

# Mustek

L I M I T E D

Summarised audited consolidated  
financial results for the year ended  
30 June 2022



resonate

## Salient features

Revenue  
**up 11.5%**

2022: R8.91 billion  
2021: R7.99 billion

Earnings  
per share  
**down 17.3%**

2022: 350.96 cents  
2021: 424.54 cents

Headline  
earnings  
per share  
**down 19.1%**

2022: 357.38 cents  
2021: 441.81 cents

Dividend  
per share  
**down 15.6%**

2022: 76.00 cents  
2021: 90.00 cents

Net asset  
value per  
share  
**up 17.1%**

2022: 2 395.02 cents  
2021: 2 046.07 cents

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## Summarised consolidated statement of comprehensive income

	Audited 30 June 2022 R000	Audited 30 June 2021 Restated* R000
<b>Revenue</b>	<b>8 909 567</b>	7 992 306
Cost of sales	(7 636 886)	(6 804 339)
<b>Gross profit</b>	<b>1 272 681</b>	1 187 967
Foreign currency (losses) gains	(73 315)	10 476
Distribution, administrative and other operating expenses	(763 799)	(711 046)
Impairment losses on trade receivables	(28 647)	(14 942)
<b>Profit from operations</b>	<b>406 920</b>	472 455
Investment income	6 778	4 968
Finance costs	(76 751)	(75 144)
Other non-operating losses	(13 297)	(314)
(Loss) income from equity accounted investments	(1 572)	5 292
<b>Profit before tax</b>	<b>322 078</b>	407 257
Income tax expense	(96 866)	(110 830)
<b>Profit for the year</b>	<b>225 212</b>	296 427
<b>Other comprehensive loss</b>		
<i>Items that will be reclassified to profit or loss</i>		
Exchange differences on translation of foreign operations	(1 714)	(4 569)
Other comprehensive loss for the year net of tax	(1 714)	(4 569)
<b>Total comprehensive income for the year</b>	<b>223 498</b>	291 858
<b>Profit attributable to:</b>		
Owners of the parent	219 970	293 772
Non-controlling interest	5 242	2 655
	<b>225 212</b>	296 427
<b>Total comprehensive income attributable to:</b>		
Owners of the parent	218 256	289 203
Non-controlling interest	5 242	2 655
	<b>223 498</b>	291 858
Basic earnings per ordinary share (cents)	<b>350.96</b>	424.54
Diluted basic earnings per ordinary share (cents)	<b>350.96</b>	424.54

Refer to prior year error note for details of the 2021 revenue and cost of sales restatement. The error had no impact on the 2021 reported gross profit.

## Summarised consolidated statement of financial position

	Audited 30 June 2022 R000	Audited 30 June 2021 R000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	191 991	200 899
Investment property	10 412	–
Right-of-use assets	48 859	79 274
Goodwill	46 550	54 627
Intangible assets	104 006	90 004
Investments in associates	122 953	140 787
Other loans	22 810	61 772
Prepayments	21 228	–
Deferred tax assets	45 441	43 365
	<b>614 250</b>	<b>670 728</b>
<b>Current assets</b>		
Loan to associate	2 092	1 473
Inventories	2 480 187	1 439 558
Trade and other receivables	1 475 348	1 228 313
Contract assets	3 398	6 105
Foreign currency assets	48 965	7 311
Current tax receivable	10 923	5 895
Cash and cash equivalents	375 323	267 679
	<b>4 396 236</b>	<b>2 956 334</b>
<b>Total assets</b>	<b>5 010 486</b>	<b>3 627 062</b>
<b>EQUITY AND LIABILITIES</b>		
Ordinary stated capital	–	–
Retained earnings	1 409 811	1 345 440
Foreign currency translation reserve	3 252	4 966
<b>Equity attributable to equity holders of the parent</b>	<b>1 413 063</b>	<b>1 350 406</b>
Non-controlling interest	–	7 174
<b>Total equity</b>	<b>1 413 063</b>	<b>1 357 580</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Borrowings and other liabilities	48 026	43 479
Contract liabilities	24 101	23 014
Deferred tax liabilities	4 743	2 642
Lease liabilities	29 307	58 823
	<b>106 177</b>	<b>127 958</b>
<b>Current liabilities</b>		
Trade and other payables	3 213 525	2 040 993
Borrowings and other liabilities	2 410	2 246
Contract liabilities	28 050	30 373
Foreign currency liabilities	327	9 305
Lease liabilities	22 988	23 057
Current tax payable	1 681	4 172
Bank overdrafts	222 265	31 378
	<b>3 491 246</b>	<b>2 141 524</b>
<b>Total liabilities</b>	<b>3 597 423</b>	<b>2 269 482</b>
<b>Total equity and liabilities</b>	<b>5 010 486</b>	<b>3 627 062</b>

