REUNERT

REUNERT LIMITED

Unaudited condensed consolidated interim financial statements

and cash dividend declaration for the six months ended 31 March 2021

Contents

Group profile

Reunert comprises a diversified portfolio of businesses in the fields of Electrical Engineering, Information Communication Technologies (ICT), and Applied Electronics. The Group was established in 1888, by Theodore Reunert and Otto Lenz, and has contributed to the South African economy in numerous ways. Reunert was listed on the JSE in 1948 and is included in the industrial goods and services (electronic and electrical equipment) sector of the JSE. The Group operates mainly in South Africa with minor operations in Australia, Lesotho, Mauritius, the USA, Zambia and Zimbabwe. Reunert's offices are located in Woodmead, Johannesburg, South Africa.

Commentary

Overview

Reunert's financial results for the six-month period ended 31 March 2021 (H1FY:2021) improved significantly compared to the comparative period ended 31 March 2020 (H1FY:2020), although the recovery of operating profit to pre-COVID-19 levels continued to be adversely affected by the reduced economic activity associated with the pandemic.

Pleasingly, the Group's segmental operating profit before impairment of financial assets increased by 14% to R448 million (H1FY:2020: R392 million) largely in line with the guidance provided in the annual results for the year ended 30 September 2020. The H1FY:2021 results include a good recovery in profitability in the Electrical Engineering Segment, with the Information Communication Technologies Segment performing in line with expectations. The Applied Electronics Segment was negatively impacted by lower than anticipated export sales and a stronger Rand. Our Group companies have fully adjusted to the new operating conditions required by COVID-19 and are operating smoothly, albeit at slightly lower volumes than the comparative period.

Importantly, the Quince Capital (Quince) book has performed in line with our expectations in H1FY:2021 with no further increases in expected credit losses or credit write-offs being incurred.

A significant improvement in profit attributable to Reunert shareholders to R313 million (H1FY:2020: loss of R277 million) was achieved. Revenue increased by 11% to R4 614 million (H1FY:2020: R4 144 million).

The Group has continued to deliver on its programme of operational efficiencies and execution of its strategy. Post the end of the current reporting period, the Solutions and Systems Integration Cluster in the Information Communication Technologies Segment has concluded strategic acquisitions in the cloud and custom software areas. The Total Workspace Provider Cluster continued its investment and growth in complementary services. There was a significant increase in investment in build, own, operate (BOO) solar assets in our renewable energy business and the Group reduced its ownership in the cable business in Zimbabwe.

The Group also commenced a share buyback programme during H1FY:2021 and at the date of publishing, 1.3 million shares had been repurchased for a consideration of R65 million.

Key earnings metrics

	Measurement criteria	Six months ended 31 March 2021	2020[2]	% change	Year ended 30 September 2020
Revenue	Rm	**4 614**	4 144	11	8 046
Segmental operating profit[1]	Rm	**448**	392	14	871
Operating profit/(loss)	Rm	**436**	(155)	381	307
Profit/(loss) for the period	Rm	**311**	(326)	195	7
Earnings/(loss) per share	cents	**194**	(172)	213	29
Headline earnings/(loss) per share	cents	**193**	(76)	354	115
Interim/total cash dividend per share	cents	**70**	65	8	257

1 Per segmental analysis on page 25.
2 The comparative period information has been re-presented to align with the presentation in the Annual Financial Statements for the year ended 30 September 2020.

Electrical Engineering (EE) Segment

Despite continued weak cable infrastructure demand, particularly for medium and high-voltage energy cables, this segment's revenue increased by 47% to R2 561 million (H1FY:2020: R1 738 million), largely due to an uninterrupted half year of production at African Cables (H1FY:2020: African Cables suffered a seven-week labour dispute, resulting in no production during this period), the pass-through of increased copper and other commodity prices and the substantial increased demand for circuit breakers. This segment's operating profit recovered to R165 million (H1FY:2020: loss of R34 million).

The energy cable and telecommunications cable plants all achieved a better than break-even result, a substantial improvement on the significant operating losses of H1FY:2020. This was the realisation of the prior year's cost and production efficiency programmes. The reduced cost base of these plants enabled these businesses to recover all fixed overheads at the current lower levels of market demand. This bodes well for the future when the expected infrastructure programme announced by the South African government is finally initiated and demand recovers to more normal levels.

Throughput volumes have been increased at the Group's Zambian energy cable business, as certain of the long outstanding receivables due by the Zambian Government were settled in the 2020 financial year, providing the cash needed to finance the increased working capital requirements. Unfortunately, despite commitments to the contrary, there have been no additional settlements of these Government receivables in the current financial period, leaving the balance outstanding at ZMW96 million (H1FY:2020: ZMW228 million).

The circuit breaker business delivered excellent performance for the current reporting period. Both export volumes and local demand increased significantly from the comparative period. This increase in demand was driven by customer adoption of new product innovation in the export markets and increased production required to meet an improved market share in the local market.

Information Communication Technologies (ICT) Segment

The ICT Segment's revenue declined by 16% to R1 253 million (H1FY:2020: R1 494 million), reflecting the ongoing impact of the COVID-19 pandemic on the South African economy and on the segment's customer base and the impact of lower interest rates on Quince. Correspondingly, the segment's operating profit declined by 24% to R293 million (H1FY:2020: R384 million) which is in line with the guidance provided by the Group in the annual results for the year ended 30 September 2020.

The Total Workspace Provider Cluster's performance was adversely impacted by the general economic climate resulting from the COVID-19 regulations on key customer sectors in education, tourism and hospitality which prevented them from returning to normal trading. This negatively impacted the cluster's ongoing service revenue from the customers in these segments.

Despite this, the cluster continued to make good progress in its strategy of becoming a Total Workspace Provider to its customer base. Accordingly, the number of complementary offerings supplied per customer continued to increase. This trend is expected to gain further momentum as customers increasingly look to digital solutions to provide business efficiency and enable communication with their employees, customers and suppliers under the emerging hybrid models under which businesses are returning to work.

The Business Communication Cluster continued to increase the number of customers serviced and, in the case of SkyWire, the geographic regions its network covers. This cluster was also impacted by the reduced business activity in the education, tourism and hospitality sectors for the reasons outlined above, as well as the consequences of the general reduction in overall economic activity on the number of minutes consumed per customer. The cluster's drive into diversified product offerings continues to offset the impact of reduced minutes per customer consumption.

In the period under review, the Finance Cluster focused on enhancing the financial and credit controls embedded in its operations. It also completed the comprehensive assessment and validation of its customer base and, positively, there was no requirement to raise any further credit write-offs or expected credit losses. The loan and rental book now stands at R2 753 million (H1FY:2020: R2 878 million) reflecting the lower level of activity in the Office Automation Segment.

Plus 1X Solutions (+One^{X}), established in the Solutions and Systems Integration Cluster to provide digital consulting, cloud, data, security and managed services, is making good progress in acquiring the intellectual property, licences and human skills required to provide this suite of services. Post the current reporting period end, two complementary bolt-on acquisitions were completed to build out +One^{X}'s service capability to include the provision of private hosted cloud services and data consultancy.

