunert.co.za/, for more information on the Group and its segments.

[1] *Copyright and trademarks are owned by the Institute of Directors in South Africa NPC and all of its rights are reserved.*
[2] *Previously called the International Integrated Reporting Council's International Integrated Reporting Framework.*

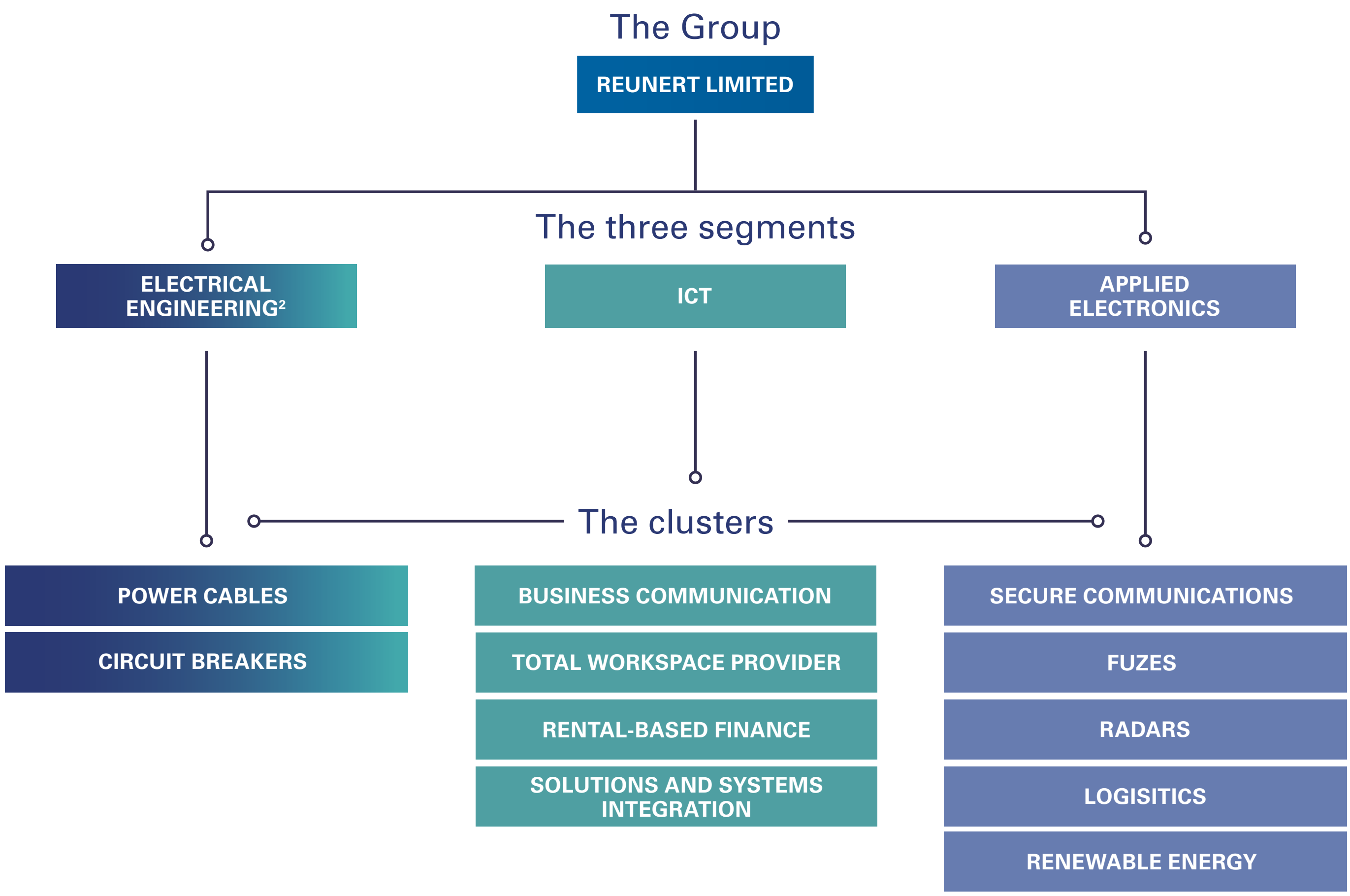
An overview of this report

5 15

Reunert Limited (Reunert or the Group[1]) is proud to present its Integrated Report for the year ended 30 September 2022.

This report was developed to enable Reunert stakeholders to make an informed assessment of our ability to create and preserve value over time while limiting value erosion. It presents the Group's overall performance and does not differentiate between the Group's activities and those of its subsidiaries, associates and joint ventures.

This report discusses Reunert's three operating segments: Electrical Engineering, ICT and Applied Electronics. It refers to companies or entities within segments as business units.



[1] *The Group includes Reunert Limited, its subsidiaries, associate and joint ventures and their operations.*

[2] *CBi Telecoms was placed into business rescue on 2 March 2022. Consequently, the Group has lost significant influence over its investment in CBi Telecoms and therefore no longer equity accounts for this business unit. Its results are accordingly no longer included in segment operating profit from that date.*

Ensuring the reliability of the Integrated Report

The following contribute to the reliability of the information in this report:

> Reunert has sound and well-understood business processes underpinned by an ethical culture
> The Board of directors (Board) sets the Delegation of Authority Framework and delegates responsibility to executive management to oversee the effective management of its business units. Reunert's federated model ensures appropriate accountability in each business unit and that no director has unrestricted decision-making powers
> Business unit executives are responsible for their financial statements. All material business units' annual financial statements are subject to external audit. Deloitte & Touche (Deloitte) is the appointed auditor for these business units
> CEO/CFO sign-off process as part of the Group's risk management oversight and compliance programme
> Internal audit executes an internal audit plan across all business units over a two-year cycle
> The Board annually assesses the performance and competence of the executive directors and the Group Company Secretary via the Nomination and Governance Committee. The Audit Committee further considers the performance of the Group Chief Financial Officer, Group finance function and internal and external audit
> The Board, assisted by the Audit Committee and other Board committees, oversees the preparation of the Integrated Report and Annual Financial Statements and has unfettered access to the internal and external auditors

Refer to page 135 for more information on this report's preparation, including its scope and boundary, reporting suite and assurance.

Board approval

With support from representatives of other Board committees, the Board and Audit Committee oversaw the compilation of this report. The Board confirms that this report presents a balanced, reliable and accurate view of the Group's ability to create and preserve value over time while limiting value erosion.

The Board approved the frameworks that directed the preparation of this report and the process followed to determine Reunert's material matters. Having overseen the Group's combined assurance process, the Board concluded that the data and information included in the report can be trusted. The Board believes that the report was prepared in all material respects according to the IFRS Foundation's International Integrated Reporting Framework.

The Board, as listed below, approved the 2022 Integrated Report on 19 December 2022.

TASNEEM ABDOOL-SAMAD
Independent non-executive director

RALF BOËTTGER
Independent non-executive director

ALEX DARKO
Independent non-executive director

ALAN DICKSON
Group Chief Executive Officer

TINA EBOKA
Independent-non executive director

PIERRE FOURIE
Independent non-executive director

JOHN HULLEY
Lead independent director, Independent non-executive director

MOHAMED HUSAIN
Chair, independent non-executive director

SARITA MARTIN
Independent non-executive director

DR TUMEKA MATSHOBA-RAMUEDZISI
Independent non-executive director

MOHINI MOODLEY
Group Human Capital and Sustainability Executive Director

NICK THOMSON
Group Chief Financial Officer

Forward-looking statements

This report contains forward-looking statements based on assumptions and best estimates made by management regarding the Group's future performance. Such views are, by their nature, subject to risks and uncertainties, which may result in the Group's actual performance in the future being different from that expressed or implied in any forward-looking statements.

The Group neither accepts any responsibility for any loss arising from the use of the information contained in this report nor undertakes to publicly update or revise any of its forward-looking statements.

The financial information on which the forward-looking statements are based was not audited or reported on by Deloitte, Reunert's independent external auditor.

REUNERT IS A **LEADING INDUSTRIAL GROUP OPERATING A DIVERSIFIED PORTFOLIO OF BUSINESS UNITS** ORGANISED INTO ITS **ELECTRICAL ENGINEERING, ICT AND APPLIED ELECTRONICS SEGMENTS**.

IT WAS **ESTABLISHED IN 1888** AND **LISTED ON THE JOHANNESBURG STOCK EXCHANGE IN 1948**. REUNERT IS A **CONSTITUENT OF THE JSE INDUSTRIAL GOODS AND SERVICES** (ELECTRONIC AND ELECTRICAL EQUIPMENT) **SECTOR**.

REUNERT IS **RATED AA IN THE MORGAN STANLEY CAPITAL INTERNATIONAL** (MSCI) **ESG RATINGS REPORT**[1]. THIS RATING **ACKNOWLEDGES REUNERT AS AN INDUSTRY LEADER** MANAGING THE MOST SIGNIFICANT **ENVIRONMENTAL, SOCIAL AND GOVERNANCE RISKS** AND **OPPORTUNITIES**.

REUNERT AT A GLANCE

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[1] *This is according to the MSCI ESG Ratings reported on 29 July 2022.*

Reunert's purpose and values

Reunert is a leading industrial group that serves the public and private sectors in the markets of its chosen geographies. Reunert maintains a strong balance sheet, exercises financial discipline through considered capital allocation, and pursues organic and acquisitive growth opportunities in these targeted markets.

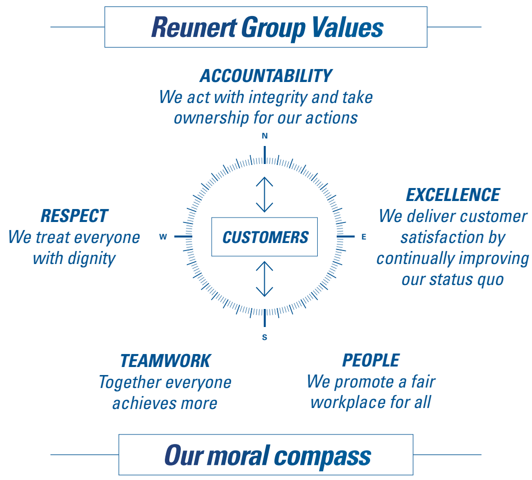
Reunert's purpose

"WE ARE DRIVEN TO ENABLE OUR CUSTOMERS' SUCCESS."

Group values

Reunert has created a values-driven organisation by:

> Placing customers in the centre of its engagement model
> Creating technology solutions that enable our customers' purpose



Code of Ethics

The Group's Code of Ethics was redeveloped through extensive consultation with employees to enhance buy in and increase efficacy. The Code was announced in December 2021 and further entrenched during 2022. Reunert's employees embrace the principles included in this Code of Ethics.

We:

> Act with integrity and honesty
> Act in the best interests of the Company
> Encourage an environment of trust with transparent and open communication
> Respect each other and do not discriminate
> Demonstrate high levels of professionalism and performance in all that we do
> Enable our customers' purpose through the services we provide and the products and solutions we deliver
> Promote a healthy and safe work environment
> Do our best to protect the environment and natural resources
> Comply with the Company's policies, procedures, practices and the law

Reunert expects its business partners, representatives, suppliers and customers to adhere to the principles of the Reunert Code of Ethics.

Geographic footprint

Reunert operates mainly in South Africa, with operations and offices in Australia, Lesotho, India, Mauritius, the USA and Zambia. Reunert accesses several export markets in Europe and Asia through distributors. The Group's Head Office is in Woodmead, Johannesburg, South Africa.

Our purpose in action

Reunert's purpose sets out its primary reason for existence and guides the evolution of its strategy to deliver products and services that enable our customers' purpose.

Cost conscious customers are looking for ways to actively manage their use of electricity. CBi-Electric responded to this need by developing solutions to manage energy better that are easy to install, configure and operate. Through its Astute product range, it provides Internet of Things[1] (IoT) enabled-devices that allow consumers to monitor and reduce their energy consumption. In 2022, CBi-Electric developed a building energy management solution that allows its commercial customers to cost-effectively manage the key components of their energy consumption including reducing discretionary loads. Read more on page 43.

+OneX, a business unit in the ICT Segment is helping companies to excel by using innovative technologies to solve their digital transformation challenges. Through its subject matter experts and acquisitions, +OneX has grown into an end-to-end ICT solutions and systems integrator. It offers services for the cloud, software and application developments, unified communication and the latest offering optimisation-as-a-service that was developed in collaboration with customers. Read more on page 29.

+one^x

Reutech Communications, pioneers in high-frequency radio communications developed a novel high-frequency communications architecture for resilient data communications. Named the Resilient HF Networking System, this architecture achieved 24/7 connectivity in a multi-month trial use in a naval application. The architecture works hand-in-hand with the business unit's TR3000 radio transceiver. In 2022, a leading navy in the South East Asia region became the lead customer for the TR3000 and is currently operating both the TR3000 and the Resilient HF Network. Read more on page 53.

[1] *Internet of Things describes physical objects (or groups of such objects) with sensors, processing ability, software, and other technologies that connect and exchange data with other devices and systems over the internet or other communications networks.*

Reunert's three segments

Reunert has a federated business model and continually seeks to achieve scale and growth through its three segments and their associated diverse portfolio of business units. Their core competencies, technology, products and services, markets and customer segmentation define the three segments.

Reunert has three operating segments: Electrical Engineering, ICT and Applied Electronics. Business units in these segments are grouped into clusters should they reach material financial scale, or if they deliver vertical services or operate in similar markets. Comprehensive information about the business units, their products and services, distribution channels, market sectors and intellectual property can be found on the fact sheet at www.reunert.co.za/group-overview.php.

ELECTRICAL ENGINEERING

Manufactures and sells a comprehensive range of power cables and low-voltage circuit breakers.

Customers
> Commercial property developers
> Original equipment manufacturers (OEMs)
> Municipalities
> General power distributors
> Utilities
> Mining industry
> Telecommunications
> State-owned entities (SOEs)

Growth indicators and opportunities

Gross domestic fixed investment is an indicator for growth.

South Africa's electrical expenditure will increase investment in new electrification projects, including renewable energy and maintenance and replacement programmes for public and commercial infrastructure.

Smart metering is becoming more relevant as the internet of things grows. Electric vehicles and renewable energy are accelerating growth areas.

56% (2021: 56%)
Contribution to Group revenue

39% (2021: 38%)
Contribution of Group segment operating profit

7% (2021: 7%)
Segment operating profit margin[1]

ICT

Offers a range of total workspace solutions, business communication, connectivity, rental-based finance products and solutions and systems integration.

Customers
> Corporates
> SOEs
> Small and medium-sized enterprises (SMEs)

Growth indicators and opportunities

Business confidence and South Africa's gross domestic product (GDP) are key indicators for growth.

This segment will grow by offering a broad range of ICT business solutions to enterprise and SME customers and by providing best-in-class digital transformation solutions and services.

23% (2021: 25%)
Contribution to Group revenue

56% (2021: 62%)
Contribution of Group segment operating profit

25% (2021: 24%)
Segment operating profit margin[1]

APPLIED ELECTRONICS

Develops, supplies and maintains high-precision electronic products for defence and commercial applications. Provides renewable energy solutions including:
> Solar energy engineering, procurement and construction management (EPCM)
> Solar asset ownership
> Energy storage

Customers
> Corporates
> Municipalities
> Governments
> SOEs
> Local and international defence forces
> Mining industry
> Commercial property developers

Growth indicators and opportunities

Global defence spend and GDP are key indicators of growth.

Renewable energy generation and storage is a rapidly developing market with significant growth opportunities.

Secure communications and encryption hold promising prospects, specifically in fintech.

In aggregate, Reunert's target export markets are increasing their defence spend.

Reunert's surface monitoring radar equipment is well-positioned to leverage opportunities in the fast growing smart mining market.

21% (2021: 19%)
Contribution to Group revenue

14% (2021: 10%)
Contribution of Group segment operating profit

7% (2021: 5%)
Segment operating profit margin[1]

[1] *Segment operating profit is operating profit adjusted for items separately disclosed in the segmental analysis.*

Appropriate Group oversight (10)

Reunert has governance structures in place to foster clarity and understanding of roles, responsibilities and accountability across its federated business model.

Reunert's Group Executive Committee (Exco) oversees the development and implementation of the Group's and business segments' strategies, reviews budgets and develops and monitors adherence to Group policies[1]. The Board approves the Group's strategy and the Group's consolidated budget and oversees compliance and capital allocation in line with its Board-approved Delegation of Authority. Business units implement the strategy, execute the operational plans and ensure employees comply with Group and business unit policies.

Strategy

The Board approves Reunert's strategy. The Exco formulates and monitors the long-term strategy implementation plans, associated risks and mitigation plans and performance criteria, which are consolidated from inputs received from business units.

Significant matters

The Board approves significant matters, including major acquisitions and disposals. The Exco considers the Group's operational results, merger and acquisition activity, HR, governance and other matters that are relevant to the Group as a whole.

Performance

The Group CEO, Group Chief Financial Officer (Group CFO) and Segment Heads use several measures, including defined key performance indicators, to assess the performance of segments. The Board receives reports on and considers operational performance.

Operational execution

The business units make operational decisions and execute their respective strategies. Each business unit drives its own sales and marketing strategy, customer programmes, supply chain management, efficiency improvements and product and service innovations. Each business unit is also responsible for the regulatory compliance of its business and the effective management of HR.

Delegation of Authority Framework

The Board-approved Delegation of Authority Framework reserves certain decisions for the Board and its various committees while delegating the day-to-day operations to Exco members through the Group CEO, Group CFO or other members of Exco.

The Board is satisfied that the Delegation of Authority Framework supports role clarity and the effective exercise of authority and responsibilities.

Read more about our Board and Board committees in our governance and leadership chapter on page 71.

[1] *This includes accounting, human resources and company secretarial policies. The Group governance framework is discussed on page 72.*

An overview of the Group's value creation

The Group reflected on the six capitals as defined in the IFRS Foundation's International Integrated Reporting Framework. All six capitals are material to the Group. As such, this report provides a balanced view of the dependencies on the capitals, and the Group's impact on them. It describes the Group's value creation processes, its products and services and the outcomes.

What follows is a summary overview of the inputs and outcomes related to the value creation process, and the financial value distributed to stakeholders. It should be read in conjunction with the rest of the report.

Inputs | What we require and depend on

Customers	> An understanding of Reunert's markets' and customers' requirements and their business drivers > Demand for the Group's products and services and the ability to provide the appropriate international certifications, where applicable > Continuous investment in product research and development, technologies, manufacturing techniques and business process improvement. This interlinks with the Group's intellectual capital, including trademarks for certain products
Channel partners	> The Group relies on various networks of franchisees, dealers, agents, distributors, resellers, wholesalers and branches to access customers in some of its markets
Financial resources and providers of financial capital	> Reinvested profits based on a disciplined and structured financial capital allocation process > External funding, including lines of credit
Employees	> Employee conduct and behaviour guided by the Group Values and Code of Ethics > The high technical skills of a large proportion of the Group's employees > Ongoing employee development > Strong internal policies, procedures and standards to guide compliance, quality, efficiencies and health and safety (among others)
Suppliers and service providers	> A large supplier base for local and imported components, products and equipment > Raw materials and purchased components and overall cost control > Strong relationships with original equipment manufacturers > Infrastructure enablers, e.g. water, electricity, data networks and transport
Regulators and Government	> Clear policies, laws and regulations > The rule of law and effective policing > Government's business initiatives to support investment and economic growth > Infrastructure maintenance and investment

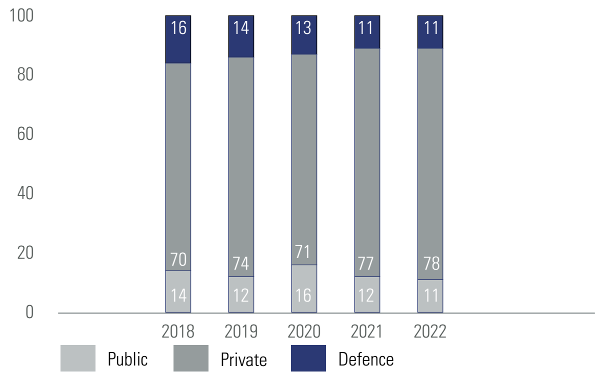
Outcomes | The result of our operations and activities during 2022

Reunert creates value through partnerships and collaboration, for example:

> Partnering with suppliers, franchises, agents and distributors to advance the Group's sales footprint
> Collaborating with customers to develop new technologies and improve service delivery
> Building long-term partnerships with customers, partners and employees

Customers	> A foundation of trusted brands on which we can build > 50 000+ strong customer base, which allows for cross-selling of products and services > Ongoing customer relationships with substantial repeat business > R45 million invested in research and development, and new products and services released

Revenue by market sector (%)



Channel partners	> An extensive network of channel partners throughout Southern Africa, Europe, China and North America > ICT has 40 Nashua franchises and over 430 dealers, wholesalers and service providers
Financial resources and providers of financial capital	> R11,1 billion revenue including R3,3 billion non-ZAR revenue > R1 231 million operating profit with an 11,1% operating profit margin > R232 million capital expenditure > Total cash dividends declared of 299 cents per share for the year > Five-year compound annual growth rate for total shareholder return of (1,8%)
Employees	> 68% Black employees (South African permanent employees) > 45% female employees (total employees) > One work-related fatality > 280 learners on learnerships, apprenticeships and internships > R61 million invested in employee development > 3 373 employees participated in Kotulo, the employee share ownership plan
Suppliers and service providers	> Strong relationships with more than 5 500 suppliers > R7 479 million paid to suppliers
Regulators and Government	> Legal and statutory compliance > A contained cyberattack at Quince Capital was duly reported, investigated and mitigated > No significant or recurring fines received > No contributions made to any political party
Community impact	> 46 students trained at the Reunert College > 102 charities assisted through the Nashua Children's Charity Foundation (NCCF) > Increased shareholding for Rebatona, the BEE partner > Strong BEE credentials with increased Black and Black women shareholding
Environmental Impact	> 8 071 Scope 1 metric tonnes CO_2 emissions > 37 176 Scope 2 metric tonnes CO_2 emissions > Generated 2 543 MWh of renewable energy, resulting in saving 2 696 tonnes of CO_2 emissions > Climate change assessment conducted

Shared financial value as an outcome

Stakeholder sharing in financial and other value created	Value and percentage[1] 2022	Value and percentage[1] 2021	Value and percentage[1] 2020
Socio-economic development Reunert's socio-economic development spend supports child and youth development through its community investment in education and food security initiatives.	**R8 million** **0,2%[2]**	R7 million 0,2%[2]	R7 million 0,3%[2]
Enterprise and supplier development Reunert supports Black-owned enterprises to grow and participate in its supply chain	**R32 million** **1%[2]**	R37 million 1%[2]	R39 million 1,6%[2]
Retained for future growth Reunert retains financial reserves to invest in potential growth areas.	**R685 million** **19%**	R568 million 17%	(R403 million) (16%)
Providers of debt The Group services its obligations through consistent repayments of debt and interest.	**R84 million** **2%**	R70 million 2%	R83 million 3%
Providers of capital Shareholders receive dividends and benefit from funds retained for future growth opportunities.	**R454 million** **12%**	R428 million 12%	R727 million 29%
Government The Group responsibly pays taxes in the territories where we operate.	**R651 million** **18%**	R705 million 21%	R455 million 18%
Employees Employees benefit from remuneration, performance bonuses, participation in incentives schemes, and other retention programmes.	**R1 768 million** **48%**	R1 638 million 47%	R1 592 million 64%
Total wealth distributed	**R3 682 million**	R3 453 million	R2 500 million

Trade-off decisions | Applying integrated thinking

The Group makes trade-off decisions guided by our purpose, strategic choices and the business model outcomes it seeks to achieve. Reunert may forgo short-term gains for long-term value creation and preservation or to avoid value erosion. The following examples illustrate the Group's material trade-offs in 2022:

> Reunert invested significant capital into electrical infrastructure to secure the electricity supply for its African Cables Vereeniging manufacturing plant. This was a trade-off between investing in the business unit and allocating the funds to other growth opportunities.

> Reunert decided to place its loss-making business unit CBi-Electric: Telecom Cables into business rescue, recognising that this restructuring may impact Reunert's shareholding in the business unit, but removes potential future losses.

> Reunert's three segments expanded their supplier base to alleviate challenges related to delayed supply and product shortages. In some instances, this affected relationships with long-standing suppliers.

> Reunert adopted the Task Force on Climate-related Financial Disclosures to improve environmental, social and governance (ESG) reporting and implemented a process to determine Group-wide targets for carbon reduction. This may result in additional costs and increased capital allocation in the long-term pursuit of carbon neutrality.

[1] *This refers to the percentage of total wealth distributed.*
[2] *This is based on the total wealth distributed, which includes employee remuneration and taxes paid. Reunert's contributions to socio-economic development and enterprise and supplier development are based on the prescribed recommendations of percentage contribution of net profit after tax.*

Material matters influencing value creation

Material matters are the matters that directly or indirectly affect Reunert's ability to create and preserve value over time.

In 2022, supply chains were added as a new material matter, reflecting the material impact of ongoing supply chain disruptions caused by the aftermath of the Covid-19 pandemic, the rapid growth in global demand for electronic components beyond the global supply capacity and the shock of the Russia-Ukraine war on all three segments. Material matters are referenced throughout this report.

Level of our control over the matter
High H Medium M Low L

Change in level of impact since 2021
Increased I Decreased D Unchanged U

Key considerations in determining material matters

STAKEHOLDER RELATIONSHIPS
(Page 57)

An ongoing dialogue with key stakeholders is central to the Group's strategy, governance principles and business practices.

Reunert recognises and responds to stakeholders' interests and the related risks and opportunities.

KEY EXTERNAL BUSINESS DRIVERS
(Page 25)

Several external business drivers influence financial performance and strategy execution. Reunert has limited control over its external operating environment, and business drivers' influence varies per business unit.

RISK MANAGEMENT
(Page 88)

Risk management is an essential business process that safeguards Reunert against risks and uncertainties that could negatively impact the Group.

Material matters

POLITICAL AND REGULATORY ENVIRONMENT L D

Political, policy, regulatory, labour and societal uncertainty continued to impede local growth and foreign direct investment.

Reunert has several mitigation strategies and a continued focus on diversification to lessen its dependence on the South African market.

In July 2022, the Government announced new measures to close the South African electricity supply shortages and end load shedding in the medium term. These include enabling an environment encouraging the establishment of independent power producers, the procurement of new generation capacity and the easing of distributed generation regulations and new legislation. These new measures bode well for Reunert's Electrical Engineering Segment and Renewable Energy cluster.

Other policy initiatives reflect the South African Government's intention to implement the structural reforms required to accelerate growth, for example, the private sector's involvement in Transnet. While in their initial stages, these are positive indicators for economic growth.

ECONOMY AND MARKETS L U

Macro-economic conditions influence the demand for Reunert's products and services.

The global economy is recovering from the severe impacts of the Covid-19 pandemic. This recovery is subject to global risks, including the Russia-Ukraine conflict, rising inflation and interest rates in significant world markets and ongoing Covid-19 lockdowns in China. Several of South Africa's key trading partners face challenges related to record inflation levels and probable recessionary conditions.

The South African economy remains under pressure due to protracted low growth, policy uncertainty and corruption. Investor and business confidence remains low. Unresolved structural challenges have hampered South Africa's growth. Other challenges include inequality and social instability.

Expected local economic growth rates will not enable sufficient growth for the Group to meet shareholders' expectations.

SUPPLY CHAINS

M I

Global supply chains have not fully normalised from the disruptions caused by Covid-19, and these challenges have been exacerbated by the Russia-Ukraine war. Key medium-term impacts include an electronic chip shortage, material increases in logistics costs for imports and exports, longer shipping times and shortages of important raw materials and finished products. Due to its relative size and location, the disruptive impact on South Africa may last longer than in larger economies.

For Reunert, these supply chain issues complicate planning, require a greater investment in inventory holdings and have margin implications for some of its products.

TECHNOLOGY

M I

New technologies provide new business opportunities while disrupting traditional business models. Reunert's customers' adoption of technology impacts how they do business with Reunert and the products and service offerings they require. Innovative competitors can erode business units' market share.

Reunert's continued focus on innovation and investments in high-potential technologies drives growth and leverages the Group's extensive intellectual property.

PEOPLE

M I

The Group relies on skilled and experienced employees for its continued growth and sustainability. Employees operate in a high-performance culture and are committed to living the Group Values and abiding by the redeveloped Code of Ethics.

Attracting and retaining talent and ensuring transformation, especially at management levels, are top priorities for the business. Kotulo, the new employee share ownership plan, will assist with retention and aligning employees with Reunert's business objectives.

Xoliswa Maake, Future Letsoalo and Quinette Martins from CBi-Electric: Low Voltage, was the winning team with their entry to find a name and logo for the ESOP.
See the winning logo on page 56.

LEADERSHIP REFLECTIONS ON 2022

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Chair's report

7

IT IS AN **HONOUR TO PRESENT MY FIRST REPORT** AS THE CHAIR OF REUNERT. THE YEAR **2022 WAS CHALLENGING BUT REWARDING** AS REUNERT DELIVERED **DOUBLE DIGIT FINANCIAL GROWTH** AND CONTINUED ITS **UPWARD TRAJECTORY** OF EARNINGS POST COVID-19.

In February 2022, I took over the reins from Trevor Munday as Reunert's Chair.

I thank the Board members for the support they have generously offered me in my new position. I am also pleased with the good working relationship I have established with management and look forward to strengthening this further in 2023.

From a global perspective, many countries experienced a strong rebound as vaccines were rolled out and the worst impacts of the Covid-19 pandemic subsided. For Reunert, this allowed for the renewal of international business development activity, and we hoped that supply chain challenges would ease. Unfortunately, the Russia-Ukraine war and renewed Covid-19 lockdowns in China led to new pockets of stress in global supply chains, specifically in electronic chip supply which materially impacted on Applied Electronic exports and Nashua. There is more detail about the impact of supply chain challenges in the leadership report on page 18 and in the segment reports from page 38.

Reunert's performance in 2022

The Board re-confirmed the Group's strategy at the Board's strategy review in February 2022 and the Group has made good progress in its implementation during the financial year.

The strategy focuses on:

> Addressing the quantum of shareholder equity invested into the Group's rental and loan book to enable the redeployment of the capital so returned into higher yielding investments over time
> Investing into our renewable energy assets
> Expanding the Group's ICT service offerings through appropriate acquisitions.

The Group's financial performance was reflected in a solid set of results with the Group's revenue increasing by 16% to R11 129 million and operating profit by 17% to R1 231 million. This in turn lead to a pleasing 9% increase in headline earnings per share. Importantly cash generation was also up for the year enabling the Board, after considering the other cash requirements of the Group, to approve an 8% increase in the final cash dividend to shareholders for the 2022 financial year.

Reunert's updated BEE structure

At the special General Meeting held in February 2022, our shareholders voted in favour of a restructured BEE ownership structure. The new structure results in an increase in the Black shareholding in Reunert from 9,5% to 13,0%, of which 8,5% is allocated to the Rebatona Educational Trust, an increase in the trust's previous 6,5% shareholding. The trust funds the education of Black females in maths, science and English and through bursaries supporting their tertiary studies. The remaining 4,5% is allocated to Kotulo, our employee share ownership plan, which will facilitate broad-based and meaningful participation by Reunert employees through an indirect shareholding in Reunert shares.

This new structure reaffirms our commitment to transformation and empowering our employees. I thank our shareholders for supporting this restructured arrangement and Reunert's employees for enthusiastically embracing the opportunity.

Health and safety

Unfortunately, we had a fatality at one of our Applied Electronics business units in October 2021. The Board and I extend our heartfelt condolences to the family. The health and safety of our employees and service providers remain an utmost priority for both the Board and management.

In focus

> Reunert delivered a strong financial performance boosted by good export revenues and growth across its three segments
> South Africa's plans to liberalise the electricity sector are promising for the country and Reunert's Renewable Energy cluster
> The local infrastructure pipeline is healthy, but implementation is lacking
> More needs to be done in South Africa to combat corruption and punish those responsible for state capture

South Africa's growth prospects

In the first quarter of 2022, South Africa's gross domestic product (GDP) expanded by 1,9%, bringing the size of the economy back to pre-pandemic levels. This recovery has been driven primarily by agriculture, finance, real estate and business services. Government expenditure, surprised with strong growth in the third quarter. The construction and mining sectors grew for the first time in more than a year. The country benefited from improved revenue collections due to high commodity prices and increased South African Revenue Service efficiencies. However, this uptick in domestic growth was negatively impacted by extensive flood damage in KwaZulu-Natal, the ramp-up of load shedding, low business confidence, and weakening global demand.

Stronger growth is needed to place the Government debt trajectory on a sustainable path and finance large unmet needs in education, health and social spending. Progress on structural reforms has been slow due to a lack of political consensus. Political, policy, regulatory, labour and societal uncertainty continue to hamper local growth and foreign investment. After years of low growth, declining investment and rising unemployment, the country needs a bold implementation of reforms to overcome mounting challenges and restore the economy's growth potential.

The Government needs to create an environment conducive to private sector growth, including supporting entrepreneurship, so that unemployment and poverty can be alleviated. We understand that Government alone cannot solve South Africa's challenges and Reunert continues to participate actively in initiatives to improve economic activity.

Infrastructure development

High Government debt levels have constrained Government's budgets for maintaining infrastructure and new project developments. Despite Government's commitment to investing in infrastructure to boost economic growth, several large infrastructure projects have been delayed.

In recent years, public and private infrastructure development remains below the levels required to support meaningful long-term economic growth. The value of public-private partnerships has dropped from R10,7 billion in 2012 to R5,6 billion in 2020. The speed, quality and efficiency of many public investment projects have also been low. The Infrastructure South Africa's Centre for Excellence estimates that South Africa will have an infrastructure investment gap of R4,8 trillion by 2030 unless investment is increased to meet the targets set under the National Development Plan. The 6,4% increase in private sector fixed investment in the third quarter of 2022 is promising, but structural reforms required to continue this trend must be implemented.

In August 2022, National Treasury pledged to spend over R812 billion on public sector infrastructure over the next three years. This is a 30% increase from the R627 billion from the prior three-year period, which ended in March 2022. According to the Presidential Infrastructure Coordinating Commission, there are 328 projects in the pipeline, most within the energy sector, followed by human settlements, transport and social infrastructure. The Infrastructure Fund, established by the Development Bank of Southern Africa with financing from the National Treasury, will administer this budget. The fund aims to improve the speed and quality of spending and reduce costs in public infrastructure. This includes bringing much-needed private capital into ports and rail developments. We look forward to the positive impact that increased execution of infrastructure projects will have on the economy.

South Africa is still grappling with an existential electricity crisis some 15 years since the first incidence of load shedding. This continues to have a materially negative impact on the business and broader investment environment. The South African Reserve Bank estimates that the current electricity crisis is likely to reduce 2022 growth forecasts by at least 1%. This is a setback that the country simply cannot afford.

We are heartened by the 'energy action plan' announced by President Ramaphosa in July 2022 to tackle the power crisis, however we encourage government to further accelerate the removal of remaining legislation impediments to the deregulation of electricity generation in South Africa. Read more about the potential impact of the plan on Reunert's business in the leadership report and Electrical Engineering Segment review on pages 18 and 39.

Unravelling state capture

In June 2022, the Zondo Commission released its final report on state capture. The six reports, which contain more than 5 000 pages, detail how state resources were plundered from May 2009 to February 2018. The extent of state capture is staggering and reveals an existential threat to our democracy.

South Africans must pay tribute to the commission's staff, the whistle-blowers, and journalists who exposed corruption; as well as former Public Protector Thuli Madonsela, who recommended establishing the commission more than six years ago.

Pleasingly, a number of high profile prosecutions have been initiated and we commend the law enforcement agencies that are working hard to ensure that justice is served. We look forward to the acceleration of further prosecutions to assist in the creation of an environment in which corruption is not tolerated. Effective law enforcement is essential to ensure the corrupt are punished and to break the cycle of impunity.

I welcome the memorandum of understanding between Business Leadership South Africa and the National Prosecuting Authority. The business association will support the authority with the technical skills it needs to mount effective prosecutions. These include specialised skills to support complex corruption cases.

Government's capacity to support the business environment

Inertia, corruption and incompetence currently severely affect the Government's execution of its duties. We need a sincere and effective approach to preventing corruption and capacitating Government institutions. The lack of service delivery at local government level constrains the ability of business to contribute to economic growth and negatively affects the lives of citizens.

Board renewal at Reunert

In February 2022, Trevor Munday and Sean Jagoe retired from the Board, after having served for 14 and 22 years respectively. Trevor led the Board as Chair from 2009 until his retirement and Sean was the lead independent director from August 2017 until his retirement. Both served Reunert with exemplary skill and unceasing dedication. The Board and management are most grateful to Trevor and Sean for their contributions and wish them the best for the future.

At Reunert, we seek to implement a progressive and gradual Board renewal process. Ideally, we also aim to spread out retirements and appointments so that there is an appropriate mix of new and long-serving directors at all times, which leads to tenure diversity on the Board. Reunert currently has a mix of directors who are well-acquainted with the business and newer directors who bring fresher perspectives.

As part of this refresh, several changes were made to the Board Committees and Chair appointments which are covered in detail in the governance report on page 78. In 2022, the Board adjusted the target for Black representation on the Board from 40% to 50%. This is in keeping with the Group's commitment to improve our transformation targets.

In March 2022, we welcomed two new accomplished directors, Ralph Boëttger and Tina Eboka, to the Board.

A Chartered Accountant, Ralph has years of experience in both executive and non-executive roles. He was the CEO of Sappi Limited for seven years and served as an executive director at Imperial Holdings Limited for several years. With his experience in overseeing corporate transactions, Ralph is also the Chair of our Investment Committee.

Tina, who has an industrial and textile engineering background, has enjoyed a varied career with executive roles in the private and public sectors in industries including banking, science and technology research, retail and manufacturing. Tina was the Group Managing Director of the NTP Radioisotopes group of companies and the Vice-chair of the OECD Nuclear Energy Agency's High-level Group on the Security of Supply of Medical Radioisotopes. She has experience as a non-executive director of listed and unlisted companies.

In June 2022, Thandi Orleyn retired from the Board. We extend our sincere gratitude to Thandi for her significant contribution to the Board and Board committees over the years. We wish her well in her future endeavours.

Appreciation

On behalf of the Board, I thank Reunert's employees for their hard work and commitment to Reunert in a year in which several macro-economic factors continued to complicate operational activities.

To my fellow Board members, thank you for your insights and contributions during the year. On behalf of the Board, thank you to Alex Darko who will retire from the Board after the 2023 AGM. It has been a pleasure working with you all. I also thank the executive team for their dedication and assistance to the Board.

Thanks to our suppliers and other business partners for contributing to Reunert's continued success and to our shareholders for your ongoing support.

Thank you to our customers for their ongoing support and collaboration. We will endeavour to again exceed your expectations in 2023.

Mohamed J Husain
Chair

Leadership report

THE GROUP'S **STRATEGY EXECUTION PROGRESSED WELL IN 2022**. WE RETAIN OUR KEY **STRATEGIC FOCUS** ON THE **FAST-GROWING MARKETS OF RENEWABLE ENERGY** AND THE **EXPANSION OF THE ICT SEGMENT**.

Overview

Continued upward trajectory in financial performance

Reunert's 2022 financial performance continued its positive upward trajectory of the last two years. The Group delivered a 16% increase in segment operating profit, which the Group considers to be the best metric to measure sustainable profit, with growth realised in all three segments.

There were strong performance improvements in both the Electrical Engineering and Applied Electronics Segments and another above inflation performance from the ICT Segment. These performances enhanced earnings metrics for the Group with a strong improvement in the quality of earnings, measured by the return on capital employed (ROCE). In addition, despite numerous supply chain challenges, resulting in additional cash being invested into working capital, the Group rewarded shareholders with an 8% increase in dividends. The Group expects the impact of the electronic chip shortages and other global supply chain challenges to steadily decline during 2023, allowing for a gradual reduction in working capital.

The Applied Electronics Segment benefited from a strong defence export order book and good market conditions in the Renewable Energy business units, leading to a positive improvement in financial performance over the prior year. The global shortage of electronic chips negatively impacted several business units in the segment, delaying some conversion of orders-on-hand into sales into 2023, and dampened an otherwise good result.

The Electrical Engineering Segment delivered strong performances in both the Circuit Breaker and Power Cable clusters. Circuit Breakers continued its recent growth trajectory in both the local and export markets. Power Cables experienced a moderate improvement in production volumes, increased large contract sales and further improvement in operational efficiencies and delivered a considerably better performance than 2021 despite the negative impact of the industrial action in the first quarter.

The ICT Segment's performance was led by improved profitability at both the Total Workspace Provider (Nashua), despite further supply chain challenges from Ricoh which resulted in a reduction in sales of certain product lines, and the +OneX business. These good performances were supported by improved operational efficiencies at Quince Capital which resulted in real growth in net finance income, despite a slight decrease in the value of the rental book. The Business Communication cluster had a challenging year as record load shedding had a negative impact on its customers, due to the loss of the voice network during power outages, and resulted in the cluster's profitability reducing compared to the prior year.

Electronic chips and supply chain challenges

The Group was negatively impacted by the global electronic chip supply shortages and extended lead times for other raw materials. The situation deteriorated in the second half of 2022 and resulted in a loss of sales and operating profit at Nanoteq, the Group's Encryption business, Omnigo, the Group's manufacturer of printed circuit boards (PCBs), and Nashua, due to Ricoh's inability to meet the demand for office automation products. The Group's cash position was negatively impacted, as additional investment was made into raw material stock holdings to mitigate shortages. This was compounded by increased work in progress and trade receivable balances, as sales were achieved later than planned or the underlying production commenced later than anticipated. However, there are early signs of improvement in supply in the electronic component market and supply chains are showing signs of recovery.

Group results

The Group's 2022 results reflect the positive impact of the ongoing recovery in the Applied Electronics and Electrical Engineering Segments and an above inflation increase in the ICT Segment.

The Group, very pleasingly, increased revenue by 16% to R11 129 million (2021: R9 575 million). Segment operating profit increased by 16% to R1 140 million (2021: R986 million).

The Group's operating profit increased by 17% to R1 231 million (2021: R1 050 million) driven by the growth in segment operating profit and the benefit of various fair value remeasurements totalling R85 million (2021: R65 million).

The Group's profit for the year increased by 10% to R844 million (2021: R767 million) after accounting for the R42 million share of loss in equity-accounted investees. The majority of this loss arose from a fair value remeasurement loss of R38 million (remeasurement gain 2021: R24 million) arising from the call option that Lumika Renewables, the Group's renewable energy joint venture, has to acquire the residual 72% that it does not own in Terra Firma Solutions (TFS). Lumika Renewables is in the early stage of its development, but already has a strong pipeline of renewable energy projects.

Headline earnings per share (HEPS) improved by 9%, increasing to 519 cents (2021: 478 cents). Basic earnings per share (EPS) improved by 8% to 520 cents (2021: 483 cents).

	Measurement criteria	Year ended 30 September		
		2022	2021	% change
Revenue	Rm	**11 129**	9 575	16
Operating profit	Rm	**1 231**	1 050	17
Segment operating profit	Rm	**1 140**	986	16
Profit for the year	Rm	**844**	767	10
EPS	cents	**520**	483	8
HEPS	cents	**519**	478	9
Total cash dividend per share	cents	**299**	277	8

Cash resources and liquidity

The global logistics and supply chain challenges, the rising raw material prices and need to hold additional buffer stock, combined with the impact of the pass-through of these cost increases to customers and higher sales in the last quarter of 2022, which resulted in higher trade receivable balances. The Group increased its investment in working capital by a further R334 million (2021: R200 million) to mitigate these challenges. Despite the increased working capital requirements, the Group still converted 80% of the Group's profit for the year into free cash flow, as compared to 79% in the prior year. As global supply chains improve, particularly for electronic components, and as raw material prices fall due to the anticipated recessionary conditions that are likely to prevail in developed countries, the Group expects to benefit from reduced working capital requirements.

Pleasingly the Group ended the year with net cash resources of R359 million (2021: R291 million). This cash, together with the Group's ongoing cash generation enables the Group to continue to deliver appropriate dividend returns to shareholders, and meet its operational requirements. The Group has adequate headroom in bank funding capacity to roll out our strategic initiatives, to fund investments into renewable assets and to acquire appropriate ICT businesses.