## Summarised consolidated statement of cash flows

	Audited 30 June 2022 R000	Audited 30 June 2021 R000
<b>Cash flows from operating activities</b>		
Cash receipts from customers	8 637 161	7 963 498
Cash paid to suppliers and employees	(8 333 730)	(7 532 188)
<b>Cash generated from operations</b>	<b>303 431</b>	<b>431 310</b>
Interest income received	6 241	4 455
Finance costs paid	(76 751)	(75 144)
Dividends paid	(60 095)	(21 693)
Tax paid	(101 009)	(118 166)
<b>Net cash from operating activities</b>	<b>71 817</b>	<b>220 762</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(24 590)	(32 414)
Sale / recoupment of property, plant and equipment	6 056	616
Purchase of intangible assets	(27 470)	(24 081)
Disposal of subsidiary, net of cash disposed	13 756	–
Proceeds from (advancements to) loans to associate	2 981	(5 000)
Dividends received from associate	2 520	–
Advances of other loans	–	(10 000)
Receipts from other loans	15 451	6 261
Increase of non-current prepayments	(21 228)	–
<b>Net cash used in investing activities</b>	<b>(32 524)</b>	<b>(64 618)</b>
<b>Cash flows from financing activities</b>		
Buy back of ordinary shares	(97 999)	(39 256)
Repayment of borrowings	(2 257)	(187)
Payment on lease liabilities	(22 280)	(25 200)
Proceeds from (repayments to) bank overdrafts	190 887	(87 454)
<b>Net cash from (used in) financing activities</b>	<b>68 351</b>	<b>(152 097)</b>
<b>Total cash movement for the year</b>	<b>107 644</b>	<b>4 047</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>267 679</b>	<b>263 632</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>375 323</b>	<b>267 679</b>



## Summarised consolidated statement of changes in equity

	Ordinary stated capital R000	Retained earnings R000	Foreign currency translation reserve R000	Equity attributable to owners of the parent R000	Non- controlling interest R000	Total equity R000
<b>Balance at 1 July 2020</b>	–	1 109 124	9 535	1 118 659	8 012	1 126 671
Profit for the year	–	293 772	–	293 772	2 655	296 427
Other comprehensive loss	–	–	(4 569)	(4 569)	–	(4 569)
Dividends paid	–	(18 200)	–	(18 200)	(3 493)	(21 693)
Buy back of shares	–	(39 256)	–	(39 256)	–	(39 256)
<b>Balance at 30 June 2021</b>	–	1 345 440	4 966	1 350 406	7 174	1 357 580
Profit for the year	–	219 970	–	219 970	5 242	225 212
Other comprehensive loss	–	–	(1 714)	(1 714)	–	(1 714)
Dividends paid	–	(57 600)	–	(57 600)	(2 495)	(60 095)
Buy back of shares	–	(97 999)	–	(97 999)	–	(97 999)
Disposal of subsidiary	–	–	–	–	(9 921)	(9 921)
<b>Balance at 30 June 2022</b>	–	1 409 811	3 252	1 413 063	–	1 413 063