Applied Electronics (AE) Segment

The AE Segment's revenue declined by 9% to R945 million (H1FY:2020: R1 038 million). Operating profit declined by 65% to R32 million (H1FY:2020: R92 million).

This decline in performance was primarily due to:

> Delayed export orders caused by the COVID-19 pandemic on the Group's export markets in this segment
> The delays in concluding the contractual and regulatory requirements to complete our export permits by the National Conventional Arms Control Committee
> The stronger Rand relative to the average exchange rate in the prior year

The COVID-19 pandemic resulted in international travel bans and local lockdowns in most of the countries to which the segment exports. This significantly impacted the Group's ability to complete contractual obligations associated with export orders, demonstrate products to customers and to conclude new contracts. Every effort was made to carry out these vital activities using alternative meeting platforms, however, these mediums do not address all installation issues and not all contractual negotiations can be resolved virtually.

The above factors impacted our major export businesses of Reutech Communications, Reutech Radar Systems and Fuchs Electronics.

The Renewable Energy Cluster continues its positive trajectory. The performance in this current reporting period was negatively impacted by delays in customers committing to capital investments and access to sites during the second wave of the COVID-19 pandemic. However, business confidence is recovering, and Terra Firma Solutions and Blue Nova have a strong pipeline of committed projects for the second half of the year.

Update on the Company Secretarial Function

The resignation of Ms Karen Louw from Reunert Management Services, the Company's registered Company Secretary was announced on 4 September 2020. Due to the restrictions imposed by COVID-19, Ms Louw has not been able to emigrate as planned and her resignation from the Group has been postponed. Therefore, Ms Louw continues to serve as the Group Company Secretary.

Commentary continued

Prospects

Reunert has continued its recovery from the impact of COVID-19 and all businesses have fully adjusted to our new operating conditions. The improvement in performance in the EE Segment is expected to be sustained into the second half of the year and the ICT Segment should continue to deliver in line with its recent performance as the economy continues to improve. The AE Segment is expected to deliver an improved second half, based on the export orders on hand together with the forecast contribution from the renewable energy businesses.

The Group's performance is expected to remain robust thereby ensuring the generation of sufficient free cash flow to support the Group's growth and re-investment requirements, whilst also supporting cash returns to shareholders.

Some economic uncertainty regarding our H2FY:2021 performance remains, as the third wave of COVID-19 in South Africa is expected to develop during this period and several of our key export markets continue to battle the pandemic, which may negatively impede our ability to fulfil export orders.

Despite the uncertainties, the FY2021 performance remains likely to exceed that of the FY2020.

Cash dividend

Notice is hereby given that a gross interim cash dividend No. 190 of 70 cents per ordinary share (March 2020: 65,0 cents per ordinary share) has been declared by the directors for the six months ended 31 March 2021.

The dividend has been declared from retained earnings.

A dividend withholding tax of 20% will be applicable to all shareholders who are not exempt from, or who do not qualify for, a reduced rate of withholding tax.

Accordingly, for those shareholders subject to withholding tax, the net dividend amounts to 56 cents per ordinary share (March 2020: 52,0 cents per ordinary share).

The issued share capital at the declaration date is 184 969 196 ordinary shares.

In compliance with the requirements of Strate Proprietary Limited and the Listings Requirements of the JSE Limited, the following dates are applicable:

Last date to trade (cum dividend)	Tuesday, 22 June 2021
First date of trading (ex dividend)	Wednesday, 23 June 2021
Record date	Friday, 25 June 2021
Payment date	Monday, 28 June 2021

Shareholders may not dematerialise or rematerialise their shares between Wednesday, 23 June 2021 and Friday, 25 June 2021, both days inclusive.

On behalf of the Board of directors

Trevor Munday
Chair

Alan Dickson
Group Chief Executive Officer

Nick Thomson
Group Chief Financial Officer

Sandton, 25 May 2021

Condensed consolidated statement of profit or loss

For the six months ended 31 March 2021

Rm	Notes	Six months ended 31 March 2021 Unaudited	2020 Unaudited[1]	% change	Year ended 30 September 2020 Audited
Revenue	2	**4 614**	4 144	11	8 046
EBITDA[2] before impairment of financial assets		**570**	529	8	1 133
Credit write-off	3	**(5)**	(298)	(98)	(298)
Expected credit losses	3	**(3)**	(267)	(99)	(288)
Impairment of financial assets		**(8)**	(565)	(99)	(586)
EBITDA[2]		**562**	(36)	1 661	547
Depreciation and amortisation	3	**(126)**	(119)	6	(240)
Operating profit/(loss)	3	**436**	(155)	381	307
Interest and dividend income	4	**13**	26	(50)	41
Interest expense	5	**(30)**	(45)	(33)	(83)
Profit/(loss) before gain on disposal of investment, transaction-related share-based payments, impairment of non-financial assets, loss on remeasurement of subsidiary held for sale and loss on disposal of subsidiary		**419**	(174)	341	265
Gain on disposal of investment	6	**17**	–	100	–
Transaction-related share-based payments	8	**(5)**	–	(100)	–
Impairment of non-financial assets					
Impairment of goodwill	9	**–**	(75)	100	(75)
Impairment of property, plant and equipment	9	**–**	(4)	100	(4)
Loss on remeasurement of subsidiary held for sale		**–**	(22)	100	–
Loss on disposal of subsidiary		**–**	–	–	(20)
Profit/(loss) before tax		**431**	(275)	257	166
Tax		**(121)**	31	(490)	(82)
Profit/(loss) after tax		**310**	(244)	227	84
Share of joint ventures' and associates' profit/(loss)		**1**	(82)	101	(77)
Profit/(loss) for the period		**311**	(326)	195	7
Profit/(loss) for the period attributable to:					
Non-controlling interests		**(2)**	(49)	96	(40)
Equity holders of Reunert		**313**	(277)	213	47
Earnings/(loss) per share (cents)					
Basic	10, 11	**194**	(172)	213	29
Diluted	10, 11	**193**	(169)	214	29

[1] *Due to the significance of the credit write-off and expected credit losses in the comparative period, the Group has provided additional disclosure by separately disclosing these items. In addition, the comparative period includes all expected credit losses incurred including those unrelated to the COVID-19 pandemic. The comparative period information has been re-presented to align with the presentation in the annual financial statements for the year ended 30 September 2020. Refer to note 14.*

[2] *Earnings before net interest, tax, depreciation and amortisation, gain on disposal of investment, transaction-related share-based payments, impairment of non-financial assets, loss on remeasurement of subsidiary held for sale and loss on disposal of subsidiary. EBITDA includes interest income received on leases and loans receivable in the ICT Segment.*

Other measures of earnings/(loss) per share (cents)					
Headline	10, 11	**193**	(76)	354	115
Diluted headline	10, 11	**192**	(75)	356	115
Interim/total cash dividend per share (cents)		**70**	65	8	257