Capital expenditure

The Group invested R232 million into our assets in 2022. The Group invested a further R72 million into solar plants and R67 million into its manufacturing capacity. In addition, through the +OneX acquisitions and internal development initiatives, the Group either internally developed or acquired R66 million in intangible assets. These investments were all met from internal cash generation and represented 33% of free cash flow before capital expenditure (2021: 37%)

Segmental review

Electrical Engineering

The segment continued its strong growth in financial performance as both Power Cables and Circuit Breakers delivered good results. These strong performances, together with the continued pass through of high commodity prices, increased segment revenue by 13% to R6 266 million (2021: R5 551 million) while positive operating leverage increased segment operating profit by 17% to R436 million (2021: R373 million). This is despite the loss of production in the first quarter due to industrial action. This result continues the strong performance of the prior year and the segment has returned to its pre-Covid 19 profitability levels.

Power Cables' production volumes improved moderately over the prior year. This coupled to an improved mix of products, the receipt and delivery of several large contracts, and a further improvement in operational efficiencies yielded a material increase in operating profit. The Zambian business environment remained stable and the cash position at Zamefa improved as the outstanding Government receivables reduced to ZMW49 million (2021: ZMW103 million). Zambian economic activity continues to slowly improve and the recent IMF loan of US$1,3 billion is likely to improve the country's liquidity and the demand for cabling.

Circuit Breakers continued its positive export performance as product volumes increased and its subsidiaries in the USA and Australia both posted record results. Local production volumes grew in line with GDP. Margin pressure were experienced during the year as supply chain related cost increases were initially absorbed by the company. Importantly, price increases were implemented in all markets by year-end which will support margin recovery in 2023. CBi: Energy was launched during the year which consolidates the energy management initiatives of the Group. The successful Astute range has been augmented by a Building Energy Management solution that reduces customers' electricity consumption and improves energy management. This new business line is expected to provide good impetus to the existing Circuit Breaker offering.

ICT

The South African economic conditions remained challenging for the ICT Segment as sustained load shedding negatively impacted the segment's core customer base. Despite this, segment revenue grew by 4% to R2 599 million (2021: R2 490 million) and segment operating profit increased by 6% to R644 million (2021: R608 million).

The segment's Business Communication cluster suffered the most from load shedding which had a negative impact on its core customers as the loss of electricity resulted in customer's being unable to connect to the voice network. Consequently, total voice minutes decreased, despite the continued growth in the customer base, which reduced profitability. Positively, the cluster grew sales of its complementary product sets and demand was strong for last mile broadband connectivity.

The Total Workspace Provider (Nashua) was again negatively impacted by the global electronic chip shortages and its primary multi-function printer supplier was unable to meet the demand for certain products during the third and fourth financial quarters. The cluster's new dual brand initiatives assisted during these periods and, together with further improvements in their complementary revenues, resulted in above inflation growth in operating profit.

+OneX continued to expand its service. A strong performance in its unified communications offering and the rapid growth of the new-age ICT offering significantly increased both revenue and operating profit.

The Rental-based Finance cluster delivered a consistent financial performance. The quality of the book and the collections improved in 2022. The book remains adequately de-risked with an appropriate allowance for expected credit losses. These were released at a slower rate than in 2021, due to a tightening of the forward-looking credit conditions.

Applied Electronics

The Applied Electronics Segment recovered strongly after a difficult 2021. The large export order book enabled a much-improved level of defence sales and the demand for renewable energy continued to increase. The global electronic chip shortages were a major challenge throughout the year and materially impacted both the revenue of Nanoteq and Omnigo, who rely heavily on electronic chips for their manufactured output. Although these challenges dampened performance, the segment's revenue increased by 27% to R2 361 million (2021: R1 854 million) and segment operating profit increased by 64% to R164 million (2021: R100 million).

The Fuze cluster operated at full capacity during the second half of 2022 and successfully navigated the complex supply chain environment resulting in a strong financial performance. The demand for its products is high and the company's manufacturing capacity will be fully utilised in 2023.

The Logistics cluster delivered another year of growth due to healthy local and export orders. The export pipeline remains strong as demand for their products from new geographies continues to grow.

The Radar business was frustrated by the late placements of customer orders but still delivered an improved operating profit. The demand for mining radars is positive and the Berm Monitoring System, first launched in 2021, yielded good first-year sales that will boost this market vertical of the business' sales.

The Secure Communications business units had a challenging year. The South African National Defence Force did not place the local radio order and export orders were insufficient to cover this gap. This business restructured its cost base and the costs of doing so are fully accounted for in the financial year. Nanoteq received export orders too late to be concluded in this financial year while Omnigo struggled with the global chip shortages which materially impacted their sales despite having a substantial order book.

The outlook for the year ahead for the Defence business units is much more promising given improved order books across the segment.

The ongoing liberalisation of the South African electricity generation market accelerated in 2022. The cap on embedded generation was lifted to 100 megawatt and the tenders for the Renewable Energy Independent Power Producer Programme Window 5 and 6 were issued. TFS benefited from an increase in embedded generation projects and revenue increased. It continued to invest in build-own-operate assets (BOOs) and its asset ownership now exceeds 30 megawatt.

BlueNova invested heavily into systems and human resources to scale its production which resulted in record revenue and operating profit for the year.

Strategy

The Group's strategy execution progressed well in 2022. The Group retains its key strategic focus on the fast-growing markets of renewable energy and the expansion of the ICT Segment.

ICT

+OneX expanded its service offering by acquiring application and software development and end user computing (EUC) capabilities. This increased service offering enabled increased engagement with its enterprise customer base. Pleasingly, its new-age ICT offering has continued to provide value and there has been a positive increase in the number of clients serviced by +OneX. This has led to growth in both revenue and profitability. +OneX's revenue now constitutes 16% of the ICT Segment (2021: 13%), a 37% increase year-on-year, reflecting the competitive relevance of its digital transformation product and service offering.

The Group retains its focus on the continued expansion of the ICT Segment's new-age ICT offerings in the Solutions and Systems Integration cluster, primarily through further acquisitions.

Renewable Energy

The South African renewable energy market continued to liberalise, entrenching the long-term growth trajectory we envisaged when first investing into renewable energy in 2017. The lifting of the embedded generation cap to 100 megawatt and the active participation of private industry in the country's energy generation will drive the strong growth trajectory for our business units.

Reunert's Renewable Energy ecosystem now includes:

> A leading engineering, procurement and construction solar energy service provider in South Africa in Terra Firma Solutions
> A growing set of renewable energy solar assets (BOO's) with attractive internal rates of return
> A leading renewable storage solution provider in BlueNova
> A modern Internet of Things (IoT) driven energy management capability in CBi: Energy
> The ability to wheel energy across the Eskom grid to commercial and industrial customers by Apollo Energy

Reunert's Renewable Energy ecosystem enables us to participate in multiple areas across the renewable energy market and presents a compelling value offering to both customers and investors.

The Renewable Energy business units all progressed well in 2022, and key achievements included:

> Record year-on-year revenues representing 39% of the Applied Electronics Segment (2021: 29%)
> An increase in the BOO assets to 32 megawatt
> The launch of additional product sets in the IoT Astute range with more than 30 000 devices sold, an increase of 95% over 2021
> BlueNova achieved scale production and delivered record revenue and profits

Etion Create

Post year-end, the Group acquired 100% of the issued share capital of Etion Create from Etion Limited for a purchase consideration of R202 million.

Etion Create is an original design manufacturer with a product portfolio that covers the industrial, defence and the rail sectors. The company has a significant local and Middle East market presence with opportunities in South East Asia.

The acquisition will unlock synergies with other Applied Electronic business units, specifically due to Etion Create's enhanced design and manufacturing capabilities. Etion Create will also increase the breadth of the segment's product portfolio and improve access to key export markets.

Quince

The Group continues to make good progress in assessing alternate funding mechanisms for Quince, to release the Group's current loan funding of the book to redeploy these funds, over time, into the Group's higher yielding strategic investments.

Prospects

After a positive financial performance in 2022, the Group is in a better position than twelve months ago. In general, the Group's order books are fuller, there are early signs of relief from the electronic chip and supply chain challenges and our strategic initiatives continue to deliver growth.

The Group is positioned to deliver an improved performance in 2023, driven by:

> Strong growth in the Applied Electronics Segment, underpinned by the export order books
> Further improvement in the Electrical Engineering Segment as both Circuit Breakers and Power Cables continue to improve their performance
> Strong market growth in Renewable Energy

Whilst global recessionary pressures and local socio-economic challenges pose threats to growth, the Group is well positioned to continue its trajectory of financial performance.

Appreciation

Despite the complex operating environments and challenges in 2022, we have delivered a pleasing set of results that is reflective of the commitment and resilience of our employees across the Group. We thank them for their efforts and look forward to their continued commitment. Our customers remain the lifeblood of our businesses and we thank them for their valued business and commit to continue to add value in the years ahead. We appreciate the support of our suppliers and other stakeholders that we have experienced throughout the past year.

We thank the Board for their wise counsel and recognise the positive influence the new Chair, Mohamed Husain, and the new non-executive directors have made.

Alan Dickson
Group CEO

Nick Thomson
Group CFO

The Reunert investment case

Investment Highlight	Key Features	Focus Areas
1 REUNERT REUNERT LIMITED Diversified Group of quality assets	Investments in: > Electrical Engineering > ICT > Applied Electronics, including o Renewable Energy	> Demonstrable track record of **consistent earnings** and **defendable market positions** > **Good market fundamentals** support continued growth in all segments > **Low capital investment requirements** for traditional businesses > Increasing **international revenues**
2 REUNERT REUNERT LIMITED Strong shareholder value creation	**Upward trajectory** in earnings in all three segments Key financial metrics reflect **quality of earnings** > Group HEPS: 9% up to 519 cps > Operating profit: 17% up to R1 231 million > ROCE: 11% up to 16,1%	> **Earnings growth** supported by o Returning to historic highs in Applied Electronics and Electrical Engineering Segments o Continued steady growth in ICT > Accelerated growth expected from **strategic growth initiatives** o Modern ICT acquisitions o Renewable Energy
3 REUNERT REUNERT LIMITED Good cash generation with a strong balance sheet	> Strong dividend payer o Increase of 8% to 299 cps o Dividend yield = 6,9%	> Typical EBITDA/FCF conversion of >60% > Integrity of dividend payments remains intact
4 REUNERT REUNERT LIMITED Strategy geared for earnings growth	Key strategic focus areas target capital growth in rapidly growing industries of: > ICT > Renewable Energy	> Accelerated **growth expected** from strategic initiatives o **Modern** ICT acquisitions; and o **Renewable Energy** > Recent capital allocation supports capital growth strategy: o **Acquisitions** for +OneX and **growth** of Solutions and Systems Integration cluster; o **Investment** into **African solar assets** and **expanded renewable energy offering**
5 REUNERT REUNERT LIMITED Strong ESG credentials	> **Values driven** leadership > AA – MSCI rating > Annual CDP rating	> **Improve ESG disclosure** through alignment with relevant guidance frameworks > Determine **clear strategic actions** and where possible targets for the Reunert Sustainability strategy > From 2023 ESG is a non-financial KPI in the Short-term Incentive Plan

REUNERT EXECUTIVE **SETS THE OVERALL STRATEGIC DIRECTION** FOR THE GROUP AND **MONITORS AND GUIDES STRATEGY** IMPLEMENTATION.

STRATEGIC DIRECTION AND PROGRESS

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Reunert's key business drivers

Reunert's key business drivers are the external elements influencing the Group's strategic choices and performance. Their impact depends on each business unit's circumstances.

The business drivers below provide a snapshot view of each driver's relative impact on each segment. The business drivers are expanded on in various sections of this report, most notably:

> Material matters (page 12)
> Segment performance in 2022 (page 38)
> Risk management (page 88)
> Technology and information governance (page 91)

Impact indicator
Limited L Material M Substantial S

Business drivers

SOUTH AFRICAN ECONOMY

South African customers' spending patterns are affected by economic growth, Government infrastructure and defence spending, interest rates, exchange rates and gross domestic fixed investment.

INFRASTRUCTURE DEVELOPMENT

Reunert earns significant revenue from new electrification projects, including renewable energy and maintenance and replacement programmes for public and commercial infrastructure.

BUSINESS CONFIDENCE

South Africa's business confidence affects demand for new investments and inventory and asset replacement.

Impact

	South African economy	Infrastructure development	Business confidence
Electrical Engineering:	S	S	M
ICT:	S	L	S
Applied Electronics:	M	M	M

Business drivers

SOUTH AFRICAN GOVERNMENT POLICY

Lack of Government policy certainty or changing policy has consequences for Reunert's business units, including cost implications.

TECHNOLOGY AND INNOVATION

The rise of newer technologies and shorter product-to-market life cycles present various opportunities and risks for Reunert.

Impact

	South African government policy	Technology and innovation
Electrical Engineering:	M	L
ICT:	M	M
Applied Electronics:	M	S

Business drivers

SECURITY DEMAND

The export of Reunert's security and defence products depend on international defence budgets. Demand is influenced by geopolitical and regional tensions.

EXCHANGE RATES

Exchange rate volatility influences demand and pricing for imported materials, export revenues, margins and competitor pricing. The major currencies for imports are the euro and US dollar, with Group's exports being largely in US dollar. Refer to page 109 for applicable exchange rates.

COMPETITIVE MARKETS

Local and international competition affects volumes, pricing and margins. Many countries' growth rates are constrained, and global trade tensions are rising.

Impact

	Security demand	Exchange rates	Competitive markets
Electrical Engineering:	L	L	M
ICT:	L	M	M
Applied Electronics:	S	M	M

Group strategy

Reunert's strategy is centred on sustainable growth, continuous innovation and steady diversification.

Reunert's strategy was developed to address the Group's material matters and provide direction for sustainable growth. While the base strategy was approved in 2014, with execution beginning in 2015, the strategic plans evolve in response to changes in the operating environment and emerging opportunities. The strategy consists of six pillars: diversification, efficiency, innovation, our customers, our people and transformation. Reunert strives to optimise all six pillars.

In focus

> The Group strategy continues on clearly defined growth areas
> The primary growth drivers include the Group's investment in renewable energy and creating a new-age ICT cluster
> Consistent strategy execution produced sustainable results

Our selected areas for future growth are:

> Continued investment in renewable energy through the Lumika Renewables joint venture, to build a portfolio of solar assets and product expansion in BlueNova's energy storage solutions
> Last mile broadband connectivity and vertically integrated communications solutions
> Expansion of the Group's geographic footprint through an in-country presence in selected markets and strong export capabilities in fuzes, secure communication systems, radars and circuit breakers
> Building a new-age ICT player in the market for our Solutions and Systems Integration cluster in the ICT Segment
> Acquisitions that meet the Group's strategic rationale and improve shareholder returns

Reunert's strategy development process

The Group undertakes a bi-annual comprehensive strategy review and an implementation review in the intervening year. 2022 was an implementation review year.

Analysis	Reunert and business units' executives, with input from the Risk Committee, monitor the operating environment to assess strengths, weaknesses, opportunities, threats, resources and capabilities.
Development	The Exco, with input from the business unit management, collaboratively develops the Group strategy for Board approval. Each segment and business unit cascade a strategy aligned to the Group's strategy.
Annual review	Business unit executives review and validate strategies annually. They identify any changes or additional initiatives required to drive the business strategy. Three-year financial forecasts are updated with new plans and initiatives. The annual budget process includes strategic key performance indicators (KPIs), which are incorporated into the management's responsibilities for the year.
Board oversight	Each year the Board either reviews the strategy's implementation or approves changes to the strategy while also evaluating the strategy's implementation. This process ensures the strategy adapts to the changing operating conditions.

Reunert's strategy implementation review in 2022

The strategy implementation review for 2022 evaluated the financial performance and strategic execution for 2021 and determined the key focus areas for 2022. The review concluded on the progress made in the execution of the 2021 strategic imperatives and the key learnings gained from implementation. Reunert formally introduced the consideration of the potential impact of climate change into its strategy process. The process further included, among others the following steps:

> Re-evaluated and tested the Group's strategic assumptions for suitability and adjusted where necessary, as well as considered the Group's material matters (page 12)
> Reviewed the competitive environment to determine whether any factors materially impacted the strategy
> Conducted deep dives on the Group's key growth business units, including the Renewable Energy cluster, the Solutions and Systems Integration cluster and those business units identified as being exposed to the greatest potential market disruption

Strategic imperatives for 2022

The key strategic imperatives for the Group identified during the strategy implementation review were:

> Reducing Reunert's loan funding to Quince Capital to allow for the redeployment of the returned funds into higher-yielding growth assets
> Establishing new international offices to accelerate Applied Electronics' international revenue growth
> Accelerating and scaling key growth business units in the Renewable Energy cluster and the Solutions and Systems Integration cluster and Business Communication clusters
> Ensuring Reunert's B-BBEE credentials are refreshed to meet the Group's transformation requirements as the historic BEE structure terminated in March 2022

Performance against the Group strategic pillars

This section summarises the highlights of the Group's performance against the strategic pillars and should be read in conjunction with the segment performance, starting on page 38, and the people and planet chapter, starting on page 56.

Diversification

Reunert's diversification pillar aims to achieve the following outcomes:

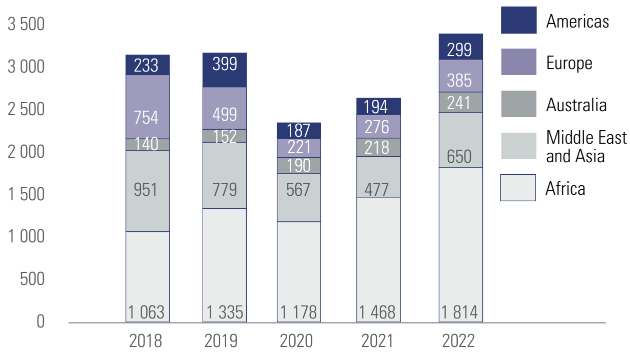
> Building up growth business units in the Renewable Energy, Solutions and Systems Integration and Business Communication clusters
> Leveraging the strength of the ICT Segment
> Diversify Reunert's revenue streams by growing the market share in targeted export geographies where it has a competitive advantage
> Augmenting traditional revenue streams with new complementary products and service revenues

DESCRIPTION	SIGNIFICANT ACTIVITIES AND OUTCOMES IN 2022
Geography: The Group develops its geographic footprint through organic and inorganic growth and strategic partnerships. Reunert considers international developments when selecting target markets and the pace of geographic diversification.	**Geography:** In 2022, 30% of the Group's revenue came from export markets and export revenue grew to R3 319 million (2015: R1 422 million). Electrical Engineering continued to grow its circuit breaker market share in the USA and Australia, focusing on the sale of its recently launched new products. The segment expanded its distribution partnerships to improve market access in Europe and China. To achieve this the segment is increasing the capacity of its circuit breaker plant, including increased automation, to meet higher export volume requirements. The number of circuit breaker poles exported has grown 8% from 4 752 million poles in 2018 to 5 114 million poles in 2022. Electrical Engineering initiated market expansion into West Africa and Southern African Development Community (SADC). Reunert is establishing a new office in the United Arab Emirates (UAE) to facilitate sales in the Applied Electronics Segment. Applied Electronics continues to build a strong pipeline for African renewable energy projects. Lumika Renewables secured its first Egyptian project with a power purchase agreement to develop, construct and provide electricity to Lafarge Egypt. With a capacity of 50 megawatts, the project will be Africa's largest commercial and industrial project to start generating electricity production in 2024. In Applied Electronics, Reunert Mining secured a new distributor to promote its products across Africa.
Improved solutions offering: The Group enhances its customer solutions to improve markets, retain customers and enhance its position in the value chain.	**Improved solutions offering:** The acquisitions of high growth early-life cycle businesses with unique knowledge-process and digital-platform technologies positions the segment appropriately in the solutions and systems integration market. +OneX appointed experienced ICT professionals to scale the business and build out additional service offerings in digital media and cloud services and more recently software and application development. The segment onboarded alternate OEMs to complement the print product portfolio and manage product supply concentration risk, helping to mitigate inventory supply shortages. The Total Workspace Provider cluster accelerated its growth in complementary workspace solutions by 8% year-on-year.

KPI	2022 performance	2022	2021	2020	2019	2018
Non-ZAR revenues (Rbn)		**3,3**	2,6	2,3	3,2	3,1
Inorganic growth: operating profit contribution from acquisitions (Rm)		**52[2]**	69	(63)[1]	17	19
Five-year compound annual growth rate for total shareholder return (TSR) (%)		**(1,8)**	2,1	(3,7)	9,2	6,1

[1] *Negatively impacted by foreign exchange losses in Zamefa.*
[2] *Impacted by delayed sales in the Applied Electronic Segment due to the electronic component shortages.*

Non-ZAR revenue by region (Rm)



Why these KPIs matter

Reunert tracks non-South African revenues as this is a measure of how effectively it is executing the geographic diversification focus. Monitoring the operating profit from acquisitions highlights whether the Group's capital allocation has yielded the desired results. Reunert believes its shareholders should measure the Group by total shareholder return, which considers the capital gains and dividends received.

A focus on renewable energy strategy

Reunert's renewable energy offering

> Builds solar energy projects for customers
> Invests in build-own-operate assets
> Produces high-performance storage solutions
> Develops smart energy control devices and solutions

The International Renewable Energy Agency forecasts that with the right policies, regulation and funding, sub-Saharan Africa could meet up to 67% of its energy needs through renewable energy by 2030. According to the agency, countries like Egypt, Ethiopia, Kenya, Morocco and South Africa have shown a firm commitment to the accelerated use of renewable energy. In addition, some smaller African countries, including Cape Verde, Djibouti, Rwanda and Swaziland have set ambitious renewable energy targets.

Reunert is well-positioned to benefit from the expected growth in renewable energy generation and storage. The local market growth for solar energy and storage business units is positive, with an uptick in orders in 2022 and a strong pipeline. This is expected to accelerate with the completion of Windows 5 and 6 of the Government's Renewable Independent Power Producer Programme and expected investment into large-scale private renewable energy projects.

Terra Firma Solutions made good progress on its investment into build-own-operate assets, and the demand for these investments continues to accelerate. Here Reunert owns the solar plant and sells the electricity generated to end customers on long-term power purchase agreements. BlueNova invested into operational systems and increased their storage production volumes significantly in response to market demand.

In 2021, Reunert's circuit breakers business unit, CBi-Electric, launched three new products in the Astute Range. These smart Internet of Things devices are used in residential and commercial applications to manage electrical loads remotely. A million Astute units have been sold to date and sales volumes continues to grow each month. These products reduce electricity wastage and optimise the cost of energy storage.

In 2022, CBi-Electric developed a first-in-class commercial energy management solution CBi: Energy for buildings. Read more on page 43.

Innovation

Reunert applies its research and development spend to develop new products and services and reduce costs. Existing brands and distribution channels are used to introduce innovations.

DESCRIPTION

Reunert creates new market opportunities by introducing new and improved products and services. Innovation accelerates revenue growth and improves competitiveness. Newer technologies allow for a shorter product development cycle, and technology is also used to deliver products and services more efficiently.

KPIs

Increasing the percentage of research and development funding targeted at international markets for new products includes:

> Circuit breakers (Astute Range and CBi: Energy)
> Secure communications (receivers)
> Renewable storage

Why these KPIs matter

Reunert tracks these KPIs as they indicate the Group's effectiveness in responding to market demands. Meeting the needs of international customers is critical to its geographic diversification.

SIGNIFICANT ACTIVITIES AND OUTCOMES IN 2022

In the Electrical Engineering Segment, CBi: Energy launched a building energy management solution and a metering solution with cloud monitoring.

In the ICT Segment, partnerships with leading technology providers were secured to assist with future solution selling. +OneX launched optimisation-as-a-service as a key differentiator and entry into a new customer base for future upsell opportunities.

In the Applied Electronics Segment, Reutech Radar Systems launched two new berm[1] monitoring radar systems for land and naval applications.

Reutech Communications is pioneering high-frequency radio solutions for naval customers. This includes a new communications architecture that allows for resilient data communications.

Nanotech expanded its military-grade encryption technology for commercial purposes with a collaboration with a debit order systems integrator. The collaboration allowed the business unit to onboard several financial services customers.

BlueNova launched its patented Auto Mode Change Functionality for its energy storage systems. It allows for the automatic switching between backup and cycling mode in response to load shedding or poor solar weather.

+OneX launches optimisation-as-a-service

+OneX has launched an optimisation-as-a-service offering that follows a holistic approach to drive IT value for its customers and in making digital transformation easier to achieve their business goals.

Companies rely on technology to meet changing customer expectations, deliver better employee experiences and keep up with evolving compliance requirements. This requires modern IT infrastructure and applications together with a drive to optimise the technology used. Optimisation-as-a-service identifies and implements methods to make the customer's technology more effective. Benefits include streamlining operations, lower costs and increased agility in challenging business conditions. These benefits drive IT and business value and improve user and customer experience.

[1] *A berm is a level space, shelf or raised barrier (usually made of compacted soil) separating areas vertically, especially part-way up a long slope.*

Efficiency

Reunert aspires to optimise business units and deliver strong cash flows to best-in-class operational and capital efficiency.

DESCRIPTION

Reunert focuses on managing and optimising business units. Legacy assets generate the free cash flows required to implement the Group's diversification and innovation strategies. Cost control, raw material cost reduction and the continued drive for business efficiencies are key contributors to financial performance.

Reunert optimises working capital and capital expenditure to improve capital returns from existing business units. Best practices in supply chain management further reduce costs.

SIGNIFICANT ACTIVITIES AND OUTCOMES IN 2022

The Electrical Engineering Segment improved operational efficiencies within its cables' business units with several initiatives to improve product cost competitiveness and margins and reduce waste.

In the ICT Segment, the Business Communication cluster implemented improved cost structures to realise better efficiencies in these business units.

The Applied Electronics Segment continued to leverage partnerships abroad to manufacture or deliver its products into foreign markets more efficiently.

KPI	2022 performance	2022	2021	2020[1]	2019	2018
TSR (%)	● (red)	**(3)**	76	(55)	(2)	20
Headline earnings per share (cents)	● (green)	**519**	478	115	573	703
Return on equity (%)	● (green)	**12**	11	3	13	15
Return on capital employed (ROCE) (%)	● (green)	**16**	15	3	18	20
Operating profit margins (%)	● (orange)	**11**	11	3	13	15
Free cash flow as a percentage of profit after tax[2] (%)	● (red)	**76**	82	1 126	163	56

[1] *2020 indicators restated due to restatement of operating profit.*
[2] *Before share of joint ventures' and associates' profit/(loss).*

$$\textbf{TSR} = \frac{\text{Closing share price} - \text{opening share price} + \text{total dividend for the year}}{\text{Opening share price}}$$

$$\textbf{ROCE} = \frac{\text{Operating profit}}{\text{Total assets} - \text{current liabilities}}$$

Why these KPIs matter

Reunert tracks these indicators as they provide a strong indication of the Group's overall financial health, its appeal to investors and the effectiveness of its capital allocation.

Our customers

Developing customer-centric products, services and solutions is aligned with Reunert's purpose of enabling customers' success.

DESCRIPTION

Reunert focuses on creating a superior customer experience to build strong customer relationships and increase the Group's share of overall customer spend.

KPIs

A range of customer-related key performance indicators at the business unit level measure:

> Customer loyalty
> Customer service levels
> Customer retention
> Market share

Why these KPIs matter

Reunert tracks these measures as these provide important indications of customer satisfaction and market shifts.

SIGNIFICANT ACTIVITIES AND OUTCOMES IN 2022

In Electrical Engineering, CBi-Electric's continued innovation in smart energy management enhances the segment's customer value proposition.

ICT's Total Workspace Provider cluster responded to new customer needs in hosted solutions, lockers and workspace optimisation, connectivity services, currency management, backup and storage and cybersecurity. The cluster engaged with innovative credit facilities to allow customers to fund their technology upgrades for work-at-home solutions.

+OneX onboarded notable large enterprise customers thanks to its brand-building activities positioning the business unit as a new agile player.

SkyWire expanded into 19 new areas and deployed 24 new high-site towers.

Applied Electronics collaborated with key international customers to develop niche products. This included partnering with a global ship maker to develop high-frequency radios for naval applications. The segment increased its business development activities to capture greater market share with new product offerings.

Nanoteq partnered with a debit order provider to provide a secure data-focussed solution to protect the transmission of sensitive information. Through this partnership, the business unit is working with several large customers.

Our people

Reunert has initiatives to drive a high-performance culture with engaged employees.

DESCRIPTION

All employees and directors adopt Reunert's Group Values. Reunert's human resources strategy aims to achieve the Group's objectives of developing talent, ensuring succession, retaining employees and creating safe working environments.

The Group has created a high-performance culture where excellence is recognised and promoted.

SIGNIFICANT ACTIVITIES AND OUTCOMES IN 2022

The Group continued to support the Code of Ethics with communication initiatives promoting the Code in all business units.

The Group embarked on the third Values Survey to assess the impact of the Group Values within the respective business units.

Reunert launched an employee share ownership plan as part of the renewed BEE ownership structure. 3 373 employees received 2 480 units each that ensure that employees share in the growth of Reunert into the future and aligns employee and shareholder economic interests.

KPI	2022 performance	2022	2021	2020	2019	2018
Succession plans: identified successors on development plans (%)[1]	● (green)	**58**	49	43	56	36
Retention of critical skills: succession plans for critical roles (%)	● (green)	**83**	83	76	77	29
Health and safety: fatalities (number)	● (red)	**1**	0	0	0	0

[1] *Includes top, senior and middle management.*

Why these KPIs matter

Reunert operates in highly competitive markets where attracting and developing talent is critical. Having identified successors and having succession plans in place mitigates the risk of losing key employees. Reunert monitors health and safety throughout its operations to ensure that employees are protected at all times.

Transformation

Reunert aims to transform Group business units to participate fully in the markets they serve.

DESCRIPTION

The transformation pillar focuses on two key objectives:

> Ensure that Reunert has market-leading B-BBEE credentials

> To enhance Reunert's position in the value chain by delivering value-added services and responding to changing customer needs in a highly competitive environment. This links to the diversification, efficiency and innovation strategic pillars

SIGNIFICANT ACTIVITIES AND OUTCOMES IN 2022

Reunert continued to execute its multi-pronged B-BBEE strategy to address the five elements of the B-BBEE scorecard: ownership, management control, skills development, enterprise and supplier development and socio-economic development.

The Group's restructured BEE ownership vehicle was approved by Reunert's shareholders in February 2022 with effect from 1 April 2022. Black ownership increased from 10% to 13% with 8,5% held for the benefit of Black women in the Rebatona Educational Trust. The remaining 4,5% interest is held by the new Reunert Employee Share Ownership Trust.

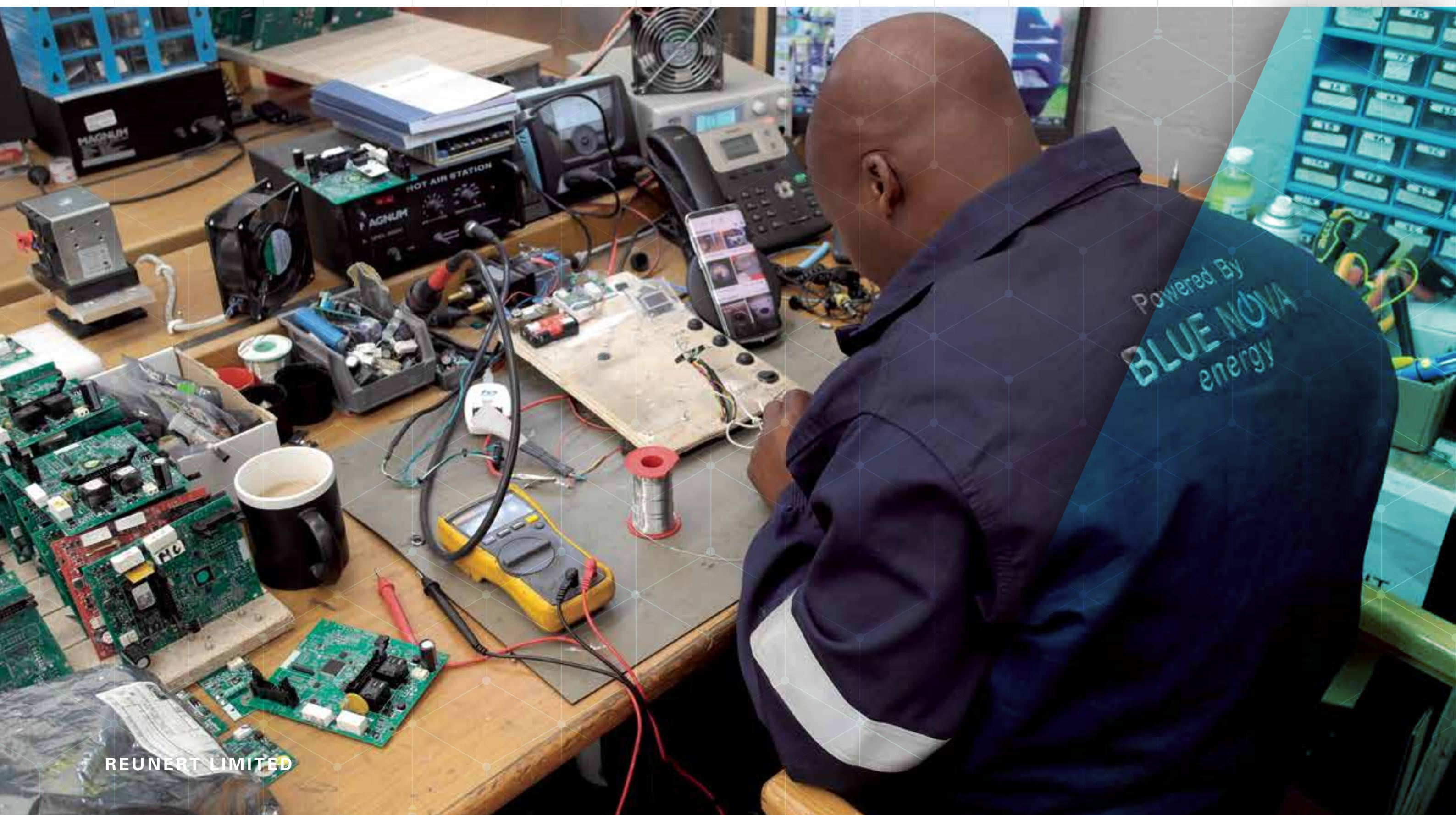
Reunert improved its B-BBEE contributor status to level 3.

KPI	2022 performance	2022	2021	2020	2019	2018
Employment equity representation at top and senior management[1]	●	47	46	39	37	44
Reunert Limited B-BBEE Codes of Good Practice level	●	3	4	4	4	4

[1] *From 2019 acquisitions are included.*

Why these KPIs matter

As a responsible South African company, Reunert is committed to being more representative and inclusive. Reunert's B-BBEE credentials are important in securing contracts in South Africa. Reunert tracks employment equity at top, senior, middle and junior management levels, which is directly related to the management control pillar. Reunert's overall B-BBEE level is a measure that the Group maintains and improves its transformation credentials.



Capital allocation

Reunert takes a disciplined and systematic approach to capital allocation. Capital allocation needs to drive future growth, improved rates of return and maximise shareholder value. Reunert carefully considers organic and inorganic growth opportunities guided by the Delegation of Authority Framework. Read more about this framework on page 8.

Sources of capital

CASH FLOW FROM OPERATIONS	CASH ON HAND	DEBT FACILITIES
Reunert aims to optimise working capital in line with the increase in the Group's revenue and maintain free cash flow above 60% of EBITDA.	The Group maintains adequate cash reserves to pay dividends and cover any short-term (<three months) requirements.	Reunert maintained its committed banking facilities at R1,5 billion to provide a buffer against ongoing challenges in the operating environment.

Capital allocation

Dividend philosophy

The Board considers several factors in approving the interim and final cash dividend to shareholders. These include:

> Available cash resources beyond the Group's business needs
> Free cash generated in the period to which the dividend relates
> The future economic outlook of the Group's major markets
> The approved budget for the rest of the year and forecast for the next financial year
> The anticipated capital expenditure
> Other committed cash demands
> Requirements to achieve the Group's strategy

Share buyback programme

In 2021, Reunert commenced a share buyback programme to enhance shareholder returns. In 2022, the programme was placed on hold in response to challenging supply chain and logistic conditions and the need to invest more cash into working capital to mitigate the challenges.

Investments

Reunert makes **acquisitions** across its three segments to acquire complementary bolt-on businesses. Acquisitions enhance geographic and product diversification and introduce early life cycle businesses into the portfolio.

Reunert's **research and development** spend is allocated to products and services in growth areas. Customer-funded research and development is considered strategically important.

Reunert's **internal strategic projects** involve investing in future or existing business requirements, and Reunert does not disclose these projects due to their strategic and competitive nature.

Organic growth is funded where it will deliver a satisfactory return on capital employed.

Capital allocation (Rm)	**2022**	2021	2020
Net dividends paid including non-controlling interests[1]	**454**	428	727
Share buyback	**–**	105	0
Acquisitions[2]	**61**	39	132
Capital expenditure	**192**	196	138
Capital replacement	**40**	42	32
Research and development	**137**	150	172
Quince Capital loan book	**27**	(73)	172

[1] *Includes the final cash dividend payment of the previous financial year and the interim cash dividend payment of the current financial year as per the statement of cash flow.*
[2] *Includes the acquisition of non-controlling interests.*

Strategic acquisitions, developments and expansions (2017 to 2022)

Reunert acquires businesses where these align with its strategy, segments and core competencies. Reunert has a dedicated merger and acquisitions team that follows a stringent due diligence process to understand the targeted business and its operating context, risks and opportunities.

Reunert's strategy aims to reduce its South Africa revenue concentration risk and revive top-line growth. Acquisitions have been a core component of this strategy and by September 2022 the Group has invested a cumulative R959 million into acquisitions. These strategic acquisitions contributed R3 290 million in revenue in 2022 (2021: R2 736 million).

In line with our strategic intent, divestment was undertaken in non-core assets that were not achieving the required returns. Reunert reduced its exposure to its Zimbabwean cable assets during 2021 and 2022 with the sale of 46% of its shareholding in Cafca. CBi Telecom Cables was placed into business rescue on 2 March 2022.

ICT Segment

GROWTH AREAS

Business Communication

STRATEGIC INVESTMENTS	RATIONALE	OUTCOME
2018: The Group acquired SkyWire, a last mile broadband connectivity provider.	> Early life cycle business > Fast growing market > Broadband connectivity > Complementary to ECN	Diversified from a primarily fixed voice-only business, to a vertically integrated business communications solutions provider, with: > Full suite of voice offerings > Connectivity, data and internet services > Complementary data and value-added services
2019: Reunert broadened its suite of ICT solutions with the purchase of Oculus IP, a voice over internet protocol, telephony and data solutions provider.	> Increase geographical presence especially in the Western Cape region	

Solutions and Systems Integration

2020: The Solutions and Systems Integration cluster was formed to service its customers' changing digital needs. The cluster focusses on digital transformation solutions and consulting advisory services targeted at medium-sized enterprises. +OneX was the first business unit in this cluster.	> Digital transformation > New age ICT player > Targeting a fast growing market > Targeting enterprise customers > Investing in early life cycle businesses with strong growth rates > Scale the business	Moving up the value chain and further diversification of the ICT Segment by building a new-aged systems integrator, +OneX and scaling the business to offer a suite of next-generation technology solutions.
2021: The Group enhanced the product suite of +OneX by adding two bolt-on acquisitions in hosted private cloud hosting services and digital media and data consulting.		
2022: The Group acquired a software firm to add scale to +OneX's existing software development offering. The acquisition of an end-user computing specialist in October 2022 will drive digital transformation services to enterprise customers.		

Total Workspace Solutions

Diversified our Total Workspace Solutions Cluster from being a primarily print and hardware-focused business, to an annuity-based revenue entity, augmented by a range of complementary total workspace solutions and services facilitating and enabling our customers' businesses.

Solar energy

GROWTH AREAS

Applied Electronics Segment: Renewable Energy

STRATEGIC INVESTMENTS	RATIONALE	OUTCOME
2017: Reunert entered the renewable energy market by acquiring a 62,5% stake in Terra Firma Solutions. In the period **2020** to **2022**, almost all of the balance of the shares in Terra Firma Solutions were acquired, either by Reunert directly or through the Lumika Renewables joint venture.	> Early life cycle business > Strong growth rate > Annuity revenue streams	> Providing embedded solar generation solutions in South Africa and into Africa > Focusing on the commercial and industrial sectors > Capacity to develop, build and own solar assets securing annuity business
2021: Reunert and A.P. Møller Capital announced a joint venture, Lumika Renewables. The joint venture designs, builds, finances and owns renewable energy solutions for commercial and industrial customers in selected African markets.	> Increasing Reunert's exposure to the renewable energy market > Increasing geographical presence	
2019: Reunert acquired a 51% stake in BlueNova, a business specialising in developing and manufacturing energy storage solutions. BlueNova will launch its new office and factory space in 2023 to increase production capacity for the energy storage solutions provider.	> Rapidly growing battery energy storage market > Adding new technologies > Broadening access to new markets	> Secured access to battery storage solutions as part of offering integrated renewable energy solutions to customers

Renewable storage

GROWTH AREAS

Electrical Engineering Segment: Renewable Energy

STRATEGIC INVESTMENTS	RATIONALE	OUTCOME
CBi-Electric invested in the development of Astute IoT product range and smart energy management solutions for commercial markets. In 2022 CBi-Electric launched its newly developed commercial solutions under the CBi: Energy banner.	> Offering greater value-added services and solutions > Moving up the value chain > Strong growth opportunities over the long-term	> CBi-Electric becomes an active player in the smart energy management market offering commercial grade capabilities

Applied Electronics Segment

2022: Reunert purchased electronics equipment company Etion Create.	> Expand manufacturing and design capabilities > Grow international market presence	–

Sustainability strategy 3

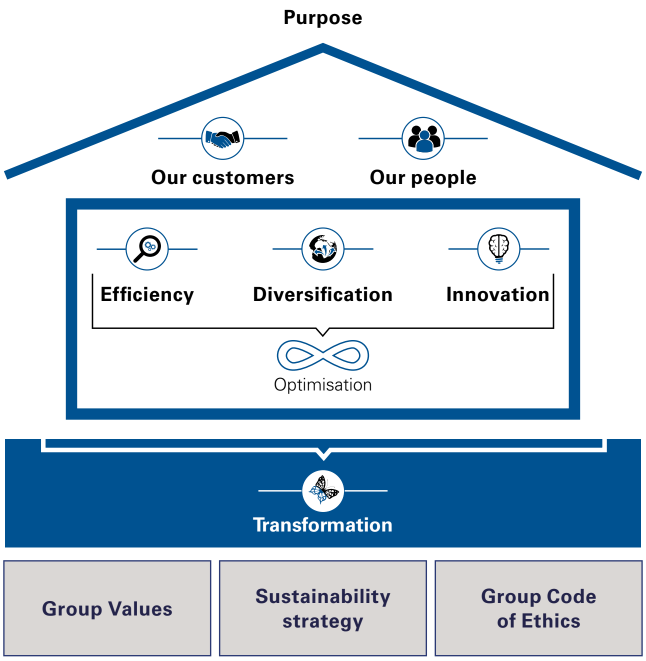
Reunert's Sustainability strategy supports Reunert in addressing the environmental, social and governance (ESG) risks and opportunities across the Group.

Context and oversight

Reunert's Sustainability strategy, first developed in 2018 with performance indicators refined in 2019, is shaped by the ten principles of the United Nations Global Compact. This strategy adopts the strategic relevance of sustainability for the Group and its impact on the business strategy and model.

The Sustainability strategy provides a framework with two guiding principles: Operate responsible businesses and pursue shared value solutions. These guiding principles are further categorised into five sustainability pillars. The strategy is grounded on an ethical culture, strong stakeholder relationships and Reunert's commitment to being a responsible corporate citizen.

Sustainability – an integrated approach



The Sustainability strategy considers the following risks and opportunities.

ENVIRONMENTAL AND SOCIETAL OPPORTUNITIES

- Green[1] revenues (supported by the diversification, innovation and efficiency strategic pillars) as the local electricity crisis is accelerating the adoption of renewable energy
- Having a strong sustainability rating will provide access to a growing pool of ESG capital
- Attracting high-performing employees who contribute to value creation (supported by the people strategic pillar)
- Rolling out broadband connectivity to key sites, including schools, libraries, clinics and social development facilities

ESG RISKS

- Environmental pressures include water scarcity, higher energy prices, higher temperatures, fire risk, increasingly extreme weather patterns and the impact of climate change
- Shifts in societal expectations due to poverty and unemployment, education and training quality, growing inequality and changes in the workplace
- Higher expectations regarding regulatory compliance and responsible business practices
- Non-compliance with carbon tax regulations leads to penalties and a negative impact on Reunert's reputation

[1] *Revenue generated from environmentally friendly products, such as renewable energy.*

The Social, Ethics and Transformation Committee (Setco) oversees the Group's Sustainability strategy according to its Terms of Reference[2]. The role of the Group Human Capital and Sustainability Executive Director has been expanded to include the sustainability function from October 2022. This will ensure that an executive director drives all elements of sustainability, including integrating the various components of the Sustainability strategy. ESG has been included as a KPI for the Reunert short-term incentive (refer to page 105).