## Summarised segment analysis

Business segments (audited)	Total		Mustek		Rectron		Group		Intersegment	
	30 June 2022 R000	30 June 2021 R000								
		Restated		Restated		Restated				Restated
<b>Revenue</b>	8 909 567	7 992 306	6 218 690	5 496 571	3 082 350	2 757 701	—	—	(391 473)	(261 966)
<b>EBITDA*</b>	455 212	515 999	369 330	416 284	121 030	134 426	(35 148)	(34 711)	—	—
Depreciation and amortisation	(48 292)	(43 544)	(34 579)	(33 807)	(14 516)	(10 268)	—	—	803	531
<b>Profit (loss) from operations</b>	406 920	472 455	334 751	382 477	106 514	124 158	(35 148)	(34 711)	803	531
Investment income	6 778	4 968	1 658	617	2 541	2 106	40 386	2 245	(37 807)	—
Finance costs	(76 751)	(75 144)	(45 555)	(51 229)	(31 471)	(24 291)	—	—	275	376
Other non-operating (losses) gains	(13 297)	(314)	1 972	—	1 598	—	(4 837)	(314)	(12 030)	—
Loss (profit) from equity accounted investments	(1 572)	5 292	—	—	—	—	(1 572)	5 292	—	—
<b>Profit (loss) before tax</b>	322 078	407 257	292 826	331 865	79 182	101 973	(1 171)	(27 488)	(48 759)	907
Income tax (expense) benefit	(96 866)	(110 830)	(81 928)	(92 044)	(22 865)	(27 184)	7 927	8 398	—	—
<b>Profit (loss) for the year</b>	225 212	296 427	210 898	239 821	56 317	74 789	6 756	(19 090)	(48 759)	907
<b>Attributable to:</b>										
Owners of the parent	219 970	293 772	210 898	239 821	51 075	72 134	6 756	(19 090)	(48 759)	907
Non-controlling interest	5 242	2 655	—	—	5 242	2 655	—	—	—	—
	225 212	296 427	210 898	239 821	56 317	74 789	6 756	(19 090)	(48 759)	907
<i>* Earnings before interest, taxation, depreciation and amortisation</i>										
<b>ASSETS</b>										
Segment assets	4 874 518	3 478 907	2 973 017	2 178 969	1 810 512	1 183 538	93 799	116 400	(2 810)	—
Investment in associates	125 045	142 260	—	—	—	—	125 045	142 260	—	—
Current tax assets	10 923	5 895	4 396	3 245	6 527	2 650	—	—	—	—
<b>Consolidated total assets</b>	5 010 486	3 627 062	2 977 413	2 182 214	1 817 039	1 186 188	218 844	258 660	(2 810)	—
<b>LIABILITIES</b>										
Segment liabilities	3 595 742	2 265 310	2 191 832	1 481 450	1 407 079	783 860	—	—	(3 169)	—
Current tax liabilities	1 681	4 172	1 681	4 172	—	—	—	—	—	—
<b>Consolidated total liabilities</b>	3 597 423	2 269 482	2 193 513	1 485 622	1 407 079	783 860	—	—	(3 169)	—



## Summarised segment analysis *continued*

	Total		South Africa		East Africa		Taiwan	
	30 June 2022 R000	30 June 2021 R000 Restated	30 June 2022 R000	30 June 2021 R000 Restated	30 June 2022 R000	30 June 2021 R000	30 June 2022 R000	30 June 2021 R000
<b>Geographical segments (audited)</b>								
<b>Revenue</b>	8 909 567	7 992 306	8 867 488	7 950 536	42 079	41 290	—	480
Profit (loss) before tax	322 078	407 257	318 894	403 121	(2 032)	1 654	5 216	2 482
Income tax expense	(96 866)	(110 830)	(94 638)	(108 185)	(1 212)	(1 705)	(1 016)	(940)
<b>Profit (loss) for the year</b>	<b>225 212</b>	<b>296 427</b>	<b>224 256</b>	<b>294 936</b>	<b>(3 244)</b>	<b>(51)</b>	<b>4 200</b>	<b>1 542</b>
<b>Attributable to:</b>								
Owners of the parent	219 970	293 772	219 014	292 281	(3 244)	(51)	4 200	1 542
Non-controlling interest	5 242	2 655	5 242	2 655	—	—	—	—
	225 212	296 427	224 256	294 936	(3 244)	(51)	4 200	1 542
<b>ASSETS</b>								
Segment assets	4 999 563	3 621 167	4 913 001	3 550 347	53 391	52 967	33 171	17 853
Current tax assets	10 923	5 895	10 923	5 895	—	—	—	—
<b>Consolidated total assets</b>	<b>5 010 486</b>	<b>3 627 062</b>	<b>4 923 924</b>	<b>3 556 242</b>	<b>53 391</b>	<b>52 967</b>	<b>33 171</b>	<b>17 853</b>