Condensed consolidated statement of other comprehensive income

For the six months ended 31 March 2021

Rm	Six months ended 31 March 2021 Unaudited	2020 Unaudited	Year ended 30 September 2020 Audited
Profit/(loss) for the period	**311**	(326)	7
Other comprehensive income, net of tax:			
Items that may be reclassified subsequently to profit or loss	**(23)**	(33)	(56)
Translation differences of foreign businesses	**(23)**	33	30
Translation loss on net investment in subsidiary[1]	**–**	(66)	(87)
Fair value remeasurement of financial asset	**–**	–	1
Total comprehensive income for the period	**288**	(359)	(49)
Total comprehensive income attributable to:			
Non-controlling interests	**(4)**	(44)	(62)
– Share of loss for the period	**(2)**	(49)	(40)
– Share of other comprehensive income	**(2)**	5	(22)
Equity holders of Reunert	**292**	(315)	13
– Share of profit/(loss) for the period	**313**	(277)	47
– Share of other comprehensive income	**(21)**	(38)	(34)

[1] *Translation loss arising on the loan component of the Group's net investment in a foreign subsidiary.*

Condensed consolidated statement of financial position

As at 31 March 2021

Rm	Notes	As at 31 March 2021 Unaudited	As at 31 March 2020 Unaudited[1]	Year ended 30 September 2020 Audited[1]
Assets				
Non-current assets				
Property, plant and equipment		**798**	800	795
Investment property		**31**	30	31
Right-of-use assets		**163**	200	186
Intangible assets		**432**	426	445
Goodwill	9	**924**	924	924
Other investments and loans		**68**	65	61
Investments in joint ventures and associates		**72**	69	74
Leases receivable		**555**	566	557
Loans receivable		**1 272**	1 200	1 221
Deferred tax assets		**154**	242	172
		4 469	4 522	4 466
Current assets				
Inventory		**1 580**	1 643	1 483
Leases receivable		**297**	281	288
Loans receivable		**446**	569	507
Trade and other receivables		**2 010**	2 240	1 895
Tax receivable		**53**	66	46
Derivative financial assets		**12**	16	12
Cash and cash equivalents		**1 035**	793	1 029
		5 433	5 608	5 260
Total assets		**9 902**	10 130	9 726
Equity and liabilities				
Capital and reserves				
Share capital		**389**	389	389
Share-based payment reserves		**219**	223	217
Equity transactions/put option with non-controlling shareholders		**(1)**	(109)	–
Empowerment shares		**(276)**	(276)	(276)
Treasury shares		**(348)**	(342)	(342)
Other reserves[2]		**(182)**	(90)	(161)
Retained earnings		**6 688**	6 554	6 678
Equity attributable to equity holders of Reunert		**6 489**	6 349	6 505
Non-controlling interests		**43**	73	38
Total equity		**6 532**	6 422	6 543

[1] *In the interest of clear presentation certain of the comparative period numbers have been disaggregated into their component parts. Accordingly the comparative period disclosure has been re-presented. The comparative period information has been re-presented to align with the presentation in the annual financial statements for the year ended 30 September 2020.*

[2] *Refer to the statement of changes in equity for the composition of other reserves.*

Condensed consolidated statement of financial position continued

As at 31 March 2021

Rm	Notes	As at 31 March 2021 Unaudited	As at 31 March 2020 Unaudited[1]	Year ended 30 September 2020 Audited[1]
Non-current liabilities				
Deferred tax liabilities		**100**	101	89
Equity forward contract		**53**	–	59
Long-term loans		**35**	16	15
Lease liabilities		**143**	169	162
Contract liabilities		**29**	24	23
		360	310	348
Current liabilities				
Put option liability	12	**–**	125	–
Equity forward contract		**16**	–	16
Current portion of long-term loans		**6**	–	1
Lease liabilities		**57**	55	56
Share-based payment liability		**–**	9	6
Derivative financial liabilities		**33**	38	28
Provisions		**96**	153	123
Tax liabilities		**13**	27	50
Contract liabilities		**243**	309	255
Trade and other payables		**1 746**	1 961	1 594
Bank overdrafts and short-term facilities		**800**	721	706
		3 010	3 398	2 835
Total equity and liabilities		**9 902**	10 130	9 726

[1] *In the interest of clear presentation certain of the comparative period numbers have been disaggregated into their component parts. Accordingly the comparative period disclosure has been re-presented. The comparative period information has been re-presented to align with the presentation in the annual financial statements for the year ended 30 September 2020.*

Condensed consolidated statement of cash flows

For the six months ended 31 March 2021

Rm	Notes	Six months ended 31 March 2021 Unaudited	2020 Unaudited[1]	Year ended 30 September 2020 Audited[1]
Cash flows from operating activities				
Cash generated from operations before working capital changes	A	**553**	571	1 136
(Increase)/decrease in net working capital		**(116)**	(74)	21
Cash generated from operations		**437**	497	1 157
Cash interest and dividends received		**13**	26	41
Cash interest paid		**(29)**	(40)	(75)
Tax paid		**(137)**	(118)	(145)
Net cash inflow from operating activities before dividends		**284**	365	978
Dividends paid (including to non-controlling interests in subsidiaries)		**(315)**	(620)	(727)
Net cash (outflow)/inflow from operating activities		**(31)**	(255)	251
Cash flows from investing activities				
Investments to maintain operating capacity		**3**	(175)	(191)
Cash received from/(invested in) loans receivable		**17**	(169)	(172)
Repayment of other investments and loans		**–**	1	3
Other investments and loans granted		**(9)**	(7)	(1)
Dividend received from joint venture and associate		**4**	3	3
Replacement of property, plant and equipment and intangible assets		**(14)**	(10)	(32)
Proceeds from disposal of property, plant and equipment		**5**	7	8
Investments to increase operating capacity		**(59)**	(56)	(142)
Expansion of property, plant and equipment and intangible assets		**(76)**	(56)	(138)
Proceeds on/(outflow) from disposal of investment, subsidiaries and businesses		**17**	–	(4)
Net cash outflow from investing activities		**(56)**	(231)	(333)
Cash flows from financing activities				
Funds provided by equity holders of Reunert		**–**	1	1
Investment in treasury shares		**(6)**	–	–
Shares acquired for equity settled Conditional Share Plan (CSP)		**(11)**	(54)	(54)
Proceeds on subscription of shares by non-controlling interests		**13**	–	–
Purchase of additional shares in terms of a call option with non-controlling interests		**–**	(1)	(1)
Put option liability settled		**–**	–	(131)
Long-term loans raised		**27**	4	2
Long-term loans settled		**(1)**	–	–
Contingent consideration settled		**–**	(3)	(15)
Forward contract liability settled		**(7)**	–	–
Lease liabilities settled		**(27)**	(26)	(57)
Net cash outflow from financing activities		**(12)**	(79)	(255)

[1] *The comparative period information has been re-presented to align with the presentation in the annual financial statements for the year ended 30 September 2020.*

Condensed consolidated statement of cash flows *continued*

For the six months ended 31 March 2021

Rm	Six months ended 31 March 2021 Unaudited	2020 Unaudited[1]	Year ended 30 September 2020 Audited[1]
Net decrease in net cash and cash equivalents	(99)	(565)	(337)
Net cash and cash equivalents at the beginning of the period as reported in the statement of financial position	323	616	616
Net cash and cash equivalents at the end of the period before translation adjustments	224	51	279
Made up of:			
Cash and cash equivalents	1 035	793	1 029
Bank overdrafts and short-term facilities	(800)	(721)	(706)
Bank overdrafts	(110)	(266)	(122)
Short-term facilities	(690)	(455)	(584)
Net cash and cash equivalents at the end of the period as reported in the statement of financial position	235	72	323
Foreign exchange translation adjustments on:			
Cash and cash equivalents	14	1	1
Bank overdrafts and short-term facilities	(25)	(22)	(45)
Net cash and cash equivalents at the end of the period before translation adjustments	224	51	279