[2] *Refer to the Reunert website for the Setco Terms of Reference, www.reunert.co.za/corporate-governance.php.*

Task Force on Climate-related Financial Disclosures (TCFD) and other guidelines

Climate change received significant attention this year. Previously climate change risks and opportunities were included under managing our environmental impact. Due to the global focus on climate change, this was included in this year's Group strategy review.

In 2021, Reunert began a process to determine the suitability of the TCFD[1] recommendations for the Group. The adoption of TCFD recommendations should bolster Reunert's investment case and assist in integrating the Sustainability strategy into the overall business strategy.

Reunert is monitoring developments in sustainability reporting, including the new standards being developed by the International Sustainability Standards Board. Reunert will consider the JSE's sustainability and climate change disclosure guidelines, launched in June 2022, in future reporting.

Operate responsible businesses

Pillar 1: Build trust and accountability (Refer to the governance and leadership chapter)

FOCUS AREAS	MORE INFORMATION
Board oversight through the Setco	Page 94
Policies and procedures	Page 72
Ethical culture	Page 95
Stakeholder relationships	Page 57

Pillar 2: Nurture and grow people (Refer to the Human capital review and B-BBEE report)

FOCUS AREAS	MORE INFORMATION
Drive a high-performance culture	Page 61
Embed a safe and healthy work environment: zero harm	Page 63
Diversity, employment equity and transformation	Page 66
Corporate social investment (CSI) programmes	Page 67

Pillar 3: Manage our environmental impact (Refer to the climate change and environmental review)

FOCUS AREAS	MORE INFORMATION
Environmental management systems	Page 68
Efficient water, energy and material usage	Page 68
Climate change risks and opportunities	Page 68

Pursue shared value solutions

Pillar 4: Embrace inclusive growth (Refer to the B-BBEE report)

This pillar specifically refers to CSI and enterprise and supplier development spend.

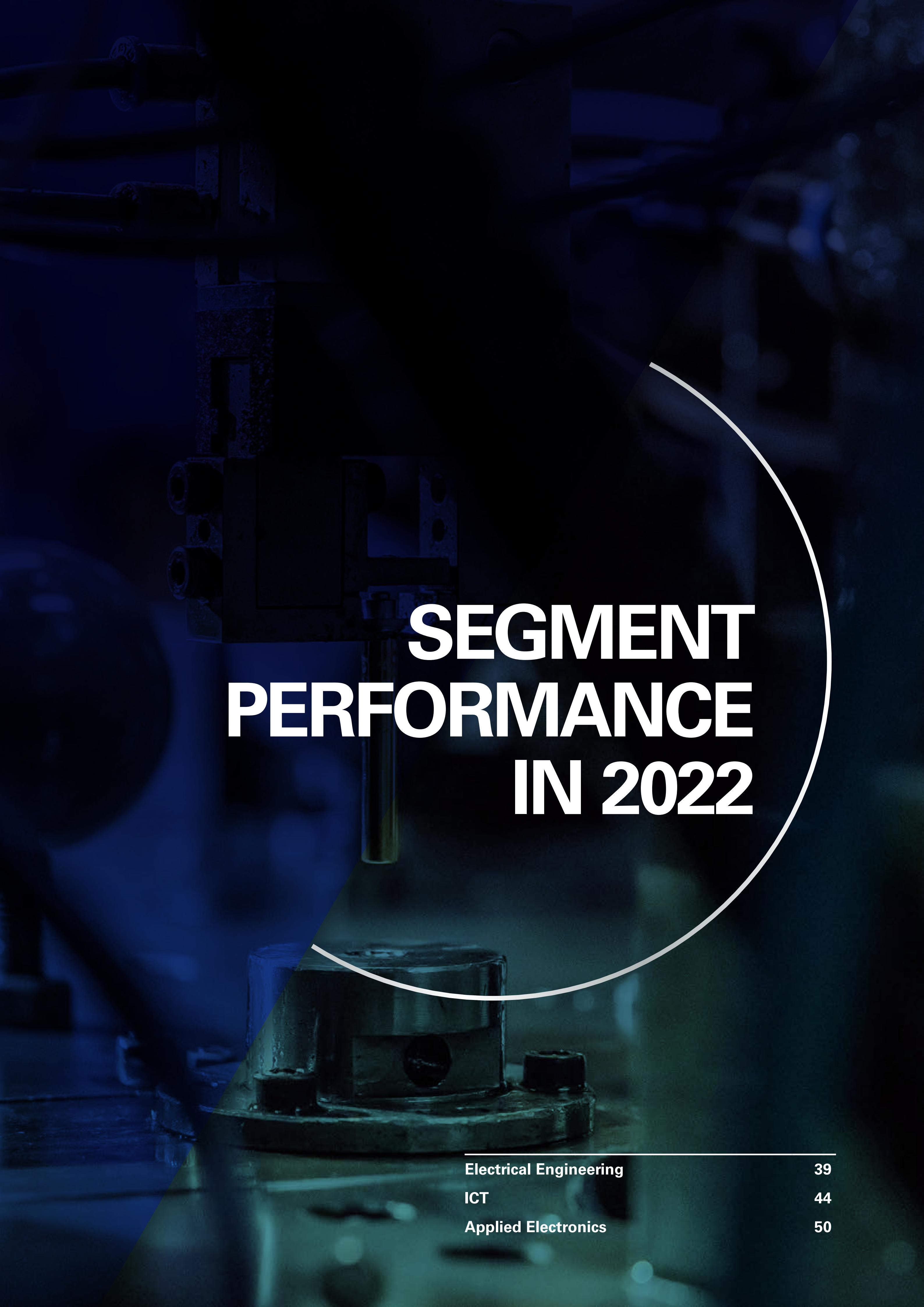
FOCUS AREAS	MORE INFORMATION
Stewardship/advocacy: Reunert as a responsible South African corporate citizen	Page 94
Enterprise development: Actively develop supply chain management including second-tier suppliers	Page 67

Pillar 5: Seek transformative solutions

Reunert addresses societal challenges by providing renewable energy solutions and connectivity. This pillar forms part of the Group strategy and budgets. Developing transformative business solutions is a growth area for the Group with a strong pipeline and good prospects.

FOCUS AREAS	MORE INFORMATION
Last mile broadband connectivity: Rolling out high-speed connectivity to schools, libraries, clinics and social development facilities	Page 46
Renewable energy: Providing green energy and energy storage solutions	Page 68

[1] *Refer to the TCFD website for more information, www.fsb-tcfd.org.*



SEGMENT PERFORMANCE IN 2022

Electrical Engineering	39
ICT	44
Applied Electronics	50

Electrical Engineering

THE **ELECTRICAL ENGINEERING SEGMENT** HAS **CONTINUED ITS RECOVERY** AND REMAINS **WELL-POSITIONED TO CAPITALISE ON AFRICA'S INFRASTRUCTURE DEVELOPMENT** AND **INCREASED DEMAND FOR ELECTRICITY**, INCLUDING ELECTRIFICATION FOR DOMESTIC, COMMERCIAL AND INDUSTRIAL USERS.

TERRY LAWRENSON

The Electrical Engineering Segment today

The segment is a leading Southern African electrical infrastructure supplier manufacturing a complete range of underground and overhead cable products. The segment manufactures and supplies low-voltage electrical distribution, protection and control equipment. Recently, the segment has developed and launched the Astute Range of Internet of Things (IOT) devices that measure, communicate and control electrical loads. These products and services are expanding Reunert's renewable energy offerings.

Additional comprehensive information about the business units, their products and services, distribution channels, market sectors and intellectual property can be found on the fact sheet at www.reunert.co.za/group-overview.php.

POWER CABLES

Power Cables designs and manufactures a comprehensive range of low, medium and high-voltage electrical conductors, cables and accessories up to 275 kilovolts (kV). The power installations division specialises in turnkey installations, testing and maintaining medium and high-voltage cable systems up to 400 kV.

It also designs and manufactures oxygen-free copper rod according to ASTM-49.

CBi electric african cables

CBi electric zamefa

CIRCUIT BREAKERS

The cluster supplies low-voltage electrical distribution, protection and control equipment and customer-specific solutions. The cluster operates in Africa, Asia, Australia, Europe and the USA. In 2022, 64% of its specialised products were exported to global markets.

CBi: Energy develops cost-effective energy management systems and IoT devices that give commercial and residential customers visibility and control of their energy usage.

CBi electric low voltage

Continued strong recovery in power cables lifts financial performance

Electrical Engineering's revenue increased by 13% to R6 266 million (2021: R5 551 million) while segment operating profit increased to R436 million (2021: R373 million). These improvements were due to a strong recovery in Power Cables' performance, the benefits of increased operational efficiencies and continued export demand and increased local market share for circuit breakers.

The segment's positive performance is pleasing given that the operating context remains challenging with the continued underspend by South African state institutions on electrical infrastructure and increased logistics and input costs.

Circuit Breakers continued to benefit from strong export volumes, particularly in Europe and the USA, and improved local demand. The customer response to the new IoT products, Astute, launched in 2021 has been positive.

The global supply chain remains challenging and unpredictable with delayed deliveries, global shortages in electronics components and high commodity prices exacerbated by the Russia-Ukraine war. The segment increased its inventory holdings and working capital requirements, to mitigate these challenges. It also expanded its supplier base to alleviate supply shortages.

An industry-wide wage negotiation between the Steel and Engineering Industries Federation of Southern Africa (SEIFSA) and the National Union of Metalworkers of South Africa (NUMSA) led to a three-week strike in October 2021 which impacted production. The strike hampered the throughput of all of the South African manufacturing business units. Pleasingly, the business units recovered all lost volumes by year-end.

In focus

> The segment's financial results were lifted by improved performance from Power Cables

> Significant effort was made in enhancing operational efficiencies leading to better margins and production timelines

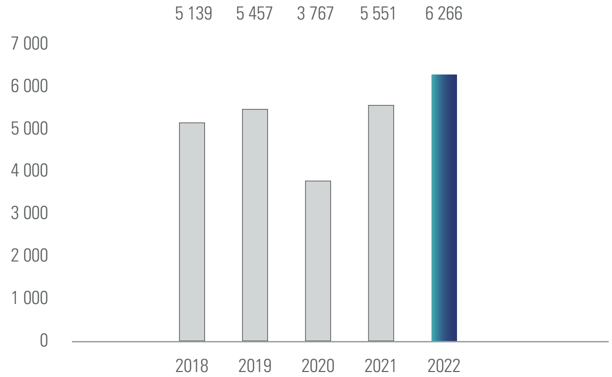
> Circuit Breakers delivered a strong export performance and increased its local market share

> The operating environment remains challenging

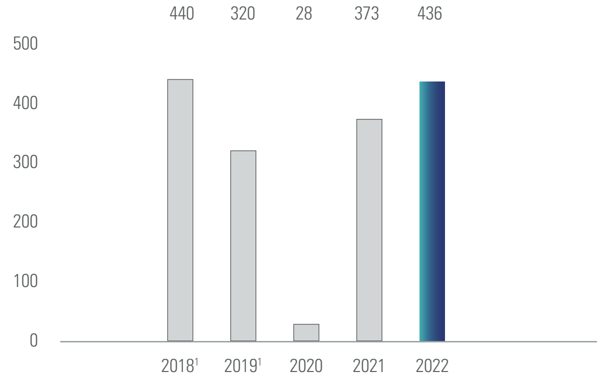
> Telecom Cables was placed into business rescue

Telecom Cables, the segment's telecommunication cable joint venture, was placed into business rescue in March 2022. This business has been loss-making for several years, despite numerous restructuring initiatives. In 2022, the expectation was for a recovery based on indicated order off-take from a major customer. In anticipation of these orders, substantial quantities of raw fibre were imported. Unfortunately, the customer delayed its orders leading to the business suffering cash flow difficulties. As a result of the business rescue process, the Group has recognised and measured its investment in this company at fair value through other comprehensive income, raised the expected credit losses on loans provided and raised a guarantee cost. Since the Group has limited influence on Telecom Cables' operations, the segmental information provided excludes Telecom Cables.

Revenue (Rm)

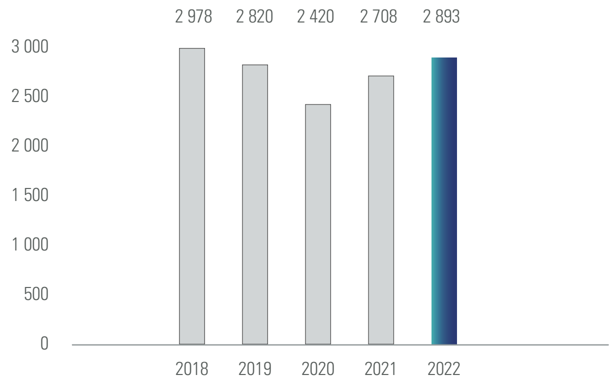


Segment operating profit (Rm)

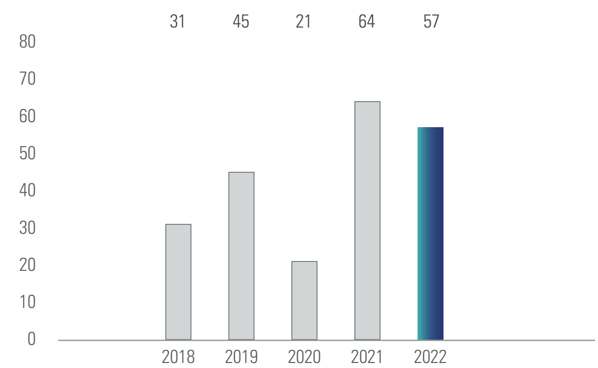


[1] *Core operating profit as previously reported.*

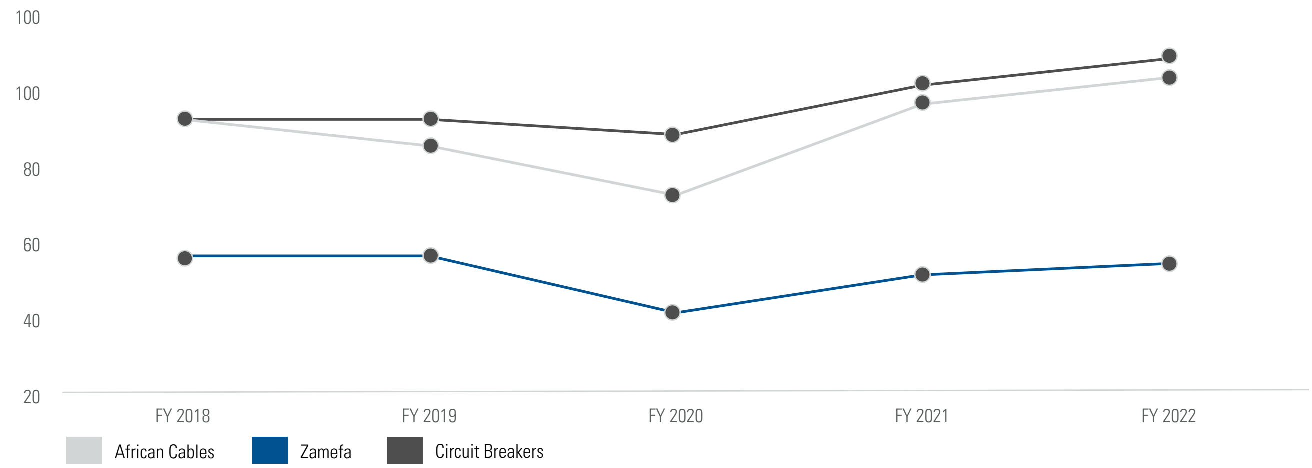
Total assets (Rm)



Capital expenditure (Rm)



Factory capacity utilisation (%)



Operational measures	Units	Performance	2022	2021	2020
Factory capacity utilisation					
Power cables (African Cables)	%	●	**83**	76	52
Power cables (Zamefa)	%	●	**34**	31	21
Circuit breakers	%	●	**88**	81	68
Natural capital[1] (page 68)					
Electricity consumption	MWh	●	**39 966**	48 221	41 557
Water consumption	Ml	●	**198**	192[2]	183[2]
CO_2e[3]	Kt	●	**39**	46	38
Human capital[1] (page 60)					
Employees at year-end	Number	●	**2 567**	2 545	2 453
Work-related fatalities	Number	●	**0**	0	0
Training spend[4]	Rm	●	**18**	19	22
Social and relationship capital[1] (page 67)					
Community investments	Rm	●	**3**	2	2
Enterprise and supplier development spend	Rm	●	**12**	14	12

[1] *Prior years include a 50% contribution from Telecom Cables.*
[2] *Includes municipal and borehole water.*
[3] *Excludes Scope 3 emissions.*
[4] *Total spend in accordance with current year's performance.*

Outlook

The segment is well-positioned to continue to benefit from an expected recovery in infrastructure spending and increased demand for renewable energy. This demand will expand the pool of local customers for infrastructure investment, including power cables and circuit breakers. The global circuit breaker market is anticipated to experience steady growth in the coming years.

Reunert is optimistic about the potential in energy management. The CBi: Energy business unit was initially developed to focus on the consumer market, but it is now also offering services and products to the commercial market.

Focus areas for 2023

> Increase cash flows, operating profit and operational efficiency levels in the Power Cables business units
> Finalise business rescue process at Telecom Cables
> Capitalise on Zambia's more business-friendly environment
> Continue to grow international market share for Circuit Breakers
> Expand the range of Astute IoT-enabled products into new subcategories of energy management and commercial applications
> Launch new smart energy management solutions in local and international markets
> Continue to understand customer requirements and collaborate to create or revise products

Power Cables

The Power Cables cluster benefited from improved operational efficiencies, improved margins and good project order wins.

The cluster's ongoing operational efficiency initiatives have enhanced quality, reduced waste, and improved machine utilisation. These initiatives have enhanced operating margins and improved production time reliability, which has seen the cluster win larger orders and increase market share. The cluster also focused on reducing debtor days and collecting long outstanding debts.

Due to increased operational efficiencies and a slightly better product mix, African Cables experienced improved profitability. African Cables worked closely with customers to forecast their demand and secure larger orders. By planning upfront, customers were able to avoid shortages related to supply chain constraints.

African Cables invested in local municipal electrical infrastructure to support its Vereeniging plant in partnership with the municipality and other local businesses. This investment has secured a more reliable electricity supply and improved uptime for the plant.

Zamefa's financial performance remained stable and it secured good tender volumes awarded by Zambia Electricity Supply Corporation (ZESCO).

Since 2018, the Zambian Government's liquidity constraints have delayed Government debt payments to Zamefa, impacting its cash flow. The new Zambian Government seeks to promote economic growth and support private enterprise. The business unit has benefited from better liquidity thanks to the payment of half of the outstanding VAT refunds that was outstanding at the beginning of the financial year from the Zambian Revenue Authority. Zamefa continues to reposition itself to support the country's economic development, including demonstrating an increased appetite to do business with state-owned entities.

Electrical infrastructure growth from renewable energy

In July 2022, President Ramaphosa announced an 'energy action plan' to tackle the power crisis. Government plans to double its renewable energy procurement to 5 200 megawatts under bid Window six of the country's Renewable Independent Power Producer Programme (REIPP). This will accelerate the country's shift from a dependence on coal, for more than 80% of its power, toward using the nation's abundant wind and solar resources while having positive environmental benefits. Some of this investment into renewable energy will flow into the Electrical Engineering Segment.

Importantly, this plan includes involving the private sector to build additional generation capacity. Companies will now be able to build power plants of any size without a license to meet their own needs and sell power into the grid. In addition, regulatory requirements, such as environmental permissions, will be waived or streamlined for solar projects in areas of low or medium environmental sensitivity. These policy changes and should spur the development of a thriving renewable energy sector while alleviating South Africa's electricity crisis.

Embedded generation in South Africa's commercial and industrial sectors is a large and rapidly growing market. Research by consultancy Technavio indicates that the market for solar energy in South Africa will accelerate at a compound annual growth rate of 30% from 2022 to 2026.

Circuit Breakers

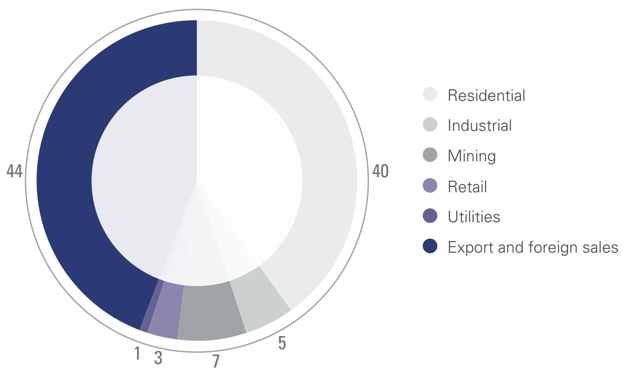
Circuit Breakers has developed intelligent low voltage networks to measure, communicate and control energy usage.

Circuit Breakers delivered a good performance thanks to increased operational efficiencies, strong export demand and its larger local market share. The demand for its IoT-enabled Astute product ranges was particularly strong. In 2022, Circuit Breakers expanded this product range, including a distribution board-mounted controller, plug and isolator. As a suite, these products allow customers to monitor and better manage their electricity usage. Circuit Breakers is capitalising on the customer demand for products to shape the energy curve or shed demand to reduce energy consumption. These products result in significant energy savings for customers. The cluster's input costs came under pressure due to increased logistics and commodity prices, negatively impacting margins as not all price increases could be passed onto customers in the first half. In the second half of the year most of these costs were passed onto customers which resulted in a margin recovery.

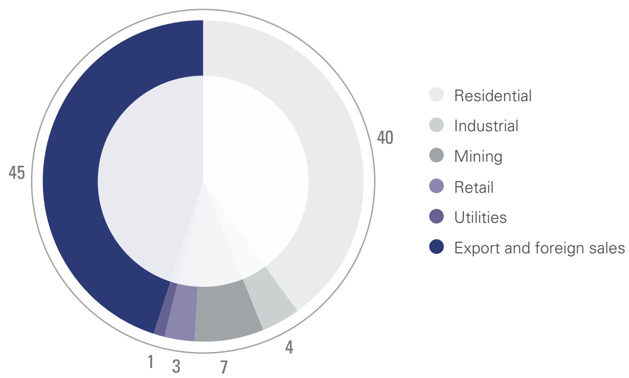
Introducing a new building energy management solution

Launched in September 2022, CBi: Energy's Building Energy Management solution is a powerful energy control system, developed to reduce electricity bills and manage business operations better. The solution provides facility management and automation features for any business on a time-of-use tariff plan that wants to manage its electricity consumption to reduce energy expenditure. It gathers granular and accurate utilisation data from a range of robust, standards-compliant hardware devices to provide visibility into electrical loads and to allow the automated control of discretionary loads. Unlike other solutions, it requires minimal business disruption to install, configure and operate.

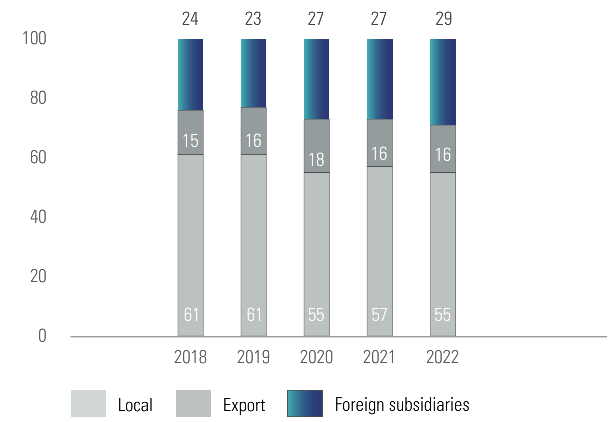
Circuit breakers market segmentation by revenue – 2021 (%)



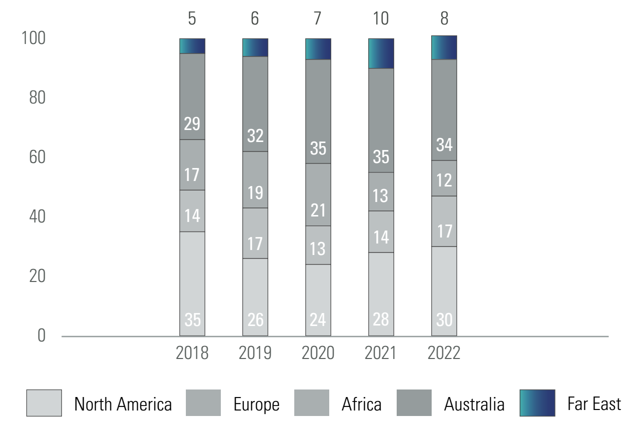
Circuit breakers market segmentation by revenue – 2022 (%)



Percentage regional contribution (%)



Circuit breaker export sales by region (%)



ICT

THE ICT SEGMENT OFFERS A **PORTFOLIO OF VISIONARY BUSINESS UNITS** THAT USE TECHNOLOGY TO **SOLVE CUSTOMERS' PROBLEMS** AND **UNLOCK FUTURE GROWTH OPPORTUNITIES**.

GRAEME EDDEY

The ICT Segment today

Reunert's ICT Segment has adapted to the changing ICT landscape by leveraging its strong brands and its wide-reaching distribution and service network. Over time, the segment has diversified by adding complementary products and services and acquiring businesses that add scale and variety to its offerings. The segment has improved its operating margin from 20,8% in 2018 to 24,8% in 2022 by moving up the value chain and building its range of higher-margin products and services.

Additional comprehensive information about the business units, their products and services, distribution channels, market sectors and intellectual property can be found on the fact sheet at www.reunert.co.za/group-overview.php.

CLUSTERS

BUSINESS COMMUNICATION	TOTAL WORKSPACE PROVIDER	RENTAL-BASED FINANCE	SOLUTIONS AND SYSTEMS INTEGRATION
ECN is South Africa's largest independent next-generation communications solutions provider, and SkyWire is the largest independent wireless network and solutions provider.	Nashua provides the small and medium-sized enterprise market with a broad range of office automation and ICT technology solutions.	Quince Capital provides rental-based finance solutions to the Reunert ICT business units.	+OneX is a digital transformation partner that provides a broad suite of digital consulting, software and application development, cloud, data, security and managed services.

Positive financial performance weighed down by supply chain constraints

The ICT Segment performed in line with expectations as revenue increased by 4% to R2 599 million (2021: R2 490 million), while the segment operating profit improved by 6% to R644 million (2021: R608 million).

Key priorities for 2022 included:

> Mitigating supply chain challenges and securing alternative suppliers
> Diversifying through complementary products and services
> Integrating recent acquisitions into +OneX and building the brand

The Business Communication cluster's revenue declined as the demand for voice minutes dropped due to adverse effects of load shedding. The cluster experienced strong growth in its complementary services revenue, which helped to offset the impact of fewer voice minutes. The demand for virtual private branch exchange (VBX) and connectivity remains strong.

The Total Workspace Provider cluster was negatively affected by ongoing supply chain challenges, including product shortages and delays in delivery. The cluster successfully onboarded a range of new brands to meet a supply shortage that a major supplier experienced. Introducing additional products and brands in the cluster positively impacted the growth trajectory of this business. The cluster also benefitted from strong growth in complementary services.

The value of the Rental-based Finance cluster's book declined due to the knock-on effect of supply chain challenges in the Total Workspace Provider cluster. Limited credit losses were experienced, which enabled an R11 million release from the expected credit loss provision.

In focus

> Good performance by Total Workspace Provider, Nashua, despite supply change challenges
> Overall segment performance was hampered by poor economic conditions, load shedding and supply chain challenges
> Rising interest rates improved the returns from the Rental-Finance cluster
> The Solutions and Systems integration cluster continued to scale and deliver a greater contribution to operating profit

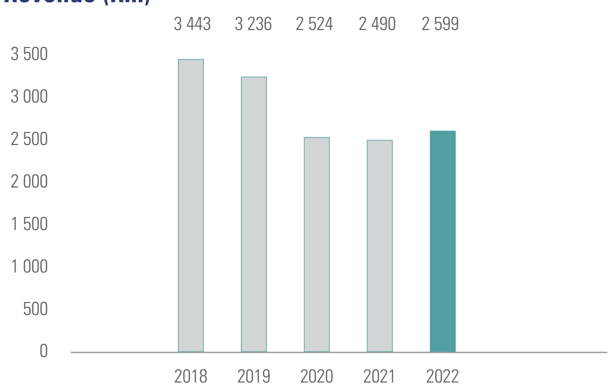
The Solutions and Systems Integration cluster delivered a strong performance and increased its contribution to the segment's overall operating profit. The bolt-on acquisitions made in 2021 and 2022 added noteworthy scale to the cluster.

The local market opportunity[1]

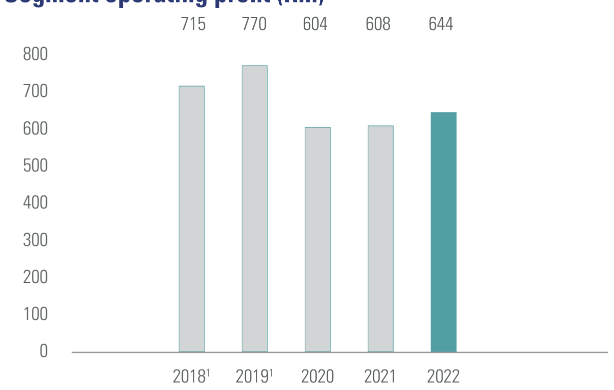
> The computer hardware market is expected to grow by 83% from R22 billion in 2020 to R39 billion in 2025
> The software market is projected to grow by 71% from R21 billion in 2020 to R36 billion in 2025
> The IT service market is projected to grow by 92% from R34 billion in 2020 to R66 billion in 2025

[1] *Data from the Fitch Solutions ICT Report on South Africa for the Fourth Quarter of 2022.*

Revenue (Rm)

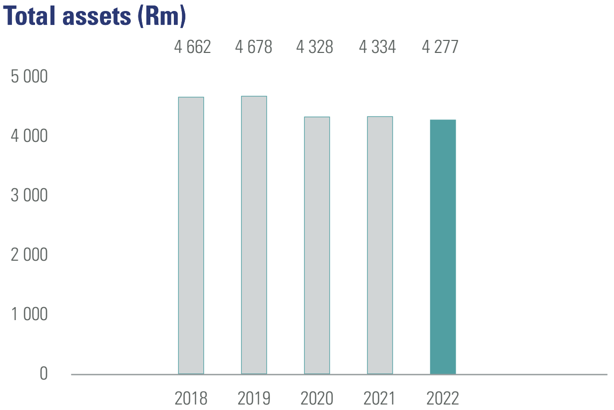


Segment operating profit (Rm)

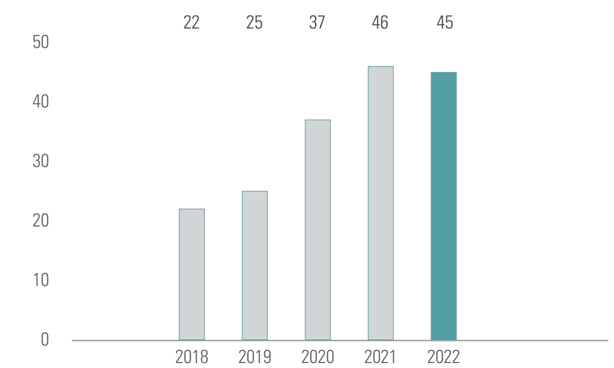


[1] *Core operating profit as previously reported.*

Total assets (Rm)



Capital expenditure (Rm)



Operational measures	Units	Performance	2022	2021	2020
Performance indicators					
Total document volume (Nashua)	Million clicks	● (red)	**3 151**	3 194	3 112
Total voice minutes (ECN)	Million minutes	● (red)	**894**	1 007	1 044
Voice minutes sold by franchise channel[1]	%	● (green)	**10**	10	12
Gross Group lease and loan receivables	Rm	● (green)	**2 372**	2 628	2 783
Natural capital (page 68)					
Electricity consumption	MWh	● (green)	**2 678**	5 074	6 642
Water consumption	Ml	● (green)	**17**	23	32
CO_2e[2]	Kt	● (green)	**1**	3	4
Human capital (page 60)					
Employees at year-end	Number	● (green)	**1 376**	1 368	1 444
Work-related fatalities	Number	● (green)	**0**	0	0
Training spend[3]	Rm	● (green)	**28**	17	11
Social and relationship capital[3] (page 67)					
Community investments	Rm	● (green)	**3**	3	4
Enterprise and supplier development spend	Rm	● (green)	**7**	10	11

1 *Percentage of ECN's total minutes.*
2 *Excludes Scope 3 emissions.*
3 *Total spend in accordance with current year's performance.*

Business Communication

Business fundamentals remain intact for return to growth

The Business Communication cluster has diversified from a fixed-line voice-only business to a vertically integrated business communications provider. The cluster offers voice, unified communications, last mile broadband connectivity, business internet access and complementary communications services. ECN and SkyWire are strong and well-recognised brands with a proven track record of growth.

During 2022, both ECN and SkyWire extended their customer bases, but were impacted negatively by the protracted periods of severe load shedding and the effects of the damage to infrastructure in KwaZulu-Natal from the floods in April 2022. These abnormalities contributed to an 11% decrease in ECN's voice minute volumes.

To some extent this was offset by an increase in complementary revenues particularly in VBX and data connectivity. The VBX service offering grew by 20%, while data connectivity services grew by 40%. ECN grew its overall customer base to 23 361 (2021: 22 449).

SkyWire entered into 19 new local areas and established 24 new high-site towers. Improved network utilisation and enhanced optimisation contributed to stronger gross profit growth. Interim connectivity solutions were deployed where new connections were hampered by the shortage of key equipment brought on by supply chain delays.

SkyWire's network came under pressure due to the frequency and duration of load shedding, which did not give the backup power systems and batteries sufficient time to recharge. The business unit managed this issue by having field service teams replace tower batteries with recharged units.

Despite the negative impact of load shedding on the Business Communication cluster, the fundamentals as an integrated business communications provider remain intact for a return to growth.

Competitive advantage:

- Over 340 resellers and channel partners
- Over 23 300 end customers
- Over 7 700 business internet access and connectivity customers
- Over 894 billion voice minutes used annually
- Over 690 terabytes of data consumed daily
- 99,99% core network uptime

Focus areas for 2023

- Expand into new geographies and complete installation backlog
- Promote the VBX and data connectivity services
- Deploying newer generation technology to enable fixed 5G equivalent data speeds and capacity

Total Workspace Provider

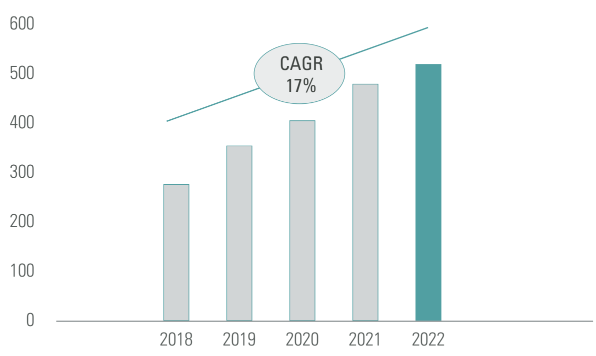
With a rich heritage built over 49 years, Nashua is deeply entrenched in the South African business landscape.

Reunert's Total Workspace Provider cluster has evolved from focusing on print and hardware to an annuity-based revenue model augmented by various complementary workspace solutions and services. Sales of complementary products in the franchise channel grew from R200 million in 2017 to R518 million in 2022, representing a 21% compound annual growth rate. Nashua benefits from this growth through increased franchise fees.

Nashua maintained its market share and continues to perform within the top three providers in the print space. The market demand for its products recovered and despite the cluster's performance being hampered by supply chain challenges causing shortages and delayed deliveries from international product suppliers, revenue increased. Complementary solutions and services continued to show strong growth and included responding to customers' needs for alternative power solutions by sourcing energy generation and storage products. In addition, robust demand for surveillance, security control and document and workflow management resulted in a positive year-on-year growth in financial performance.

Reunert's primary original office equipment manufacturer (OEM) was affected by a fire at a manufacturing plant and the global electronic chip shortage and could not supply sufficient products. Reunert onboarded three alternative OEMs, including an OEM that offers ink rather than laser printers. This will allow the cluster to develop new customer verticals.

Complementary revenue from end customers (Rm)



The onboarding process for new OEMs was intensive as franchisees and technicians needed to be trained on new equipment. New equipment ranges were also tested within the local conditions to assess quality and lifespan estimations. The cluster and franchisees now hold a wider inventory range to service customers, impacting the investment into working capital.

Nashua is the enablement partner to SuperSport Schools and earns a revenue stream for installing, maintaining and supporting this project. This includes rolling out artificial intelligence cameras to capture sports content for the mobile application and digital channels. Parents and other interested parties can view school sports on demand. The partnership helps builds brand awareness for Nashua while deepening its relationships with schools resulting in cross-selling opportunities.

Focus areas for 2023

> Expand and grow traditional print business
> Increase adoption of complementary business within the franchise channel
> Continue expanding complementary products and services offerings
> Build effective people management practices

Nashua introduces new product offerings

In 2022 Nashua launched new product offerings to meet the needs of its customers and grow its range of complementary products.

Nashua's **Currency Management Solutions** help customers be more efficient in handling cash and identifying fake notes at the point of transaction, and complying with regulations. The Currency Management Solutions offers a range of digitally enabled equipment that includes note and coin counting devices, ranging from small and cost-effective commercial machines suitable for small businesses and informal traders to larger and more complex systems tailored to banks, casinos and large commercial cash centres.

Nashua launched **Mobicred** to support customers upscale their technology tools. These tools available from Nashua include laptops, office furniture, printers, alternative energy solutions and cloud storage. Mobicred offers customers revolving credit facilities of up to R35 000 with flexible payment options.

Nashua introduced **Intelligent Parcel Lockers** and **Intelligent Day Lockers** to help employees in shared office spaces to receive packages and store their valuables. Employees are able to interact with the lockers via an app allowing them to track packages or mail and reserve temporary storage. Lockers can be assigned for a single day or longer depending on the employer's policies and employees' storage needs. There are also retail applications for these lockers – allowing customers to collect their deliveries using a one-time delivery code and pickup code.

Nashua enhanced its range of connectivity solutions by adding a new software-based VBX. As an affordable solution **3CX** offers complete unified communications features and is simple to install, manage and maintain.

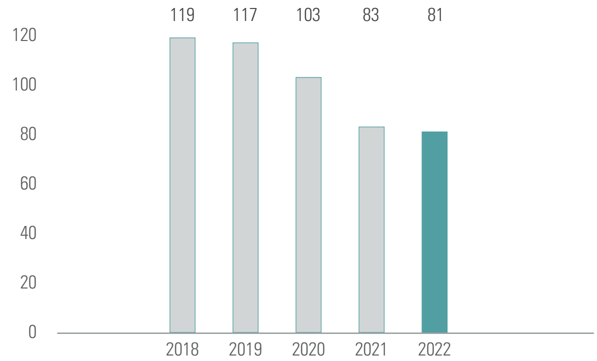
The business unit introduced a range of **phones, headsets and speakerphones** that can be used at the office or in employees' home spaces. The range is competitively priced and integrated with Microsoft Teams. Some products incorporate the use of antimicrobial plastics.

Finance

The Rental-based Finance cluster provides the ICT Segment with financing to support the sales channel and product distribution.

Growth in the rental book is inextricably linked to Quince's relationships with Nashua's franchisees. The cluster's book reduced due to the sale of the PanSolutions book, which was largely completed by the end of 2021, and product shortages and delays in the Total Workspace Provider cluster. Quince's loan book closed the 2022 year at R2 278 million (2021: R2 539 million) after R200 million was sold in September 2022 to raise funding for the acquisition and purchase of Etion Create, however, the increasing interest rate environment resulted in an improved return on the book.

Average monthly discounting (Rm)



Managing risk and the cost of funding

Quince discounts rental contracts sourced by the franchises, with the top 10 underlying customers comprising 11,6% of the total loan book (2021: 12,3%). Approximately 65% of the rental book is prime-linked loans, with the remainder being fixed rate loans. Reunert currently meets all of Quince's funding requirements. Quince has R600 million of unutilised external funding facilities available to it. However, Quince has a high-quality loan book, as evidenced by low levels of credit losses. Quince maintains this quality through extensive credit vetting and proactive collections management. In 2022, collections from customers remained stable and there were no abnormal credit losses or write-offs. The credit loss ratio declined to 0,125% in the 50% recourse book (2021: 0,33%). This ratio is well within internal risk tolerance parameters.

Interest rate swaps decreased to R50 million (2021: R100 million) due to the expiry of swap contracts.

Focus areas for 2023

- Reduce reliance on Reunert for funding by exploring alternative funding solutions
- Continue the enhanced focus on the financial soundness of franchise clients
- Continue to optimise the lending process through improved digital systems and artificial intelligence
- Enhance central collection processes

Solutions and Systems Integration

Reunert's Solutions and Systems Integration cluster solves customers' business problems as their preferred digital transformation partner.

+OneX successfully integrated the acquisitions undertaken in 2021 and concluded the acquisition of Code Maven, a software development company this year. This integration included moving the acquired companies onto a single accounting and governance platform and promoting a unified brand and common culture.

The acquisitions, together with an improved performance of the existing services suite, materially boosted +OneX's contribution to the segment's profitability and continued its growth path to building a next-generation ICT business of scale. The business unit has experienced a compound annual growth rate of 20,1% since its establishment in 2020. +OneX's employee numbers have grown from 20 in 2020 to 250 in 2022.

+OneX benefits from the prevalence of remote and hybrid working models, driving companies to automate and digitise their processes. In 2022, +OneX onboarded 14 new blue-chip enterprise customers, including several banking customers. This included a project to develop a digital bank in a neighbouring country. Demand is especially strong for application and software development and the optimisation-as-a-service offering launched in 2022. Optimisation-as-a-service allows customers to derive improved value from their IT investments by improving and optimising their technology platforms, people and processes.

Product suite

- Digital consulting
- Application and software development services
- Data, cloud, security and managed services
- Unified communications and collaborations

Focus areas for 2023

- Expand +OneX through acquisitions in data and security services
- Cross-selling of services into existing and new customers
- Develop a suite of next-generation technology solutions by investing in higher-growth businesses
- Explore opportunities in digital platform technologies in niche industries

+OneX trains local talent for a digital future

+OneX has rolled out an internship programme to upskill recent graduates and young ICT workers. This is part of +OneX's broader strategy to strengthen its skills pipeline and contribute to building South Africa's digital economy. The business unit has recruited five interns into its software, data and cloud divisions, with plans to accommodate another ten.

The business unit aims to help interns build their technical abilities and soft skills by working alongside mentors on customer projects. The programme exposes interns to engineering, design, user experience, user interface, project management and data science.

In addition, +OneX has placed several graduates from We Think Code in the business unit's cloud division. These graduates will complete a two-year bootcamp at We Think Code to upskill them in the basics of software development.

Reskilling existing employees is also a focus for the business unit. +OneX has trained some of its IT engineers in Amazon Web Services and Microsoft Azure to develop them into cloud engineers. These engineers assist enterprise customers to reduce their cloud costs.

Applied Electronics

THE APPLIED ELECTRONICS SEGMENT **DEVELOPS PROPRIETARY INTELLECTUAL PROPERTY** AND **PRODUCES WORLD-CLASS PRODUCTS** TO OFFER A **HIGH LEVEL OF CUSTOMISATION**.

TREVOR RAMAN

The Applied Electronics Segment today

Defence: Local and international customers rely on the segment's high-precision design and manufacturing capability and proven ability to integrate systems. The segment has a competitive cost base augmented by qualified global suppliers. Export markets are serviced through trusted, long-term international strategic partnerships and the segment's growing local presence in selected countries.

Renewable Energy: Reunert entered the renewable energy market in 2017 and has consistently expanded its portfolio of offerings to include energy management, embedded solar generation and energy storage solutions. Additional comprehensive information about the business units, their products and services, distribution channels, market sectors and intellectual property can be found on the fact sheet at www.reunert.co.za/group-overview.php.