## Commentary

### Headline earnings and dividend per ordinary share

	Audited 30 June 2022	Audited 30 June 2021
Weighted number of ordinary shares in issue	62 676 789	69 197 929
Ordinary shares in issue	59 000 000	66 000 000
Dividend per ordinary share – paid (cents)	90.00	26.00
Dividend per ordinary share – declared (cents)	76.00	90.00
<b>Headline earnings per share (cents)</b>	<b>357.38</b>	441.81
<b>Reconciliation between basic and headline earnings (R000)</b>		
Basic earnings attributable to owners of the parent	219 970	293 772
Group's share of (profit) loss on disposal/recoupment of property, plant and equipment and intangible assets	(3 020)	1 430
Impairment of investment in associate	10 161	–
Impairment of goodwill	–	1 000
Group's share of profit on sale of subsidiary	(4 592)	–
Group's share of profit on part sale of associate	–	(673)
Non-headline items within associate equity accounted earnings:		
Group's share on loss on sale of investment in subsidiary	–	2 965
Group's share of impairment of property, plant and equipment	1 559	7 533
Group's share of profit on sale of property, plant and equipment	(82)	(301)
<b>Headline earnings</b>	<b>223 996</b>	305 726
<b>Net asset value per share (cents)</b>	<b>2 395.02</b>	2 046.07

### Operating results

At a high level, we are pleased with the revenue performance. However, profit was impacted by a lower gross profit margin compared to the very strong 2021 year and to a larger extent by a big swing in foreign exchange losses.

Revenue continued the growth trajectory that started during the 2020 financial year. Mustek succeeded in asserting itself as a leading and preferred provider of digital solutions required for a changing world. Our diversified portfolio of products and services continues to be Mustek's advantage in the marketplace.

The Group's revenue increased by 11.5% to R8.91 billion (2021 restated: R7.99 billion). It is encouraging to note that revenue growth has been across the Group with the Group's two largest segments Mustek and Rectron growing their revenue by 13.1% and 11.8% respectively. The Group's information technology (IT) training company, Mecer Inter-Ed, had a stand-out performance and is starting to meaningfully contribute to the Group's revenue and profitability. Revenue of R89.86 million (2021: R48.00 million) and profit before tax of R34.17 million (2021: R4.6 million) is included as part of the Mustek segment.



## Commentary continued

The gross profit percentage decreased to 14.3% (2021: 14.9%) predominantly because of an oversupply of entry-level notebooks in the market during the last quarter.

The Rand depreciated by 15.1% or R2.15 against the Dollar compared to the closing rate at the end of the previous financial year, with major volatility during the financial year. This negatively impacted the results and foreign exchange losses of R73.3 million (2021: R10.5 million gain) were recorded. A portion of this loss will be recovered through adjusted selling prices in line with current exchange rates.

Distribution, administrative and other operating expenses was kept well controlled and increased by 7%, mainly due to an increase in commissions as well as higher than inflationary increases in expenses such as fuel.

Successful debt management strategies resulted in net finance charges not being significantly impacted despite the increased interest rates through the year.

Associates contributed a loss of R1.6 million compared to a profit of R5.3 million in the previous financial year. Khauleza and Zaloserve were negatively impacted by operational challenges and slow government spend in their specific areas. The Group recognised an impairment loss of R10.2 million on the investment in Zaloserve due to the current operational challenges being faced by Zaloserve's 100% held subsidiary, Sizwe IT Africa Proprietary Limited. The impairment loss has been added back in the calculation of headline earnings.

Continuous Power Systems, an associate that designs and manufactures a wide range of server cabinets and Yangtze Optics Africa Cable, an associate that manufactures fibre-optic cable, traded profitably. They are well placed to grow their contribution to the Group.

Other non-operating losses include:

- Group profit of R6.8 million on the sale of the Group's 50.1% interest in Palladium Business Solutions Proprietary Limited. The after-tax profit has been deducted in the calculation of headline earnings; and
- Impairments of R10.2 million on other loans.

Inventory held at year-end is the highest that the Group has experienced for some time with inventory days (excluding inventories in transit) increasing to 100.8 days (2021: 67.8 days). A significant amount of product was received earlier than expected in the last quarter of the financial year, largely for the consumer market. Inventories include goods in transit of R353.8 million (2021: R166.7 million).

Trade receivable days increased slightly to 52.3 days (2021: 49.2 days).

Mustek's headline earnings per share is 19.1% lower at 357.38 cents (2021: 441.81 cents) and basic earnings per share is 17.3% lower at 350.96 cents (2021: 424.54 cents).

## Cash flow

The Group maintained a healthy cash generated from operations of R303.4 million (2021: R431.3 million). Despite increased working capital, the reduced operating performance compared to a very strong prior year and the large dividend payment, a positive cash flow from operations was achieved. Management continues to focus on optimal working capital management as it is a driver of the Group's profitability.

The Group has sufficient banking facilities and no bank covenants have been breached during the year.