[1] *The comparative period information has been re-presented to align with the presentation in the annual financial statements for the year ended 30 September 2020.*

Notes to the condensed consolidated statement of cash flows

For the six months ended 31 March 2021

Rm	Six months ended 31 March 2021 Unaudited	2020 Unaudited[1]	Year ended 30 September 2020 Audited[1]
A. Reconciliation of EBITDA to cash generated from operations before working capital changes			
EBITDA	**562**	(36)	547
Adjusted for:			
Interest and dividend income	**13**	26	41
Interest expense	**(30)**	(45)	(83)
Depreciation and amortisation	**(126)**	(119)	(240)
Gain on disposal of investment	**17**	–	–
Transaction-related share-based payments	**(5)**	–	–
Impairment of goodwill	**–**	(75)	(75)
Impairment of property, plant and equipment	**–**	(4)	(4)
Loss on remeasurement of subsidiary held for sale	**–**	(22)	–
Loss on disposal of subsidiary	**–**	–	(20)
Profit/(loss) before tax	**431**	(275)	166
Adjusted for:			
Cash interest and dividend income received	**(13)**	(26)	(41)
Cash interest paid	**29**	40	75
Interest paid – unwind of present value discount	**1**	5	8
Depreciation of property, plant and equipment and right-of-use assets	**94**	95	184
Amortisation of intangible assets	**32**	24	56
Net gain on disposal of property, plant and equipment and intangible assets	**(3)**	(4)	(4)
Gain on disposal of investment	**(17)**	–	–
Transaction-related share-based payments	**5**	–	–
Loss on remeasurement of subsidiary held for sale	**–**	22	–
Loss on disposal of subsidiary	**–**	–	20
Impairment of non-financial assets	**–**	79	79
Share-based payment expense in respect of the Group's CSP	**15**	16	10
Share-based payment expense in respect of the Group's Deferred Bonus Plan	**–**	–	(3)
Cash paid to settle the Group's Deferred Bonus Plan	**(6)**	(22)	(22)
Unrealised forex losses	**28**	67	48
Gain on remeasurement of contingent consideration	**–**	(2)	(2)
Put option liability fair value remeasurement	**–**	–	3
Credit write-off and expected credit losses[1]	**8**	565	586
Provisions movements	**(33)**	(7)	(5)
Other non-cash movements	**(18)**	(6)	(22)
Cash generated from operations before working capital changes	**553**	571	1 136

[1] *The comparative period information has been re-presented to align with the presentation in the annual financial statements for the year ended 30 September 2020.*

Condensed consolidated statement of changes in equity

For the six months ended 31 March 2021

Rm	Six months ended 31 March 2021 Unaudited	Six months ended 31 March 2020 Unaudited[1]	Year ended 30 September 2020 Audited[1]
Share capital	**389**	389	389
Balance at the beginning of the period	**389**	388	388
Issue of shares	**–**	1	1
Share-based payment reserves	**219**	223	217
Balance at the beginning of the period	**217**	229	229
In terms of CSP	**15**	14	9
Shares acquired to settle CSP	**(11)**	(53)	(54)
In terms of other transaction-related share-based payments with non-controlling shareholders	**5**	–	–
Transfer from retained earnings	**(7)**	33	33
Equity transactions/put option with non-controlling shareholders	**(1)**	(109)	–
Balance at the beginning of the period	**–**	(108)	(108)
Additional shares acquired from non-controlling shareholders	**–**	–	14
Subscription for shares by non-controlling shareholders	**(1)**	(1)	–
Transfer from retained earnings	**–**	–	94
Empowerment shares[2]	**(276)**	(276)	(276)
Treasury shares[3]	**(348)**	(342)	(342)
Balance at the beginning of the period	**(342)**	(342)	(342)
Shares bought back during the period	**(6)**	–	–
Equity forward contract[4]	**(75)**	–	(75)
Balance at the beginning of the period	**(75)**	–	–
Recognised during the period	**–**	–	(75)
Foreign currency translation reserves	**(5)**	17	16
Balance at the beginning of the period	**16**	(11)	(11)
Other comprehensive income	**(21)**	28	27
Translation loss on net investment in foreign subsidiary	**(109)**	(113)	(109)
Balance at the beginning of the period	**(109)**	(47)	(47)
Other comprehensive income	**–**	(66)	(62)

1 *The comparative period information has been re-presented to align with the presentation in the annual financial statements for the year ended 30 September 2020.*

2 *This is the cost of Reunert Limited shares held by Bargenel Investments Proprietary Limited (Bargenel), a company sold by Reunert to its empowerment partner in 2007. Until the amount owing by the empowerment partner is repaid to Reunert, Bargenel is consolidated into the Group's financial statements.*

3 *Ordinary Reunert shares bought back in the open market and held by a subsidiary: 5 113 842 shares (2020: 4 997 698 shares). From January to March 2021, 116 144 shares were bought back at an average price of R48,05 per share, including transactions costs. No shares were bought back during the 2020 financial year or in the first quarter of the 2021 financial year.*

4 *At the end of the 2020 financial year, the Group, on behalf of the CSP, entered into a hedging forward contract with an independent third party in terms of which 2 346 930 Reunert ordinary shares will be acquired by the independent third party for purposes of hedging the Group's potential obligation to deliver Reunert ordinary shares to CSP participants.*

Condensed consolidated statement of changes in equity continued

For the six months ended 31 March 2021

Rm	Six months ended 31 March 2021 Unaudited	2020 Unaudited[1]	Year ended 30 September 2020 Audited[1]
Fair value reserve	**7**	6	7
Balance at the beginning of the period	**7**	6	6
Other comprehensive income	**–**	–	1
Retained earnings	**6 688**	6 554	6 678
Balance at the beginning of the period	**6 678**	7 473	7 473
Profit/(loss) for the period attributable to equity holders of Reunert	**313**	(277)	47
Cash dividends paid	**(310)**	(618)	(723)
Tax deduction in terms of CSP	**–**	9	8
Transfer to reserves	**7**	(33)	(127)
Equity attributable to equity holders of Reunert	**6 489**	6 349	6 505
Non-controlling interests	**43**	73	38
Balance at the beginning of the period	**38**	119	119
Loss for the period	**(2)**	(49)	(40)
From other comprehensive income for the period	**(2)**	5	(22)
Cash dividends paid	**(5)**	(2)	(4)
Subscription for shares by non-controlling shareholders	**14**	–	–
Share acquired from non-controlling shareholders	**–**	–	(15)
Total equity at the end of the period	**6 532**	6 422	6 543

1 *The comparative period information has been re-presented to align with the presentation in the annual financial statements for the year ended 30 September 2020.*

Notes

For the six months ended 31 March 2021

1. Basis of preparation

These unaudited condensed consolidated interim financial statements have been prepared in compliance with the:

> Information required in terms of IAS 34: Interim Financial Reporting
> 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
> The requirements of the Companies Act, No. 71 of 2008, of South Africa

These unaudited condensed consolidated interim financial statements were compiled under the supervision of NA Thomson CA(SA), Chief Financial Officer.