SECURE COMMUNICATIONS	The cluster develops secure communication products and solutions for tactical airborne, land and naval-based platforms and secure network-centric solutions for command and control, forward observation link and messaging services. A specialised facility manufactures highly complex military-grade printed circuit boards. The cluster develops cryptographic products and solutions to meet cybersecurity requirements.
FUZES	The cluster provides advanced electronic fuze technology. Capabilities include electronic and precision mechanical design and high-volume production of electro-mechanical assemblies. Small fuzes containing sophisticated miniaturised mechanical and electronic systems are also developed and manufactured.
RADARS	The cluster develops and manufactures search and tracking radar systems, subsystems, safety radars and mining surveillance radars to monitor the slopes in open-pit mines.
LOGISTICS	The cluster offers specialised engineering services for the maintenance and support of ICT networks, and communications infrastructure installations. The cluster supports technology ranging from weapon system electronics, radar and telecommunications to fare collection and time and access control.
RENEWABLE ENERGY	The cluster offers turnkey energy engineering solutions. This cluster's solutions encompass strategy development, project implementation, training, support and maintenance. This includes embedded solar generation supported by energy storage solutions, focusing on Lithium Iron Phosphate (LiFePo4) chemistry.
ACQUISITION effective 1 October 2022	For more information refer to page 53.

A much improved performance due to excellent order receipts, hampered by supply chain challenges

Revenue improved by 27% to R2 361 million (2021: R1 854 million), while segment operating profit was 64% higher at R164 million (2021: R100 million). This is a pleasing recovery and continues the segment's trajectory towards pre-pandemic levels.

Most of the segment's defence business units experienced a good recovery in financial performance as international business development recommenced and record orders were secured. The delays in receiving export permits, suffered in the prior year, were largely resolved in 2022. The improvement in performance is a testament to the relevance of the segment's suite of products and its ability to collaborate with customers in the research and development of new products and intellectual property.

Worldwide component shortages and logistic delays hampered order execution. These supply chain challenges had the greatest impact on the Secure Communications cluster. In addition, intermittent Covid-19 travel restrictions to some Asian countries delayed both order intake and potential sales.

The acquisition of Etion Create, effective October 2022, is strongly synergistic with the Applied Electronics Segment and will enhance the segment's manufacturing and original design capabilities. In addition, it will provide greater access to new customers and geographies across the mining, industrial, encryption and defence sectors.

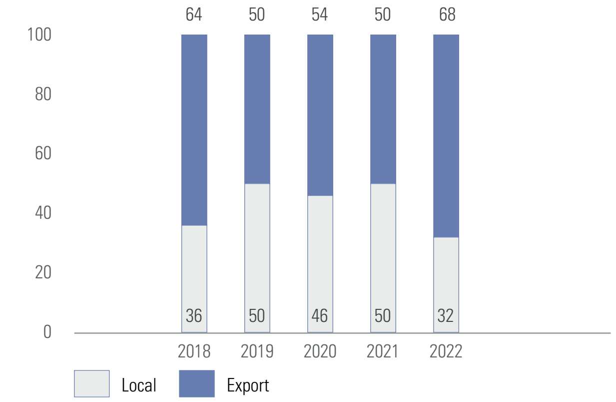
The Renewable Energy cluster capitalised on the growing market for alternative energy. The liberalisation of the energy generation market in South Africa continued this year as the cap for embedded generation was increased to 100 megawatt and Windows 5 and 6 of the REIPP programme were released for tender. This increased demand for Terra Firma Solution's products. The business unit's strategy to build-own-operate (BOO) assets continued and this portfolio grew to over 32 megawatt.

The market growth has attracted increased competition which has led to some pressure on margins. The demand for battery storage solutions was especially strong.

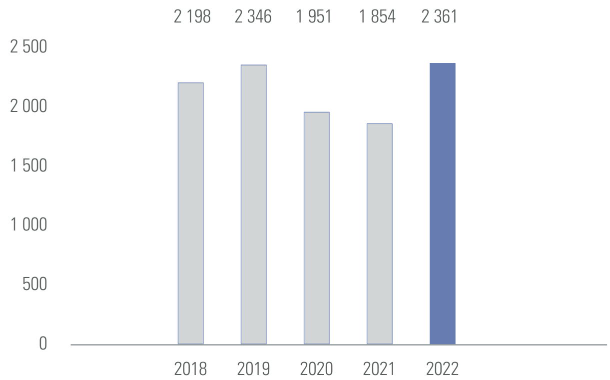
In focus

- A strong order intake for defence products for Radars, Fuzes and Logistics
- An excellent execution effort in a challenging environment
- While financial performance recovered, the segment faced several challenges that hampered order execution
- Demand for renewable energy was buoyant

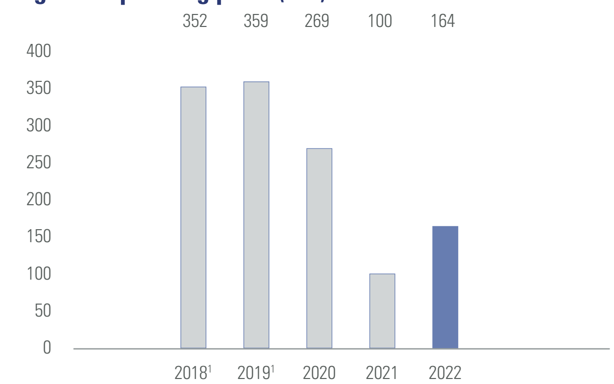
Defence exports vs local defence revenue (%)



Revenue (Rm)

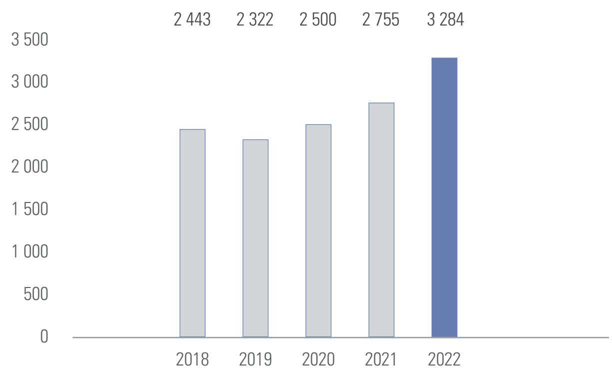


Segment operating profit (Rm)

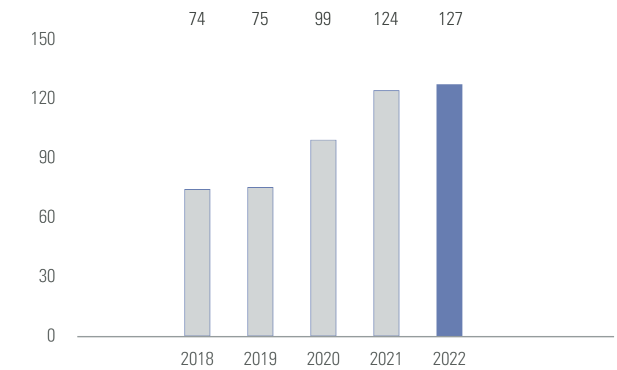


[1] *Core operating profit as previously reported.*

Total assets (Rm)



Capital expenditure (Rm)



Operational measures	Units	Performance	2022	2021	2020
Intellectual capital					
Research and development as a percentage of revenue	%	● (red)	**6**	8	8
Natural capital (page 68)					
Electricity consumption	MWh	● (green)	**5 393**	5 842	6 159
Water consumption[1]	Ml	● (amber)	**54**	40	35
CO_2e[2]	kt	● (green)	**4**	5	5
Human capital (page 60)					
Employees at year-end	Number	● (green)	**1 500**	1 721	1 791
Work-related fatalities	Number	● (red)	**1**	0	0
Training spend	Rm	● (red)	**14**	19	14
Social and relationship capital (page 67)					
Community investments	Rm	● (green)	**2**	1	2
Enterprise and supplier development spend	Rm	● (red)	**11**	14	15

[1] *Excludes recycled water.*
[2] *Excludes Scope 3 emissions.*

Priorities and focus areas of 2022

Strategic partnerships and localisation

Strengthening existing strategic partnerships and concluding new partnerships are key to the segment's export strategy. In 2022, the segment entered into partnerships with a major international shipbuilding OEM, an electronics supplier to the Indian market and a South African OEM that distributes positioning solutions.

Increasing local beneficiation remains important in many of the segment's export markets, as countries often have localisation requirements. New partnerships with local companies were established in India, Oman, the United Arab Emirates and several European countries to meet these requirements.

Mitigating supply chain challenges

The segment invested in working capital through increased inventory holdings in an effort to offset component supply issues and maintain production timelines. In addition, the local and global supplier base was expanded to alleviate component shortages while maintaining quality control processes. The segment maintains a database of dual suppliers to manage single-source dependency risk. Procurement was consolidated to increase the segment's leverage with suppliers. Where possible, products were redesigned where readily available components could be sourced. Despite these measures, the shortages of critical components negatively impacted production and prevented the segment from meeting all customer demands under initial contract agreements.

Outlook

Defence

Global defence spending reached an all-time high in 2021 of $2,1 trillion, the seventh consecutive year that spending increased. The growth trajectory for the defence businesses is promising, with record order books. In-person business development meetings resumed in 2022, resulting in a significant increase in orders. The delay in receiving export permits was a major constraint in 2021, but the time taken to approve these has improved significantly in the second half of the 2022 year and is currently not a material inhibitor to sales.

Renewable Energy

The outlook for the segment's Renewable Energy cluster remains strong, with good demand for alternative energy in South Africa and Africa. In July 2022, the South African President announced measures to further liberalise the energy market and increase the current embedded generation licensing threshold from 1 megawatt to 100 megawatt. This will greatly encourage private investment into embedded generation projects. In addition, persistent load shedding and higher electricity tariffs encourage commercial and industrial sectors to embrace renewable energy. Businesses are increasingly looking for energy storage solutions to manage their electricity loads and reduce their bills.

Focus areas for 2023

> Execute the order book through on record order volumes
> Complete the integration of Etion Create
> Develop commercial applications for defence intellectual property
> Continue to diversify the segment geographically through exports and expanding its international presence
> Strengthen strategic partnerships
> Increase business development activities for Renewable Energy in selected African markets
> Continue to scale BlueNova capabilities, including relocating its manufacturing facilities to a new larger centralised factory to cater for increased demand

Research and development

The segment's product development relies on skilled employees and internal and external funding. In 2022, the segment spent R129 million (2021: R144 million) on research and development. Of this, R24 million (2021: R22 million) was self-funded, with the balance coming from external funding.

External funding was applied to research projects in the Fuzes and Radar clusters. The segment's internal funding was allocated to secure communications, software-defined radio solutions for export markets and the development of new battery storage products.

Reunert acquires Etion Create

ETION CREATE

In September 2022, Applied Electronics secured Competition Commission approval for the transaction where Reunert acquired 100% of the issued shares in Etion Create for R202 million.

Etion Create is an original design manufacturer founded in South Africa in 1993. The successful acquisition of Etion Create in October 2022 will increase the segment's export footprint and enhance the total solutions offered to customers. In addition, Etion Create will bolster the segment's original design capability across advanced technology in the mining, industrial, defence and aerospace sectors. The manufacturer also offers specialised IoT, sensors and cybersecurity.

Etion Create's defence product suite includes advanced signal processing platforms for radar, signal processing units for control systems, military standard communication interfaces, mission computers and display electronic units, secure communications and test equipment. The manufacturer developed camera sensor electronics for an optical helmet tracker solution for fighter jets used by the South African and European air forces.

The manufacturer also develops, manufactures and supports several products and systems for mining and industrial applications. In partnership with a global and local mine safety systems supplier, Etion Create provides the electronics for gas monitoring devices and various subsystems for a collision avoidance system.

Secure Communications

A lower order intake and supply chain challenges had a negative impact on performance.

The performance of Reutech Communications was negatively affected by the decline in the local defence budget and the associated delays in receiving orders. The next tranche of local tactical communications orders is expected to be received in 2023.

Export orders for the business unit were delayed due to increased political instability in Asia, postponements in key defence programmes and the inability to travel to some countries. Reutech Communication's export order book is likely to rebound in 2023.

During the year, a leading navy in the South East Asia region became the lead customer of the newly developed and launched high-frequency radio transceiver, the TR3000, after successful trials. This product is a wideband high-frequency transceiver based on leading edge direct radio-frequency sampling digital radio technology.

When will the global chip shortage end?

According to J.P. Morgan Research, more chips will become available in the second half of 2022, and the shortage is nearing its end. However, available chips may not be the right type to satisfy all applications. The shortage is expected to ease in 2023, with normal inventory across major chip categories expected by the second quarter.

Omnigo and Nanoteq were particularly hamstrung by the global shortage of electronic chips. This had a material impact on manufacturing as the production processes were interrupted, delaying delivery timelines. The cost base for the cluster was restructured in response to the lower order volumes and all costs accounted for in the 2022 financial year.

Nanoteq expands encryption into commercial application

Nanoteq partnered with Q Link, a leading system integrator in the debit order processing arena, to provide a secure data-focused solution to protect the transmission of sensitive information, as required by the Protection of Professional Information Act. The solution was implemented through the customisation of Nanoteq's cloud-based NetQrypt service suite and was successfully integrated into the Q Link service offering to several large customers. NetQrypt offers a world-class service for securing data both within an organisation and beyond the security perimeter.

Fuzes

Fuchs Electronics delivered a strong performance and secured multi-year export orders.

The Fuzes cluster experienced a strong order intake. Fuchs ended the year at full production, executing on a very strong order book. Contract orders up to 2024 have been secured.

The granting of export permits for products recommenced in the second half of 2022. It remained largely smooth for the remainder of the year, despite some administrative delays in issuing these permits. Despite shortages of components, including specialised plastics and metals, and complicated supply chain dynamics, the business remained agile and delivered a strong financial performance.

Radars

Radars secured high export volumes and benefited from the improved export permit granting process.

Reutech Radar Systems develops innovative radar and radar-related solutions for national defence forces, parastatals and the mining sector. The cluster has a good pipeline and order book for 2023. Market demand for the cluster's mining applications continues to build with strong sales of Berm[1] Monitoring Solutions.

The cluster was appointed as the new intellectual property partner for a new geography. This has already resulted in larger engineering orders and solid prospects for new intellectual property development and product flow.

The cluster secured a partnership with a shipbuilder, which will see its FORT[2] radars included in all its new ships. A key achievement for 2022 was the sale of the first export FORT radar to the United Arab Emirates. There is also interest in the FORT radar from customers in South East Asia, especially for vessel refurbishment. The FORT radar can be integrated with various optronics sensors, including thermal imagers, infrared sensors and laser range finders.

The South African local radar development contract was delayed in 2022, which negatively impacted revenue. However, the funding for this programme has been approved, which positions the cluster well for future local radar requirements.

Logistics

The Logistics cluster delivered a resilient performance with strong export orders for its dynamic control platforms and demand for its support services.

The cluster delivered strong financial performance on the back of good overbook coverage and resilient execution of these contracts.

As a level 1 B-BBEE contributor, Reutech Solutions is well-positioned to service the local market's needs. The business unit provides support for Reunert's suite of installed equipment. Reutech Solutions has a proven track record of 55 years of installation, maintenance and support in the maritime, land and air environments.

Strong market demand for berm monitoring solution

In 2021, Reutech Mining, in partnership with other technology providers, responded to a customer need for improved mine safety by developing the Berm Monitoring System. The innovative system has been well-received by customers, with sales to several mining houses.

In open-pit mining, dump-point accidents can result in casualties, equipment damage and productivity loss. Berm monitoring is a critical safety aspect in open-pit mining, and safety berms must comply with required height standards.

Typically, berm monitoring is done through periodic observations. This leaves room for error and non-compliance between observations, creating the demand for automated, continuous monitoring. The Berm Monitoring System detects non-compliant berms rapidly, efficiently and reliably. With 360° scanning, the system allows for continuous height and position monitoring. This is critical in open-pit mining, where berms constantly change as the waste dump advances. A laser scan computes the measurements in three-minute intervals. Communication to the control room is via Wi-Fi. When a non-compliant berm is identified, an alarm is automatically triggered. An instruction is provided to the dozer operator to repair the berm.

[1] *A berm is a level space, shelf or raised barrier (usually made of compacted soil) separating areas vertically, especially part-way up a long slope.*
[2] *FORT stands for Frequency Modulated Continuous Wave (FMCW) Optronics Radar Tracker.*

Renewable Energy

The cluster grew revenue by 74% thanks to continued growth in the local market. This growth is underpinned by the continued liberalisation of the energy generation market, increased load shedding and higher electricity tariffs.

The cluster continues to benefit from the strong renewable energy market and the acquisition of key customers in the solar energy business. Revenue growth can be attributed to the registration of larger-scale embedded projects, Reunert's own investments in build-own-operate assets and the scaling up of BlueNova's operations. However, higher supply costs, currency volatility and increased competition have put pressure on margins.

BlueNova experienced record sales as the market acceptance of its products and brand grew. This demand was heightened due to the ongoing load shedding.

BlueNova put considerable effort into improving its systems, production and quality control processes and developing a broader product range. In a short period, the business unit has grown into a medium-sized enterprise. BlueNova has a solid foundation and is ready for its next level of growth.

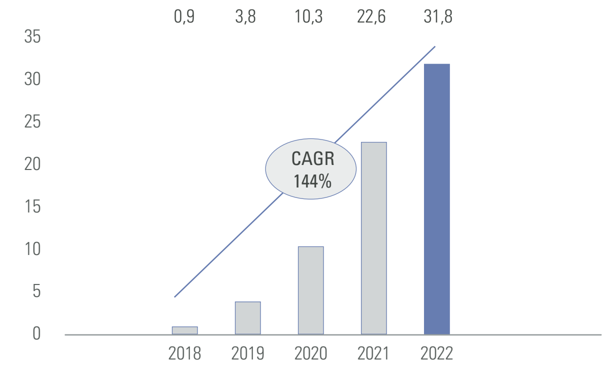
In January 2023, BlueNova, due to the high growth, will relocate to a new and larger manufacturing facility. In 2022, BlueNova exported its large, containerised intelligent Energy Storage System (iESS) solutions to Australia, Namibia and Mozambique. BlueNova is promoting its larger solutions to commercial, industrial, mining and agricultural customers.

Terra Firma Solutions, which focuses on medium to large embedded generation solar photovoltaic projects, has approximately 15% market share of local commercial and industrial sectors. These sectors account for about 70% of new rooftop solar installations nationally. According to market research[1], the total market could grow to about 500 megawatts installed a year, potentially reaching a total of 7,5 gigawatts of installed capacity by 2035.

Renewable Energy's African ambitions:

> Become a large commercial and industrial solar developer and solar asset owner in Africa
> Create a scalable and repeatable structure for simple entry into new territories
> Remain agile in decision-making and lightweight in terms of a cost structure to deliver appropriate returns
> Remove the barrier of access to capital through the Lumika Renewables joint venture partnership with A.P. Møller Capital

Growth in build-own-operate assets (Rm)



Terra Firma Solutions' investment in its build-own-operate assets accelerated. In terms of annuity income, the business unit now owns more than 31 megawatts of operational solar assets supplying energy under long-term power purchase agreement contracts to its customers. Existing build-own-operate projects performed in line with expectations.

Lumika Renewables continued to build brand awareness through business development activities in selected African countries. In 2022, Lumika Renewables and Lafarge Egypt signed an agreement to supply solar energy to its cement plant from 2024. This will be one of the largest renewable energy projects in Egypt, one of the largest embedded generation renewable energy projects in Africa.

Terra Firma Solutions develops Africa's largest rooftop solar plant

In April 2022, Cornubia Mall in KwaZulu-Natal began drawing power from its rooftop solar installation. The project began in October 2021 and was designed, engineered and installed by Terra Firma Solutions.

The plant is Africa's largest installation of its kind and among the top 15 largest in the world. It consists of 9 505 solar panels spread across the mall's rooftop and has a direct current capacity of 5,25 megawatt-peak.

The plant will produce the same amount of power as used by 822 suburban Durban homes in a year. While the plant will not meet all the mall's energy needs, it will drastically reduce its dependence on the national grid. The plant also includes battery storage.

Other projects in Terra Firma Solutions' pipeline include two further rooftop solar plants which will also be in the biggest five in South Africa to be completed in 2023.

[1] *This is according to Green Cape's Energy Services 2021 Market Intelligence Report.*

REUNERT IS A **RESPONSIBLE CORPORATE CITIZEN** COMMITTED TO **NURTURING ITS STAKEHOLDER RELATIONSHIPS, INVESTING IN ITS PEOPLE** AND **MANAGING ITS ENVIRONMENTAL IMPACT**.

Universal declaration of human rights

In support of the Universal Declaration of Human Rights, Reunert does not do business with any party that:

- Supports human trafficking
- Intentionally exceeds greenhouse gas emissions while being fully aware of their impact on climate change
- Uses forced labour
- Offers degrading working conditions
- Denies workers access to effective collective bargaining
- Offers no grievance mechanisms and remedies
- Promotes discrimination
- Violates safety and security rules
- Violates land acquisition and resettlement laws
- Instigates bribery and corruption

The ESOP beneficiaries participated in a competition to find a name for the plan. The winning name is:

***Kotulo** – "working together to reap the rewards"*

Kotulo means harvest, which is the process and period of gathering ripe crop. The act of harvesting involves a community working together to gather the bountiful harvest after a long period of nurturing the crop. The Reunert employees are that community.

KOTULO
WORKING TOGETHER TO REAP THE REWARDS

PEOPLE AND PLANET

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Stakeholder relationships (16)

Reunert understands that maintaining its license to operate requires regular and considered stakeholder engagement.

Reunert's stakeholder engagement considers key stakeholders' needs, interests and expectations alongside the Group's best interests. The Group's governance of stakeholder management, including its approach to stakeholder inclusivity, aligns with King IV. Stakeholder inclusivity is achieved by applying the following principles:

> **In focus**
> - In 2022, supplier relationships and the media received more attention
> - Investor days on Renewable Energy and ICT responded to investors' interests
> - Reunert upholds the Universal Declaration of Human Rights

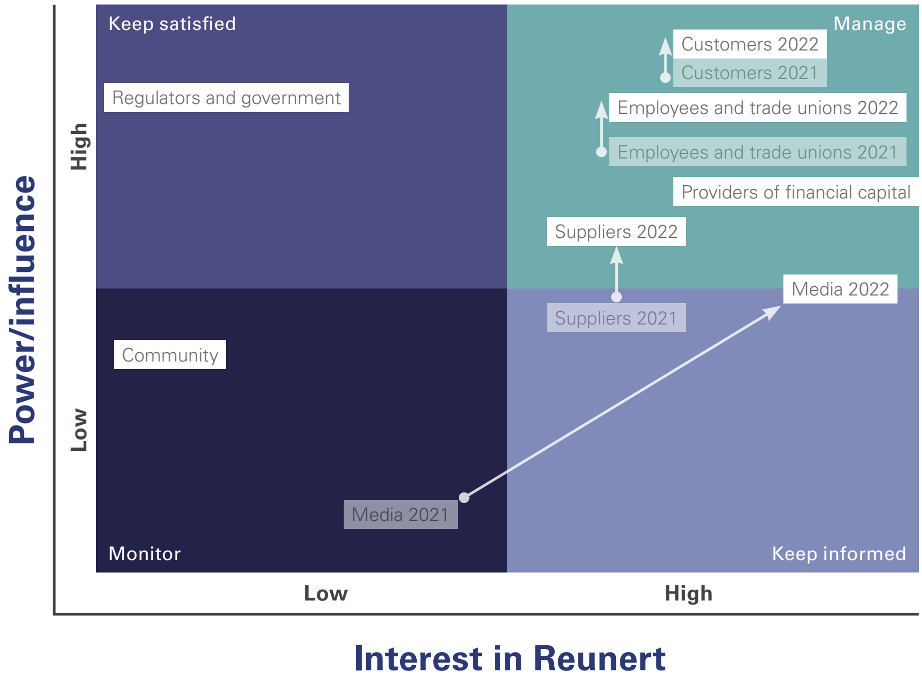
- **Materiality:** Identify stakeholder needs that have the most impact and serve Reunert's best interests over time
- **Completeness:** Engage stakeholders and understand their interests, with particular emphasis on economic and environmental, social and governance (ESG) matters
- **Responsiveness:** Respond adequately and address key stakeholders' concerns

The Board is responsible for oversight of stakeholder relationships. The Setco is mandated to monitor the Group's approach to these relationships.

The following stakeholder groups are material to Reunert:

The matrix on the right outlines the level of power or influence of material stakeholder groups versus their interest in the businesses. This assessment is reviewed annually and adjusted based on feedback from the Board, executive management and relationship managers at business units, strategy development sessions and employees.

The 2022 year was characterised by frequent engagements with investors, employees and customers. Reunert's approach and response to material stakeholder needs, expectations and interests are set out in the integrated report where relevant. The media also received more focused attention.



Stakeholder engagement in 2022

The Board and its committees met frequently to provide oversight on matters of strategic importance. Read more in the governance report starting on page 71.

The Group CEO's communication to all **employees** retained the focus on values and ethics, the Group's overall financial performance, key employee events and topics of national interest. Key employee communications for 2022 included launching the redeveloped Code of Ethics and conducting the third Group Values survey. After concluding the restructured BEE ownership deal the employee share ownership plan (ESOP) was announced and a competition launched for beneficiaries of this plan to find an appropriate name. The winning entry was Kotulo – "working together to reap the rewards".

The Group CEO maintained monthly meetings with all business units' CEOs and financial directors.

Reunert's investment in its people included leadership development engagement sessions across management levels. The sessions were conducted by external service providers, focussing on generational and operational issues to ensure a motivated, engaged and high performing workforce.

Employees accessed support through employee wellbeing assistance programmes offered by external providers. Read more on our human capital on page 60.

Reunert interacted with existing and potential foreign and local **investors**. Investors took a keen interest in the Group's growth story, especially the Renewable Energy clusters and new-age ICT business units. Reunert responded to this interest by hosting investor days covering the Renewable Energy clusters and the ICT Segment. International investors remain concerned about the state of the local economy, state-owned entities and municipalities.

In promoting the Reunert investment case, the Group highlighted its strong track record of strategy execution and specialised and competent management. Other topics of interest remain capital allocation, especially the sustainability of dividend payments and possible share buybacks; the reallocation of funding from the Quince book; and the driver for growth in Reunert's share price.

Reunert met with its **bankers and financiers** regularly to maintain standard working relationships.

A concerted effort was made to expand relationships with the media to present the Group's investment case to a wider audience. No negative or defamatory articles were published about the Group, and engagement is expected to continue.

Reunert maintained positive relationships with trade unions in 2022. The three-week industrial action experienced in 2022 in the manufacturing industry resulted from an industry-wide wage negotiation between the Steel and Engineering Industries Federation of South Africa (an employer body) and the National Union of Metal Workers of South Africa (a trade union), not a Reunert-specific issue.

Business units worked hard to retain and improve the quality of customer relationships. Read more on how this reflects in the segments' performance starting on page 38.

Supplier relationships have not fully normalised from the disruptions caused by Covid-19. Ongoing challenges include electronic chip shortages, material increases in logistics costs for imports and exports, and extended shipping delivery times are being experienced. The shortages of imported raw materials and finished products complicate planning and require higher stock holdings. As global supplier challenges and stock shortages increased, teams in both the ICT and Applied Electronics Segments had to increase their efforts to maintain close working relationships with suppliers. Where necessary, new suppliers were sourced in collaboration and agreement with our existing suppliers.

In addition to the above engagements, there are also general topics that remain relevant for most stakeholders year-on-year:

> Inclusive economic growth and development and Reunert's contribution to it
> Reunert's growth and long-term sustainability, including its approach to innovation and responsiveness to market changes (agility)
> Remuneration and rewards, and how it is aligned with performance while being fair and consistent (refer to the remuneration report, starting on page 97)
> Competitive pricing and service excellence
> Compliance
> Cybercrime awareness

Regulatory, consumer and product compliance

There was a limited cyberattack at Quince. The information regulator was notified in terms of the Protection of Personal Information Act (POPI Act) and necessary steps taken to address and contain the incident as soon as it was discovered.

There were no:

> Substantiated complaints regarding consumer protection and customer privacy (2021: nil)[1]
> Products or services banned in any country or market (2021: nil)
> Non-compliance concerning product and service information and labelling (2021: nil)
> No regulator has taken any action against Reunert during the financial year (2021: nil)

[1] *Most of Reunert's businesses do not directly interact with consumers. Individual business units' management ensures compliance with relevant consumer protection legislation, such as the National Credit Act, 34 of 2005 and the Consumer Protection Act, 68 of 2008 to the extent relevant.*

Human capital review

Reunert acknowledges that attracting and retaining critical skills is essential to its continued growth and sustainability. The Group creates an environment that supports high performance, innovation and strong values and ethical standards.

IN 2022, **OUR DEDICATED EMPLOYEES CONTRIBUTED TO OUR IMPROVED PERFORMANCE**. A HIGHLIGHT OF THE YEAR WAS THE **LAUNCH OF KOTULO,** OUR ESOP, WHICH **GIVES OUR EMPLOYEES THE OPPORTUNITY TO OWN A STAKE IN OUR BUSINESS**.

MOHINI MOODLEY

In focus

- Successfully implemented the redeveloped Reunert Code of Ethics (page 5) and completed the third Reunert Group Values survey
- Launched the Reunert ESOP, including a naming competition and communications activities
- Retention of critical skills and development of successors remains important
- Revised the Leadership and Management Development Framework
- Enhanced the Learning Management System (LMS)
- Industrial action impacted the Electrical Engineering Segment's manufacturing capacity

Reunert's employees in numbers

5 503
(2021: R5 691)
EMPLOYEES[1]

6,3%
(2021: 5,4%)
VOLUNTARY EMPLOYEE TURNOVER

10 years
(2021: 10 years)
AVERAGE LENGTH OF SERVICE

1,8%
(2021: 1,7%)
ABSENTEEISM[2]

[1] *Includes South African operations, excluding Nashua franchises.*

Reunert fosters a high-performance culture

Reunert's Human Resources (HR) strategy

... aligns to three Group strategic pillars	... comprises three pillars
Efficiency	Talent planning
Our people	Talent development
Transformation	Talent attraction and retention

... focuses on

> Driving a high-performance, values-based and ethical culture
> Developing and retaining critical skills through meaningful employee development
> Succession planning
> Implementing skills transfer initiatives and development programmes to address skills gaps
> Partnering with business units to identify, acquire and retain critical roles and talent that drive the highest value
> Supporting and shaping the business model and culture of the Group

... is based on the principle of an Integrated Talent Framework

The Group continued to execute the HR strategy through its focus areas. Effective management of a flexible and hybrid working environment was a priority.

Business units provide monthly reports with HR metrics for the consolidation and presentation to the Exco and relevant Board committees. These reports reveal trends, challenges and achievements in implementing the HR strategy and people transformation. Action plans are developed to address issues.

Reunert's HR key operational performance indicators include turnover, absenteeism, disciplinary enquiries, grievances and the outcomes of matters referred to the Commission for Conciliation, Mediation and Arbitration. Group HR reports on strategy, performance and outcomes in the Setco meetings.

Workplace profile

The Group reviews its organisational structure for alignment with its operating model, strategy and external operating environment. There is an ongoing focus on creating a diverse and representative workforce. While most of Reunert's employees are based in South Africa, the Group is committed to local employment in its operating countries.

	2022	2021	2020	2019	2018
Average South African employee age group (%)					
18 – 34	**31**	30	30	27	29
35 – 44	**32**	32	32	32	31
45 – 54	**24**	25	24	25	24
55 – 59	**8**	8	9	10	10
60+	**5**	5	5	6	6
Employees by country (number)					
South Africa	**4 151**	4 517	4 636	5 083	5 375
Lesotho	**950**	812	773	791	834
Ghana	**5**	–	–	–	–
Zambia	**331**	305	294	302	315
Australia	**55**	44	37	36	34
India	**5**	7	3	3	–
Sweden	**–**	–	–	–	92
USA	**6**	6	4	5	6
Total	**5 503**	5 691	5 747	6 220	6 656
Gender diversity among permanent employees (%)					
Men	**59**	60	59	60	61
Women	**41**	40	41	40	39
Total number of disabled employees[1]					
Men	**30**	46	46	46	52
Women	**44**	62	58	61	60

[1] *Permanent and non-permanent employees.*

Group Values survey

This year marks the fifth anniversary of Reunert's Group Values. In 2022, Reunert conducted the third Group Values survey to assess the impact of the values. The response rate was 65%, with participation from 2 044 employees. The survey asked employees to rate the impact of the values on the Group, the extent to which they lived them, and give their perceptions of the strength of each of the five values. The survey results reveal that the impact of the Group Values on the operations at business units improved by 13% from 2020 to 2022. Overall, employees believe that their individual and team member behaviour strongly reflects the values.

Talent management

Retaining key talent and developing internal successors has become increasingly important. The Group's talent management includes proven succession planning methods and HR policies, procedures and practices that attract, develop and retain talent.

Reunert follows a defined process to identify and review talent. Succession planning classifies employees and identifies potential successors for key positions. Critical roles and succession planning are considered when appointing candidates, approving training and setting remuneration.

Reunert protects human rights

In compliance with Reunert's Human Rights Policy, the Group has not had to address any incidents of human rights violations, child labour, reduction of excessive working hours, nor forced and compulsory labour (2021: nil).

Reunert's Human Rights Policy is available at www.reunert.co.za/sustainability.php.

Talent planning

Reunert has mapped its critical skills throughout the Group. Business units update their talent maps bi-annually, and the Group updates its talent map annually. Succession planning, which includes Head Office oversight, is used to identify key roles and to create talent pools across business units, departments and functions.

Identified successors for key roles have career development plans. Successors are rated in respect of their readiness to assume the more senior roles. Where there are gaps, alternate succession options include stopgaps, former or retired employees and sourcing from within the Group or the broader market. In 2022, most vacancies were filled with successors or stopgaps. Contractors are used to fill positions temporarily if needed.

Talent development

Business units have strategies in place for employee learning and development. In 2022, the Group spent R61 million on employee training (2021: R55 million).

The Group conducted its annual training needs assessment to ensure that employees meet current and future skills requirements. Employees may apply for educational support to develop their skills. Selected employees have individual development plans to deepen their existing skills. Group Exco monitors the progress made on individual development plans for critical roles.

In 2022, 99 employees were promoted (2021:133)[1]. Business units address underperformance through performance management.

Reunert Leadership and Management Development Framework

Organisations thrive when leaders behave in a consistent manner to share a vision, encourage teams and ensure that employees are as effective as possible. In 2022, Reunert developed, with the assistance of external service providers, a revised Leadership and Management Development Framework to crystalise Reunert's desired leadership behaviours.

Senior executives and employee representatives across the Group worked together to define the leadership behaviours they would like to see exhibited throughout the Group. These behaviours will form the "Reunert DNA" and the foundation for the Leadership Framework and, ultimately, the leadership competencies required to drive the desired behaviours.

The Leadership and Management Development Framework will be used to create a bespoke Reunert Leadership and Management Development Training Programme to improve the competencies of existing and emerging leaders and managers. This programme will be finalised and launched in 2023.

Building Better Teams

Reunert's Building Better Teams training programme promotes Group Values and fosters better team collaboration and understanding. In 2022, a blended training model was adopted, and the team effectiveness module was conducted virtually with 31 employees going through this programme. The programme includes three training modules.

Learnerships and trainees

Most of Reunert's business units offer learnerships, apprenticeships and internships to its employees and previously disadvantaged, unemployed individuals. These initiatives improve the Group's B-BBEE score, add new technical skills and strengthen relationships with local communities. Reunert works with learning institutions to run its trainee programmes. In 2022, Reunert facilitated the following learnerships and trainee programmes:

> 280 (2021: 310) learners on learnerships, apprenticeships and internships
> 131 (2021: 199) employees on learnerships
> 149 (2021: 111) trainees that are not in Reunert's employ

Established in 1996, the Reunert College (page 67) meets a strong demand for educational and workplace skills for previously disadvantaged communities. The college provides a pool of talented students for entry-level career opportunities across the Group.

LMS

The Group's LMS is an evolving e-learning system that directs employees' ongoing learning. It facilitates the delivery of Group-wide training efficiently and cost effectively. This includes compulsory training on all types of compliance training. In 2022, Reunert delivered its cyber security awareness training through the LMS business units commission tailored training material, manage training interventions and track employees' development through comprehensive reporting within the LMS.

In 2022, Reunert changed the content provider for the LMS to improve the learning experience and provide more engaging learning material. New learning material will be developed and rolled out in 2023.

[1] *For all business units across all management levels.*

Talent attraction and retention

The Group's high external offer acceptance rate reflects its strong employer brand. In 2022, the acceptance rate of management-level offers was 96% (2021: 95%).

Reunert's high employee retention rate reduces the time spent recruiting and training new employees. The Group concentrates its retention efforts on critical employees with institutional knowledge and employees with scarce technical skills. The South African voluntary turnover for all levels of management employees was 6,3% (2021: 5%).

The turnover rate of top performers, critical individuals and employment equity individuals at top, senior and middle management levels was 6,7% (2021: 5%). Even though the turnover rate is slightly higher compared to 2021, it is below the risk tolerance levels. In 2021, a retention plan was implemented for critical employees. These critical employees were identified through succession planning and talent discussions. Employee retention is likely to be enhanced by the ESOP, which was implemented in April 2022.

Trade union engagement

Reunert protects employees' rights, including the rights to non-discrimination and freedom of association. The Group complies with South African labour laws and informs employees of these laws at induction. The Group complies with the labour laws in its other operating territories, which are communicated to employees in the countries' business languages. Reunert's working hours and disciplinary procedures comply with statutory requirements.

Most of Reunert's unionised workforce is employed at its manufacturing plants. In 2022, union membership decreased to 24% (2021: 27%). The National Union of Metal Workers of South Africa (NUMSA) has the largest membership, representing 14% (2021: 17%) of Reunert's permanent employees.

In September 2021, Reunert's Electrical Engineering Segment and Omnigo in the Applied Electronics Segment were impacted by an industry-wide strike by workers in the engineering and metals sector affiliated with NUMSA. The strike ended in October 2021 after concluding a three-year wage agreement.

The Group engages trade unions in terms of a recognition agreement. The Metal and Engineering Industries Bargaining Council[1] (MEIBC) oversees engagements between companies and unions in this sector. Wages and terms of employment for scheduled employees are negotiated at a central bargaining level. With assistance from the Group Human Capital and Sustainability Executive Director, the business units' management and HR executive manage all other labour concerns.

Reunert pays fair and living wages. The MEIBC main agreement regulates industry minimum wages. Any changes to wage rates are communicated to relevant employees. Business units grade all positions and ensure that the correct rate is paid for each position.

Reunert supports industry initiatives, and the Electrical Engineering business units collaborate with other industry players through the Steel and Engineering Industries Federation of Southern Africa industry policy forum.

Occupational health and safety

The original Occupational Health and Safety Act (OHSA) was enacted in 1993 to provide for people's health and safety at work while operating equipment and machinery. This act is legally enforceable and managed by the Department of Labour. The OHSA Amendment Bill aims to ensure that businesses have a direct consequence for non-compliance. The bill enforces stricter health and safety requirements for South African businesses.

Reunert has a positive track record of adherence to health and safety standards across the Group[2]. Business unit CEOs are appointed as health and safety representatives in terms of section 16(2) of the OHSA. These appointments come with statutory health and safety responsibilities, which they accept in writing.

Reunert secures an independent third party to verify that work environments are safe, suitable and sanitary and that employees have the correct protective clothing and receive safety training. Management reviews feedback on suggested improvement areas based on the audits. No serious transgressions were reported to the Risk Committee (2021: nil).

New employees and contractors attend induction programmes with a health and safety component. Regular OHSA Committee meetings are conducted at all business units. Health and safety training conducted includes firefighting and first aid. All recorded incidents are reviewed by internal audit. Where applicable, formal agreements with trade unions and formal joint worker-management health and safety committees are in place.

Sadly, in October 2021, Reunert reported a fatality of an employee at Terra Firma Solutions. Investigations into this unfortunate event indicate that the employee did not correctly adhere to the specified and known health and safety procedures. The business unit has addressed this by retraining employees on these safety procedures.

The CBi-Electric businesses – African Cables, Zamefa and Circuit Breakers (Elandsfontein and Lesotho) – have full-time clinics at their manufacturing plants. Employees can seek basic health assistance from the resident sister or a visiting doctor. All business units offer regular screenings for blood pressure, cholesterol, vision and diabetes.

Business units comply with International Organization for Standardization (ISO) 18001: 2007 and ISO 45001:2018. The ISO disclosures are aligned with the international assurance standards for health and safety. These certifications are listed in the standards and principles fact sheet and can be found at www.reunert.co.za/sustainability.php.

[1] *The Labour Relations Act, 66 of 1995 provides for the self-regulation of industries through the medium of centralised bargaining within bargaining councils. All employers and their employees pay a council levy towards the funding of the council.*

[2] *The Reunert Health and Safety Policy is available online at www.reunert.co.za/sustainability.php*

KPI	2022 performance	2022[1]	2021	2020	2019	2018
Health and safety audit scorecard (%)						
Electrical Engineering	●	**98%**	98	97	98	95
ICT	●	**99%**	95	97	96	94
Applied Electronics	●	**99%**	96	95	91	88
Health and safety records[2]						
Employee fatalities	●	**1**	0	0	0	0
Occupational diseases recorded	●	**356**	792	127	0	1
Work-related injuries	●	**31**	52	66	59	47
Lost days recorded due to injuries	●	**260**	360	389	348	426

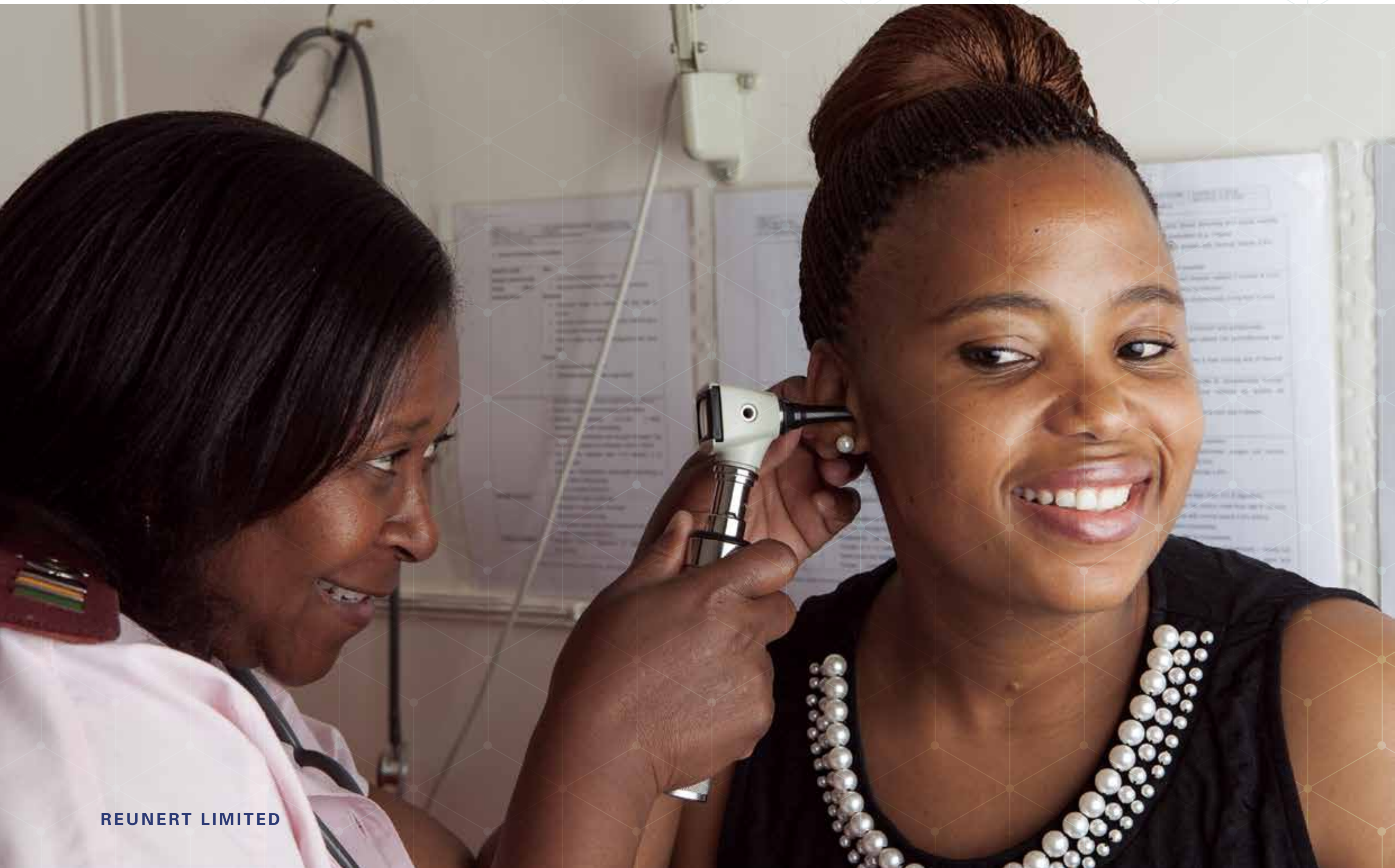
[1] *Not all entities were graded.*
[2] *Covid-19 incidents at the workplace are classified as occupation-contracted disease, and these cases are included in medical treatment, fatalities and occupational diseases recorded.*

Other communicable or specific diseases

Except for Covid-19, no South Africa-based employee was exposed to a high risk of infectious disease while at work. HIV/Aids information is strictly confidential.

Covid-19 is considered an occupation-contracted disease and contributed 100% of the total number of recorded occupational diseases (2021: 100%). Reunert continued to adhere to Covid-19 protocols, and promote awareness of Covid-19 prevention and the importance of vaccination. The Group partnered with the Department of Health to hold vaccination days and run competitions to encourage vaccination. Reunert continued to monitor Covid-19 positive results. In FY 2022, 74% of all permanent employees were vaccinated. There were no Covid-19 fatalities across the Group (2021: 16).

Malaria is widespread in Zambia, and Zamefa has an established Protection Programme. 195 cases were recorded at Zamefa (2021: 171).



B-BBEE report

Reunert embraces transformation and is committed to ongoing transformation and initiatives that uplift previously disadvantaged communities.

Reunert has a comprehensive strategy to ensure that transformation is achieved across the Group. This strategy addresses all five elements of the B-BBEE scorecard. Policies are in place to prevent discrimination against employees based on race, religion, age, sexual orientation or nationality.

Reunert uses a B-BBEE monitoring tool to track and flag risks to B-BBEE initiatives across the Group. Business units share their experiences with transformation to foster best practices across the Group. Reunert reviews and guides business units on the B-BBEE budgets and verification targets.

In focus

> The three-year employment equity targets approved by Setco are on track, and after year two, the targets at senior, middle and junior management levels are achieved

> Most business units maintained their targeted B-BBEE levels

Overview of B-BBEE elements

The table below summarises the different B-BBEE elements, with more detail in other sections of the B-BBEE report. Reunert Limited obtained a consolidated Group B-BBEE Verification Certificate, reflecting a level 3 contributor status. The Group certificate is based on an assessment of its B-BBEE elements for the year ended 30 September 2022. This certificate is valid until 11 December 2023.

Element	November 2022	Score November 2021	Overview
Ownership (out of 25)	**25,00**	25,00	Reunert is committed to an ownership and control structure aligned with the vision outlined in the B-BBEE Codes of Good Practice. The ownership element includes Reunert's ESOP, which is in its first year of operation.
Management control (out of 19)	**12,37**	12,35	Refers to all top, senior, middle and junior management levels and employees with disabilities of South African verified entities.
Skills development (out of 20)	**13,64**	12,46	Skills development refers to the Group's contribution to developing the core, scarce and critical skills of Black people. These contributions include internal and external training initiatives and direct and indirect training costs. In 2022, the Group spent R55 million (2021: R55 million) on internal and external skills development. Refer to page 62 for Reunert's learnerships and trainee programme.
Enterprise and supplier development (out of 40)	**36,14**	35,76	Reunert contributed R32 million to enterprise and supplier development in 2022 (2021: R37 million). The beneficiaries are Black-owned exempted small and qualifying small enterprises chosen by the Group's business units. The support includes grants, loans, discounts, training, and mentorship to boost their performance. Reunert's supplier development score as a percentage of profit after tax is 8,75 out of ten for supplier development and five out of five for enterprise development. Two bonus points were achieved.
Socio-economic development (out of 5)	**3,23**	4,30	Reunert addresses socio-economic development through the Nashua Children's Charity Foundation and the Reunert College. Additional initiatives are supported in local communities. In 2022, Reunert spent R8 million (2021: R7 million) on socio-economic development.

To see business unit's B-BBEE level, refer to the B-BBEE rating fact sheet at https://www.reunert.co.za/sustainability.php.

Ownership

Reunert's original BEE ownership structure was implemented in 2007 and expired in March 2022. In February 2022, at a special General Meeting, Reunert's shareholders approved a restructured BEE ownership structure. This BEE structure is aligned to best practice and principles of modern BEE transactions.

The restructured BEE ownership structure results in a 13% Black shareholding in Reunert, of which 8,5% is allocated to the Rebatona Educational Trust. This is an increase from the trust's previous 6,5% shareholding. The trust funds the education of young Black women.

The remaining 4,5% is allocated towards an ESOP. Named Kotulo, meaning harvest, the ESOP provides all permanent qualifying employees with an opportunity to participate in the benefits of a shareholding in Reunert from 1 April 2022. The Rebatona Trust and ESOP will receive a trickle dividend of 10%, in proportion to their effective shareholding of Reunert dividends, starting in June 2022. Two beneficiaries were elected as trustees.

Management control

Reunert aims to increase Black representation at top, senior, middle and junior management levels. The Group's Transformation strategy was updated in 2018 and reviewed in 2021. Employment equity representation for top management improved from 18% in 2014 to 39% in 2022. Overall, employment equity representation remained nominally the same. Total Black representation across the top, senior, middle and junior management levels is 60% (2021: 61%).

Business units monitor their employment equity progress against targets, and reports are presented to Exco and Setco. The three-year targets were approved by Setco for the traditional business units in the Group, with a separate set of targets for the acquired business units. The Group is in the second year of the three-year cycle for the new targets.

Equity profile by employee numbers, including international operations

	South African							Non-South African		
	Total	Total male	Black male	White male	Total female	Black female	White female	**Total**	Male	Female
Top and senior management	**322**	225	95	130	71	43	28	**26**	24	2
Professionally qualified, specialists, and middle management	**579**	395	163	232	124	81	43	**60**	49	11
Skilled, technical, and academically qualified junior management	**1 583**	957	586	371	516	323	193	**110**	54	56
Semi-skilled and unskilled	**2 110**	748	703	45	473	406	67	**889**	265	624
Total permanent	**4 594**	2 325	1 547	778	1 184	853	331	**1 085**	392	693
Contractors	**28**	10	1	9	3	0	3	**15**	12	3
Temporary employees	**706**	210	136	74	212	173	39	**284**	10	274
Trainees	**175**	79	77	2	81	80	1	**15**	11	4
Total non-permanent	**909**	299	214	85	296	253	43	**314**	33	281
Total employees	**5 503**	2 624	1 761	863	1 480	1 106	374	**1 399**	425	974

Percentage Black management in South Africa[1]

	Black male (%)			White male (%)			Black female (%)			White female (%)		
	2022	2021	2020	**2022**	2021	2020	**2022**	2021	2020	**2022**	2021	2020
Top management	**24**	23	24	**54**	56	62	**15**	14	9	**6**	7	5
Senior management	**37**	35	34	**38**	38	38	**14**	15	14	**11**	12	14
Middle management	**31**	29	27	**45**	48	51	**16**	15	14	**8**	8	8
Junior management	**40**	41	40	**25**	25	27	**22**	22	20	**13**	13	13

[1] *These numbers exclude foreign nationalities working in South Africa.*

Skills development through the Reunert College

Established in 1993, the Reunert College[1] has a proven record of transforming underprivilege children's lives by investing in their education. The college has two campuses – one in Boksburg and the other in Alrode.

The college provides a pool of talent for entry-level positions within the Group. The year-long programme is centred on improving developing learners' mathematics, science and accounting capabilities. In addition, the programme assists learners with career readiness through life skills training and ongoing mentorship.

Since its inception, 1 804 students have matriculated from the college. An average of 60 students enrol annually, and the average enrolment age is 19. The current ratio is 41% male and 59% female students. In 2022, 41 (2021: 57) Black students matriculated – representing a 100% pass rate.

After matriculating, top students are eligible for a Reunert bursary. There were 46 Black (2021: 50) Reunert bursars studying at universities or universities of technology in Gauteng, North West, Free State and the Western Cape. The college tracks progress made by its bursars and alumni and provides ongoing mentorship to alumni.

The college is dedicated to enhancing education within the community through a Principals' Forum, which was first established in 2003. This forum facilitates training and development sessions on different educational topics for school principals. In 2022, 19 township schools (2021:19) took part in this initiative.

Reunert's business units contributed R7,5 million in 2022 (2021: R6,7 million) to the college.

Reunert College key performance indicators	2022	2021	2020	2019	2018
College spend to develop students (Rm)	**7,5**	6,7	5,4	6,1	5,9
Number of bursars placed and retained within the Group	**45**	40	36	42	38

Enterprise and supplier development

Developing small, medium and micro-sized enterprises (SMMEs) is a key supply chain focus for business units. Each business unit has specific initiatives to address enterprise and supplier development. An SMME framework and operating model are in place to ensure that SMMEs are included in the supply chain and are developed effectively.

Support provided to Enterprise and Supplier Development beneficiaries during FY2022

Category	Total number of beneficiaries assisted	100% Black owned		Majority Black owned		30%+ Black Women owned Beneficiaries
		Number of beneficiaries	Value received in Rm	Number of beneficiaries	Value received in Rm	
Enterprise development beneficiaries	**27**	19	R6m	6	R7m	8
Supplier development beneficiaries	**24**	15	R14m	9	R6m	16

The assistance provided to these beneficiaries include, but are not limited to professional services rendered at no cost, interest free loans without security requirements, sponsorship of overhead costs and direct costs incurred by the beneficiary and skills transfer.

Socio-economic development

Reunert supports child and youth development through its community investment in education and food security initiatives. In 2022, 99,3% (2021: 98,5%) of Reunert's total corporate social responsibility spend benefited previously disadvantaged groups.

Most of this funding is allocated to the Nashua Children's Charity Foundation and the Reunert College. In addition, many business units support initiatives in their surrounding communities.

Nashua Children's Charity Foundation[2]

With rising living costs and high unemployment, food insecurity and household hunger are commonplace. Malnutrition and hunger have long-term impacts on children in the form of stunted growth and other developmental delays. Established in 2006, the Nashua Children's Charity Foundation supports 102 children's organisations, providing more than 15 000 children with 600 000 meals each month. This includes two meals and a school lunch pack per child each day.

The NCCF provides the following support to impoverished and orphaned children, and special needs facilities and schools:

> Groceries, cleaning materials and toiletries
> Education (which includes school uniforms, stationary and educational equipment)
> Building additions, alterations and infrastructure such as beds, mattresses, linen and kitchen appliances
> Special projects include Dikgale Food Drive, the annual Mandela Day and World AIDS Day commemoration
> Sponsored outings and entertainment
> Office automation equipment

[1] *Visit Reunert College at www.reunertcollege.co.za.*
[2] *Visit the NCCF page at www.nashua.co.za/nccf-charity-foundation/*

Climate change and environmental review 13

Reunert adheres to high standards of environmental management compliance across the Group. The Group's transformative business solutions include renewable energy, smart energy consumption and low-carbon alternatives.

Reunert's business units are encouraged to obtain ISO 14001 verification to enhance their environmental performance through resource efficiency and waste reduction. Reunert's environmental assessments are aligned with ISO 14001. African Cables, Zamefa, Nashua and Reutech Solutions have ISO 14001 certifications. These are listed in the standards and principles fact sheet at www.reunert.co.za/sustainability.php.

Reunert makes submissions to CDP Climate Change and CDP Water projects each year. The Group Environmental Policy and additional environmental data, including CDP submissions, can be found at www.reunert.co.za/sustainability.php.

In focus

> Increased revenues generated from renewable energy products from less than 1% in 2017 to 8% in 2022
> Maintained environmental management systems, including the monitoring of water, energy and material usage
> Group-wide review of the impact of climate change on operations

Reunert has measures in place to minimise waste and pollution and facilitate recycling. The Group produces minimal hazardous waste. In 2022, Reunert received no fines for non-compliance with environmental laws (2021: nil). No inspections, material incidents of spillage or environmental infringements were reported.

Climate change

Addressing the risks and opportunities related to climate change is an integral part of the Sustainability strategy and have been considered in the Group strategy.

Task Force on Climate-related Financial Disclosures

In 2021, Reunert started a process to determine the suitability of the Task Force on Climate-related Financial Disclosures (TCFD) recommendations for the Group. It was concluded that Reunert should adopt these recommendations in a multi-year process, with implementation undertaken in phases.

In 2022, Reunert conducted a climate change review focused on:

> The material actual and potential impacts of climate-related risks and opportunities for the Group
> The resilience of the Group's strategy under climate change scenarios

Each business unit assessed the impact of these scenarios, at a high level, over the next three years, on its business and strategy and on the resilience of its strategy. Overall, the business units' strategies are resilient to climate change. The greatest potential threat is that several business units will struggle to pass on cost increases to customers. Business units continue to monitor emerging risks.

The next step will be to set targets using the TCFD approach and other relevant guidance frameworks.

Reunert's climate-related opportunities

Reunert is well-positioned to benefit from the global pursuit of decarbonisation. Market opportunities include energy efficiency and optimisation, renewable energy and electrification to improve access to greener forms of energy.

Reunert has the appropriate business units to develop strategies to benefit from these opportunities within electricity and the digitisation of electricity monitoring. These include optimising energy through digitised control and monitoring and circuit breaker products which will play a pivotal role in digitisation.

Green solutions

Reunert is establishing a market leadership position in solar energy generation and storage through its business units and joint venture.

Terra Firma Solutions builds solar plants for customers and invests in its own plants to generate solar electricity for customers, and BlueNova supplies battery storage energy solutions. The joint venture Lumika Renewables develops renewable energy solutions for commercial and industrial customers in Africa. Read more about these business units on page 55.

Circuit Breakers develops product ranges that are used in green technology environments. These are ideal for energy management applications due to their leading technology and small size. Read more on page 42.

Reunert's climate risks

Reunert incorporates climate change considerations in its risk management process. The Group's primary climate-related risks are summarised as follows:

Market shifts	> ESG-conscious customers require new products, solutions or service methodologies to comply with stringent ESG requirements or support their ESG-aspirations > New products and services that better serve ESG-conscious markets can disrupt Reunert's markets > Potential trade barriers to key export markets might challenge our diversification strategy
Reputation	> ESG is increasingly important to providers of capital, including current and potential shareholders, bankers and funders
Profitability	> The cost of compliance with new legislative and governance requirements or to achieve our own aspirations can decrease profitability > Costs across the supply chain may increase as compliance costs are passed on to Reunert
Supply chain	> There might be supply chain volatility as traditional sources of supply manage their evolution to a lower carbon reality

Energy and carbon emissions

Reunert has quantified its carbon emissions since 2012 and is in the process of setting group-wide targets and benchmarks. The CDP, formerly known as the Carbon Disclosure Project, provides the mechanism for reporting in line with the TCFD recommendations. Reunert will continue to upload ESG statistics to this platform as this is the preferred ESG data repository for international investors. Terra Firma Solutions assists the Group in measuring its carbon footprint assessment. This financial year's total greenhouse gas emissions have been calculated at 203 380 tonnes of CO_2e, following the Greenhouse Gas Protocol.

Emissions associated with material use were the highest contributor to Reunert's carbon footprint at 139 512 tCO_2e (69% of emissions). Electricity consumption at Reunert-owned sites followed at 37 176 tCO_2e (18% of emissions). The decrease of 21% in Scope 2 emissions is mainly attributable to CBi Telecom Cables being excluded from this year's analysis due to the entity being under business rescue.

Due to their energy-intensive manufacturing plants, Electrical Engineering and Applied Electronics have the highest energy consumption. In 2022, the Group's grid electricity usage decreased by 19% to 48 083 MWh (2021: 59 407 MWh). This decrease was due to the exclusion of CBi Telecom Cables data and the use of generators and renewable energy sources. Energy usage is regularly monitored and opportunities to reduce energy consumption are implemented where possible.

Reunert manages load shedding through the use of generators and solar energy. Stationary combustion emissions associated with diesel generators increased by 62% due to the significant increase in load shedding days compared to the prior year. Mobile fuel emissions also increased as the South African economy opened up post Covid-19 lockdown.

Renewable energy

Renewable energy is a key initiative to reduce Scope 2 emissions. Reunert grew its renewable energy generated this year by 130%. The Group has a 297 kWpeak solar photovoltaic (PV) system at Reunert Park in Midrand, a 429 kWpeak solar PV system at Fuchs Electronics and recently installed a 1,1 MWpeak system at CBi-electric: Low Voltage. These facilities generated 2 543 MWh of renewable energy, resulting in saving 2 696 tonnes of CO_2e from being released into the atmosphere.

	Metric tonnes CO_2e				
	2022	2021	2020	2019	2018
Greenhouse gas emissions by scope					
Scope 1	**8 071**	6 090	5 404	6 362	6 912
Scope 2[1]	**37 176**	48 501	47 329	52 410	46 570
Intensity metrics[2]					
Scope 1 and 2 emissions per full-time equivalent employee	**9,85**	11,38	8,92	9,54	9,72
Scope 1 and 2 emissions per R million revenue	**4,03**	5,51	6,42	5,32	4,95

1 *Location based.*
2 *Based on gross global combined Scope 1 and 2 emissions per CO_2e tonne.*

Carbon tax

Reunert keeps abreast of amendments to carbon tax regulations both locally and internationally. The South African National Environmental Air Quality Act's Carbon Tax Act, 15 of 2019 incentivises renewable energy and zero-emission processes to drive a sustainable future. Businesses must pay carbon tax should they use stationary equipment to combust 10 megawatts at a facility, regardless of fuel type.

None of Reunert's business units trigger the threshold for stationary combustion. This is assessed annually to ensure compliance. Reunert regularly monitors changes in the requirements or thresholds. As Reunert falls below the threshold, no admissions to the Department of Environmental Affairs and National Treasury are required at this stage.

Water

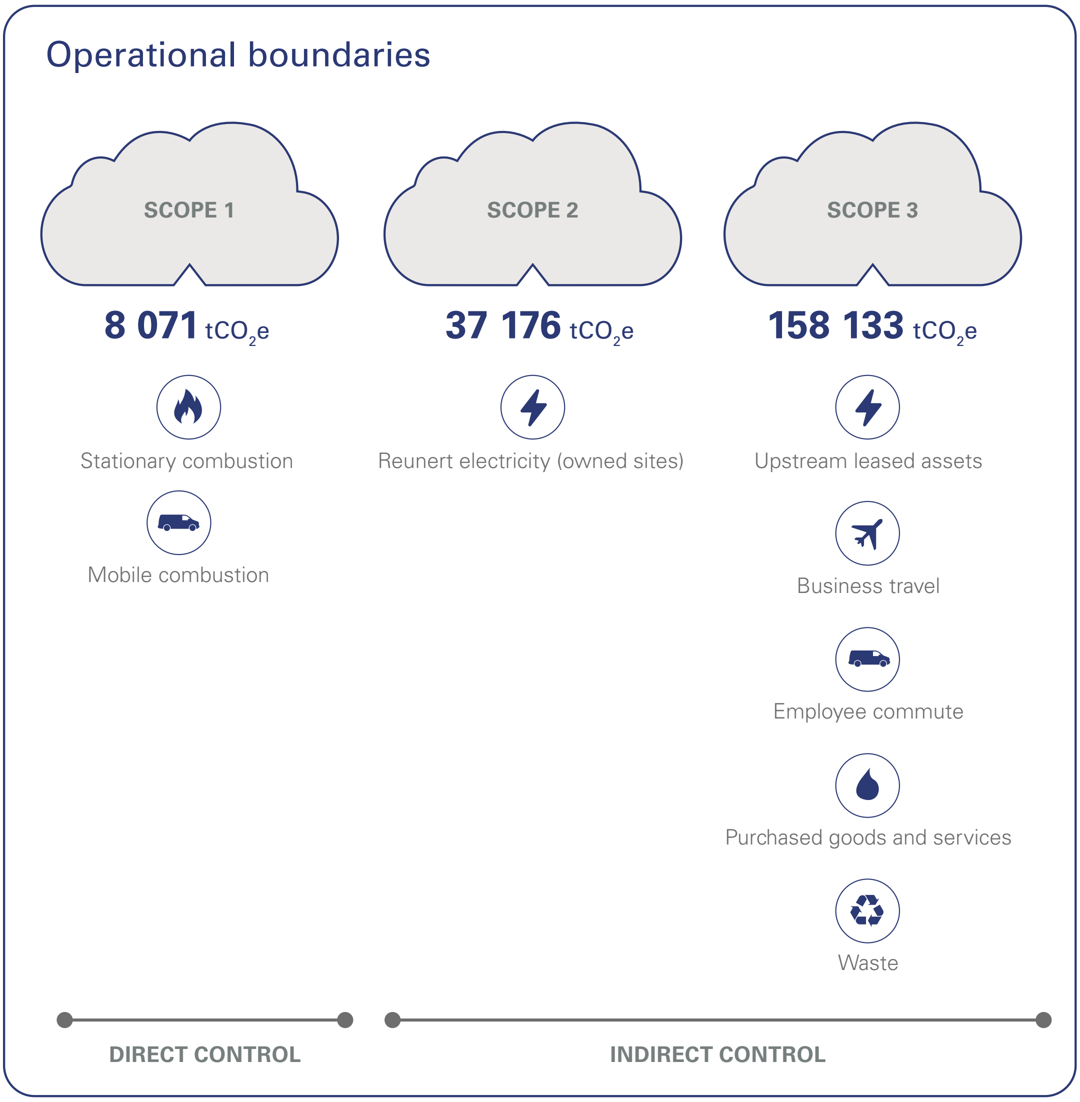
Reunert recognises the importance of protecting precious water resources. The Group's manufacturing processes are not water intensive. Electrical Engineering recycles and reuses water during manufacturing. In 2022, total water consumption increased by 8% to 285 969 kilolitres (2021: 264 406 kilolitres) due to higher production volumes at the Electrical Engineering and Fuzes manufacturing operations. Electrical Engineering has recycled 58 314 kilolitre water. Limited data were received on borehole and rainwater measurements.

The Group tracks water usage to identify wastage, leaks and opportunities to reduce consumption. Reunert uses systems to monitor water and electricity consumption automatically, given frequent inconsistent readings in some municipalities.

Water usage (kl)	**2022**	2021	2020	2019	2018
Total	**227 604**	218 201	225 273	249 376	324 863

Environmental trade-off: Reunert's cable operations require copper extraction, and mining activities to produce copper have an environmental impact.

Reunert 2022 Carbon Footprint



REUNERT IMPLEMENTS **CORPORATE GOVERNANCE PRACTICES**, WHICH PRACTICES ARE **REVIEWED AND ADJUSTED** AS THE **GROUP EVOLVES**. THE GROUP **SUBSCRIBES TO ALL APPLICABLE KING IV PRINCIPLES**[1]. THE GROUP'S **MATERIAL GOVERNANCE PRACTICES ARE EXPLAINED THROUGHOUT THIS REPORT** AND IN OTHER PUBLIC INFORMATION.

THE **GOVERNANCE APPROACH** IS BASED ON:

> **MATERIALITY:** IDENTIFY GOVERNANCE MATTERS THAT ARE MATERIAL TO REUNERT OVER THE SHORT, MEDIUM, AND LONG TERM

> **DESIGN AND IMPLEMENTATION:** DESIGN AND IMPLEMENT

> **CONTINUED IMPROVEMENT:** ASSESS AND IMPROVE GOVERNANCE PRACTICES TO ADDRESS THE MATTERS IDENTIFIED

GOVERNANCE AND LEADERSHIP

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[1] *Principle 17 is not applicable to Reunert. A King IV disclosure matrix is available at www.reunert.co.za/sustainability.php.*

An overview of governance 1 6 10 16

Reunert's Governance Framework aims to ensure an appropriate balance in the Group between oversight and control and operational autonomy.

The Board primarily derives its responsibilities and duties from:

> The Companies Act, 71 of 2008 (the Companies Act)
> JSE Limited Listings Requirements (JSE Listings Requirements)
> The Company's Memorandum of Incorporation (MOI)
> King IV on Corporate Governance™ for South Africa, 2016 (King IV)
> South African common law

The Board Charter and policies outline how these responsibilities are addressed and discharged.

Delegation by the Board

A Board-approved formal Delegation of Authority Framework is in place to support role clarity and effective discharge of duties at the Board, Board committee and Group Executive Committee (Exco) level. This framework is reviewed regularly, typically annually.

The Board acknowledges that delegating responsibilities does not absolve it of its accountability.

Board policies

The Board Charter and policies ensure a shared understanding of expected behaviour and procedures that support ethical and effective leadership. Directors' conditions of appointment require that they commit to the Board Charter.

The Board Charter and associated policies, including the Board's approach to diversity, which is incorporated in the director appointment policy, are available at: www.reunert.co.za/corporate-governance.php.

Reunert Reserved Matters Framework

Reunert's Delegation of Authority Framework guides the Group's Reserved Matters Framework. The Reserved Matters Framework is a comprehensive document that adapts to the Group's changing circumstances. In terms of the standard subsidiary MOIs, subsidiaries must adhere to the Reunert Reserved Matters Framework, and transgressions are handled through disciplinary processes. In addition to the Reunert Reserved Matters Framework, Reunert's Head Office also prescribes policies on matters such as accounting practices and aspects of regulatory compliance.

The Group acknowledges that its subsidiaries are separate legal entities. The Governance Framework does not envisage that Head Office takes over subsidiary powers or management but rather creates a mechanism to oversee critical matters. This allows the Reunert Exco member or functional head the power to veto a proposed transaction or course of action if concerns raised are not appropriately addressed.

Group governance

The Exco is tasked with executing the Board-approved strategy and approving Group-wide policies, procedures, and reserved matters for governance oversight of business units.

The Group's Governance Framework for wholly-owned subsidiaries includes:

> MOIs, all of which expressly require that business units comply with Group policies and procedures
> The Reunert Reserved Matters Framework indicates which matters need to be escalated to functional heads, the Exco or the Board

Shareholders' agreements for joint ventures or subsidiaries with minority interests include appropriate governance practices. Most aspects of Reunert's reserved matters, policies and procedures apply to these companies and are regulated by the relevant shareholders' agreement.

Business unit management meetings include one or more Exco members as an additional aspect of oversight. Three Exco members are Segment Heads (Terry Lawrenson: Electrical Engineering, Graeme Eddey: ICT and Trevor Raman: Applied Electronics). Material matters discussed in management meetings are formally escalated to Exco.

During the year, the Financial Controls and Information and Technology Steering Committee (Fitco) was formalised as a sub-committee of Exco. The activities of Fitco are discussed on page 79.

Key governance outcomes in 2022 6

The Board, supported by its committees, confirms that it discharged its responsibilities for the year.

Board and committee focus areas and key decisions

- Monitored the implementation of the Reunert Group strategy
- Approved the restructured BEE ownership structure, including the Employee Share Ownership Plan (ESOP)
- Approved the acquisition of Etion Create
- Oversaw the Group's response to challenges in the operating environment, including ongoing supply chain challenges

Process enhancements

- In 2022 there were several Board changes, and this required a comprehensive review of Board committee membership
- The CEO/CFO sign-off process continued to receive attention as the Group moved from a project approach to embedding the required discipline with the appropriate oversight

Leadership changes in 2022

The following changes were concluded at the February 2022 Annual General Meeting (AGM):

Trevor Munday	An independent non-executive director and Chair of the Board, retired from the Board.
Mohamed Husain	Assumed the role of the Board Chair.
Sean Jagoe	The lead independent director, retired from the Board.
John Hulley	Succeeded Sean Jagoe as lead independent director.

The following independent non-executive directors were appointed, effective 1 March 2022:

Ralph Boëttger	A Chartered Accountant by profession, Ralph is an experienced director in both executive and non-executive capacities. Ralph chairs the Investment Committee and is a member of the Remuneration Committee and Setco.
Tina Eboka	With qualifications in science and engineering and a Master of Business Administration (MBA), Tina's extensive work experience includes banking, science and technology research, retail and manufacturing. Tina is a member of the Risk Committee and Setco.

Non-executive director change on 30 June 2022:

Advocate Thandi Orleyn	Thandi retired as non-executive director effective 30 June 2022 after considering her personal commitments and her long service to the Board.

Reunert's leadership[1] 6 7 10

Non-executive directors as at 30 September 2022

Mohamed Husain (61)
Chair, independent non-executive director

Appointed to the Board:
1 November 2020

Appointed Chair:
15 February 2022

Qualification: BProc, Practising Attorney

Tasneem Abdool-Samad (48)
Independent non-executive director

Appointed to the Board:
1 July 2014

Qualification: CA(SA)

Ralph Boëttger (61)
Independent non-executive director

Appointed to the Board:
1 March 2022

Qualifications: CA(SA)

Alex Darko (69)[2]
Independent non-executive director

Appointed to the Board:
1 October 2019

Qualifications: MSc, FCCA

Tina Eboka (63)
Independent non-executive director

Appointed to the Board:
1 March 2022

Qualifications: BSc, MBA

Pierre Fourie (63)
Independent non-executive director

Appointed to the Board:
1 October 2019

Qualification: CA(SA)

John Hulley (62)
Independent non-executive director, lead independent director[3]

Appointed to the Board:
1 July 2018

Qualifications: NDip (Mechanical Engineering), MDP

Sarita Martin (50)
Independent non-executive director

Appointed to the Board:
1 December 2013

Qualifications: BProc, LLB, MBA, Admitted Attorney

Dr Tumeka Matshoba-Ramuedzisi (41)
Independent non-executive director

Appointed to the Board:
1 April 2018

Qualifications: CA(SA), MCom (Computer Auditing), PHD (Leadership)

[1] The Board and Exco members' experience and other directorships are available at www.reunert.co.za/board-of-directors.php.
[2] Retiring from the Board immediately following the conclusion of Reunert's 2023 Annual General Meeting.
[3] Appointed lead independent director on 15 February 2022.

Executive directors and members of the Exco as at 30 September 2022

Alan Dickson[1] (51)
Group CEO

Appointed to the Board:
21 November 2013

Appointed Group CEO:
1 October 2014

Appointed to Reunert:
1 January 1997

Qualifications:
BSc (Engineering), MSc (Engineering), MBA

Nick Thomson (63)
Group CFO

Appointed to the Board:
15 June 2015

Appointed to Reunert:
15 June 2015

Qualification: CA(SA)

Mohini Moodley (47)
Group Human Capital and Sustainability Executive Director

Appointed to the Board:
31 March 2015

Appointed to Reunert:
1 September 2013

Qualifications:
BA, LLB, Admitted Attorney

THE BOARD IS THE **ULTIMATE CUSTODIAN OF CORPORATE GOVERNANCE**. AS **OUTLINED IN THE BOARD CHARTER**, DIRECTORS MUST INDIVIDUALLY AND COLLECTIVELY CULTIVATE AND EXHIBIT THE **CHARACTERISTICS OF INTEGRITY, COMPETENCE, RESPONSIBILITY, ACCOUNTABILITY, FAIRNESS** AND **TRANSPARENCY**.

Other Exco members as at 30 September 2022

Trevor Raman (52)
Segment Head: Applied Electronics

Appointed to Reunert:
1 July 2020

Qualifications:
MBA, BSc (Mechanical Engineering)

Graeme Eddey (45)
Segment Head: ICT

Appointed to Exco:
15 November 2021

Appointed to Reunert:
1 November 2009

Qualifications:
NDip (Cost and Management Accounting)

Terry Lawrenson (58)
Segment Head: Electrical Engineering

Appointed to Exco:
1 October 2021

Appointed to Reunert: 14 January 2019

Qualifications:
BSc (Electrical Engineering), Hons (BSc) Psychology, MPhil (Applied Ethics), GCC (Mines and Works)

Karen Louw (48)
Group Company Secretary

Appointed to Reunert:
1 June 2012

Qualifications:
BCom (Law), LLB, LLM (Tax), LLM (Corporate Law), Admitted Attorney

[1] *Alan Dickson does not hold directorships or professional commitments outside Reunert.*

Board diversity

Gender and race

Reunert is satisfied with its Board gender and race representation and believes that the targets remain appropriate. We continue to focus our succession planning and recruitment endeavours on improving both areas. Three of our Board committees are chaired by Black directors, two of whom are female.

Board: Race

	2020	2021	**2022**
Black (South African)	5	6	**6**
White	6	6	**5**
Non-South African	1	1	**1**
Representation (%)	42	46	**50**

BLACK TARGET **50% minimum**

Board: Gender

	2020	2021	**2022**
Women	5	5	**5**
Men	7	8	**7**
Representation (%)	42	38	**42**

WOMEN TARGET **40% minimum**

Exco: Race

	2020	2021	**2022**
Black	1	2	**2**
White	5	3	**5**
Representation (%)	17	40	**29**

Exco: Gender

	2020	2021	**2022**
Women	2	2	**2**
Men	4	3	**5**
Representation (%)	33	40	**29**

Knowledge, skills and experience

The Board has a diverse range of knowledge, skills, and experience. Maintaining varied viewpoints is a key consideration in succession planning.

During 2021 Reunert updated its policy relating to Board diversity in accordance with the amendments to the JSE Listings Requirements. During 2022 the Board adjusted the target of 50% Black (previously 40%). The target for female representation remains at 40%, while retaining the Board's obligation to consider broader Board diversity requirements when making appointments. The updated Policy on Appointment of Directors and Diversity of the Board is available at https://www.reunert.com/corporate-governance.php

Length of service

<5 years

RJ Boëttger
AB Darko
TNM Eboka
LP Fourie
JP Hulley
MJ Husain
Dr MT Matshoba-Ramuedzisi

>5 – 9 years

T Abdool-Samad
AE Dickson
S Martin
M Moodley
NA Thomson

Board diversity in age[1]

AVERAGE AGE OF ALL DIRECTORS	AVERAGE AGE OF DIRECTORS WITH <5 YEARS TENURE	AVERAGE AGE OF DIRECTORS WITH 5-9 YEARS TENURE	OLDEST NON-EXECUTIVE DIRECTOR	YOUNGEST NON-EXECUTIVE DIRECTOR
57	**51**	**52**	**69**	**41**

[1] *As at 30 September 2022.*

Board meeting attendance and re-election 6

Each Board member listed below attended all Board meetings scheduled during his or her tenure, resulting in a 100% meeting attendance record. Five Board meetings were held during the period.

Board member	Last elected or re-elected	Up for election or re-election at 2023 AGM
M Husain (Chair)	26 March 2021	✓
T Abdool-Samad	15 February 2022	
RJ Boëttger		✓
AB Darko	15 February 2022	
AE Dickson	15 February 2022	
TNM Eboka		✓
LP Fourie	15 February 2022	
JP Hulley	26 March 2021	✓
S Martin	26 March 2021	✓
Dr MT Matshoba-Ramuedzisi	26 March 2021	
M Moodley	26 March 2021	
NA Thomson	10 February 2020	✓

The directors that retired during the year attended 100% of the Board meetings during their tenure.

Board structures 8

Reunert's Board committee structure is aligned with good governance practices as recommended by King IV and supports the Board in exercising its governance responsibilities.

Each Board committee carries out its mandate as formalised in the committee's Terms of Reference. Committee workplans are aligned to committee Terms of Reference and allow committees to assess progress made against their mandates during the year. Each committee's Terms of Reference can be found at www.reunert.co.za/corporate-governance.php. Other than the Investment Committee (discussed below), each Committee reviews its progress against its workplan and each Committee has concluded that it has appropriately addressed its areas of responsibility.

The Investment Committee's responsibilities, as set out in its Terms of Reference, are transaction-related, and it, therefore, does not function in accordance with a formalised workplan. Investment Committee meetings are scheduled on an ad hoc basis, as required to consider proposed transactions that fall within its mandate.

In consultation with the Chairs of the Audit and Risk Committees, the Nomination and Governance Committee reassessed committee oversight of information and technology. While the Audit Committee retains oversight in respect of information and technology matters that are relevant to accounting and financial reporting, the Risk Committee has taken over the responsibility to oversee the other aspects of the Group's information and technology management. More information about the Group's information and technology governance is set out on page 91.

The Nomination and Governance Committee regularly reviews the composition of all Board committees to ensure that it remains in line with the various relevant considerations, such as the balance of power, diversity, knowledge and skills and regulatory compliance.

The following changes were made to the Board committees:

- On 1 January 2022:
  - Dr Tumeka Matshoba-Ramuedzisi succeeded Advocate Thandi Orleyn as Chair of the Setco
  - Tasneem Abdool-Samad succeeded Sarita Martin as Chair of the Remuneration Committee
- On 15 February 2022, at the conclusion of the Group's AGM, Trevor Munday and Sean Jagoe retired from all Board committees on which they served. On that date, Mohamed Husain assumed the role as Chair of the Nomination and Governance Committee, simultaneously with his role as Chair of the Board.
- On 1 April 2022:
  - Ralph Boëttger was appointed as a member of the Setco, the Remuneration Committee and the Investment Committee, succeeding Tasneem Abdool-Samad as Chair of the Investment Committee
  - Tina Eboka was appointed as a member of the Risk Committee and the Setco
  - Pierre Fourie was appointed as a member of the Nomination and Governance Committee
- Advocate Orleyn retired from her roles as a member of the Nomination and Governance Committee, Remuneration Committee and Setco on 30 June 2022, when she retired from the Board.

Board Committees

AUDIT COMMITTEE
(page 83)

- Oversees all matters prescribed for this committee by the Companies Act and the Listings Requirements
- Oversees accounting practices applied in the Group
- Oversees the integrity of financial reporting, including supervision of the people and processes required to ensure accurate financial reporting
- Oversees IT governance relating to internal financial controls and financial reporting

NOMINATION AND GOVERNANCE COMMITTEE (page 80)

- Responsible for Board governance and related matters, including Board ethics, performance, independence, diversity, and succession planning
- Oversees the performance and succession planning of senior executives and the Group Company Secretary
- Recommends the Delegation of Authority Framework to the Board
- Reviews the Board Charter and recommends changes to the Board, if required

INVESTMENT COMMITTEE
(page 86)

- Oversees the identification and execution of corporate action opportunities such as acquisition, merger, joint ventures, disposals and Reunert securities repurchases and restructures
- Oversees portfolio evaluation

RISK COMMITTEE
(page 87)

- Oversees the development of and annually review a framework and plan for risk management in accordance with the principles of the King IV Code on Corporate Governance, with the aim to enhance the Reunert Group's ability to achieve its strategic objectives
- Oversees the risk management processes in the Group
- Reviews identified risks for completeness and appropriate mitigation
- Ensures that risk disclosure is comprehensive, timely and relevant
- Oversees IT governance (not related to financial reporting)
- Oversees risks associated with climate change

SETCO
(page 94)

- Executes the statutory duties of a social and ethics committee, including overseeing Group Values, ethics, human resources (HR), corporate citizenship and stakeholder relationships
- Oversees regulatory compliance
- Oversees and monitors matters relating to the Group's Transformation strategy
- Monitors the integration of sustainability practices
- Oversees the Group Governance Framework

REMUNERATION COMMITTEE
(page 98)

- Oversees the Group's Remuneration Policy, the implementation thereof and reporting thereon
- Oversees executive and top management salaries
- Oversees the Group's short- and long-term incentive structures

Group Executive Committee

EXCO

- Serves as a communication and coordination structure for executive management in the Group
- Acts as the interface between operational management and the Board and its committees
- Develops the Reunert Reserved Matters Framework in accordance with the principles of the Delegation of Authority Framework
- Considers material matters relating to the Group's operations
- Makes recommendations to the Board and its committees, as set out in the Delegation of Authority Framework, on matters of importance arising from the management of the Group's operations (e.g., Group budgets and executive succession management)

FITCO (Subcommittee of the Exco)

- Functions as a sub-committee of the Exco
- Guides, monitors and oversees:
  - strengthening of the overall internal control environment (including fraud prevention)
  - IT governance and security
  - business-level processes required to support Reunert to successfully complete the CEO/CFO Certification required in terms of paragraph 3.84(k) of the JSE Limited Listings Requirements
- Assist Exco to create alignment of financial controls, information governance, technology governance and fraud prevention in the Group

Nomination and Governance Committee report 8

THE NOMINATION AND GOVERNANCE COMMITTEE ENSURES THAT THE GOVERNANCE FRAMEWORK THAT REGULATES THE ACTIVITIES OF THE BOARD IS **APPROPRIATE AND SUPPORTS THE ETHICAL EXERCISE OF GOVERNANCE IN LINE WITH REUNERT'S VALUES AND ETHICS**.

MOHAMED HUSAIN

2022 focus areas

> Reviewed executive management succession plans
> Reviewed Board committee composition and Board members' roles following the retirement of the incumbent Chair and lead independent director at the Reunert 2022 AGM

2023 focus areas

In 2022 the committee oversaw extensive changes to the Board and will continue to monitor and support, as required, the integration of new Board members and the functioning of updated committee structures.

Members and meeting attendance

MJ Husain (Chair)[1]
T Abdool-Samad
LP Fourie[2]
JP Hulley
Retired
SD Jagoe[4]
TS Munday[4]
Adv NDB Orleyn[3]

In 2022, committee members attended all meetings during their tenure. There were three committee meetings scheduled in the 2022 financial year.

The committee held two meetings with potential candidates for non-executive director positions, which were attended by all the members.

[1] Appointed Chair of the committee on 15 February 2022.
[2] Joined the committee on 1 April 2022.
[3] Retired on 30 June 2022.
[4] Retired on 15 February 2022.

By request

> Group CEO

Composition

as at 30 September 2022

All four members are independent and non-executive.

Tenure

Three members: 1 – 5 years
One member: 5 – 9 years

Expertise

Commercial, governance, legal and management qualifications and experience

Directors' balance of power and independence

The Board Charter outlines the Board's roles and responsibilities, including the Group's expectations of the Board's ethics, leadership and corporate citizenship. The Board's Balance of Power Policy supports an appropriate balance of power by ensuring that no single director has unfettered decision-making powers and that the Board's workload is fairly divided among members. This policy can be viewed at www.reunert.co.za/corporate-governance.php.

Independent Chair	The Chair, who must be an independent non-executive director, provides overall leadership to the Board and oversees that the Board is executing its roles and responsibilities. At Reunert, the non-executive Chair and the executive Group CEO roles are separate and may not be held by the same individual.
Lead independent director	The lead independent director, who must be an independent non-executive director, is responsible for the functions detailed in King IV. These include leading in the Chair's absence, serving as a sounding board for the Chair and mediating between the Chair and other Board members as required. The lead independent director contributes to the balance of power on the Board.

Appointing and inducting directors

The Nomination and Governance Committee identifies and recommends to the Board suitably qualified and experienced individuals for appointment as non-executive directors.

It is the responsibility of the Chair of the Board to take the lead in providing a comprehensive induction programme for new non-executive directors. A formal Induction Programme aligned to the Induction Policy[1] informs new directors about the Group and selected operations. Long-serving directors assist new directors in integrating into the Board.

During the financial year, the handover process relating to the Chair of the Board between Trevor Munday and Mohamed Husain was completed. Mohamed has regular engagements with the Group CEO, Alan Dickson, and other members of the executive as appropriate.

The newly appointed directors, Ralph Boëttger and Tina Eboka participated in several site visits to key operations of the Group. Mohamed Husain and Alex Darko also participated in these visits, as the Covid-19 pandemic disrupted the site visits that would have formed part of their induction programmes.

Succession planning 10

In accordance with the Board Charter, Reunert's directors are required to resign at the AGM following their 70th birthday unless the Nomination and Governance Committee recommends an extended tenure under limited circumstances and for a defined period.

The Nomination and Governance Committee oversees succession planning for directors and executive management.