The Group's accounting policies applied for the period ended 31 March 2021 are consistent with those applied in the prior year's audited consolidated Annual Financial Statements. These accounting policies are in terms of International Financial Reporting Standards (IFRS). These condensed consolidated interim financial statements have not been audited or reviewed by the Group's external auditors.

Rm	Six months ended 31 March 2021 Unaudited	2020 Unaudited	Year ended 30 September 2020 Audited
2. Revenue			
Revenue from contracts with customers: Category of revenue			
Products	**3 450**	3 392	6 014
Services	**971**	499	1 581
	4 421	3 891	7 595
Timing of revenue recognition:			
Revenue recognised at a point in time	**3 790**	3 115	6 215
Revenue recognised over time	**631**	776	1 380
Total revenue from contracts with customers	**4 421**	3 891	7 595
Other revenue:			
Interest received on leases and loans receivable	**173**	227	412
Rental revenue	**20**	26	39
Total	**4 614**	4 144	8 046

Refer to the segmental analysis, for a disaggregation of the total revenue contribution by each segment.

Rm	Six months ended 31 March 2021 Unaudited	2020 Unaudited	Year ended 30 September 2020 Audited
3. Operating profit/(loss)[1]			
Included in operating profit are the following:			
Cost of sales	**3 263**	2 722	5 377
Less: depreciation and amortisation included in cost of sales[2]	**(31)**	(26)	(58)
Cost of sales before depreciation and amortisation	**3 232**	2 696	5 319
Other income	**18**	22	35
Fair value remeasurement on contingent consideration	**–**	2	2
Total operating expenses	**925**	1 036	1 813
Impairment of financial assets			
Credit write-off (refer to note 7)	**5**	298	298
Expected credit losses (refer to note 7)	**3**	267	288
Less: depreciation and amortisation included in operating expenses[2]	**(95)**	(93)	(182)
Total operating expenses before depreciation and amortisation	**838**	1 508	2 217
Included in cost of sales, other income or expenses:			
Profit on disposal of property, plant and equipment	**3**	4	4
Auditors remuneration			
– Audit fees	**13**	12	28
– Other fees	**1**	1	1
Total auditors remuneration	**14**	13	29
Realised forex losses[3]	**1**	23	42
Unrealised forex losses[3]	**28**	67	48
Net forex losses	**29**	90	90
Research and development expenditure:			
Externally funded (via revenue received)	**52**	62	153
Internally funded	**18**	19	19
	70	81	172
Employee costs (included in cost of sales and other operating expenses):			
Salaries and wages	**850**	857	1 600
Pension and provident fund contributions[4]	**83**	86	192
Other staff costs	**33**	43	81
	966	986	1 873
Share-based payment expense[5]	**15**	16	7
Write-down of inventory	**–**	1	5

1 *Additional disclosures have been incorporated to ensure alignment between this note and the 2020 Annual Financial Statements. There have been no changes to actual numbers disclosed in the comparative period information.*

2 *Depreciation and amortisation of property, plant and equipment and intangible assets that are considered to be part of cost of sales amounts to R27 million (March 2020: R22 million, September 2020: R50 million).*
Depreciation of right-of-use assets considered to be part of cost of sales is R4 million (March 2020: R4 million, September 2020: R8 million).
Depreciation and amortisation of property, plant and equipment and intangible assets included in other expenses is R62 million (March 2020: R60 million, September 2020: R119 million).
Depreciation of right-of-use assets included in other expenses is R33 million (March 2020: R33 million, September 2020: R63 million).

3 *Transactions denominated in a foreign currency are initially recorded at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing at that date and the resulting exchange differences 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.*

4 *Payments to defined contribution retirement plans are charged as an expense as they fall due.*

5 *The Deferred Bonus Plan was fully settled in 2020 which resulted in a release of R3 million recognised in the 2020 Annual Financial Statements.*

Rm	Six months ended 31 March 2021 Unaudited	2020 Unaudited	Year ended 30 September 2020 Audited
4. Interest and dividend income[1]			
Dividend income	–	–	3
Interest earned on financial assets analysed by category of asset:			
Bank deposits	**10**	23	31
Other assets	**3**	3	7
Total interest and dividend income	**13**	26	41
5. Interest expense[1]			
Loans, bank overdrafts and short-term facilities	**(19)**	(28)	(53)
Lease liability interest	**(10)**	(12)	(22)
Unwinding of discount related to equity forward contract	**(1)**	–	–
Unwinding of discount related to put option liability	–	(5)	(8)
Interest expense as per the statement of profit or loss	**(30)**	(45)	(83)
External interest expense in Quince (included in Group cost of sales as Quince is a finance business)	**(16)**	(11)	(28)
Total interest expense using the effective interest rate method	**(46)**	(56)	(111)
6. Gain on disposal of investment			
During February 2021, Reunert Limited accepted an unsolicited offer for 6 231 174 shares which represented an 18,8% interest in CAFCA for an amount of R16,6 million. Accordingly, the Group recognised a gain on the disposal of the shares of R16,6 million.			
Proceeds from disposal	**17**		
Net carrying amount of investment disposed of	–		
Gain on disposal of investment (net of tax of Rnil)	**17**		

Subsequent to the disposal, Reunert Limited has a remaining interest of 50,5% in CAFCA.

[1] *Additional disclosures have been incorporated to ensure alignment between this note and the 2020 Annual Financial Statements. There have been no changes to the actual numbers disclosed in the comparative period information.*

Rm	Six months ended 31 March 2021 Unaudited	2020 Unaudited	Year ended 30 September 2020 Audited
7. Impairment of financial assets			
Credit write-off	**5**	298	298
Expected credit losses (ECL)	**3**	267	288
	8	565	586

Analysis of the movements in the ECL

31 March 2021

Rm	ECL opening balance	Raised during the period through the statement of profit or loss	Utilised during the period	Foreign exchange movement	ECL closing balance
Leases and loans receivable	**210**	**–**	**(27)**	**–**	**183**
Trade and other receivables	**192**	**3**	**(20)**	**(13)**	**162**
Credit write-off for trade and other receivables		**5**			
Total impairment of financial assets per the statement of profit or loss		**8**			

31 March 2020

Rm	ECL opening balance	Raised during the period through the statement of profit or loss	Utilised during the period	Foreign exchange movement	ECL closing balance
Leases and loans receivable	41	224	(2)	–	263
Trade and other receivables	150	43	(14)	(1)	178
Credit write-off for leases and loans receivable[1]		298			
Total impairment of financial assets per the statement of profit or loss		565			

30 September 2020

Rm	ECL opening balance	Raised during the year through the statement of profit or loss	Utilised during the year	Foreign exchange movement	ECL closing balance
Leases and loans receivables	41	219	(50)	–	210
Trade and other receivables	150	69	(14)	(13)	192
Credit write-off for lease and loans receivable[1]		298			
Total impairment of financial assets per the statement of profit or loss		586			

[1] *The credit write-off in the 2020 financial year resulted from an external fraud perpetrated against Quince Capital (Quince) by a non-connected independent third party dealer.*

7. Impairment of financial assets *continued*

Leases and loans receivable

The Group applies the IFRS 9 general approach to measuring the ECL for leases and loans receivable.