Non-executive director succession planning	Per the Board's Policy on Appointment of Directors and Diversity of the Board, all aspects of diversity, particularly the Board's race and gender representation targets, are considered as part of succession planning.
Executive succession planning	The Nomination and Governance Committee is presented with information on the status of executive management succession plans. Reunert has either identified potential successors or, failing this, emergency successors for the Group CEO and all key executive positions. According to Group practice, individuals recognised as successors for critical roles are placed on individual development plans, where required. HR executives monitor this process and verify that these plans are implemented. Identified successors are monitored to ensure they continue to develop towards reaching their potential in the interest of the employer and the Group. The Nomination and Governance Committee has considered and approved the recommendation of the Group CEO that Nick Thomson's tenure as Group CFO be extended beyond the Group's normal retirement age of 63. This is to support a smooth transition from the Group's current auditors to the new auditors. The appointment of the new auditors will be presented to shareholders for approval at the AGM in February 2023. In October 2021, Terry Lawrenson was appointed Segment Head: Electrical Engineering, taking over this role from Alan Dickson. Terry also joined Exco. This is in addition to his role as CEO of CBi-Electric: Low Voltage. An internal promotion, Terry has been with the Group since January 2019. Terry is an engineer by training with more than 35 years of relevant experience. In November 2021, Graeme Eddey's role as the Segment Head: ICT, was formalised after he had been acting in this capacity for a period and he was appointed to Exco. With a background in finance, Graeme has had several roles with the Group since he joined in November 2009. Graeme is currently also the CEO of SkyWire. Both appointments to Exco are a testament to Reunert's strong succession planning.

[1] *Available at www.reunert.co.za/corporate-governance.php.*

Individual independence consideration

The Nomination and Governance Committee conducts a formal annual assessment of the classification of directors as executive or non-executive, and considers whether they are independent. This assessment considers all the factors recommended by the JSE Listings Requirements, section 94(4) of the Companies Act (where relevant) and King IV.

In respect of the independence of non-executive directors, the Board, on the recommendation of the Nomination and Governance Committee concluded that all non-executive directors are able to exercise objective, unfettered judgement and there are no interests, positions, associations or relationships which, when judged by a reasonable and informed third party, are likely to unduly influence or cause bias when making decisions or to negatively affect the ability of non-executive directors to act in the best interest of Reunert and the Group.

As at 30 September 2022, Reunert does not have any directors whose tenure exceeds nine years.

Training and continuing professional development

The Board participates in a minimum of two compulsory continuing professional development (CPD) sessions per year. The first CPD session was held in March 2022, and the second CDP in August 2022. The session in March dealt with the international socio-economic environment, with a particular focus on Africa. The August session provided the Board with an economic analysis of the South African economy and its prospects.

Directors may request that the Group Company Secretary schedule additional training or development opportunities to fulfil their duties to Reunert.

Board evaluations 1 9 10

The Board generally conducts annual internal performance assessments.

For 2022, the Nomination and Governance Committee had resolved to defer the internal performance assessment of non-executive members of the Board to 2023, given that a large proportion of these directors were newly appointed to the Board or to their relevant roles.

The Board assessed the executive directors' and the Group Company Secretary's performance. This assessment indicates that executive directors show a high level of competence with no material concerns identified.

Reunert Management Services Proprietary Limited provides secretarial services and support to Reunert and the Group. In 2022, Karen Louw (FCIS), the Group Company Secretary, was primarily responsible for the secretarial function. Following the formal assessment process, the Board confirmed its satisfaction with Karen Louw's competence, qualifications and experience, the effectiveness and independence of Reunert Management Services and the quality of corporate governance services.

Board ethics 1

The Nomination and Governance Committee promotes high ethical standards at the Board level. The committee identifies and addresses existing or potential issues that prevent effective and ethical Board leadership. The Nomination and Governance Committee annually reviews the Board Charter and recommends it to the Board for consideration and approval. This Committee reviews that appropriate ethical provisions are contained in the Board Charter.

The Board Charter requires members to commit to the highest levels of integrity in their professional and personal conduct. Board members adhere to and endorse the following:

> Reunert Group Values and Code of Ethics
> The Board Charter and policies (such as the Balance of Power Policy)
> Board committees' Terms of Reference
> CPD
> Board and Board committee performance evaluations (to be conducted at least every two years)

At each Board meeting, directors are required to declare potential conflicts of interest relating to matters on the agenda. In addition, Board members must advise the Group Company Secretary of changes in directorships when these occur. A formal process is also followed annually, immediately after year-end, to ensure that information on directors' interests is accurately captured and reviewed.

Trading in Reunert shares 1 2

Management is unaware of any contravention of policies relating to trading in Reunert shares during the year (2021: nil).

BOARD

The Board Charter regulates directors' responsibilities regarding confidential and price-sensitive information. It outlines the formal process for directors who consider trading in Reunert shares. Directors require the Chair's written permission before buying or selling shares, unless the trading in shares is the result of the process overseen by the Remuneration Committee relating to the Group's long-term incentive plan. As required by the JSE, directors must timeously notify the Group Company Secretary on the conclusion of any trades.

EMPLOYEES

Confidential or price-sensitive information is treated according to subsidiary MOIs, employment contracts and disclosure policies. Employees (other than executive directors, who are subject to the Board's processes) require Remuneration Committee or executive approval for any trading in shares acquired through the Group's long-term share incentive plans.

When entering closed periods, executives and top management are reminded of their legal obligation to avoid insider trading. They must communicate this to members of their teams (for example, finance professionals) with potential access to price-sensitive information.

Mohamed J Husain
Chair, Nomination and Governance Committee

Audit Committee feedback 8

AUDIT COMMITTEES ARE **FACED WITH EXACERBATED OR NEW RISKS** AND HAVE TO **CONTINUOUSLY EVALUATE WHAT ELEMENTS OF FINANCIAL REPORTING WILL BE IMPACTED**.

PIERRE FOURIE

2022 focus areas

> Mandatory audit firm rotation of the external auditor
> Oversight of the operationalisation and embedding of the Group CEO and Group CFO responsibility statement process, including the internal financial reporting controls and related IT general controls

2023 focus areas

> Mandatory audit firm rotation transition in preparation for the change of auditors at the start of the 2024 financial year
> Oversight of the governance of technology and information relating to the internal financial controls and integrity of financial reporting

Members and meeting attendance

LP Fourie (Chair)
T Abdool-Samad
AB Darko
S Martin
Dr MT Matshoba-Ramuedzisi

In 2022, with the exception of Alex Darko who was not able to attend the May meeting, committee members attended all meetings. There were three committee meetings scheduled in 2022.

In addition to the Audit Committee's scheduled meetings, a special meeting was held on 2 December 2021 to consider and recommend the financial information for inclusion on the Group's B-BBEE transaction circular. All members attended the meeting.

By request

> Chair of the Board
> Group CEO
> Group CFO
> Group Finance Executive
> Head: Internal Financial Controls and Risk Management
> Head of Internal Audit[1]
> Designated External Audit Partner

Composition
as at 30 September 2022

All members are independent and non-executive.

Tenure
Three members: 1 – 5 years
Two members: 5 – 9 years

Expertise

Financial literacy	3 CA(SA)
Computer literacy and accounting	1 MSc and FCCA
Law and commercial	1 LLB and MBA

Refer to the full Audit Committee report starting on page 7 in the Annual Financial Statements, available at www.reunert.co.za/results-reports-and-presentations.php.

[1] *The Head of Internal Audit is Reunert's Chief Audit Executive*

Combined assurance 15

The Audit Committee guides the Group's assurance services and functions and oversees Reunert's Combined Assurance Framework ensuring that key risks and material matters are addressed.

The Group's executives are responsible for embedding the Combined Assurance Framework, supported by each business unit's executive management. The Audit and Risk Committees, assisted by executive management, the Head of Internal Financial Control and Risk Management and the Head of Internal Audit, evaluate the functioning of internal controls twice a year, including financial and disclosure controls and the effectiveness of risk management.

The Combined Assurance Framework aims to:

> Optimise assurance coverage and eliminate duplication of efforts
> Co-ordinate the efforts of management, internal and external assurance providers
> Identify gaps in risk management
> Align risk management to key strategic objectives and enable an effective control environment
> Support the integrity of information used for decision-making by management, the Board and its committees, and for external reporting

The framework specifies two distinct roles for the Head of Internal Audit and Head of Risk Management. These positions are supported by four control champions, one in each segment and one at Head Office.

Fraud risk was evaluated in 2022, with an independent external fraud and commercial crime risk assessment nearing finalisation. Fraud risk awareness training will be implemented across the Group in 2023.

Combined assurance framework

OBJECTIVES	ASSURANCE PROVIDERS	REPORTING LINES
First line of defence – risk ownership		
Set strategy, measure performance, establish and maintain risk management, control and governance in accordance with the Delegation of Authority Framework, Reserved Matters Framework and Risk Appetite and Tolerance Framework.	> Management of line functions > Quality assurance functions > Policies and procedures > Internal control environment	Executive management and operational committees that provide direction, guidance and oversight
Second line of defence – risk management oversight and compliance		
Provide a formal and effective Risk Management Framework to improve decision-making, planning and prioritisation of business activities.	> Risk management > CEO/CFO sign-off programme > Segment control champions > Group legal, HR, company secretarial and finance compliance	> Exco and Group Finance > Audit Committee > Risk Committee
Third line of defence – internal independent assurance and validation		
Provide an independent and objective opinion on the effectiveness of risk management, controls and corporate governance.	> Internal audit > Business unit environmental, quality, health and safety functions > Internal quality assessors	> Audit Committee > Risk Committee > Group CFO
Fourth line of defence – external independent assurance and validation		
Provide assurance on the Group's Annual Financial Statements and an independent and objective opinion on the effectiveness of risk management, controls and quality management.	> External audit[1] > Other third-party assurance providers such as B-BBEE, health and safety, ISO and risk control programme auditors > Independent whistle-blowing function	> Risk management > Audit management > Board committees > Shareholders
THE GROUP VALUES UNDERPIN THE COMBINED ASSURANCE FRAMEWORK		

[1] *The policy on non-audit services is available at www.reunert.co.za/corporate-governance.php.*

Reunert's internal Financial Reporting Controls Integration Programme

In 2022, the Group-wide Internal Financial Reporting Controls Integration Programme, first implemented during the 2021 financial year, continued under the oversight of the Fitco. The programme focussed on monitoring and assessing the internal financial controls and systems.

The Group CEO and Group CFO responsibility statement is included in the Annual Financial Statements.

Internal audit

In August 2021, a three-year risk-based internal audit plan was developed and approved. The plan has been developed following the Institute of Internal Auditors' guidance and progress is reviewed annually. As part of the plan, the internal audit methodology was formalised by the end of 2022.

The audit plan is aligned to the Internal Financial Reporting Controls Integration Programme to ensure sufficient focus on testing the controls' operating effectiveness. Control assessments are conducted at least twice a year for all in-scope internal financial reporting controls. The control champions conduct operating effectiveness reviews on these controls as part of the second line of defence and internal audit as the third line of defence.

External audit

In line with the mandatory audit firm rotation requirements of the Independent Regulatory Board for Auditors, Reunert will recommend to shareholders the appointment of KPMG as its new audit firm for the 2024 financial year.

A comprehensive, effective and fair process was followed to select the new audit firm.

An advisory panel consisting of Pierre Fourie, Tasneem Abdool-Samad and Tumeka Matshoba-Ramuedzisi was appointed to oversee the process and assist management to develop an appropriate request for proposal and to participate in the evaluation and selection process. The evaluation team comprised of the advisory panel members and executive management representation from Alan Dickson, Nick Thomson and Zunaid Vally, the Group Finance Executive.

Key accounting matters

The Audit Committee considered the impact of COVID-19, the Russia-Ukraine conflict and business, regulatory and macro-economic changes on the financial statements, focusing on the uncertainties created and the impact on estimates, judgements and related disclosures.

The Audit Committee concluded that both the impact of the above and its own areas of special focus had been appropriately addressed in the annual financial statements. For more refer to the Audit Committee report in the annual financial statements.

Conclusion

The Audit Committee is satisfied that it has complied with all its statutory and other responsibilities and having had regard to all material risks and factors that may impact the integrity of the annual financial statements, following its review and having concluded on its findings the Audit Committee recommended the Integrated Report and the annual financial statements of Reunert Limited for the year ended 30 September 2022 for approval to the Board. The Board approved the Integrated Report and the annual financial statements.

Pierre Fourie
Chair, Audit Committee

Investment Committee report 8

THE INVESTMENT COMMITTEE CONSIDERS PROPOSED TRANSACTIONS TO ASSESS WHETHER **THESE ARE IN LINE WITH REUNERT'S STRATEGY**, WILL CONTRIBUTE TO SUSTAINABLE GROWTH AND ARE GENERALLY **IN THE INTEREST OF THE GROUP AND ITS STAKEHOLDERS**.

RALPH BOËTTGER

2022 focus areas

> The implementation of Reunert's updated B-BBEE transaction was a key consideration. Read more on page 66

> Providing guidance and approval of the acquisition of Etion Create. Read more on page 53

> Continued oversight on material acquisitions, investments and disposals proposed by management

2023 focus areas

Continue overseeing material acquisitions, investments and disposals proposed by management.

Members and meeting attendance

RJ Boëttger[1] (Chair)
T Abdool-Samad
LP Fourie
MJ Husain
Retired
SD Jagoe[2]
TS Munday[2]

In 2022, committee members attended all meetings during their tenure. There were four committee meetings scheduled in 2022.

1 *Appointed to the committee and succeeded Tasneem Abdool-Samad as Chair on 1 April 2022.*

2 *Retired on 15 February 2022.*

By request

> Group CEO

Composition

as at 30 September 2022

All members are independent and non-executive.

Tenure

Three members: 1 – 5 years

One member: 5 – 9 years

Expertise

Financial literacy (three CA(SA)), legal, and business acumen

Ralph Boëttger

Chair, Investment Committee

Risk Committee report 8 11 12

IN 2022, THE RISK COMMITTEE'S OVERSIGHT **CONTRIBUTED TO REUNERT'S PROACTIVE RISK MANAGEMENT**.

JOHN HULLEY

2022 focus areas

> Continued oversight of the phased and systematic implementation of potential areas of improvement as a result of the independent assessment of the Group's risk management

> Monitored the improvement of the fraud risk management process

> Continued monitoring of South Africa's country risks affecting the Group's trading environment, including economic challenges and socio-political stability

2023 focus areas

> South Africa's country risks affecting the Group's trading environment, including economic challenges and socio-political stability remains a key focus area that the committee monitors closely

> Monitoring of the improvement of the fraud risk management process

> Monitor cyber and related IT security risks

Members and meeting attendance

JP Hulley (Chair)
T Abdool-Samad
AE Dickson
TNM Eboka[1]
LP Fourie
Dr MT Matshoba-Ramuedzisi
NA Thomson
Retired
TS Munday[2]

In 2022, committee members attended all meetings during their tenure. There were two committee meetings scheduled in 2022.

1 Appointed to the committee on 1 April 2022.
2 Retired on 15 February 2022.

By request

> Chair of the Board
> Head of Internal Audit
> Head: Internal Financial Controls and Risk Management
> Group Legal Counsel

Composition
as at 30 September 2022

Five members are independent, non-executive.
Two members are executive.

Tenure
Four members: 1 – 5 years
Three members: 5 – 9 years

Expertise
CA(SA), commercial, governance, engineering, project management, manufacturing, managerial skills and risk management qualifications and experience.

Risk management (11)(12)

Risk management is an important discipline and a core focus for Reunert. The Board, supported by the Risk Committee and management, carefully balances risk and reward.

Reunert is exposed to a wide spectrum of risks, including but not restricted to strategic, financial, people, business process, operational, climate change, compliance and reputational risk. The Group has a defined Risk Appetite and Risk Tolerance Framework, which identify risks and uncertainties, provide tolerance limits and mitigation actions. The Risk Committee reviews and approves the framework annually and at each committee meeting monitors that risks are managed within the approved measures.

The Board mandates the Risk Committee to oversee risk management for the Group. The committee and management promote a culture of risk governance and awareness throughout the Group. Management embeds risk management into the operations and implements the appropriate mitigation and remedial actions.

The Head: Internal Financial Controls and Risk Management, Head of Internal Audit and senior segment management, supported by either the Group CFO or the Group Finance Executive, attend bi-annual risk management meetings. The business units follow a formal risk assessment process and apply the Group's risk management framework to identify, assess and report on the potential impact and mitigating controls for the business unit's risks on their registers. The business unit registers are then evaluated and the group's top risks identified and incorporated into the group risk register for reporting to the Reunert Risk Committee. Each major risk category has a defined risk appetite and tolerance.

The Risk Committee was satisfied that nothing had been brought to its attention during the financial year that indicated material weakness in the risk management processes or internal controls, whether from design, implementation or operation. There were no material breaches to risk tolerance thresholds for risks that management can control and no material unexpected risks outside risk appetite levels.

Business unit risk management

All business units must comply with the Group's Risk Management Framework, which aligns with the principles set out in the ISO 31000: 2018 risk management standard. This framework provides a rigorous process to identify and define risks, assess their probability of occurrence and potential impact and evaluate existing controls and actions for further mitigation. The framework is supported by ongoing monitoring, reviewing and reporting.

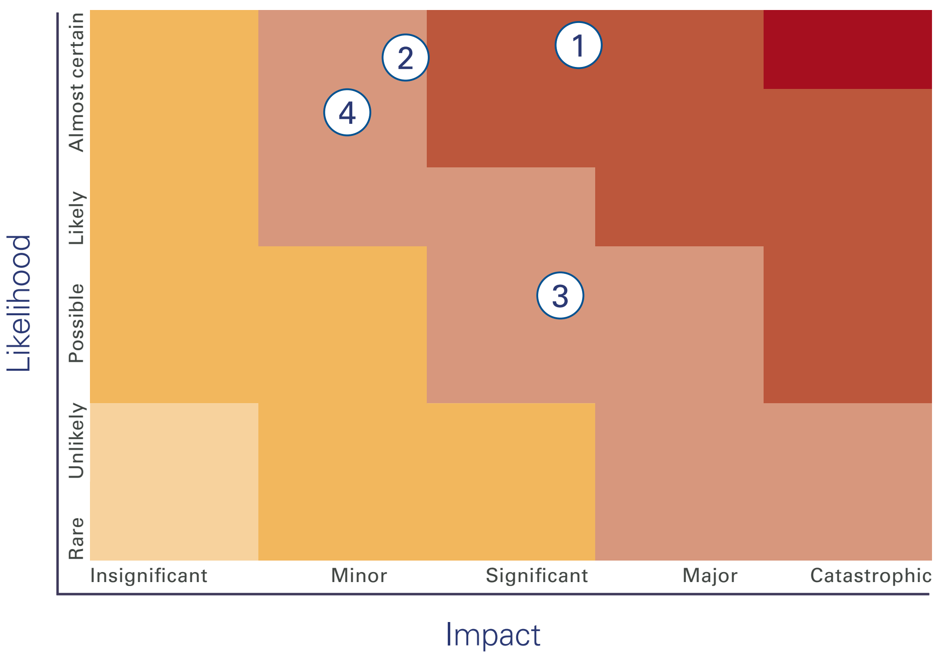
Each business unit undertook its twice-annual formal risk evaluation processes, culminating in updated risk registers, reflecting management's view of their top risks and updated risk appetite and tolerance schedules. These were interrogated by the Group risk department, with a focus on, among others, supply chain risks, key employee movements, local infrastructure deterioration, cybersecurity, climate change and reliance on single-source suppliers.

For climate change and information and technology (including cybersecurity) risks, business units were requested to include these risk categories in their risk meeting agendas and risk registers. Additional information is provided on the Group's climate change risks on page 69, and on the Group's response to cyberattacks and data fraud referred to under Risk 4.

Key risks for 2022

The Group's strategy considers and mitigates each of the Group's material risks. The risks below are considered Reunert's top four risks, as they have the biggest potential impact and highest residual risk rating. Each risk is subject to all four lines of combined assurance.

Risk heat map



1. Concentration risk because of country risk, including socio economic, political and societal instability and uncertainty
2. Weak South African macro-economic environment
3. Zambian liquidity constraints
4. Cyberattacks and data fraud

Risk 1: Concentration risk because of country risk, including socio-economic, political, and societal instability and uncertainty

Reunert generates 70% of its revenue in South Africa. The Group's ability to generate organic growth is inevitably linked to the country's growth potential and stability. This risk also includes the risk around the macro-economic environment.

Risk movement: Unchanged
Reunert's level of control: Low
Primary Board committee: Board
Residual risk: High

High-level context

South Africa's country risk remains a significant risk for Reunert. Significant policy, leadership and financial challenges prevent state-owned enterprises and municipalities from returning to their historical purchasing levels in the Electrical Engineering Segment. In addition, the environment is not conducive to public and private investment to sustain economic growth in other segments. South Africa's economic recovery is only anticipated to return to 2019 levels in 2023. The risk of socio-economic instability remains elevated.

Global supply chains have not yet normalised from Covid-19 disruptions, and the Russia-Ukraine conflict has aggravated these challenges. Challenges include a global shortage of electronic chips, increased logistics costs, poor availability of shipping containers and delays in receiving critical components. These challenges complicate planning and require a higher working capital investment in inventory holdings.

Risk mitigation summary

Reunert has reduced its concentration of South African revenues from around 85% in 2014 to 70% in 2022. The Group's strategy seeks to extend this trend by embracing inclusive growth in South Africa and accelerating its geographic diversification. Reunert uses the South African base to offer competitive pricing for export markets and fund external growth. In addition, increased operational efficiencies are focused on to generate strong cash flows despite lower volumes. Reunert invests in scalable early life-cycle technologies, specifically broadband connectivity and renewable energy, to open up new markets and augment existing products. The Group continually reassesses its business portfolio to redeploy capital through acquisitions and disposals.

The Group responds to supply chain challenges by holding critical inventory to enable on-time order execution. The Group is commercially agile in managing different customer procurement strategies. Derivatives (hedges) are used to manage exchange rate risks appropriately.

Related strategic pillars

Risk 2: Weak South African macro-economic environment

The Reunert investment case is affected by South Africa's weak macro-economic environment and slow growth rate. This impedes the Group's ability to grow earnings and generate free cash flow.

Risk movement: Unchanged
Reunert's level of control: Medium
Primary Board committee: Board
Residual risk: Medium

High-level context

South Africa's macro-economic indicators are under continued pressure as reflected in the "junk status" rating by global rating agencies. However, the latest rating shows the rating to be "stable" which indicates the reversing of the downward rating. The local economy continues to suffer from structural impediments that restrict gross domestic product (GDP) growth to suboptimal levels.

South Africa's interest differential to major economies results in a gradual, sustained weakening of the currency. The rand has been volatile against all the currencies Reunert sells or buys. On an overall basis, Reunert benefits from a weaker rand.

The risk of low GDP growth is further exacerbated by certain businesses within the portfolio being in the mature stage of their product life cycles. This means that meaningful organic growth is challenging. Several other factors influence the Group's earnings. These include:

- Delays in the supply chain result in increased inventory levels to stock up on critical components
- Reduced margins due to the increased cost of logistics and components (predominately in the Applied Electronics Segment)
- Reliance on single-source suppliers
- Low production volumes in the Electrical Engineering Segment due to constrained infrastructure investment
- Political interference and tender award delays
- International original equipment manufacturers (OEMs) have established a local presence affecting business units in the Electrical Engineering Segment
- Reduction in the South African defence budget and increased competition from international suppliers targeting military contracts
- Volatile exchange rate movements impact input costs and reduce margins

Risk mitigation summary

The Reunert strategy includes appropriate actions to maintain margins and pursue growth. These include rationalising our cost base and improved procurement and operational efficiencies with a focus on reducing raw material costs. Reunert also pays considerable attention to customer retention, working capital management and optimising capital expenditure.

The Group participates in local revenue streams by using existing brands to introduce new products, services and solutions. Reunert business units embrace South African transformation objectives, enabling the Group to maximise participation in local opportunities.

Targeted acquisitions in high potential markets drive growth, generate free cash flow returns, diversify revenue streams and expand the customer base. Reunert has strengthened its position in the fast growing renewable energy market through its increased equity stake in Terra Firma Solutions, the acquisition of BlueNova and the Lumika Renewables joint venture.

The launch of +OneX as a new-age systems integrator and ICT company and subsequent acquisitions are creating a software development cloud and digital capability. The addition from 1 October 2022 of EUCafrica should also contribute to Reunert's Solutions and Systems Integration cluster growth.

Geographic diversification is a focus area for the Group. Reunert's sales in the United States and Australia continue to grow while the Group is increasing its participation in Europe and China through distribution partnerships. Reunert is building its in-country presence in key markets to develop in-country supply chains and achieve the necessary local indigenisation targets. Reunert attracts customers in these markets through innovative products, competitive pricing and superior customer service.

Business units use derivatives to address rand volatility, secure margins at acceptable levels and protect against margin erosion when the rand strengthens.

Related strategic pillars

Risk 3: Zambian liquidity constraints

The Zambian Government's liquidity constraints severely affect Zamefa's cash flow and revenue growth.

Risk movement: Improved
Reunert's level of control: Medium
Primary Board committee: Audit Committee/Board
Residual risk: Medium

High-level context

The 2021 Zambian elections saw a change in political dispensation and a pro-business Government elected. Increased positive sentiment has seen the Zambian kwacha appreciate against the US dollar. Zambia's Government's liquidity has improved in the short term and the deal with the International Monetary Fund (IMF) was approved on 31 August 2022. This will greatly improve the country's liquidity and boost the economy in the medium term with increased infrastructure spending. There is better interaction between business and the Zambian Revenue Authority.

In the interim, the country still experiences liquidity constraints and profit margins are negatively affected by the removal of the implied duties as part of the duty drawback claims. This increases the risk of making Zamefa uncompetitive and has negative repercussions on the export of copper rod. The risk is further exacerbated by the volatile US dollar and Zambian kwacha exchange rate.

Risk mitigation summary

Zamefa's management is in direct contact with key Government officials regarding the normalisation of accounts and the reduction of overdue balances. The manufacturing operations have been optimised to conserve cash, reduce working capital and prevent further funding from being needed.

Reunert has capitalised its long-term loan in Zamefa, which is now reflected as equity and is no longer subject to exchange rate fluctuations. The overdue portion of the Zambia Electricity Supply Commission (Zesco) account has been settled and the account is now fully up to date.

All outstanding VAT refunds have been audited or are being audited by the Zambia Revenue Authority. The authority once again confirmed its commitment to settle all outstanding VAT claims and Zamefa management is hopeful that a substantial portion will be settled by December 2022. The outstanding VAT claims reduced by ZMW54 million to ZMW49 million in the year.

Related strategic pillars

Risk 4: Cyberattacks and data fraud

Globally, there is an escalation in large scale cyberattacks and data fraud.

Risk movement: Unchanged
Reunert's level of control: Medium
Primary Board committee: Risk Committee
Residual risk: Medium

High-level context

Cyberattacks are more sophisticated, organised and targeted than before. The business impact from a breach could include an interruption to operations, loss of customer trust, reputational damage and potential financial loss.

With the increased dependence on information and information technology, the number of threats has increased. These threats include:

> Monetisation of smaller attack targets, such as through ransomware and coin miners
> Advances in automated attacks which use technologies such as machine learning
> The highly targeted nature of cyberattacks
> An increase in phishing attempts
> Increased organisation by sophisticated criminal syndicates

Risk mitigation summary

The Group Financial and Information and Technology Steering Committee (Fitco) drives the assessment of the IT security landscape and recommends strategies to mitigate cyber-related risks, among others. A phased Information Security rollout plan was developed in 2021 to assist with mitigating these risks. The rollout plan is regularly reviewed and updated to ensure that it addresses changes in the risk landscape. This plan improves among others, IT controls related to user access management, patch management, system security, and disaster recovery. Cybersecurity awareness training is conducted across the Group.

All business units perform formal IT general control assessments at least once per year. Information security practice advisory notices are regularly sent to IT managers to provide guidance. An Information Security Officer service is assisting the Group in addressing information security risks across the Group.

Related strategic pillars

Technology and information governance (12)

The Group's Information and Technology Governance Framework outlines how Reunert oversees, implements, manages and monitors IT governance.

THE BOARD

AUDIT COMMITTEE

Oversees the IT governance of accounting and financial systems and related IT General Controls. This includes improving the efficacy of financial controls supporting the integrity of financial reporting. The committee oversees the CEO/CFO sign-off processes.

RISK COMMITTEE

Oversees the overall IT Governance Framework and IT risk management across the Group.

FINANCIAL AND INFORMATION AND TECHNOLOGY STEERING COMMITTEE (FITCO)

A new governance structure was introduced, replacing the Group IT Steering Committee. Fitco was established with approved Terms of Reference and is chaired by the Group CFO. Committee members include the Group Deputy Information Officer (appointed under the requirements of the Protection of Personal Information Act (POPI Act)), the Group Finance Executive, four Segment CFOs, the Group Risk Manager and an IT General Controls Coordinator. Permanent invitees include the Head of Internal Audit, and representatives from specific consultants.

BUSINESS UNITS

Business units are responsible for executing their IT strategy and overseeing the operational effectiveness of IT. Business unit management is required to comply with Group IT policies and requirements.

The Fitco provides governance and direction to support the formalisation of IT governance, including compliance with agreed policies and standards across the Group. The Fitco aims to assist business units in understanding IT controls while fostering cooperation and the adoption of IT governance principles across the Group. It also conveys IT governance changes and technology opportunities to IT specialists and business units. The committee identifies new risk areas and provides business units with guidance to assist with implementing risk mitigation strategies.

Fitco Terms of Reference

A subcommittee of Exco, Fitco was constituted to provide guidance and direction to the Group Information Governance Framework. Fitco is mandated and authorised to oversee:

> The effective implementation of financial controls and information and technology governance, including addressing external auditor reports, and internal auditor reports

> Activities and risks relating to the protection of information and the protection of personal information processed by the Group

> Control self-assessments including whether these are executed, complete, correct and generally support the CEO/CFO sign-off process

> Operational effectiveness testing plans

> The design and deployment of information security processes across the Group and the identification and response to incidents, including cyber-attacks

The introduction of this committee increased the visibility of compliance across the Group and more focused interventions in cases where remediation is required. This provides additional oversight to Exco and the Board in executing their fiduciary duties.

Group-wide IT governance

Reunert sets minimum requirements regarding IT policies, practices and procedures that each business unit is requested to adhere to. The IT Policy Framework outlines the Group-wide mandatory minimum IT Policy requirements and provides recommended guidelines incorporating standards, controls and procedures on governance and legislative requirements. IT experts within the Reunert Group are available to advise business units in managing IT issues and implementing new IT practices.

Reunert's IT Framework enhances its IT landscape and its IT governance. Reunert continually reviews and revises policies and guidelines to align with relevant standards and legislative changes. The Group Information Governance Framework includes three focus areas: IT governance, information security governance and information privacy governance. This is aligned with leading IT governance practice and reflects a maturing of Reunert's IT governance approach.

2022 focus areas

Continued implementation of the information security improvement plan and roll-out of the Secure Configuration Standards

The multi-year security rollout plan to refresh and update Reunert's security technologies completed its first year of deployment. Reunert business units are in the process of addressing outdated technologies and legacy systems.

The Group-wide vulnerability management process resulted in a considerable decrease in the vulnerabilities identified during 2022. The vulnerability management platform is available to business units to monitor and manage the remediation of identified vulnerabilities. This process forms part of ongoing security management.

Reunert's IT governance focus areas:

> IT risk management

> Information security

> Information privacy

> IT general controls management concerning the Internal Financial Reporting Controls Integration Programme

> Operations management with a specific focus on backup and recovery

> IT monitoring and evaluation

The security rollout plan is regularly updated to include measures to counter new and emerging security threats.

Monitoring of the IT governance aspects of the Internal Financial Reporting Controls Programme

There is an increased focus on IT governance at the business units. In addition, IT feedback has been added as a standard reporting item at the monthly business unit management meetings. The following mechanisms are in place to assist with the monitoring:

> IT control self-assessments completed by IT management

> Control champions are assisting in testing required IT controls throughout the Group

> Internal audit provide further assurance that required controls are in place during their annual audits

> The annual monitoring and assessment of cybersecurity, business resilience and operational technology by insurers

Oversight of the sustainable implementation of the roll-out plans for enhancing cybersecurity and data protection

Several improvements have been made to enhance cybersecurity and data protection. This included implementing a privacy programme.

Reunert focuses on incorporating the additional requirements for cyber insurance into its current IT programmes and frameworks. These requirements include ensuring secure remote connectivity for employees and rolling out cybersecurity training.

In addition, Reunert focused on improving cybersecurity controls at business units. These included improving IT governance and risk management, access management, disaster recovery management and user security awareness. A formal escalation procedure for cybersecurity-related events was established to ensure that all incidents are reported to the Group immediately to enhance the speed and effectiveness of the response.

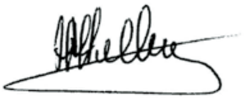
Cybersecurity awareness training was rolled out to all employees on the Reunert Learning Management System. Training includes compulsory awareness training to educate employees on spotting and reporting suspected phishing attempts to protect themselves and the Group from cybercriminals, hackers, and other threat actors. This year 1 212 employees completed this training and this training will be ongoing and updated annually.

Future focus areas

The focus areas for 2023 are:

> Enhancing IT governance frameworks in business units

> IT disaster recovery training



John Hulley
Chair, Risk Committee

Social, Ethics And Transformation Committee report 2 3 8

THE SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE (SETCO) OVERSAW THAT **THE GROUP REMAINS COMMITTED TO ITS CONTRIBUTION AS A GOOD CORPORATE CITIZEN** FOR THE BENEFIT OF ALL ITS STAKEHOLDERS.

DR TUMEKA MATSHOBA-RAMUEDZISI

2022 focus areas

- Further entrenched a values-driven culture, reviewed the implementation of the Reunert Code of Ethics and monitored the roll out of the Building Better Teams training programme
- Monitored the execution of the HR strategy, including assessing the high-performance culture and employment equity
- Monitored the revised Leadership and Management Development Framework
- Evaluated the consolidation of environmental, social and governance (ESG) reporting under a single framework and its implementation

Members and meeting attendance

Dr MT Matshoba-Ramuedzisi (Chair)[1]
RJ Boëttger[2]
AB Darko[3]
AE Dickson
TNM Eboka[2]
S Martin
Retired
TS Munday[4]
Adv NDB Orleyn[5]

In 2022, committee members attended all meetings during their tenure. There were three committee meetings scheduled in 2022.

1 *Appointed as Chair on 1 January 2022.*
2 *Appointed to the committee on 1 April 2022.*
3 *Retiring from the Board immediately following the conclusion of Reunert's 2023 Annual General Meeting.*
4 *Retired on 15 February 2022.*
5 *Retired on 30 June 2022.*

By request

- Chair of the Board
- Group Human Capital and Sustainability Executive Director

2023 focus areas

- Further entrench a values-driven culture and implement action plans formulated from feedback from the third Group Values survey
- Oversee the execution of the HR strategy, including improving Reunert's high-performance culture and employment equity, with a specific focus on:
  - Skills transfer
  - Succession planning and development for critical skills
  - Creating capacity to remove single resource dependency
- Review the revised Leadership and Management Development Framework to strengthen management and leadership teams to develop longer-term focus
- Continue to evaluate the consolidation of ESG reporting under a single framework and its implementation

Composition

as at 30 September 2022

Five members are independent non-executive directors. One member is an executive director.

Tenure

Four members: 1 – 5 years
Two members: 5 – 9 years

Expertise

Commercial, governance, financial, legal and non-profit organisation qualifications and experience.

Promoting a values-driven culture

Focusing on building a values-driven culture has a variety of expected benefits, including increased performance levels, improved customer service, employee attraction and retention and ultimately, long-term sustainability. The Social, Ethics and Transformation Committee (Setco) continued to monitor how a values-driven, ethical culture is embedded at Reunert. The third Group Values Survey was conducted to determine if employees live the Group Values and believe their leadership exemplifies them. The results of this survey indicate that employees believe that their individual and team member behaviour strongly reflects the values. The impact of the Group Values on the operations at business units improved by 13% from 2020 to 2022.

Read more in the human capital review on page 60.

Organisational ethics

The Group has well-entrenched Group Values, a Code of Ethics and a Whistle-blowing Policy to foster ethical behaviour. The Setco oversees organisational ethics, including monitoring the adherence to the Group Values.

After extensive consultation with employees, the Group's Code of Ethics was redeveloped and formally announced in December 2021. The consultation with employees played an important role in enhancing employee buy-in and increasing efficacy. In 2022, each business unit used unique approaches to create excitement around the internal launches of the Code of Ethics.

The Reunert Reserved Matters Framework lists the types of transactions that pose a significant commercial risk or are more susceptible to abuse or fraud. Approval of these transactions requires an additional layer of governance and executive oversight.

Suppliers

The Group uses third party scanning tools to assess and approve suppliers. The segment control champions assess new suppliers for hidden risks around money laundering, sanctions, non-compliance with regulations and laws and their relationships with politically exposed persons. In 2022, no significant compliance concerns were identified.

Applied Electronics subcontracts a limited number of sales agents. Standard agreements are in place with a clause to prevent fraud and corruption. The segment has standard operating procedures to manage subcontracting, as specified in Government's procurement rules. Reunert's procedures regulate commissions paid for services rendered.

Applied Electronics has a formal and rigorous process to screen small, medium and micro-sized enterprise partners before incorporating them into its supply chain. This ensures that partners are engaged on a solid business basis and can sustainably trade with the segment on an arm's length basis into the future.

All suppliers, contractors and agents acting on behalf of the Group must comply with human rights, labour standards and environmental policies.

Defalcation reports

Each business unit monitors fraud risk and improves processes to prevent opportunities for fraud. They submit monthly defalcation reports listing instances of collusion, bribery, fraud or theft. The Audit Committee reviews these reports. As from September 2022, defalcation reports are also shared with the Risk Committee and Setco. No incidences of collusion, bribery or fraud took place at the business units during the year (2021: nil).

Whistle-blowing

Employees and third parties can make use of an independent whistle-blowing facility. This tip-off line operates 24 hours every day of the year. This whistle-blowing channel's management is outsourced to Deloitte Tip-offs Anonymous to ensure the confidentiality of matters disclosed. Internal communications channels are used to promote the tip-off line. The Whistle-blowing Policy is available at www.reunert.co.za/corporate-governance.php.

The Head of Internal Financial Controls and Risk Management reports tip-offs to the relevant Group executive to investigate and provide feedback. Should the Group executive be implicated in the tip-off received, the matter is escalated to the Chair of the Audit Committee. Where possible, the outcome of the investigation is provided to the whistle-blower and relevant employees. The Audit and Risk Committees review the tip-off register at every meeting.

By year-end, all cases had been appropriately investigated and closed. Where relevant, actions were taken to address the outcome of the investigation. Most reports were related to internal HR matters and were addressed by the relevant business unit. There were no material concerns identified.

Tip-off contacts recorded (Number)	**2022**	2021	2020
Collusion, bribery and unethical behaviour	**6**	3	–
Fraud and theft	**–**	–	1
Procurement irregularities	**–**	–	2
HR-related issues including favouritism, discrimination, harassment and victimisation	**9**	7	10

Progress on the Sustainability strategy

The Setco monitored the Group's sustainability management according to the Board-approved Sustainability strategy. This strategy, approved in 2018, is founded on an ethical culture, strong stakeholder relationships and an acknowledgement of the Group's responsibilities as a corporate citizen. Exco is considering amendments to the Sustainability strategy, which will be presented to Setco in 2023.

The Setco continues to monitor international and local developments relating to reporting frameworks for sustainability.

More information on the matters addressed by the Setco is available as follows:

> The Sustainability strategy: page 36
> Stakeholder relationships: page 57
> Socio-economic development: page 67
> Climate change and environmental review: page 68

Executing the HR strategy and driving people transformation

In 2022, the Setco monitored the HR strategy, focusing on succession planning, critical roles, talent development and enhancing employment equity levels. In 2021, the execution of individual career development plans was negatively affected by Covid-19. This meant that the execution of career development plans against set timelines received a specific focus in 2022.

The Group's transformation drive has successfully improved the Group's employment equity representation, and Setco oversees the plans to maintain this trend. The Setco continued to monitor employment equity targets. Setco considers information on employee resignations, reviews whether there are any trends that indicate potential areas of concern and monitors that management's responses to trends identified, if any, are appropriate.

The Setco provided input into Reunert's strategic BEE transaction and gave recommendations for the construction of the ESOP. In addition, the Setco provided its views on the employees' communication and education plan that formed part of the roll-out of the ESOP.

More information on the matters addressed by the Setco is available as follows:

> Human capital review: page 60
> Employee equity profile: page 66
> ESOP: page 16

Effective compliance 13

Each business unit is responsible for its own legislative compliance, with support from Head Office functions on some matters[1]. Reunert Head Office functions provide input and support in areas such as accounting practices, taxation, human resources, litigation and company secretarial services.

Group executives, together with business units' leadership, embed the Combined Assurance Framework (page 84) and monitor business units' compliance, processes, and procedures.

Each year business units' CEOs certify their business units' compliance with the Competition Act, 89 of 1998, the Prevention and Combating of Corrupt Activities Act, 12 of 2004 and other relevant laws and regulations. The Setco supervises the annual compliance confirmation certification process.

Effective Group-wide compliance is further supported by:

> Policies and practices
> Internal audit
> Defalcation reports
> The whistle-blowing facility
> Group-wide training for new employees and for important pieces of legislation

Regulatory changes

Depending on their nature, regulatory changes are monitored by:

> Business units (particularly where they fall within the specialist knowledge of a particular business unit)
> Functional specialists (e.g. changes to tax law, International Financial Reporting Standards or corporate law)
> Group Legal Counsel

In 2022, Reunert continued to assist business units with compliance with the Protection of Personal Information Act, 4 of 2013 (POPI Act). 23 employees completed compliance training and 1 667 general training on the POPI Act, provided through the Reunert Learning Management System.

Confirmation of compliance with the Companies Act

The Board, on recommendation of the Setco, confirms that Reunert is:

> In compliance with the provisions of the Companies Act and the relevant laws applicable to its establishment, specifically relating to its incorporation
> Operating in conformity with its MOI

Conclusion

The committee is satisfied that it fulfilled its responsibilities per its Terms of Reference and its statutory duties in terms of regulation 43 of the Companies Regulation, 2011.

Dr Tumeka Matshoba-Ramuedzisi
Chair, Setco

[1] *Refer to the standards and principles fact sheet, which sets out some of the key internal and external standards and principles that are applied in the Group at www.reunert.co.za/sustainability.php.*

THE REMUNERATION REPORT OUTLINES HOW REUNERT COMPENSATED ITS EXECUTIVE DIRECTORS, TOP MANAGEMENT AND NON-EXECUTIVE DIRECTORS. IT ALSO INCLUDES INFORMATION OF OTHER EMPLOYEES AT A CONSOLIDATED LEVEL.

REMUNERATION: ENSURING FAIR AND RESPONSIBLE REMUNERATION [14]

The report comprises three sections:

Section one: Remuneration background statement	**98**
Section two: Overview of the Remuneration Policy and structures	**101**
Section three: 2022 Remuneration Policy Implementation Report	**106**

Section one: Remuneration background statement

THE REMUNERATION COMMITTEE SEEKS TO ENSURE THAT THE GROUP'S REMUNERATION POLICY APPROPRIATELY **BALANCES THE LEGITIMATE INTERESTS OF ITS VARIOUS STAKEHOLDERS, TO SUPPORT SUSTAINABLE GROWTH**.

TASNEEM ABDOOL-SAMAD

Remuneration Committee's focus

The Remuneration Committee (Remco) is mandated to ensure the Group's Remuneration Policy and practices are fair and responsible, comply with regulations and governance requirements and align with good business practice. The Remco remained cognisant of Reunert's status as a good corporate citizen and made adjustments that were deemed necessary to effect fair and responsible remuneration. The Remco is confident that the Remuneration Policy supports Reunert's strategic objectives, is market-related, reflects best practice and supports the generation of long-term value for shareholders and other stakeholders.

The Remco's focus areas for the year, as well as next year's priorities, are set out below and described in the rest of this report.

2022 focus areas

> Review of the Remuneration Policy to ensure fair and responsible remuneration
> Implementation of the 2022 Remuneration Policy
> Review of performance measures and their weightings for the Long-term Incentive (LTI) Plan
> Consider changes to the Companies Act in relation to remuneration

2023 focus areas

> Review the Remuneration Policy to ensure that remuneration remains fair and responsible
> Implement the 2023 Remuneration Policy and the revised Short-term Incentive (STI) structure
> Review performance measures and their weightings for the LTI Plan
> Consider changes to the Companies Act in relation to remuneration
> Consider potential pay gap reporting

A structured approach to remuneration decisions

The Reunert Remuneration Policy was reviewed and amended to support top management's delivery of optimal business results and creation of shareholder value. The table below sets out the key considerations and decisions of the Remco in 2022, as defined by its Terms of Reference.