This is calculated by applying a historical loss ratio to the balance of leases and loans receivable at each reporting date. The loss ratio for the leases and loans receivable is calculated according to the ageing/payment profile by applying historic write-offs to the payment profile of the population.

The historic loss ratio is then adjusted for forward-looking information to determine the ECL at the reporting date, to the extent that there is a strong correlation between the forward-looking information and the ECL.

Impact of COVID-19

In the 2020 financial year, the Group recorded a significant increase in the expected credit losses as a result of expected future customer defaults due to the COVID-19 pandemic. The impact of the national lockdown and the related significant reduction in economic activity and consequential predicted increase in business failures made the estimation of these expected future credit losses complex.

Historical methods used prior to 2020 were modified to incorporate the forecast changes in the macro-economic conditions and the inter-relationship between key economic variables.

In 2021, expected credit losses continue to be influenced by the impact of COVID-19.

In South Africa, the recovery to pre-COVID-19 levels of economic activity is forecast to take until 2024. This slow recovery is expected to continue to have an adverse impact on future credit losses incurred.

For interim reporting purposes, the Group considered the factors outlined above and used the following key variables in estimating the ECL as at 31 March 2021. These key variables are consistent with those applied throughout the prior year:

> Probability of default (PD)
> Loss given default (LGD)
> Exposure at default (EAD)

The following estimates and judgements were applied:

> There has been considerable volatility in the Moody's expected rate of credit defaults which increased from 3,5% pre-COVID-19 to 11,5% at 31 March 2020 and has subsequently reduced to 6,29% at 31 March 2021(September 2020: 9,3%). Moody's expected rate of credit defaults is a key determinant in the assessment of the required ECL as the Group has insufficient internal observed data on which to predict the most likely impact of the COVID-19 pandemic on the collectability of its loan and rental book.
> The LGD rate used was obtained from the quoted recovery rate of the World Bank for South African debt of 37%. This was corroborated against the Moody's recovery rate for emerging markets. Due to the uncertainty of the impact for South Africa, this is currently the best independent and credible information available. In estimating the expected LGD and given the scale of the predicted credit losses, the Group has continued to apply a LGD of 63%.
> The EAD is considered to be the Group's exposure to the leases and loans receivable at 31 March 2021.

7. Impairment of financial assets *continued*

Significant increase in credit risk

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial asset as at the reporting date with the risk of a default occurring on the financial asset 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. As part of this assessment, as required by IFRS 9, the Group's loans and leases receivable are aged into stages. In assessing the stage categorisation, receivables that are 30 days overdue are classified as stage 2 and receivables that are 90 days overdue are classified as stage 3.

Due to the impact of COVID-19 and the resulting increase in credit risk as well as other known events, the following is the analysis of the different stages in accordance with IFRS 9.

Rm	Gross carrying amount before ECL	Expected credit loss Stage 1	Stage 2	Stage 3	Net carrying amount after ECL
31 March 2021	**2 753**	**(79)**	**(41)**	**(63)**	**2 570**
31 March 2020	2 878	(95)	(149)	(18)	2 616
30 September 2020	2 783	(68)	(92)	(50)	2 573

Trade and other receivables

The Group has consistently applied the IFRS 9 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 each entity in the Group's age analysis of trade receivables and contract assets. 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.

8. Transaction-related share-based payments

Plus 1X Solutions Proprietary Limited (+One^{X}) is the Group's new venture to establish a new age end-to-end ICT solutions provider, established to take advantage of the growth opportunities that the fourth industrial revolution offers.

The Group has partnered with certain key individuals who are highly experienced in building, acquiring and developing IT businesses, and in addition other new shareholders who provide empowerment credentials. These new shareholders have subscribed for a minority interest in +One^{X} at a price below its market value due to their industry knowledge, intellectual property and empowerment credentials that they are contributing to the establishment of +One^{X}.

The subscription of +One^{X} shares by the empowerment shareholders was financed by a loan provided by Reunert Finance Company Limited, under favourable terms.

As a consequence of the above the Group raised an IFRS 2 share-based payment charge for the period amounting to R5 million.

9. Impairment of goodwill and property, plant and equipment

Goodwill

Due to the current economic conditions prevailing as a result of the COVID-19 pandemic, the Group considered and evaluated whether there were any indicators of impairment for its various cash generating units (CGUs) at 31 March 2021. Various factors both internal and external to the Group were considered in this evaluation. With the exception of Blue Nova (the Group's energy storage business), no other CGUs had any indicators of impairment.

Blue Nova

At 31 March 2021 Blue Nova has a goodwill balance of R53 million. Due to an indicator of impairment at Blue Nova, management performed an impairment assessment using cash flow forecasts over a five-year period, a pre-tax discount rate of 20% and a terminal value of 6%. Management further applied a sensitivity to the impairment assessment using a 1% increase in the discount rate and a 1% decrease in the terminal value. Based on this assessment, no impairment of the goodwill balance at Blue Nova was required at 31 March 2021.

Group

Management continues to evaluate the impact of COVID-19 and the resulting economic impact on the value of the Group's property, plant and equipment, intangible assets, right-of-use assets and goodwill. At 31 March 2021 no impairments of these categories of assets were required in the Group.

Rm	Six months ended 31 March 2021 Unaudited	Six months ended 31 March 2020 Unaudited	Year ended 30 September 2020 Audited
Carrying amount at the beginning of the period	924	999	999
Impairment of goodwill	–	(75)	(75)
Carrying amount at the end of the period	**924**	924	924

2020

In March 2020, the impact of COVID-19 resulted in the Group impairing goodwill which arose on acquisition of two of its subsidiaries: African Cables (R61 million) and Dynateq International (Dynateq) (R14 million) and R4 million of property, plant and equipment in Polybox.

African Cables

Although the business had secured framework tenders at Eskom and various municipalities, the impact of the reprioritisation of Government's expenditure on infrastructure due to the impact of COVID-19 remained uncertain. Management was of the view that this business was likely to continue to experience pressure on volumes over the medium term and accordingly used forecasts taking this uncertainty into consideration in assessing the need for the impairment made.

Dynateq

Dynateq's revenue is largely driven by securing contracts in the global defence sector. The business is dependent on the export market in various economies including the Middle East and Europe. Although a portion of the short-term order book had been secured, management's view was that this business was likely to experience volume pressure over the medium term and the forecasts used to assess impairment took this uncertainty into account.

Management continues to evaluate the impact of COVID-19 and the resulting economic impact on the value of the Group's property, plant and equipment, intangible assets, right-of-use assets and goodwill. At 31 March 2021 no impairments of the categories of assets was required in the Group as a result of COVID-19.

9. Impairment of goodwill and property, plant and equipment *continued*

Investment in joint venture

In the 2020 financial year, the outlook for CBi Telecoms was uncertain due to the company having a limited order book combined with significant margin degradation due to competition. The low volumes resulted in weak cash flow forecasts for the short to medium term. These factors together with the substantial loss incurred to 31 March 2020 resulted in the management of CBi Telecoms impairing the carrying amount of its property, plant and equipment, intangible assets and right-of-use assets by R147 million. The impact of the impairment is included in the equity-accounted earnings from joint ventures. For the six-month period ended 31 March 2020 this amounted to R55 million (after tax) (September 2020: R42 million (after tax)).

Rm	Six months ended 31 March 2021 Unaudited	2020 Unaudited	Year ended 30 September 2020 Audited
10. Number of shares used to calculate earnings per share[1]			
Weighted average number of shares in issue, net of empowerment and treasury shares, for basic earnings and headline earnings per share (millions of shares)	**161**	161	161
Adjusted by the dilutive effect of unexercised share options granted (millions of shares)	**1**	3	1
Weighted average number of shares for diluted basic and diluted headline earnings per share (millions of shares)	**162**	164	162

[1] *The earnings used to determine earnings per share and diluted earnings per share is the profit/(loss) for the period attributable to equity holders of Reunert of R313 million (March 2020: (R277) million, September 2020: R47 million).*

Rm	Six months ended 31 March 2021 Unaudited	2020 Unaudited	Year ended 30 September 2020 Audited
11. Headline earnings			
Profit/(loss) attributable to equity holders of Reunert	**313**	(277)	47
Headline earnings are determined by eliminating the effect of the following items from attributable earnings:			
Goodwill impairment	**–**	75	75
Impairment of non-financial assets in a joint venture (after a tax credit of March 2020: R13 million, September 2020: R14 million)	**–**	55	42
Loss on remeasurement of subsidiary held for sale	**–**	22	–
Loss on disposal of subsidiary	**–**	–	20
Impairment of property, plant and equipment	**–**	4	4
Net gain on disposal of assets (after a tax charge of R1 million and non-controlling interests (NCI) portion of Rnil) (March 2020: tax charge R1 million, NCI R1 million, September 2020: tax charge R1 million, NCI R1 million)	**(2)**	(2)	(2)
Headline earnings/(loss)	**311**	(123)	186

Rm	Six months ended 31 March 2021 Unaudited	2020 Unaudited	Year ended 30 September 2020 Audited
12. Put option liability			
As part of the Terra Firma Solutions acquisition in 2017, the Group granted put options in favour of the non-controlling shareholders for 25% of the issued share capital. The majority of this put option was exercised in the 2020 financial year. The amount remaining is carried at fair value and amounts to R307 428. This is displayed as nil in the statement of financial position due to rounding.			
A reconciliation of the closing balance is as below:			
Balance at the beginning of the period	–	120	120
Fair value remeasurements	–	–	3
Unwinding of discount	–	5	8
Settlement	–	–	(131)
Balance at the end of the period	–	125	–
Less: current portion	–	(125)	–
Non-current portion	–	–	–

Rm	Six months ended 31 March 2021 Unaudited	2020 Unaudited	Year ended 30 September 2020 Audited
13. Contingent considerations			
Reconciliation of carrying amount of contingent consideration financial liability			
Balance at the beginning of the period	**24**	41	41
Settlement	–	(3)	(15)
Fair value remeasurements	–	(2)	(2)
Balance at the end of the period[1]	**24**	36	24

[1] *The balance of the contingent consideration has been included as part of 'Trade and other payables,' in the statement of financial position.*

These were classified as level 3 instruments in the fair value hierarchy.

Contingent considerations still in effect

Dopptech

The remaining contingent consideration for this business of R12 million is based on the achievement of specific key performance indicators as stipulated in the purchase agreement.

Blue Nova Energy

A contingent consideration payable up to R12 million is based on the achievement of a future EBITDA target and key performance indicators stipulated in the purchase agreement.

14. Reconciliation of re-presented EBITDA before impairment of financial assets

Due to the significance of the credit write-off and expected credit losses in the comparative period, the Group has provided additional disclosure by separately disclosing these items.

Rm	31 March 2020 Unaudited
Expected credit losses as reported in March 2020	529
Less: credit write-off	(298)
COVID-19 related expected credit losses	231
Plus: other expected credit losses included in EBITDA in March 2020	36
Total expected credit loss as now reported	267
EBITDA as reported in March 2020	493
Plus: expected credit losses now separately disclosed	36
EBITDA before impairment of financial assets as now reported	529

15. Litigation

There is no material litigation being undertaken against or by the Group.

16. Events after reporting date

AE Segment

Lumika Renewables ("Lumika")

Subsequent to 31 March 2021, the Group has concluded an agreement with AP Moller Capital, to establish a joint venture, Lumika to develop and invest into a portfolio of cost efficient, renewable energy solutions in the form of solar and hybrid build-own-operate projects for commercial and industrial off-takers in Africa. The Group will have a 50,1% interest in Lumika, however, both parties will exercise joint control over Lumika.

As part of the establishment of Lumika, the Group has agreed to sell an effective 25% interest in Terra Firma (the Group's Solar PV business) to Lumika. The Group has also concluded a put and a call option for the sale of its residual 65% interest in Terra Firma that may be exercised after the third anniversary of the establishment of Lumika.

The establishment of Lumika and the arrangements concerning Terra Firma are both subject to regulatory approvals, including the required Competition Commission approvals, to form the joint venture and implement the Terra Firma transactions.

ICT Segment

In the Solutions and Systems Integration Cluster, good progress continues to be made in building out the capabilities of +One^{X}, with one acquisition being concluded, and a further acquisition in its final stages.

DataCoremedia

With effect from 1 May 2021, +One^{X} acquired 100% of the business and related assets of DataCoremedia Proprietary Limited. DataCoremedia is a digital media and data consultancy business and will strengthen +One^{X}'s position as an end-to-end business transformation partner.

16. Events after reporting date *continued*

TripleH Cloud Services

During May 2021, +One^X entered into a sale of business agreement with TripleH Cloud Services Proprietary Limited to acquire 100% of the business and related assets, subject to certain conditions precedent.

TripleH Cloud Services is a hosted private cloud provider. The service offerings of the business include multi-cloud management, infrastructure as a service, disaster recovery as a service and backup as a service.

As +One^X is a cloud systems integrator, the TripleH Cloud Services business will be core to its cloud service offering.

Nashua Kopano

Subsequent to 31 March 2021, the Group acquired all of the minority shareholder's interest in Nashua Kopano, a Group-owned Nashua franchise in the ICT Segment.

17. Going concern

The directors have reviewed the Group's financial position, existing credit facilities and available cash resources and are satisfied that the Group will continue as a going concern.