Reviewed	> The Remuneration Policy > The structure of the current STI Plan > The performance measures of the Conditional Share Plan (CSP)
Approved	> Annual increases for the 2023 financial year (1 October 2022 to 30 September 2023). An average of 5,9% for executive directors, top management and salaried employees > Promotional increases for top management > Amending the structure of the STI by simplifying it and aligning it to best practice by: o Consolidating the financial and strategy KPI component o Including non-financial KPIs > STI financial targets and non-financial KPIs for top management for the 2023 financial year > 2022 STI payouts for top management > CSPs o Approved performance conditions and performance measures for the 2022 CSP o 2022 awards for executive directors, top management and selected key employees o 2018 vesting o 2017 vesting (second tranche of retention plan)
Reviewed and recommended to the shareholders	> The fees for non-executive directors for 2023

Changes to the Remuneration Policy

The Remco reviewed the 2022 Remuneration Policy against internal requirements, latest market practice, and the South African economy in the post-Covid-19 environment. It concluded that although the Reunert STI Plan aligns with best practice, it is complex and does not contain non-financial KPIs, which are important for attraction, retention, development of talent and business sustainability.

Strategic KPIs have been a component of the Reunert STI Plan for the past eight years. It was structured to align remuneration with the execution of the new Group strategy, which came into effect in March 2015. Strategy execution is well-entrenched and for the 2023 financial year, strategy execution will be consolidated into the financial KPI. The focus on strategy will not diminish as the Group's financial performance depends on the successful execution of the key strategic objectives. The financial modifier linked to the achievement of strategic KPIs is no longer applicable.

The new STI and its two elements

- The financial KPI aligns to the operation of the FY2022 financial KPI, with a weighting of 70%
- The non-financial KPIs (total weight of 30%), with each KPI carrying an equal weighting of 10%:
  - People transformation
  - Management of talent
  - ESG

More detail is on page 104.

People transformation will no longer be a modifier but will be a non-financial KPI to expand the focus on people transformation and achieving employment equity targets. Management of talent will be a new non-financial KPI to augment the focus on people.

An environmental, social and governance (ESG) KPI will also be a new non-financial KPI to increase the focus on achievement of sustainability targets.

These changes will be implemented for the 2023 financial year to ensure the Remuneration Policy continues to reflect best practice, drives strategy implementation, operational performance, expands management's focus on people transformation, management of talent and ESG and serves as an appropriate retention mechanism. The changes simplify the structure of the STI Plan and introduces non-financial KPIs that are key enablers for optimal business performance. The revised STI principles do not increase the quantum of the STI that an employee can receive.

Shareholder approval

The Remuneration Policy and Implementation Report were presented for shareholder approval at the Annual General Meeting (AGM) held on 15 February 2022. The shareholder voting results demonstrate Reunert's commitment to engaging with and addressing shareholders' concerns.

	2022		2021		2020	
%	**For**	**Against**	For	Against	For	Against
Remuneration Policy	**95,25**	**4,75**	94,66	5,34	92,98	7,02
Implementation Report	**90,08**	**9,92**	89,52	10,48	91,95	8,05

Continued shareholder engagement

The following resolutions will be tabled for shareholder approval at the upcoming AGM, details of which can be found in the Notice of AGM:

> Non-binding advisory vote on the Remuneration Policy, starting on page 101 (all information contained under section two of this report)
> Non-binding advisory vote on the Implementation Report, starting on page 106 (all information contained under section three of this report)
> Binding vote on non-executive directors' fees

Reunert will engage shareholders if the Remuneration Policy and/or the Implementation Report are voted against by 25% or more of the votes exercised. This engagement may be done in person or in writing and will be implemented at a time after the release of the voting results.

Remuneration Committee

Members and meeting attendance

T Abdool-Samad (Chair)[1]
RJ Boëttger[2]
AB Darko[3]
JP Hulley
MJ Husain
S Martin[1]
Retired
SD Jagoe[4]
Adv NDB Orleyn[5]

In 2022, Board committee members attended all meetings during their tenure. There were three committee meetings in 2022.

[1] *Tasneem Abdool-Samad succeeded Sarita Martin as Chair of the Remco from 1 January 2022.*
[2] *Appointed to the Remco on 1 April 2022.*
[3] *Retiring from the Board immediately following the conclusion of Reunert's 2023 Annual General Meeting.*
[4] *Retired on conclusion of the AGM on 15 February 2022.*
[5] *Retired on 30 June 2022.*

By request

> Group CEO
> Group Human Capital and Sustainability Executive Director

Composition

as at 30 September 2022

All members are independent and non-executive

Tenure

Four members: 1 – 5 years
Two members: 5 – 9 years

Expertise

Commercial, governance, legal, remuneration and management qualifications and experience

Mandate

The Remco's mandate includes matters contemplated in the JSE Listings Requirements, the provisions of principle 14 of King IV and related practices the Remco deems appropriate to adopt.

The Remco's roles and responsibilities are set out in its Terms of Reference, which are reviewed by the Remco and approved by the Board annually, and are available at https://www.reunert.co.za/corporate-governance.php.

Going forward

The Remco supports the implementation of the Remuneration Policy and is confident that it remains aligned with the strategy of the Group. The Remuneration Policy undergoes a robust review every year, and the 2023 review will include a complete evaluation of the impact of external factors on the Policy.

Tasneem Abdool-Samad
Remuneration Committee Chair

Section two: Overview of the Remuneration Policy and structures

Overview of Remuneration Policy

The Remuneration Policy's principles guide the Group's remuneration practices. The Remuneration Policy is set to:

> Attract, retain, reward and motivate talent
> Reward performance
> Promote positive outcomes and achievement of operational and strategic objectives
> Be flexible to adjust to changing economic conditions and the Group's needs
> Foster individual performance and teamwork
> Promote an ethical culture and responsible corporate citizenship
> Drive transformation of the workplace

The Remuneration Policy comprises guaranteed package (GP) and a mix of variable pay (STI and LTI). The STI annually rewards business unit leadership for achieving their financial KPIs and non-financial KPIs, and the LTI drives long-term Group performance. The Remuneration Policy is structured to ensure alignment between top management and shareholders' interests. The details of the policy structures are on pages 102 to 103.

Fair and responsible remuneration

The Group has adopted a policy whereby every employee will earn at least 25% above the national minimum wage framework in South Africa. Internal benchmarking indicated that employees are remunerated fairly and in accordance with job functions.

This was supported by an internal parity assessment conducted in July 2022 for top management across the Group and across functions. The assessment aimed to identify anomalies considering responsibilities, tenure, experience, race, gender and the size of the business unit. In general, internal parity was found to be consistent. The Group also commenced a pay gap analysis and considered changes to the Companies Act in relation to remuneration, with specific reference to section 30A of the draft Companies Amendment Bill.

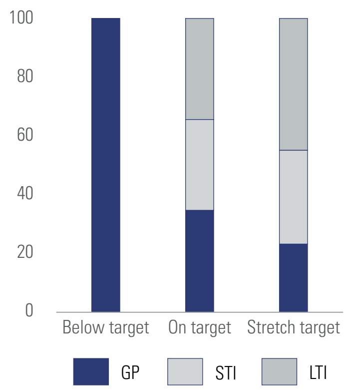
Benchmarking and consultants
The Remco did not engage the services of independent remuneration consultants during 2022.

Executive director remuneration

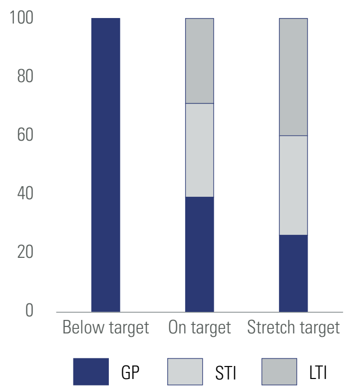
Targeted pay mix for executive directors

The executive pay mix is structured to drive sustainable value creation over the longer term. The graphs below illustrate the relative weighting between GP, STI and LTI depending on the extent to which targets are achieved.

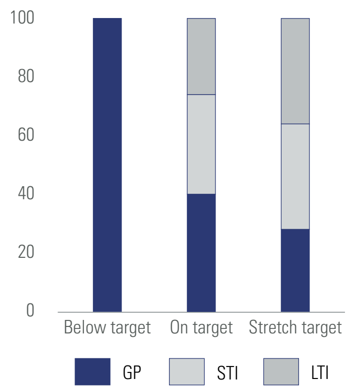
Group CEO (%)



Group CFO (%)



Group Human Capital and Sustainability Executive Director (%)



Note:
> *The below target level assumes that neither the STI nor the LTI performance conditions are achieved.*
> *The on-target level assumes that budgeted targets have been achieved, with a 50% vesting of annual LTI allocations and on target STI performance.*
> *The stretch target level assumes that the maximum targets have been achieved, with 100% vesting of annual LTI allocations and maximum STI achievement.*

Service contracts
All executive directors are compensated according to the Group's Remuneration Policy. Executive directors' employment contracts align with the Group's standard terms and conditions of employment and include a six-month notice period.

Executive directors do not receive extended fixed-term employment contracts or special termination benefits. If operational requirements necessitate that an executive director's employment be terminated, payment will be as per the Group's retrenchment practices and South African labour legislation. No severance payments were made to executive directors in 2022.

Executive directors do not receive additional remuneration for their attendance at Board or committee meetings.

Remuneration structures

Remuneration structures are designed to balance GP and variable pay to assist Reunert in reaching its strategic and operational objectives. Remuneration comprises three core elements, as presented in the table below.

	GP	STI
Purpose	Attraction and retention	Drive sustainable financial and non-financial performance
Participation	All employees	Executive directors, top management, and selected key management
Performance period	Monthly	One year
Implementation	1 July – bargaining unit employees 1 October – non-bargaining unit employees	Annually in November, with review and approval by the Remco
Key elements	GP consists of base salary and Company contributions toward retirement funding and health benefits. It is a fixed cost for the Company and is targeted to be up to the median of the relevant market benchmark. The following factors are considered during salary reviews: > Appropriate market benchmarks > Internal parity > Prevailing economic conditions > Average consumer price index (CPI) > Group business unit financial performance > Employee performance	> The maximum incentives as a percentage of GP for executive directors and top management are as follows: o Group CEO: 140% o Group CFO and Group Human Capital and Sustainability Executive Director: 130% o Segment Heads and CEOs of large business units: 120% o Other business unit executives, i.e. business unit CEOs and business unit executives: 100% > Senior managers and below are paid incentives at lower percentages of GP > Incentives are self-funded (profit target only achieved after providing for the incentive) > Incentives are not guaranteed. Incentive payment depends on performance against predetermined financial targets and non-financial objectives and measures
Method of settlement	Cash	Cash
Performance measures	Not applicable	> The STI comprises: o Financial KPI o Non-Financial KPIs Details on the STI are provided in section two on page 104.
Malus and clawback	Not applicable	Yes

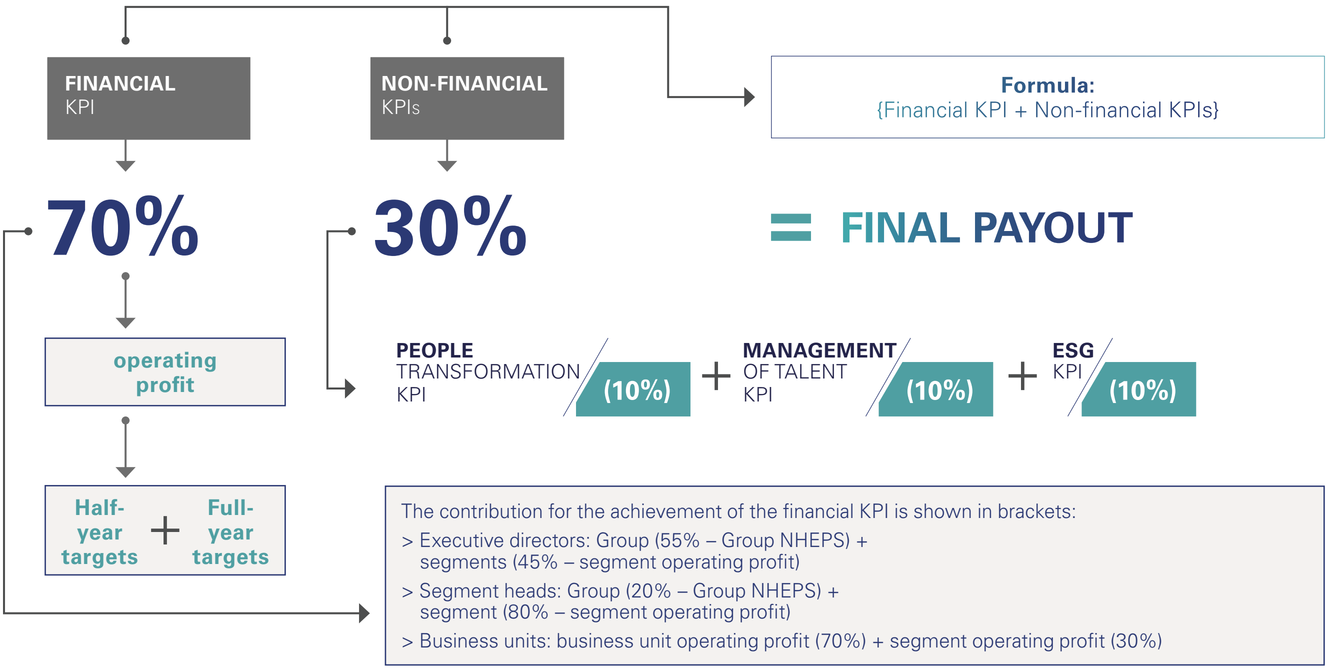
LTI		
CSP		**DBP**
Performance awards	**Retention awards**	**No awards were made from 2018 to 2022 in terms of the Deferred Bonus Plan (DBP)**
To drive long-term performance and create alignment between management and shareholder objectives	Retention of critical skills for business continuity	To retain employees and create alignment between management and shareholder objectives
Executive directors, top management, and high-performing candidates in critical roles	Technical specialists with scarce and critical skills, high-potential employment equity (EE) candidates, and successors for scarce and critical roles	Executive directors and top management who qualify for STIs when the DBP is used
Four years	50% (four years) and 50% (five years)	Three or four years
Annually in November, with review and approval by the Remco	Annually in November, with review and approval by the Remco	Annually in November, with review and approval by the Remco
> Allocations are based on defined criteria (participants' level of seniority, ability of the position to influence strategy, operational, individual and business performance) > Allocations may not exceed two times annual GP > Details of the CSP are available in past Integrated Reports and on the Reunert website	> Remaining in the employment of the Group is the only criterion (employees must be in a position that qualifies for participation as indicated above) > Allocations may not exceed 20% of annual GP	> Participants choose to receive a portion of the STI in the form of restricted Reunert shares > At the end of the stipulated vesting period, participants will be entitled to receive a cash award. Dividends are paid on the restricted shares during this period > The Remco annually determines: o Who may participate o The percentage of the STI that may be received in deferred restricted shares o The period for which the restricted shares must be retained by participants o The quantum of the deferred bonus for which participants will qualify at the end of the financial period. This percentage may not exceed 100%
Reunert shares (on-market purchase)	Reunert shares (on-market purchase)	Cash
> Normalised headline earnings per share (NHEPS) (50% weighting) > Total shareholder return (TSR) (25% weighting) > Group return on capital employed (ROCE) (25% weighting) Further information on allocations and performance conditions are on page 104.	Remaining in the employment of the Group	Participation in the DBP is determined by the achievement of set performance criteria
Yes	Yes	Yes

Short-term Incentive

The STI payment is assessed against performance on predetermined financial targets, and non-financial objectives and measures. The STI comprises:

> Financial KPI carry a weighting of 70%
  - o NHEPS for executive directors
  - o Operating profit for top management

> Non-financial KPIs carry a weighting of 30%
  - o People transformation, linked to achieving employment equity targets
  - o Management of talent
  - o ESG



The 2019 CSP (LTI)

The 2019 CSP plan will be implemented for the 2022 CSP awards with the same performance conditions. The performance measure for the comparator group has been amended with three companies that have delisted and the vesting percentage has been adjusted accordingly. Full details of the 2019 CSP plan can be obtained from the 2019 Integrated Report which is available on the Reunert website at https://www.reunert.co.za/downloads/agm/Reunert-2019-CSP.pdf.

The performance conditions and targets for the 2022 CSP are detailed below.

Performance condition	Weighting	Performance level	Performance measure	Vesting %
NHEPS	50%	Threshold	NHEPS < CPI	**0**
		Target	NHEPS = CPI + GDP + 1,5%	**40**
		Stretch	NHEPS = CPI + GDP + 3%	**100**
ROCE	25%	Threshold	ROCE < 16,0%	**0**
		Target	ROCE = 16,5%	**40**
		Stretch	ROCE = 19,5%	**100**
Relative TSR*	25%	Threshold	Ranking position at median and below	**0**
		Target	Ranking position 5 of 10 TSR constituents	**25**
		Stretch	Ranking position 3 of 10 TSR constituents	**100**
		Super stretch	Ranking position 1 of 10 TSR constituents	**120**

** The comparator Group comprises the following companies:*

1 Allied Electronics Corporation Limited
2 Barloworld Limited
3 Bidvest Group Limited
4 Alviva Holdings Limited
5 Hudaco Industries Limited
6 Kap Industrial Holdings Limited
7 Mustek Limited
8 Super Group Limited
9 Enx Group Limited

Key objectives for 2023

Short-term Incentive

The objectives for the next financial year are disclosed below, and the outcome will be communicated in the 2023 Remuneration Policy and Implementation Reports.

NHEPS

The NHEPS targets for the Group CEO, Group CFO and the Group Human Capital and Sustainability Executive Director are determined using the 2022 budget, and are presented in the table below.

Half-year target	Full-year targets			
	Level 1	Level 2	Level 3	Level 4
90% to half-year budget	96% to budget	100% to budget	108% to budget	115% to budget

- > The half-year target payout for the Group CEO, Group CFO and Group Human Capital and Sustainability Executive Director is 13,5%, 12,5% and 12,5% of GP, respectively
- > The on-target payout (level 2) for the Group CEO, Group CFO and Group Human Capital and Sustainability Executive Director is 34,0%, 31,5% and 31,5% of GP, respectively
- > The maximum payout (level 4) for achieving the NHEPS target is 84,5% of GP for the Group CEO and 78,5% of GP for the Group CFO and Group Human Capital and Sustainability Executive Director, which can only be earned at level 4 (stretch target)
- > The total payout for achieving the financial KPI, half year plus full year targets is 98% of GP for the Group CEO and 91% of GP for the Group CFO and Group Human Capital and Sustainability Executive Director

Non-Financial KPIs

The non-financial KPIs are shown in the table below and are the same for each executive director.

The maximum payout for achieving non-financial KPIs is 42% of GP for the Group CEO, and 39% for the Group CFO and the Group Human Capital and Sustainability Executive Director.

	Non-financial KPIs		
Total weighting: 30%	People transformation	Management of talent	ESG
Objectives	Achievement of employment equity targets.	Succession planning (coverage for critical roles). Development of successors for critical roles.	> Improve ESG disclosure through alignment with relevant guidance frameworks > Determine clear strategic actions and where possible targets for the Reunert sustainability strategy
Weighting	10%	10%	10%

Remuneration policies for non-executive directors

Contracts	Non-executive directors do not have service contracts with the Group. Reunert's Memorandum of Incorporation governs non-executive directors' terms of office. It requires that one-third of the Board must retire by rotation every year and may make themselves available for re-election by shareholders.
Fees	Non-executive directors receive a standard fee for their services on the Board and Board committees. Non-executive directors are not eligible for any Group incentives. The Remco reviews the fees annually and conducts an external benchmarking exercise every second year. Fees are submitted to shareholders for approval annually at Reunert's AGM and changes are effective from 1 March each year. The last approved fees will apply if shareholders do not approve the proposed fees.
Benefits	Reunert covers travel costs and expenses incurred in the normal course of business, for example attending Board and Board committee meetings.

Section three: 2022 Remuneration Policy Implementation Report

The Remco monitored the Remuneration Policy's implementation throughout the year. It confirms that the financial year 2022 Remuneration Policy was complied with, as set out in the previous 2021 Integrated Report.

This section deals with remuneration for executive directors, top management and non-executive directors, as applicable.

2022 annual increases

The Group's total payroll cost is R2 061 million (2021: R1 984 million)[1], representing 19% of total revenue (2021: 21%). The average increase for salaried employees from 1 October 2021 to 30 September 2022 was 4,5%. Executive directors received an annual increase of 4,5% in the same period.

Bargaining unit wage increases, effective 1 July 2022, were implemented as per the three-year wage agreement.

2022 STI awards

Executive directors and business unit top management qualified for incentive (bonus) payments by meeting financial targets and/or strategic KPIs. The Remco approved the STI awards shown in the table below following a detailed assessment of the relevant financial targets and strategic KPIs.

The Remco is satisfied that the STI awards reflect the Group's performance for the 2022 financial year.

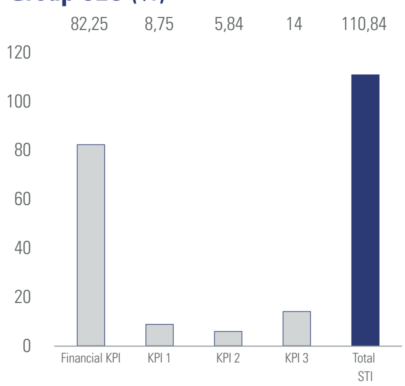
STIs earned	2022 Rm	2021 Rm
Electrical Engineering	**18,09**	13,51
ICT	**6,65**	8,05
Applied Electronics	**7,59**	5,65
Executive directors at Head Office	**15,82**	8,86
Total STIs earned	**48,15**	36,07

Executive director 2022 STI awards

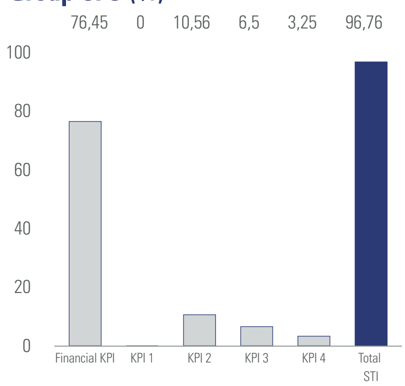
Executive directors qualified for an incentive as a result of achieving the Group NHEPS target at L4, the Electrical Engineering Segment operating profit target at L4, the ICT Segment operating profit target between L2 and L3 level and strategic KPIs.

The percentage achievement is presented in the graphs below.

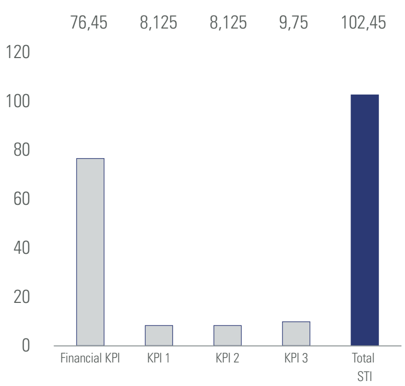
Group CEO (%)



Group CFO (%)



Group Human Capital and Sustainability Executive Director (%)



[1] *Refer to Note 3: Operating Profit in the Summarised consolidated financial statements.*

2022 Deferred Bonus Plan

The DBP was not offered in 2022.

Conditional Share Plan awards

CSP performance conditions for the 2022 CSP are set out on page 104. The Remco allocated the following awards.

CSP	Performance award	Retention award
2022 CSP awards		
Participants	**93**	**49**
Number of units	**1 794 000**	**98 342**

CSP information and settled CSP awards for executive directors are included in the remuneration disclosures in the Annual Financial Statements, note 25, available at https://reunert.co.za/downloads/results/2022/reunert_afs_2022.pdf.

Remuneration and interests

R'000	Salary	Bonus and performance-related payments	Deferred incentive share scheme	Travel allowances	Retirement contributions	Medical contributions	Leave pay[1]	Total	Fair value of CSP at grant date[2]
2022									
AE Dickson	**6 238**	**7 407**	**–**	**132**	**227**	**86**	**–**	**14 090**	**3 807**
M Moodley	**2 931**	**3 280**	**–**	**–**	**203**	**68**	**–**	**6 482**	**1 186**
NA Thomson	**4 919**	**5 132**	**–**	**–**	**237**	**147**	**–**	**10 435**	**2 266**
	14 088	**15 819**	**–**	**132**	**667**	**301**	**–**	**31 007**	**7 259**
2021									
AE Dickson	5 963	3 958	778	132	217	83	600	11 731	–
M Moodley	2 791	1 876	788	–	209	65	–	5 729	–
NA Thomson	4 707	3 781	1 163	–	227	141	–	10 019	–
	13 461	9 615	2 729	132	653	289	600	27 479	–

[1] *Settlement of leave that accrued prior to implementation of the current leave policy which requires employees to either use the leave within the leave cycle or forfeit it.*

[2] *The value has been determined using the fair value per unit and the expected vesting probabilities of the non-market conditions (normalised headline earnings per share (NHEPS) and return on capital employed (ROCE); and the fair value of the market conditions (total shareholder return (TSR)) at grant date. For further details relating to the valuation methodologies and assumptions used, refer to note 18.*

Payments to non-executive directors

Amounts paid to non-executive directors as fees for the year are reflected below. Travel and accommodation expenses of R77 079 were reimbursed to non-executive directors and are not included in the fees shown below.

R'000	2022	2021
MJ Husain[1]	**1 172**	549
TS Munday[2]	**597**	1 569
T Abdool-Samad	**959**	837
AB Darko[4]	**642**	603
LP Fourie	**843**	731
JP Hulley	**733**	659
SD Jagoe[2]	**273**	660
S Martin	**660**	674
MT Matshoba-Ramuedzisi	**756**	603
Adv NDB Orleyn[5]	**471**	659
TNM Eboka[3]	**266**	–
RJ Boëttger[3]	**335**	–
	7 707	7 544

[1] *Assumed the role of Chair of the Board on 15 February 2022.*
[2] *Retired from the Board on 15 February 2022.*
[3] *Appointed 1 March 2022.*
[4] *Retiring from the Board immediately following the conclusion of Reunert's 2023 Annual General Meeting.*
[5] *Retired from the Board on 30 June 2022.*

Refer to the Notice of AGM for the proposed 2023 fees.

The summarised consolidated financial statements set out hereunder are extracted from the Group Audited Annual Financial Statements of Reunert Limited for the year ended 30 September 2022 (audited financial statements) dated 15 December 2022. The audited financial statements have been compiled under the supervision of NA Thomson CA(SA), the Group's Chief Financial Officer. The audited financial statements, including the Auditor's Report thereon, from which the summarised consolidated financial statements have been extracted are available on the company's website.

SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS AND OTHER INFORMATION

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Share ownership analysis	**131**
10-year performance review	**132**

Currency conversion table

	USD1	ZMW1	AUD1
2022			
Year-end rate:	**R17,98**	**R1,14**	**R11,57**
Annual average rate:	**R15,82**	**R0,93**	**R11,25**
2021			
Year-end rate:	R15,10	R0,90	R10,89
Annual average rate:	R14,82	R0,72	R11,14

Summarised consolidated statement of profit or loss

for the year ended 30 September 2022

Rm	Notes	2022 Audited	2021 Audited	% Change
Revenue	2	**11 129**	9 575	16
Operating expenses[1]		**(9 903)**	(8 524)	16
Operating profit before impairment of financial assets:		**1 226**	1 051	17
Reversal of impairment/(impairment)		**5**	(1)	
Credit write-off	3, 6	**(13)**	(20)	
Expected credit losses	3, 6	**18**	19	
Operating profit	3	**1 231**	1 050	17
Interest and dividend income	4	**32**	28	
Interest expense	5	**(84)**	(70)	
Profit before tax		**1 179**	1 008	17
Tax		**(293)**	(265)	11
Profit after tax		**886**	743	19
Equity-accounted investees		**(42)**	24	
Share of (loss)/profit net of tax		**(39)**	24	
Impairment of investment		**(3)**	–	
Profit for the year		**844**	767	10
Profit/(loss) for the year attributable to:				
Non-controlling interests		**17**	(10)	
Equity holders of Reunert		**827**	777	
Earnings per share (cents)				
Basic	11	**520**	483	8
Diluted	11	**517**	481	8

[1] *Operating expenses is a net amount disclosed for the purpose of reconciling from revenue to operating profit before impairment of financial assets on the statement of profit or loss. The detail of this amount has been disclosed in note 3, Operating profit, where income and expenses are disclosed separately.*

Summarised consolidated statement of other comprehensive income

for the year ended 30 September 2022

Rm	2022 Audited	2021 Audited
Profit for the year	844	767
Other comprehensive income, net of tax:		
Items that may be reclassified subsequently to profit or loss	50	2
Translation differences of foreign businesses	50	1
Fair value remeasurement of financial asset	–	1
Items that may be not be reclassified subsequently to the statement of profit or loss	(48)	–
Fair value remeasurement of financial asset[1]	(48)	–
Total comprehensive income	846	769
Total comprehensive income attributable to:		
Non-controlling interests	25	(6)
- Share of profit/(loss) for the year	17	(10)
- Share of other comprehensive income	8	4
Equity holders of Reunert	821	775
- Share of profit for the year	827	777
- Share of other comprehensive income	(6)	(2)

[1] *Fair value remeasurement of the Group's investment in CBi-Electric Telecom Cables (Pty) Ltd, which was recognised as an investment at fair value through other comprehensive income during the current financial year. Refer to note 8 for more details.*

Summarised consolidated statement of financial position

as at 30 September 2022

Rm	Notes	2022 Audited	2021 Audited
Non-current assets			
Property, plant and equipment		**888**	858
Investment property		**25**	23
Right-of-use assets		**130**	146
Intangible assets		**495**	444
Goodwill	7	**960**	934
Investments in joint ventures and associates		**9**	99
Investment at fair value through profit or loss	9	**53**	76
Derivative financial asset	10	**57**	41
Lease receivables		**370**	410
Loan receivables		**1 209**	1 393
Other investments and loans		**64**	65
Deferred tax assets		**151**	145
		4 411	4 634
Current assets			
Tax receivable		**107**	115
Inventory		**2 079**	1 743
Lease receivables		**236**	273
Loan receivables		**456**	400
Trade and other receivables		**2 674**	2 097
Derivative financial assets		**12**	7
Cash and cash equivalents		**957**	1 068
		6 521	5 703
Total assets		**10 932**	10 337
Equity and liabilities			
Capital and reserves			
Share capital		**389**	389
Share-based payment reserves		**216**	219
Empowerment shares		**(554)**	(276)
Treasury shares		**(169)**	(447)
Equity transactions/put option with non-controlling interests		**(20)**	(72)
Other reserves[1]		**(169)**	(163)
Retained earnings		**7 364**	7 045
Equity attributable to equity holders of Reunert		**7 057**	6 695
Non-controlling interests		**133**	87
Total equity[2]		**7 190**	6 782

Rm	Notes	2022 Audited	2021 Audited
Non-current liabilities			
Deferred tax liabilities		**200**	158
Equity forward contract		**28**	48
Long-term loans		**71**	44
Lease liabilities		**77**	100
Derivative financial liability	10	**33**	92
Share-based payment liability		**7**	–
Contingent consideration	13	**25**	10
		441	452
Current liabilities			
Put option liability	14	**–**	25
Equity forward contract		**20**	18
Current portion of long-term loans		**7**	39
Lease liabilities		**89**	85
Derivative financial liabilities		**15**	17
Provisions		**62**	81
Tax liabilities		**41**	21
Contract liabilities		**260**	264
Trade and other payables		**2 209**	1 776
Bank overdrafts and other short-term facilities		**598**	777
		3 301	3 103
Total equity and liabilities		**10 932**	10 337

[1] *Other reserves consist of:*
– Equity forward contract
– Foreign currency translation reserve
– Translation loss on net investment in foreign subsidiary
– Fair value reserves

[2] *Refer to the statement of changes in equity for the composition of all components of equity.*

Summarised consolidated statement of cash flows

for the year ended 30 September 2022

Rm	Notes	2022 Audited	2021 Audited
Cash flows from operating activities			
Cash generated from operations before working capital changes	A	1 328	1 158
Increase in net working capital		(334)	(200)
Cash generated from operations		994	958
Cash interest received		31	26
Dividends received		1	2
Cash interest paid		(81)	(66)
Tax paid		(234)	(272)
Net cash inflow from operating activities before dividends		711	648
Dividends paid (including to non-controlling interests in subsidiaries)		(454)	(428)
Net cash inflow from operating activities		257	220
Cash flows from investing activities			
Cash received from loan receivables		766	966
Cash invested in loan receivables		(793)	(893)
Proceeds from sale of loan receivables		162	–
Investments and loans granted		(31)	(8)
Dividends received from joint ventures		4	6
Replacement of property, plant and equipment and intangible assets		(40)	(42)
Proceeds from disposal of property, plant and equipment and intangible assets		47	37
Expansion of property, plant and equipment and intangible assets		(192)	(196)
Acquisition of businesses		(16)	(8)
Contingent consideration settled		(9)	–
Proceeds from disposal of investment, subsidiary and associate		29	37
Net cash outflow from investing activities		(73)	(101)
Cash flows from financing activities			
Shares acquired for equity settled Conditional Share Plan (CSP)		(6)	(11)
Proceeds from share subscription by non-controlling interests		11	68
Investment in treasury shares		–	(105)
Shares acquired from non-controlling interests		(21)	(31)
Repurchase of shares from BBBEE party		(10)	–
Put option liability settled		(24)	–
Long-term loans raised		31	47
Long-term loans settled		(3)	(9)
Contingent consideration settled		(2)	(7)
Equity forward contract liability settled		(15)	(15)
Lease liabilities settled		(84)	(73)
Net cash outflow from financing activities		(123)	(136)
Net increase/(decrease) in net cash and cash equivalents		61	(17)
Net cash and cash equivalents at the beginning of the year as reported in the Statement of Financial Position		291	323
Net cash and cash equivalents at the end of the year before translation adjustments		352	306
Foreign exchange translation adjustments on:			
Cash and cash equivalents		21	(6)
Bank overdrafts and other short-term facilities		(14)	(9)
Net cash and cash equivalents at the end of the year as reported in the Statement of Financial Position		359	291
Made up of:			
Cash and cash equivalents		957	1 068
Bank overdrafts and other short-term facilities		(598)	(777)
Bank overdrafts		(67)	(137)
Other short-term facilities		(531)	(640)

Notes to the summarised consolidated statement of cash flows

for the year ended 30 September 2022

Rm	2022 Audited	2021 Audited
A. Reconciliation of profit before tax to cash generated from operations before working capital changes		
Profit before tax	**1 179**	1 008
Adjusted for:		
Cash interest received	**(31)**	(26)
Dividend received	**(1)**	(2)
Cash interest paid	**81**	66
Unwinding of present value discount	**3**	4
Depreciation of property, plant and equipment and right-of-use assets	**201**	192
Amortisation of intangible assets	**52**	61
Profit on disposal of property, plant and equipment and intangible assets	**(1)**	(12)
Profit on disposal of associate	**–**	(1)
Fair value remeasurements		
Gain on investment at fair value through profit or loss	**(6)**	(103)
Gain on contingent consideration	**(3)**	(13)
Gain on put option derivative asset	**(16)**	(41)
(Gain)/loss on call option derivative liability	**(59)**	92
Gain on put option liability	**(1)**	–
Loss on disposal of subsidiary	**–**	1
Impairment of non-financial assets	**–**	1
Expenses arising from share-based payment transactions	**6**	7
Share-based payment expense in respect of the Group's CSP	**16**	16
Share-based payment expense in respect of the Group's Deferred Bonus Plan	**–**	1
Share-based payment expense in respect of the Group's cash settled employee share ownership plan	**7**	–
Cash paid to settle the Group's Deferred Bonus Plan	**–**	(6)
Net unrealised forex (gains)/losses	**(31)**	16
Lease modification	**(48)**	(49)
(Reversal of impairment)/impairment of financial assets		
Credit write-off	**13**	20
Expected credit losses	**(18)**	(19)
Provisions movements	**(21)**	(57)
Financial guarantee cost	**4**	–
Other non-cash movements	**2**	2
Cash generated from operations before working capital changes	**1 328**	1 158

Summarised consolidated statement of changes in equity

for the year ended 30 September 2022

Rm	2022 Audited	2021 Audited
Share capital	**389**	389
Share-based payment reserves	**216**	219
Balance at the beginning of the year	**219**	217
In respect of CSP[1]	**17**	18
Shares acquired to settle CSP	**(6)**	(11)
Expenses arising from share-based payment transactions[2]	**(3)**	7
Transfer to retained earnings	**(11)**	(12)
Equity transactions/put option with non-controlling interests	**(20)**	(72)
Balance at the beginning of the year	**(72)**	–
Shares acquired from non-controlling shareholders	**(10)**	(33)
Subscription for shares by non-controlling shareholders	**(7)**	(14)
Put option raised	**–**	(25)
Transfer to retained earnings	**69**	–
Empowerment shares[3]	**(554)**	(276)
Balance at the beginning of the year	**(276)**	(276)
Transfer from treasury shares	**(278)**	–
Treasury shares[4]	**(169)**	(447)
Balance at the beginning of the year	**(447)**	(342)
Shares bought back	**–**	(105)
Transfer to empowerment shares	**278**	–
Equity forward contract[5]	**(75)**	(75)
Foreign currency translation reserves	**55**	13
Balance at the beginning of the year	**13**	16
Other comprehensive income	**42**	(3)
Translation loss on net investment in foreign subsidiary	**(109)**	(109)
Fair value reserves	**(40)**	8
Balance at the beginning of the year	**8**	7
Other comprehensive income	**(48)**	1
Retained earnings	**7 364**	7 045
Balance at the beginning of the year	**7 045**	6 678
Profit for the year attributable to equity holders of Reunert	**827**	777
Cash dividends paid	**(450)**	(422)
Transfer from other reserves	**(58)**	12
Equity attributable to equity holders of Reunert	**7 057**	6 695
Non-controlling interests	**133**	87
Balance at the beginning of the year	**87**	38
Profit/(loss) for the year	**17**	(10)
Other comprehensive income	**8**	4
Cash dividends paid	**(4)**	(6)
Subscription for shares by non-controlling shareholders	**36**	62
Disposal of subsidiary	**–**	(4)
Shares acquired from non-controlling shareholders	**(11)**	3
Total equity at the end of the year	**7 190**	6 782

1 *The amount in respect of the CSP of R17 million (2021: R18 million) consists of a R16 million charge (2021: R17 million charge) in the statement of profit or loss and R1 million (2021: R1 million) to deferred tax.*

2 *The minority shareholders' shares in Bargenel Investments (Pty) Ltd (Bargenel) (the Group's empowerment vehicle) were repurchased for a total consideration of R9,6 million. Of this, R3,3 million was charged to equity and R6,3 million was included as a charge to profit or loss. (2021: an empowerment charge in the ICT Segment of R6 million and in the AE Segment of R1 million).*

3 *This is the cost of Reunert Limited shares held by Bargenel, the Group's primary empowerment structure. The underlying structure is considered to be controlled by Reunert Limited for accounting purposes and is thus consolidated.*

4 *Ordinary Reunert shares bought back in the open market and held by a subsidiary: 1 483 748 shares (2021: 7 032 824 shares). No shares were bought back during the current financial year. (In the current financial year, 5 549 076 shares were transferred to the Group's empowerment partner, Bargenel, in order to establish the employee share ownership plan as approved by the shareholders at the February 2022 General Meeting). During the 2021 financial year 2 035 126 shares were bought back.*

5 *At the end of the 2020 financial year, the Group, on behalf of the CSP, entered into a forward contract to acquire 2 346 930 ordinary Reunert shares from an independent third party, for purposes of hedging the Group's potential future obligation to deliver Reunert ordinary shares to CSP participants.*

Notes

for the year ended 30 September 2022

1. Basis of preparation

These summarised consolidated financial statements (summarised financial statements) have been prepared in accordance with the:

> Requirements of IAS 34 Interim Financial Reporting
> Framework concepts and the recognition and measurement requirements of International Financial Reporting Standards (IFRS) in effect for the Group at 1 October 2021
> South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides, as issued by the Accounting Practices Committee
> Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council
> Listings Requirements of the JSE Limited; and
> Requirements of the Companies Act, No. 71 of 2008, of South Africa

The summarised financial statements were compiled under the supervision of NA Thomson CA(SA), the Group's Chief Financial Officer.

The Group's accounting policies applied for the year ended 30 September 2022 are consistent with those applied in the prior year's audited consolidated Annual Financial Statements. These accounting policies comply with IFRS.

The summarised consolidated financial statements set out hereunder are extracted from the Group Audited Annual Financial Statements of Reunert Limited for the year ended 30 September 2022 (audited financial statements) dated 15 December 2022. The audited financial statements, including the Auditor's Report thereon, from which the summarised consolidated financial statements have been extracted are available on the Company's website.

2. Revenue

Rm	2022 Audited	2021 Audited
Revenue from contracts with customers:		
Category of revenue		
Products	**9 262**	7 632
Services	**1 504**	1 575
	10 766	9 207
Timing of revenue recognition:		
Revenue recognised at a point in time	**9 333**	7 911
Revenue recognised over time	**1 433**	1 296
Total revenue from contracts with customers	**10 766**	9 207
Other revenue:		
Interest received on lease and loan receivables	**332**	340
Rental revenue	**31**	28
Total	**11 129**	9 575

Refer to the segmental analysis, for a disaggregation of the total revenue into the revenue contribution by each segment.

Notes (continued)

3. Operating profit

Rm	2022 Audited	2021 Audited
Operating profit is arrived at as follows:		
Revenue	**11 129**	9 575
Items included in operating profit		
Changes in inventory	**(7 147)**	(5 852)
Employee costs	**(2 061)**	(1 984)
Salaries and wages	**(1 816)**	(1 776)
Pension and provident fund contributions[1]	**(126)**	(126)
Other staff costs[2]	**(96)**	(65)
Employee related share-based payment expense[3]	**(23)**	(17)
Fair value remeasurements	**85**	65
Gain on investment at fair value through profit or loss	**6**	103
Gain on contingent consideration	**3**	13
Gain on put option derivative asset	**16**	41
Gain/(loss) on call option derivative liability	**59**	(92)
Gain on put option liability	**1**	–
Auditors remuneration	**(29)**	(28)
Audit fees	**(28)**	(27)
Other fees	**(1)**	(1)
Reversal of impairment/(impairment) of financial assets	**5**	(1)
Credit write-off	**(13)**	(20)
Expected credit losses	**18**	19
Net forex gains	**63**	24
Net realised forex gains[4]	**32**	40
Net unrealised forex gains/(losses)[4]	**31**	(16)
Other income	**74**	47
Lease modification	**48**	49
Profit on disposal of property, plant and equipment and intangible assets	**1**	12
Interest incurred to finance the lease and loan receivables	**(9)**	(24)
Operating lease charges	**(29)**	(27)
Research and development	**(137)**	(150)
Financial guarantee	**(4)**	–
Gross other operating expenses	**(499)**	(395)
EBITDA[5]	**1 490**	1 311
The following additional disclosable items have been included in arriving at operating profit:		
Depreciation and amortisation	**(253)**	(253)
Impairment of non-financial assets		
Impairment of property, plant and equipment	**–**	(1)
Profit on disposal of associate	**–**	1
Loss on disposal of subsidiary	**–**	(1)
Expenses arising from share-based payment transactions[6]	**(6)**	(7)
Operating profit as per the statement of profit or loss	**1 231**	1 050

1 *Payments to defined contribution retirement plans are charged as an expense as they fall due.*

2 *Includes staff training, staff welfare, skills development levy, commissions and incentives and other staff related costs.*

3 *The following items are included in the employee related share-based payment expense:*
- *a charge of R7 million (2021: Rnil) relating to the employee share ownership plan implemented in the current financial year. This is classified as a cash settled share-based payment with the equivalent amount included in liabilities.*
- *a charge of R16 million (2021: R17 million) relating to the CSP share scheme.*

4 *Transactions denominated in a foreign currency are initially recognised at the ruling rates of exchange at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated to the exchange rates prevailing at that date. Exchange differences on monetary items are recognised in the statement of profit or loss in the period in which they arise.*
Derivative instruments are initially measured at fair value at the date the derivative contract is entered into and are subsequently remeasured to fair value at each reporting date. The resulting gains or losses are recognised in the statement of profit or loss.