Condensed segmental analysis

For the six months ended 31 March 2021

Rm	Six months ended 31 March 2021 Unaudited	% of total	2020 Unaudited[1]	% of total	% change	Year ended 30 September 2020 Audited	% of total
Revenue[2]							
Electrical Engineering (EE)	**2 561**	**54**	1 738	41	47	3 767	46
Information Communication Technologies (ICT)	**1 253**	**26**	1 494	35	(16)	2 524	30
Applied Electronics (AE)	**945**	**20**	1 038	24	(9)	1 951	24
Other	**7**	**–**	(15)	–	147	17	–
Total segment revenue	**4 766**	**100**	4 255	100	12	8 259	100
Equity-accounted joint venture in EE Segment	**(133)**		(92)			(179)	
Equity-accounted associate in ICT Segment	**(14)**		(16)			(28)	
Equity-accounted joint ventures and associates in AE Segment	**(2)**		–			–	
Equity-accounted joint venture in Other Segment	**(3)**		(3)			(6)	
Revenue as reported in the statement of profit or loss	**4 614**		4 144		11	8 046	
Operating profit							
EE	**165**	**37**	(34)	(9)	585	31	4
ICT[3]	**293**	**65**	384	98	(24)	604	69
AE	**32**	**7**	92	24	(65)	269	31
Other	**(42)**	**(9)**	(50)	(13)	16	(33)	(4)
Total operations	**448**	**100**	392	100	14	871	100
Operating loss from equity-accounted joint venture in EE Segment	**1**		21			30	
Operating profit from equity-accounted associate in ICT Segment	**(1)**		(1)			(3)	
Operating profit from equity-accounted joint ventures and associates in AE Segment	**(1)**		–			–	
Operating profit from equity-accounted joint venture in Other Segment	**(3)**		(2)			(5)	
Operating profit before credit write-off and expected credit losses	**444**		410		8	893	
Expected credit losses and credit write-off in EE Segment	**(13)**		(21)			(26)	
Expected credit losses and credit write-off in ICT Segment	**(3)**		(529)			(541)	
Expected credit losses in AE Segment	**8**		(15)			(19)	
Operating profit as reported in the statement of profit or loss	**436**		(155)		381	307	

[1] *The comparative period information has been re-presented to align with the presentation in the 2020 annual financial statements.*

[2] *Inter-segment revenue has been eliminated; however, it is immaterial and has not been separately disclosed.*

[3] *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 Rnil (March 2020: R84 million) (September 2020: R134 million). 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.*

Condensed segmental analysis continued

For the six months ended 31 March 2021

Impact of re-presentation

The reason for the re-presentation is to highlight the impact of the credit write-offs and expected credit losses on the results for the six months ended 31 March 2020 and to align the disclosure with those in the 2020 annual financial statements. This has resulted in additional disclosure for 2020 in order to reflect the comparative.

March 2020 Rm	Total segment operating profit as previously reported	Expected credit losses previously incorporated in operating profit	Operating profit for total operations as now reported
EE	(42)	8	(34)
ICT	371	13	384
AE	77	15	92
Other	(50)	–	(50)
	356	36	392

Rm	Six months ended 31 March 2021 Unaudited	% of total	2020 Unaudited	% of total	Year ended 30 September 2020 Audited	% of total
Total assets						
EE	**2 587**	**26**	2 560	25	2 420	25
ICT	**4 357**	**44**	4 680	46	4 328	44
AE	**2 611**	**27**	2 590	26	2 500	26
Other	**347**	**3**	300	3	478	5
Total assets as reported in the statement of financial position[1]	**9 902**	**100**	10 130	100	9 726	100
Total liabilities						
EE	**1 152**	**34**	1 149	31	1 007	32
ICT	**1 039**	**31**	1 224	33	1 037	32
AE	**761**	**23**	1 072	29	845[2]	27
Other	**418**	**12**	263	7	294[2]	9
Total liabilities as reported in the statement of financial position[1]	**3 370**	**100**	3 708	100	3 183	100

[1] *Inter-company receivables, payables and loans have been eliminated in line with the consolidation principles of IFRS.*
[2] *An amount of R52 million has been reclassified from the Other to the AE Segment.*

Additional information

Rm (unless otherwise stated)	Six months ended 31 March 2021 Unaudited	2020 Unaudited	Year ended 30 September 2020 Audited
Net number of ordinary shares in issue (million)	**161**	161	161
Number of ordinary shares in issue (million)	**185**	185	185
Less: Empowerment shares (million)	**(19)**	(19)	(19)
Less: Treasury shares (million)	**(5)**	(5)	(5)
Capital expenditure	**90**	66	170
– expansion	**76**	56	138
– replacement	**14**	10	32
Capital commitments in respect of property, plant and equipment	**125**	53	122
– contracted	**68**	28	27
– authorised not yet contracted	**57**	25	95
Contingent liabilities	**–**	–	–
Current ratio (:1)	**1,8**	1,7	1,9
Quick ratio (:1)[1]	**1,3**	1,2	1,3
Dividend yield (%)[2]	**5,2**	10,3	9,0
Return on capital employed (%)	**6,3**	11,1	4,5

1. *Calculated as current assets less inventory, divided by current liabilities.*
2. *Calculated as the total dividend (2021 interim 70 cents per share and 2020 final 192 cents per share) (March 2020: 2020 interim 65 cents per share and 2019 final 383 cents per share) (September 2020: 2020 interim 65 cents per share and 2020 final 192 cents per share) divided by a Reunert share price of 5 050 cents (March 2020: 4 334 cents) (September 2020: 2 863 cents), being the closing market price at 31 March 2021.*

Definitions of ratios and other financial terms are consistent with those contained in the 2020 Integrated Report.

Notes

Administration

Reunert Limited

Incorporated in the Republic of South Africa
Reg. No 1913/004355/06
Ordinary share Code: RLO ISIN code: ZAE000057428
("Reunert", "the Group" or "the Company")

Directors: TS Munday (Chair)*, T Abdool-Samad*, AB Darko*, AE Dickson (Chief Executive Officer), LP Fourie (Chair of the Audit Committee)*, JP Hulley*, SD Jagoe*, S Martin*, MT Matshoba-Ramuedzisi*, MJ Husain* (appointed: 1 November 2020), M Moodley, Adv N D B Orleyn**, NA Thomson (Chief Financial Officer)

* *Independent non-executive*
** *Non-executive*

Registered office

Nashua Building
Woodmead North Office Park
54 Maxwell Drive
Woodmead, Sandton, 2191
PO Box 784391
Sandton, 2146
Telephone +27 11 517 9000

Income tax reference number

9100/101/71/7P

Transfer secretaries

Computershare Investor Services Proprietary Limited
Rosebank Towers
15 Biermann Avenue
Rosebank, 2196
PO Box 61051
Marshalltown, 2107

Sponsor

One Capital Sponsor Services Proprietary Limited

Registered Auditors

Deloitte & Touche

Secretary's certification

In terms of section 88(2)(e) of the Companies Act, 71 of 2008, I, Karen Louw, duly authorised on behalf of the Group Company Secretary, Reunert Management Services Proprietary Limited (Registration number 1980/007949/07) certify that, to the best of my knowledge and belief, the Company has lodged with the Companies and Intellectual Property Commission for the six months ended 31 March 2021 all such returns and notices as are required in terms of the aforesaid Companies Act and that all such returns and notices are true and correct.

Karen Louw
for Reunert Management Services Proprietary Limited
Group Company Secretary

Investor enquiries

Karen Smith email Karens@reunert.co.za.
For additional information log on to the Reunert website at www.reunert.com.

25 May 2021 (publication date)

reunert.com