5 *Earnings before net interest, tax, depreciation and amortisation, impairment of property, plant and equipment, profit on disposal of associate, loss on disposal of subsidiary and expenses arising from share-based payment transactions. EBITDA includes interest income received on lease and loan receivables in the ICT Segment.*

6 *The minority shareholders' shares in Bargenel (the Group's empowerment vehicle) were repurchased for a total consideration of R9,6 million. Of this, R3,3 million was charged to equity and R6,3 million was included as a charge to profit or loss. (2021: an empowerment charge in the ICT Segment of R6 million and in the AE Segment of R1 million).*

4. Interest and dividend income

Rm	2022 Audited	2021 Audited
Dividend income	**1**	2
Interest earned on financial assets		
Bank deposits	**19**	16
Other assets	**12**	10
Interest and dividend income as per the statement of profit or loss	**32**	28
Interest earned on lease and loan receivables included in revenue	**332**	340
Total interest and dividend income	**364**	368

5. Interest expense

Rm	2022 Audited	2021 Audited
Loans, bank overdrafts and other short-term facilities	**(66)**	(47)
Lease liabilities	**(15)**	(19)
Interest expense as per the statement of cash flows	**(81)**	(66)
Unwinding of present value discount	**(3)**	(4)
Interest expense as per the statement of profit or loss	**(84)**	(70)
Interest incurred to finance the lease and loan receivables (included in Group operating expenses as this relates to the Group's finance business)	**(9)**	(24)
Total interest expense	**(93)**	(94)

6. Impairment of financial assets

Rm	2022 Audited	2021 Audited
Credit write-off	**13**	20
Expected credit losses (ECL)	**(18)**	(19)
	(5)	1

Analysis of movement in the ECL

Rm 30 September 2022	Carrying amount as at the beginning of the year	(Released)/ raised during the year through the statement of profit or loss	Utilised	Disposal of subsidiary	Foreign exchange movement	Carrying amount as at the end of the year
Lease and loan receivables	**152**	**(11)**	**(40)**	**–**	**–**	**101**
Trade and other receivables	**167**	**(7)**	**(6)**	**–**	**11**	**165**
Credit write-off for trade and other receivables		**13**				
Reversal of impairment of financial assets per the statement of profit or loss		**(5)**				
30 September 2021						
Lease and loan receivables	210	(29)	(29)	–	–	152
Trade and other receivables	192	10	(39)	(2)	6	167
Credit write-off for trade and other receivables		20				
Impairment of financial assets per the statement of profit or loss		1				

Impact of COVID-19 and the Russia-Ukraine conflict

Economic activity has started to recover subsequent to the outbreak of the COVID-19 pandemic in early 2020 and the resulting societal restrictions put in place to curb its impact. The credit environment has correspondingly improved.

The Group has also assessed the potential impact of the Russia-Ukraine conflict and the impact of this is expected to be mainly on input costs, rising inflation and interest rates and economic forecasts indicate a high probability of global recession in 2023.

The Group has considered the residual impact of COVID-19 and the ongoing impact of the Russia-Ukraine conflict as well as the consequent probability of the economic recession in their assessment of the ECL.

Notes (continued)

6. Impairment of financial assets (continued)

Lease and loan receivables

The Group applies the IFRS 9 Financial Instruments general approach to measuring the ECL required in respect of lease and loan receivables.

This is first calculated by applying a historical loss ratio to the lease and loan receivables at each reporting date. The loss ratio for the lease and loan receivables is calculated according to the ageing/payment profile, as at the reporting date, by applying historic write-offs to the profile of the population as at that date.

The ECL resulting from the historic loss ratio is then adjusted for forward-looking information to determine the required ECL at the reporting date.

In assessing whether the credit risk of a lease and loan receivable has increased significantly since initial recognition, the Group compares the risk of a default occurring as at the reporting date with the risk of a default occurring as at the date of initial recognition. In making this assessment, the Group considers quantitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. In assessing the stage categorisation, receivables that include balances which are 30 days overdue are classified as stage 2 and receivables that include balances that are 90 days overdue are classified as stage 3.

Key assumptions

The Group has considered these factors above and also used the following key assumptions in estimating the ECL as at 30 September 2022:

Rm	2022 Audited	2021 Audited
Probability of default (PD)	**3,6%**	5,6%
Loss given default (LGD)	**63,2%**	63,0%
Exposure at default (EAD) – amounts receivable at	**30 September 2022**	30 September 2021

Management previously applied both Moody's Global PD and their experience as to which industry segments of the book were experiencing, or likely to experience, credit stress. In the current year, management, instead of simply applying the Moody's Global PD, has used forward-looking information derived from a detailed assessment of the book undertaken in conjunction with a South African credit bureau, Experian. This included sectoral trends identified within the book database which provided the basis for applying forward-looking risk from a sectoral basis. The exercise determined the industry classification of each rental customer and which industries were considered to be likely to experience future adverse credit risk. This enhanced approach to determining the PD was adopted in the current year as the Group now has three years of actual data and experience of the impact of COVID-19 on the credit risk in its rental base. This contrasts with when the Moody's Global PD was adopted at the start of the pandemic, when the Group had no relevant experience and therefore used the best source of external information available to it to assess the potential impact of the pandemic on customer credit risk.

The LGD rate used was obtained from the quoted recovery rate of the World Bank for South African debt of 37%. This remains the best independent and credible information available to estimate the expected LGD and results in an LGD of 63,2%.

Categorisation of stages

Rm	Carrying amount before ECL	Expected credit losses Stage 1	Expected credit losses Stage 2	Expected credit losses Stage 3	Net carrying amount after ECL
30 September 2022	**2 372**	**(20)**	**(24)**	**(57)**	**2 271**
Lease receivables	**625**	**(6)**	**(6)**	**(7)**	**606**
Loan receivables	**1 747**	**(14)**	**(18)**	**(50)**	**1 665**
30 September 2021	2 628	(41)	(13)	(98)	2 476
Lease receivables	707	(9)	(6)	(9)	683
Loan receivables	1 921	(32)	(7)	(89)	1 793

Trade and other receivables

The Group has consistently applied the IFRS 9 Financial Instruments simplified approach to measuring ECL for trade receivables which uses a lifetime expected loss model. ECLs are calculated by using a provision matrix and applying a loss ratio to the age analysis of trade receivables and contract assets of each entity in the Group. These have been aggregated into groupings that represent, to a large degree, major risk types and how the Group manages its receivables and contract assets. This also illustrates the spread of credit risk at each reporting date.

The loss ratio is calculated according to the ageing/payment profile of sales by applying historic write-offs to the payment profile of the sales population. Similarly, the sales population selected to determine the ageing/payment profile of the sales is representative of the entire population and in line with future payment expectations.

7. Goodwill

Impairment of goodwill and cash generating units

The Group assessed for impairment all business units with goodwill balances. In addition, the Group considered and evaluated whether there were any indicators of impairment for its cash generating units (CGU) at 30 September 2022.

No impairments were required resulting from the Group's impairment assessment of goodwill.

Both internal and external factors, including local and global economic conditions, such as the residual impacts of the COVID-19 pandemic, the ongoing Russia-Ukraine conflict and the expectations of a global recession in 2023 were considered to determine whether there were indicators of impairment.

Discount rates

Pre-tax discount rates ranging from 18,2% to 23,9% and a terminal value growth rate of 4% were used in these assessments.

Sensitivities

In accordance with IAS 36 Impairment of Assets, management conducted a sensitivity analysis, which included the potential impact of a 5% reduction in forecast revenue on the cash flow forecasts without factoring in any management actions required from the decrease in revenue. The results of this sensitivity analysis were that impairments would be required for Reutech Communications (R2 million), Reutech Radar (R21 million), Omnigo (R16 million) and Skywire (R70 million) if revenue forecasts are not met by 5% i.e. a 95% achievement.

A 1% increase in pre-tax discount rates would result in an impairment of goodwill in Skywire of R7 million and in Omnigo of R0,5 million.

Rm	2022 Audited	2021 Audited
Carrying amount at the beginning of the year	934	924
Disposal of subsidiary	–	(4)
Acquisition of businesses	26	14
Carrying amount at the end of the year	**960**	934

8. Investment at fair value through other comprehensive income

CBi-Electric Telecom Cables (Pty) Ltd (CBi Telecoms)

Due to reduced factory throughput leading to under recoveries of fixed costs and reduced cash flow as a consequence of lower sales, as well as the impact of an over stocked position on cash flow, CBi Telecoms was placed into business rescue on 2 March 2022. Consequently, the Group has lost joint control over its investment in CBi Telecoms and has therefore changed the classification of the investment from equity accounting under IAS 28 Investments in Associates to a financial asset under IFRS 9 Financial Instruments. In addition to the equity investment, the Group has made both a fully recoverable post business rescue funding loan and other operating loans to CBi Telecoms which continue to be recognised as receivables measured at the amounts expected to be recovered under the terms of the business rescue plan (55c:Rand).

The Group has made an election to recognise any subsequent changes in fair value of the investment under IFRS 9 Financial Instruments through other comprehensive income. At 30 September 2022, CBi Telecoms remained in business rescue. Based on the latest available information received from the business rescue practitioner, including the expected realisation of assets and settlement of liabilities, the Group has remeasured the investment in CBi Telecoms to R1 at 30 September 2022, being the expected equity recovery arising from the two provisional offers for the business, which are under consideration by the business rescue practitioner.

Due to the nature of the inputs used to determine the fair value of CBi Telecoms, no sensitivity analysis was required.

Rm	2022 Audited
Carrying amount at the beginning of the year (Investment in joint venture)	56
Share of joint venture's loss (up to date of business rescue and loss of joint control)	(8)
Transfer to investment at fair value through other comprehensive income	(48)
Carrying amount at the end of the year (Investment in joint venture)	–
Carrying amount at the beginning of the year (Investment at fair value through other comprehensive income)	–
Transfer from investment in joint venture	48
Fair value remeasurement	(48)
Carrying amount at the end of the year (Investment at fair value through other comprehensive income)[1]	–

[1] *The carrying amount at the end of the year has been included in other investments and loans on the statement of financial position.*

Notes (continued)

9. Investment at fair value through profit or loss

In terms of IAS 28 Investments in Associates, Reunert is presumed to have significant influence over Cafca Limited (Cafca) as it owns more than 20% of Cafca's share capital. However, as it has less than 20% representation on its board of directors and does not have the ability to appoint additional directors, the Group does not equity account its investment in Cafca as it does not, in fact, have significant influence over Cafca. Therefore, the Group's interest is measured at fair value through profit or loss. Although Cafca is listed on the Zimbabwean Stock Exchange, there is limited trading in the share.

During the current financial year, the Group sold a further 5 200 245 Cafca shares for R29 million and subsequent to this sale the Group holds a residual interest in Cafca of 28,65%. During the prior financial year, the Group received and accepted two unsolicited offers for a portion of its investment in Cafca for R27 million. The fair value was remeasured by applying a weighted probability of fair values including a fair value derived using an appropriate price/net asset value multiple and a fair value using the latest transaction price. Accordingly, the Group recognised a gain of R6 million in the current year (2021: gain of R103 million).

In the prior year, the fair value was derived by using the price/net asset value multiple basis. The change to the weighted probability basis in the current year takes into consideration the significant movement in the Zimbabwean Dollar to US Dollar official exchange rate over the past 12 months. This new probability basis provided management with a more appropriate estimation of the fair value of Cafca.

This is a level 3 instrument in the fair value hierarchy.

Sensitivities

If the price/net asset value had been 1% higher or lower and all other variables remained constant, the Group's profit after tax for the year ended 30 September 2022 would increase by R1 million (2021: R1 million). If the historical net asset value per share in US$ had been 1% higher or lower and all other variables remained constant, the Group's profit after tax for the year ended 30 September 2022 would increase by R1 million (2021: R1 million).

Accordingly, the Group recognised a gain as follows:

Rm	2022 Audited	2021 Audited
Reconciliation of the carrying amount		
Fair value of investment through profit or loss		
Carrying amount at the beginning of the year	**76**	–
Fair value remeasurement of investment in Cafca	**6**	103
- Realised gain on remeasurement of investment	**–**	27
- Unrealised gain on remeasurement of investment	**6**	76
Disposals	**(29)**	(27)
Carrying amount at the end of the year	**53**	76

10. Non-current derivative financial asset and liability

Rm	2022 Audited	2021 Audited
Put option derivative financial asset	**57**	41
Call option derivative financial liability	**33**	92
Net carrying amount at the end of the year	**24**	(51)
Reconciliation of the carrying amount		
Net carrying amount at the beginning of the year	**(51)**	–
Fair value remeasurement	**75**	(51)
Gain on put option derivative asset	**16**	41
Gain/(loss) on call option derivative liability	**59**	(92)
Net carrying amount at the end of the year	**24**	(51)

10. Non-current derivative financial asset and liability (continued)

In the 2021 financial year the Group concluded an agreement with AP Moller Capital through AIF I Africa C&I Renewable Energy LLP (AIF I) to establish a joint venture, Lumika Renewables (Pty) Ltd (Lumika). The Group subscribed for a 50,1% interest in Lumika. Although the Group holds a 50,1% interest, due to the contractual arrangement with AP Moller Capital, the Group exercises joint control over the venture.

In 2021, the Group sold an effective 25% interest in Terra Firma Solutions (Pty) Ltd (TFS) (the Group's Solar PV business) to Lumika and concluded a put and a call option for the sale of its residual 72,2% interest in TFS (the residual interest increased by a further 7,2% from the prior financial year due to the Group acquiring the shares from the non-controlling shareholders in TFS). The put option is exercisable from 1 April 2023 until 30 June 2023 and the call option is exercisable from 1 July 2023 until 30 September 2023, however, the effective date of the transaction will be 1 October 2023.

In terms of these arrangements, the Group has the right to put its remaining interest in TFS to Lumika in exchange for a strike price in US dollars (US$) and Lumika has the right to call the remaining interest in TFS from the Group at the same price. The put and call options have both been recognised as a non-current derivative asset and liability respectively at their fair values through profit or loss. The put and call are considered to be derivatives as, although they are for a fixed number of shares, they are for a variable Rand consideration as the consideration is priced in US$.

Valuation technique

The equity value of TFS was determined at the reporting date. This equity value, the strike price in US dollars and other inputs (see below) were then input into a Black Scholes valuation model to determine the value of the put and the call.

The following significant unobservable inputs were used in the determination of the value of the put and the call and the resulting fair value gain:

> US$13,3 million strike price translated to Rand at 30 September 2022 using a forward exchange rate of 18,65 (2021: 16,58).
> Average revenue growth rate 10,0% (2021: 16,0%).
> Post-tax discount rate 14,8% (2021: 15,5%).

The put and call options are both considered to be a level 3 instrument in the fair value hierarchy.

Sensitivities

The following details the Group's sensitivity to a change in the strike price, average revenue growth rate, and post-tax discount rate against the current derivatives.

If the forward exchange rate had been 10% higher or lower and all other variables remained constant, the Group's profit after tax for the year ended 30 September 2022 would increase/decrease by R24 million respectively (2021: increase/decrease by R20 million respectively). If the average revenue growth rate in TFS had been 5% higher or lower and all other variables remained constant, the Group's profit after tax for the year ended 30 September 2022 would decrease by R65 million and increase by R69 million respectively (2021: decrease/ increase by R53 million respectively). If the post-tax discount rate had been 1% higher or lower and all other variables remained constant, the Group's profit after tax for the year ended 30 September 2022 would increase by R36 million and decrease by R40 million respectively (2021: increase by R26 million and decrease by R29 million respectively).

11. Number of shares used to calculate earnings per share

Rm	**2022 Audited**	2021 Audited
Weighted average number of shares in issue, net of empowerment and treasury shares[1], for basic earnings and headline earnings per share (millions of shares)	**159**[2]	161[2]
Adjusted by the dilutive effect of unexercised share options granted (millions of shares)	**1**	–
Weighted average number of shares for diluted basic and diluted headline earnings per share (millions of shares)	**160**	161
Profit for the year attributable to equity holders of Reunert (earnings used to determine earnings per ordinary share and diluted earnings per share)	**827**	777

[1] *The empowerment shares relate to Reunert Limited shares held by Bargenel. The treasury shares relate to shares held by the Group's treasury company Julopro (Pty) Ltd. These entities are consolidated by the Group.*

[2] *The Group has elected to treat the shares under the equity forward contract as issued shares, not treasury shares, for the purposes of calculating the earnings per share. This amounts to 2 346 930 shares (2021: 2 346 930).*

Notes *(continued)*

12. Headline earnings

Rm	2022 Audited	2021 Audited
Profit attributable to equity holders of Reunert	**827**	777
Headline earnings are determined by eliminating the effect of the following items from attributable earnings:		
Impairment of non-financial assets in a joint venture (2021: after a tax credit of Rnil)	**–**	1
Net loss on disposal of subsidiary and associate (2021: after a tax charge of R1 million)	**–**	1
Profit on disposal of property, plant and equipment and intangible assets (after a tax charge of Rnil million and NCI portion of Rnil) (2021: after a tax charge of R3 million and NCI portion of Rnil)	**(1)**	(11)
Headline earnings	**826**	768
Headline earnings per share (cents)	**519**	478
Diluted headline earnings per share (cents)	**516**	476

13. Contingent consideration

Rm	2022 Audited	2021 Audited
Carrying amount at the beginning of the year	**28**	24
Raised on acquisitions at fair value	**28**	18
Raised on acquisition of NCI[1]	**–**	6
Fair value remeasurement[2,3]	**(3)**	(13)
Settlement	**(11)**	(7)
Carrying amount at the end of the year	**42**	28
Less: current portion (included in trade and other payables)	**17**	18
Non-current portion	**25**	10

1 *Contingent consideration that arose during the prior financial year on the acquisition of the non-controlling interest in Kopano Solutions Company (Pty) Ltd.*
2 *Remeasurement gain of R3 million for Dopptech (Pty) Ltd in the current financial year arising from the related targets not being achieved.*
3 *Includes a remeasurement gain of R11 million for Blue Nova Energy (Pty) Ltd in the prior financial year arising from the related targets not being achieved.*

The contingent consideration for the acquisition made in the current financial year was recognised at a fair value of R28 million, which will be settled in five annual tranches based on the achievement of pre-defined future profit targets.

The contingent consideration was calculated using the discounted cash flow method. The following unobservable inputs were used to calculate the contingent consideration:

> Revenue growth average of 20%

The fair value of the contingent consideration as at 30 September 2022 amounts to R28 million.

These were classified as level 3 instruments in the fair value hierarchy.

Sensitivities

The sensitivity analysis has been determined based on the Group's exposure to change in revenue targets achieved and the subsequent impact on the contingent consideration payable at the statement of financial position date.

If the revenue growth rate had been 1% lower and all other variables remained constant, the Group's profit after tax for the year ended 30 September 2022 would decrease by R1 million. If the revenue growth rate had been 1% higher and all other variables remained constant, the Group's profit after tax for the year ended 30 September 2022 would increase by R1 million.

14. Put option liability

As part of the original acquisition of TFS in 2017, the Group granted and settled options in favour of the non-controlling shareholders. The final elements of these put options were exercised and settled in the current financial year.

Rm	2022 Audited	2021 Audited
Carrying amount at the beginning of the year	**25**	–
Raised	**–**	25
Fair value remeasurement	**(1)**	–
Settlement	**(24)**	–
Carrying amount at the end of the year	**–**	25

The obligation was classified as a level 3 instrument in the fair value hierarchy.

15. Acquisition of business

2022

1. The Code Maven Group of companies (MAVEN)

With effect from 1 October 2021, the Group, through +OneX, acquired 100% of the business and related net assets of "MAVEN". MAVEN comprises of two companies, Moov Innovation (Pty) Ltd and Maven Agency (Pty) Ltd, focused on the development of bespoke software and applications. This was an acquisition of a business and was accounted for as a business combination in terms of IFRS 3 – Business Combinations (IFRS 3).

The existing workforce is appropriately skilled to enable them to service their existing client base as well as future client gains arising from its incorporation into the Reunert ICT Segment.

The acquisition of MAVEN complements the ICT Segment's expansion strategy and increases the geographical presence of +OneX.

Rm	2022 Audited
Cash paid	**16**
Contingent considerations	**28**
Working capital offset against the purchase price	**(4)**
Total purchase consideration	**40**
Represented by:	
Property, plant and equipment	**1**
Goodwill	**26**
Intangible assets	**24**
Deferred tax liabilities	**(7)**
Trade and other payables	**(4)**
Net assets acquired (fair value at acquisition date)	**40**
Revenue since acquisition – effective 1 October 2021	**103**
Profit after tax since acquisition – effective 1 October 2021	**8**

16. Litigation

There is no material litigation against the Group.

Notes *(continued)*

17. Events after reporting date

Subsequent to the reporting date, the following transactions have taken place:

+OneX Solutions

During September 2022, +OneX Solutions entered into a sale of business agreement with EUC Africa (Pty) Ltd (EUC) to acquire 100% of the business and related assets. EUC is a leading provider of desktop-as-a-service and desktop virtualisation.

The acquisition strengthens +OneX's capabilities in end-user computing.

EUC has attained both Citrix Platinum Solution Advisor Status as well as Microsoft Gold Cloud Competency certification. The company has helped leading retail, finance, public sector and technology clients to use the combination of Citrix technology running on the Azure cloud to optimise costs, security and performance across their end-user computing environments.

Etion Create

On 1 October 2022 all conditions precedent in the sale of shares agreement between Reunert Limited and Etion Limited (Etion) were met. As a result, Reunert Applied Electronics Holdings Proprietary Limited (RAEH), has acquired 100% of the issued share capital of Etion Create from Etion for a purchase consideration of R202 million, being the agreed value of Etion Create, on the effective date.

Etion Create is an original design manufacturer with a product portfolio that covers industrial, defence and the rail sectors. The company has a significant local and Middle East market presence with opportunities in South East Asia, a strong order book which should result in future growth in revenues and profitability.

The acquisition will result in synergies with other companies in the Applied Electronics Segment specifically in enhanced design and manufacturing capabilities, as well as increasing the span of the segment product portfolio and improving access to key export markets.

At the reporting date the valuation of the acquired intangible assets is still in progress and accordingly the final purchase price allocation has not been finalised.

Quince sale of book

Subsequent to year-end, the Group sold a further R49 million from its lease and loan book to a third party financial institution.

The Group continues to make good progress in assessing alternate funding mechanisms for Quince to release the Group's current loan funding of the book to redeploy these funds, over time, into the Group's higher yielding strategic investments.

ICT acquisitions

The Group retains its focus on the continued expansion of the ICT Segment's new-age ICT offerings in the Solutions and Systems Integration cluster, primarily through further acquisitions.

18. Going concern

The directors assessed that the Group has sufficient expected cash flows and resources to continue as a going concern for at least the next 12 months from the date of the approval of these annual financial statements.

19. External auditor's audit opinion

The audited financial statements, including the Auditor's Report thereon, from which the summarised consolidated financial statements have been extracted are available on the Company's website.

Summarised segmental analysis

for the year ended 30 September 2022

Rm	2022 Audited Total	2022 Audited EE	2022 Audited ICT	2022 Audited AE	2022 Audited Other	2021 Audited Total	2021 Audited EE	2021 Audited ICT	2021 Audited AE	2021 Audited Other	% change in total
Revenue[1]											
Segment revenue	**11 237**	**6 266**	**2 599**	**2 361**	**11**	9 905	5 551	2 490	1 854	10	13
Adjusted for revenue from equity-accounted joint ventures and associates	**(108)**	**(94)**	**–**	**(7)**	**(7)**	(330)	(294)	(25)	(5)	(6)	
Revenue	**11 129**	**6 172**	**2 599**	**2 354**	**4**	9 575	5 257	2 465	1 849	4	
Revenue as reported in the statement of profit or loss	**11 129**					9 575					16
Segment revenue – % of total	**100**	**56**	**23**	**21**	**–**	100	56	25	19	–	
Segment revenue – % change over prior year		**13**	**4**	**27**	**10**						
Analysis of revenue											
Category of revenue											
Products	**9 262**	**6 026**	**1 478**	**1 758**	**–**	7 632	5 138	1 340	1 154	–	
Services	**1 504**	**146**	**789**	**569**	**–**	1 575	119	785	671	–	
	10 766	**6 172**	**2 267**	**2 327**	**–**	9 207	5 257	2 125	1 825	–	
Timing of revenue recognition											
Revenue recognised at a point in time	**9 333**	**6 135**	**1 612**	**1 586**	**–**	7 911	5 189	1 574	1 148	–	
Revenue recognised over time	**1 433**	**37**	**655**	**741**	**–**	1 296	68	551	677	–	
	10 766	**6 172**	**2 267**	**2 327**	**–**	9 207	5 257	2 125	1 825	–	
Other revenue											
Interest recognised on lease and loan receivables	**332**	**–**	**332**	**–**	**–**	340	–	340	–	–	
Rental revenue	**31**	**–**	**–**	**27**	**4**	28	–	–	24	4	
Total revenue	**11 129**	**6 172**	**2 599**	**2 354**	**4**	9 575	5 257	2 465	1 849	4	
Revenue by geography											
South Africa	**7 810**	**4 011**	**2 451**	**1 344**	**4**	6 942	3 447	2 365	1 126	4	
Rest of Africa (excluding South Africa)	**1 814**	**1 584**	**99**	**131**	**–**	1 468	1 310	100	58	–	
Asia	**650**	**51**	**–**	**599**	**–**	477	58	–	419	–	
Australia	**241**	**204**	**–**	**37**	**–**	218	189	–	29	–	
Europe	**385**	**129**	**48**	**208**	**–**	276	95	–	181	–	
America	**229**	**193**	**1**	**35**	**–**	194	158	–	36	–	
Total revenue	**11 129**	**6 172**	**2 599**	**2 354**	**4**	9 575	5 257	2 465	1 849	4	

[1] *Inter-segment revenue has been eliminated, however, it is immaterial and has not been separately disclosed.*

Summarised segmental analysis (continued)

Rm	Note	2022 Audited Total	EE	ICT	AE	Other	2021 Audited Total	EE	ICT	AE	Other	% change in total
Operating profit												
Segment operating profit/(loss)[1]		**1 140**	**436**	**644**	**164**	**(104)**	986	373	608	100	(95)	16
Adjusted for operating loss/(profit) from equity-accounted joint ventures and associates		**10**	**11**	**–**	**5**	**(6)**	(4)	5	(2)	(1)	(6)	
Profit on disposal of property, plant and equipment and intangible assets	3	**1**	**–**	**–**	**1**	**–**	12	3	–	3	6	
Impairment of non-financial assets												
Impairment of property, plant and equipment	3	**–**	**–**	**–**	**–**	**–**	(1)	–	–	(1)	–	
Fair value remeasurements												
Gain on investment at fair value through profit or loss	3	**6**	**6**	**–**	**–**	**–**	103	103	–	–	–	
Gain on contingent consideration	3	**3**	**–**	**–**	**3**	**–**	13	–	–	13	–	
Gain on put option derivative asset	3	**16**	**–**	**–**	**16**	**–**	41	–	–	41	–	
Gain/(loss) on call option derivative liability	3	**59**	**–**	**–**	**59**	**–**	(92)	–	–	(92)	–	
Gain on put option liability	3	**1**	**–**	**–**	**1**	**–**	–	–	–	–	–	
Financial guarantee cost	3	**(4)**	**–**	**–**	**–**	**(4)**	–	–	–	–	–	
Profit on disposal of associate	3	**–**	**–**	**–**	**–**	**–**	1	–	1	–	–	
Loss on disposal of subsidiary	3	**–**	**–**	**–**	**–**	**–**	(1)	–	(1)	–	–	
Expenses arising from share-based payment transactions	3	**(6)**	**–**	**–**	**–**	**(6)**	(7)	–	(6)	(1)	–	
Operating profit/(loss) before impairment of financial assets		**1 226**	**453**	**644**	**249**	**(120)**	1 051	484	600	62	(95)	
Reversal of Impairment/ (impairment) of financial assets												
Credit write-off	3	**(13)**	**(3)**	**(9)**	**(1)**	**–**	(20)	(8)	(9)	(3)	–	
Expected credit losses	3	**18**	**24**	**9**	**(12)**	**(3)**	19	(23)	29	13	–	
Operating profit/(loss)		**1 231**	**474**	**644**	**236**	**(123)**	1 050	453	620	72	(95)	
Operating profit as reported in the statement of profit or loss		**1 231**					1 050					17
Segment operating profit/(loss) – % of total		**100**	**39**	**56**	**14**	**(9)**	100	38	62	10	(10)	
Segment operating profit/(loss) – % change over prior year			**17**	**6**	**64**	**9**						

[1] *The net interest charged on Group funding provided to the Group's in-house finance operation has been eliminated in line with IFRS 10 – Consolidated Financial Statements. The interest eliminated amounted to R137 million (2021: Rnil). Should this operation be externally funded, this would result in a reduction of ICT's operating profit by the quantum of the external interest paid.*

Rm	2022 Audited	2022 % of total	2021 Audited	2021 % of total
Total assets				
EE	**2 893**	**26**	2 708	26
ICT	**4 277**	**39**	4 334	42
AE	**3 284**	**31**	2 755	27
Other	**478**	**4**	540	5
Total assets as reported in the statement of financial position[1]	**10 932**	**100**	10 337	100
Total liabilities				
EE	**1 362**	**36**	1 246	35
ICT	**769**	**21**	834	23
AE	**991**	**26**	839	24
Other	**620**	**17**	636	18
Total liabilities as reported in the statement of financial position[1]	**3 742**	**100**	3 555	100

[1] *Intercompany receivables, payables and loans have been eliminated in line with the consolidation principles of IFRS.*

Additional information

Rm (unless otherwise stated)	2022	2021
Net number of ordinary shares in issue (million)	**159**	159
Number of ordinary shares in issue (million)	**185**	185
Less: Empowerment shares (million)	**(25)**	(19)
Less: Treasury shares (million)	**(1)**	(7)
Capital expenditure	**232**	238
- expansion	**192**	196
- replacement	**40**	42
Capital commitments in respect of property, plant and equipment	**91**	44
- contracted	**17**	33
- authorised not yet contracted	**74**	11
Total cash dividend per share for the year (cents)	**299**	277
Current ratio (:1)	**2,0**	1,8
Quick ratio (:1)[1]	**1,3**	1,3
Dividend yield (%)[2]	**6,9**	5,8
Return on capital employed (%)	**16,1**	14,5

1 *Calculated as current assets excluding inventory divided by current liabilities.*
2 *Calculated as the total dividend (2022 interim 75 cents per share and 2022 final 224 cents per share) (2021: interim 70 cents per share and final 207 cents per share) divided by a Reunert share price of 4 330 cents (2021: 4 751 cents), being the closing market price on 30 September 2022.*

Share ownership analysis

as at 30 September 2022

Shareholder spread	Number of shareholders	%	Number of shares (million)	%
1 – 1 000 shares	8 176	74,9	2	1,0
1 001 – 10 000 shares	2 104	19,3	7	3,8
10 001 – 100 000 shares	470	4,3	14	7,6
100 001 – 1 000 000 shares	128	1,2	41	22,2
1 000 001 shares and over	32	0,3	121	65,4
Total	10 910	100,0	185	100,0

Public/non-public shareholders	Number of shareholders	%	Number of shares (million)	%
Non-public shareholders	9	0,1	26	14,1
Bargenel Investments (Pty) Ltd[1]	1	–	24	13,0
Reunert Share Option Trust	3	–	–	–
Own Holdings[2]	5	0,1	2	1,1
Public Shareholders	10 901	99,9	159	85,9
Total	10 910	100	185	100

Beneficial shareholders holding 5% or more	Number of shares (million)	%
Government Employees' Pension Fund	23	12,4
Bargenel Investments (Pty) Ltd[1]	24	13,0
Old Mutual Life Assurance Company SA	10	5,4

Major holdings through fund managers in excess of 5%	2022 Number of shares (million)	%	2021 Number of shares (million)	%
Old Mutual Investment Group (South Africa) (Pty) Ltd	23	12,4	27	14,5
Public Investment Corporation (SOC) Limited[3]	21	11,4	21	11,2
Ninety One SA (Pty) Ltd	17	9,2	15	8,3
Sanlam Investment Management (Pty) Ltd	9	5,0	11	6,1

[1] *Empowerment transaction shares.*
[2] *Own shares include 195 320 ordinary shares held by the executive directors.*
[3] *Included in the Government Employees Pension Fund.*

10-year review

Consolidated position of financial position

Rm	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013[1]
Assets										
Property, plant and equipment and investment property	**913**	881	826	862	927	890	904	674	644	631
Right-of-use assets	**130**	146	186	–	–	–	–	–	–	–
Intangible assets	**495**	444	445	430	370	205	115	71	78	82
Goodwill	**960**	934	924	999	1 053	921	737	653	649	792
Investments in joint ventures and associates	**9**	99	74	154	158	159	152	158	149	170
Non-current lease and loan receivables	**1 579**	1 803	1 778	2 082	1 990	1 682	1 449	1 463	1 465	1 378
Deferred tax assets	**151**	145	172	143	151	105	104	92	51	55
Other non-current assets	**174**	182	61	60	56	55	53	95	92	129
Cash and cash equivalents	**957**	1 068	1 029	939	765	1 522	1 712	2 713	697	611
Other current assets	**5 564**	4 635	4 231	4 635	4 983	4 550	4 683	3 480	5 757	3 525
Total assets	**10 932**	10 337	9 726	10 304	10 453	10 089	9 909	9 399	9 582	7 373
Equity and liabilities										
Equity attributable to equity holders of Reunert	**7 057**	6 695	6 505	7 312	7 438	7 138	7 011	6 679	6 269	4 878
Non-controlling interests	**133**	87	38	119	88	105	81	46	63	59
Total equity	**7 190**	6 782	6 543	7 431	7 526	7 243	7 092	6 725	6 332	4 937
Deferred tax liabilities	**200**	158	89	138	156	112	102	98	121	132
Non-current liabilities of discontinued operation	**–**	–	–	–	–	–	–	–	251	–
Non-current liabilities	**241**	294	259	71	225	194	43	239	425	25
Current liabilities	**3 301**	3 103	2 835	2 664	2 546	2 540	2 672	2 337	2 453	2 279
Total equity and liabilities	**10 932**	10 337	9 726	10 304	10 453	10 089	9 909	9 399	9 582	7 373

[1] *Restated to reflect the changes in accounting standards and accounting for Nashua Mobile as an asset held for sale.*

Summarised consolidated statement of profit or loss

Rm	2022	2021	2020[1]	2019	2018	2017	2016	2015	2014	2013[2]
Revenue	**11 129**	9 575	8 046	10 714	10 492	9 773	8 511	8 300	7 774	7 247
Operating profit[1]	**1 231**	1 050	208	1 361	1 542	1 497	1 315	1 167	1 017	1 102
Net interest (expense)/income	**(52)**	(42)	(42)	(15)	11	65	137	135	(10)	12
Profit before empowerment/ abnormal transactions[1]				1 346	1 553	1 562	1 452	1 302	1 007	1 114
Empowerment/abnormal transactions[1]				(154)	(42)	(20)	(113)	–	(327)	–
Profit before tax	**1 179**	1 008	166	1 192	1 511	1 542	1 339	1 302	680	1 114
Tax	**(293)**	(265)	(82)	(387)	(358)	(437)	(404)	(360)	(278)	(314)
Profit after tax	**886**	743	84	805	1 153	1 105	935	942	402	800
Share of (loss)/profit from equity-accounted investees	**(42)**	24	(77)	(1)	(1)	37	28	17	(12)	10
Profit for the year of asset held for sale	**–**	–	–	–	–	–	–	42	1 584	162
Profit for the year	**844**	767	7	804	1 152	1 142	963	1 001	1 974	972
Profit/(loss) for the year attributable to:										
Non-controlling interests	**17**	(10)	(40)	14	(6)	30	9	7	3	14
Equity holders of Reunert	**827**	777	47	790	1 158	1 112	954	994	1 971	959
Headline earnings attributable to equity holders of Reunert	**826**	768	186	924	1 135	1 111	942	968	829	952

[1] *The consolidated statement of profit or loss for 2020 has been restated to include in operating profit all items of income and expenditure (excluding net interest (expense)/interest and share of (loss)/profit from equity-accounted investees). Expenses relating to empowerment and abnormal transactions are now included in operating profit. The operating profit for 2013 to 2019 has not been restated.*

[2] *Restated to reflect the changes in accounting standards and accounting for Nashua Mobile as an asset held for sale.*

Summarised consolidated statement of cash flows

Rm	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013[1]
EBITDA	**1 490**	1 311	547	1 526	1 699	1 635	1 433	1 329	1 315	1 439
Decrease/(increase) in net working capital	**(334)**	(200)	21	318	(498)	(225)	(396)	62	(44)	(150)
Cash generated from operations before non-cash items	**1 156**	1 111	568	1 844	1 201	1 410	1 037	1 391	1 271	1 289
Net cash interest (paid)/received and dividends received	**(49)**	(38)	(34)	(6)	20	70	137	133	(6)	16
Tax paid	**(234)**	(272)	(145)	(403)	(445)	(375)	(431)	(415)	(332)	(361)
Dividends paid	**(454)**	(428)	(727)	(817)	(781)	(745)	(690)	(629)	(612)	(612)
Other (net)	**(162)**	(153)	589	(66)	(79)	60	50	79	(93)	(11)
Net cash inflow/(outflow) from operating activities	**257**	220	251	552	(84)	420	103	559	228	321
Net cash (outflow)/inflow from investing activities	**(73)**	(101)	(333)	(418)	(597)	(21)	(1 205)	1 641	(494)	(693)
Net cash (outflow)/inflow from financing activities	**(123)**	(136)	(255)	(92)	(85)	(386)	(222)	21	439	45
Net increase/(decrease) in net cash and cash equivalents	**61**	(17)	(337)	42	(766)	13	(1 324)	2 221	173	(327)

[1] *Restated to reflect the changes in accounting standards and accounting for Nashua Mobile as an asset held for sale.*

APPENDICES

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How Reunert compiled this report 5

Scope and boundary

This report includes Reunert's South African operations and its subsidiaries in Australia, Lesotho, India, Mauritius, the USA and Zambia.

Reunert discloses where it included or excluded information, where relevant. Since Reunert no longer has significant influence on CBi Telecom Cables (Pty) Limited as it is in business rescue, this report does not include information regarding this business.

Reporting suite and frameworks

By following local and international guidelines and requirements, Reunert is committed to transparent reporting:

> The IFRS Foundation's International Integrated Reporting Framework
> King IV on Corporate Governance™ for South Africa, 2016 (King IV)
> Companies Act, 71 of 2008 (as amended) (Companies Act)
> Johannesburg Stock Exchange Listings Requirements
> International Financial Reporting Standards (IFRS)
> Greenhouse Gas Protocol (GHG Protocol)

The following provides a summary of Reunert's annual reporting suite:

REPORT	REPORT PURPOSE	ONLINE REFERENCE
Integrated Report	The report was prepared to disclose material considerations and provides an overview of how Reunert and its operations create and sustain value in the context of its operating environment. The report includes Summarised Annual Financial Statements adopted from the audited Consolidated Annual Financial Statements.	www.reunert.co.za/results-reports-and-presentations.php
Annual Financial Statements	These comprise the audited Consolidated and Separate Annual Financial Statements of Reunert for the year ended 30 September 2022 (the financial year), prepared in compliance with IFRS and the Companies Act.	www.reunert.co.za/agm-and-financial-calendar.php
Notice of Annual General Meeting (AGM) 7	This includes the required statutory information and notice of AGM, which is distributed to shareholders.	https://www.reunert.co.za/agm-and-financial-calendar.php
GHG Protocol Report	This report reflects Reunert's GHG emissions and water usage for the financial year based on the GHG Protocol Corporate Accounting and Reporting Standard.	https://www.reunert.co.za/sustainability.php
King IV disclosure matrix	This report provides disclosure on Reunert's application of the King IV principles.	https://www.reunert.co.za/sustainability.php

Reunert's 2022 Integrated Report is accompanied by four supplementary fact sheets, which are available online at https://www.reunert.co.za/sustainability.php

FACT SHEET	FACT SHEET PURPOSE
Group overview and business units	This fact sheet sets out the core business units of Reunert's three segments and their products and services, distribution channels, market sectors and intellectual property.
Standards and principles	This fact sheet discloses some key internal and external standards and principles applied in the Group, including those around quality, environmental and other related standards.
B-BBEE rating per business unit	This details Reunert's material South African subsidiaries' B-BBEE levels.
Board members' curricula vitae	This provides more detail on Board members' expertise.

Assurance and data measurement 15

Reunert aims to uphold high standards of transparency in disclosures and reporting. It relies on a Combined Assurance Framework (page 84), which includes the opinion of management and internal and external assurance providers. Internal controls are also a key component of the assurance process.

The Group's external auditor, Deloitte, audited the Group annual financial statements for the year ended 30 September 2022. A summary of the Group annual financial statements is contained in this report.

External verifications were attained for B-BBEE ratings, various International Organization for Standardization certifications, Reunert's information technology and internal audit systems, and occupational health and safety standards. The Board periodically reviews the completeness and accuracy of a sample of the non-financial information presented by Reunert's internal audit function and considers the need to obtain appropriate external assurance on non-financial data. The Board is satisfied that internal supervision sufficiently ensures the reliability of the information presented in this report.

Feedback

Reunert strives to improve the quality and relevance of its stakeholder communications, and it welcomes feedback on this report. Please send any comments to the Investor Relations and Communications Manager at invest@reunert.co.za.

Abbreviations and acronyms

AGM	Annual General Meeting
B-BBEE	Broad-based Black Economic Empowerment
Board	Board of directors
CDP	Previously the Carbon Disclosure Project
Group CEO	Group Chief Executive Officer
Group CFO	Group Chief Financial Officer
Companies Act	The Companies Act, 71 of 2008 (as amended)
Covid-19	2019 novel coronavirus
CSI	Corporate social investment
ESG	Environmental, social and governance
Exco	Group Executive Committee
FCF	Free cash flow
Fitco	Financial Controls and Information and Technology Steering Committee
GDP	Gross domestic product
GHG Protocol	Greenhouse Gas Protocol
HEPS	Headline earnings per share
HR	Human resources
IFRS	International Financial Reporting Standards
ISO	International Organization for Standardization
IT	Information technology
JSE	Johannesburg Stock Exchange
King IV	The King IV Report on Corporate Governance™ for South Africa, 2016
LMS	Learning Management System
LTI	Long-term incentive
MEIBC	Metal and Engineering Industries Bargaining Council
MOI	Memorandum of Incorporation
NCCF	Nashua Children's Charity Foundation
NUMSA	National Union of Metalworkers of South Africa
OHSA	South African Occupational Health and Safety Act
POPI Act	Protection of Personal Information Act, 2013
ROCE	Return on capital employed
SED	Socio-economic development
Setco	Social, Ethics and Transformation Committee
SMME	Small, medium and micro-sized enterprise
SOE	State-owned entity
STI	Short-term incentive
TCFD	Task Force on Climate Change related Financial Disclosures
TSR	Total shareholder return
ZESCO	Zambian Electricity Supply Commission

Business units' shorthand

Shorthand	Full name
Cafca	Cafca Limited
African Cables	CBi-Electric: African Cables
BlueNova	Blue Nova Energy Proprietary Limited
Low Voltage	CBi-Electric: Low Voltage
Telecom Cables	CBi-Electric: Telecom Cables Proprietary Limited
ECN	Electronic Communications Network Proprietary Limited
Fuchs	Fuchs Electronics
Lumika	Lumika Renewables Proprietary Limited
Nanoteq	Nanoteq Proprietary Limited
Terra Firma Solutions or TFS	Terra Firma Solutions Proprietary Limited
Omnigo	Omnigo Proprietary Limited
Quince	Quince Capital
Zamefa or CBi-Electric: Zamefa	Metal Fabricators of Zambia PLC

Corporate information and administration

Reunert Limited

(Incorporated in the Republic of South Africa)
ISIN: ZAE000057428
Short name: REUNERT
JSE code: RLO
Currency: ZAR
Registration number: 1913/004355/06
Founded: 1888
Listed: 1948
Sector: Electronic and electrical equipment

Business address and registered office

Nashua Building
Woodmead North Office Park
54 Maxwell Drive Woodmead
2191
Sandton
South Africa

Postal address
PO Box 784391
Sandton
2146
South Africa

Group Company Secretary and administration

Reunert Management Services Proprietary Limited
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Hendrik van Rensburg
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Investor relations including corporate and sustainability information

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Website: www.computershare.com

Auditor

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5 Magwa Crescent
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Waterfall
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Sponsor

One Capital

Principal bankers

Investec
Nedbank
RMB
Standard Bank

Notes

Notes

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