## Group prospects and industry outlook

The pandemic catapulted many organisations into the future, rapidly accelerating their digital transformation. These initiatives remain strategic and as an IT-focused business, the Mustek Group is ideally positioned to benefit. Demand for products to support remote working and learning environments remains buoyant. The Group also continues to see increased demand for infrastructure and networking solutions, green energy, cloud, software and cybersecurity offerings. We have been successful in asserting ourselves as a preferred supplier of such digital solutions necessary for the changing world.

The supply chain disruptions that affected the industry over the past two years has somewhat eased over the second half of the current year, but still remains constrained with product shortages in several areas. We believe that this will continue over the coming year. We see the current supply chain dynamics as positive for the Group since it helps with pricing power if stock is available.

Our investment in new product lines such as cloud and cybersecurity solutions, networking equipment and sustainable energy have contributed meaningfully to both revenue and profit. The Group continues to carefully evaluate opportunities to add additional products to its offering to better utilise infrastructure and benefit from economies of scale.

In conjunction with strategic partners from across the ICT industry, Mustek is well positioned for the forthcoming years.

## Share repurchase programme

Mustek acquired 7 000 000 (2021: 4 000 000) ordinary shares of its issued share capital on the open market for a purchase consideration in aggregate of R98.0 million (2021: R39.3 million) (the general repurchase). The general repurchase was effected in terms of a general authority to Mustek's directors (the directors), which was granted in terms of special resolutions passed by the members at Mustek's annual general meetings (AGM) held on 29 November 2021 and 20 November 2020.

The share repurchase comprised 10.94% of the total issued ordinary shares of Mustek at the date of the 2021 AGM. The general repurchase commenced on 17 September 2021 and continued on a day-to-day basis as market conditions allowed and in accordance with the JSE Limited (JSE) Listings Requirements until 22 June 2022. The company confirms that the repurchases were effected through the order book operated by the JSE and done without any prior understanding or arrangement between the company and the counterparties.



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## Commentary *continued*

The highest, lowest and average price paid by Mustek for the ordinary shares were 1 570 cents, 1 320 cents and 1 400 cents per share, respectively.

Shares purchased were cancelled and de-listed. The market will be notified in accordance with applicable listing rules and regulations if and when repurchases are made.

### Dividend

The declaration of cash dividends will continue to be considered by the board in conjunction with an evaluation of current and future funding requirements and opportunities to repurchase shares. It will be adjusted to levels considered appropriate at the time of declaration. To this end, the board has declared a final dividend of 76.00 cents (2021: 90.00 cents) per ordinary share for the financial year ended 30 June 2022.

Notice is hereby given that a final dividend of 76 cents per ordinary share for the year ended 30 June 2022 is declared, payable to shareholders recorded in the books of the company at the close of business on the record date appearing below. This dividend is declared out of income reserves. The company's income tax reference number is 9550081716 and the company has 59 000 000 ordinary shares in issue and ranking for dividend at the date of this declaration. The South African dividend tax rate is 20% resulting in a net dividend of 60.80 cents per ordinary share to shareholders who are not tax exempt.

The salient dates applicable to the final dividend are as follows:

Last day of trade <i>cum</i> -dividend	Tuesday, 4 October 2022
First day to trade <i>ex</i> -dividend	Wednesday, 5 October 2022
Record date	Friday, 7 October 2022
Payment date	Monday, 10 October 2022

No share certificates may be dematerialised or rematerialised between Wednesday, 5 October 2022 and Friday, 7 October 2022, both days inclusive.

### Corporate information

Mustek is a public company incorporated and domiciled in South Africa. The main business of Mustek, its subsidiaries and associates is the assembling, marketing and distribution of Information Communication Technology (ICT) products and services.

## Basis of preparation

The summarised audited consolidated financial results for the year ended 30 June 2022 has been prepared in accordance with the framework concepts and measurement and recognition requirements of International Financial Reporting Standards (IFRS) and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, and as a minimum contain the information required by IAS 34 *Interim Financial Reporting*, the Listings Requirements of the JSE Limited and the requirements of the Companies Act of South Africa. The audited consolidated financial statements and this set of summarised financial information, which are based on reasonable judgements and estimates, have been prepared using accounting policies and methods of computation that comply with IFRS.

The accounting policies are consistent with those applied in the consolidated financial statements for the year ended 30 June 2021 except for new amendments to standards adopted in the current year.

The Group did not early adopt any other standard, interpretation or amendment that has been issued but is not yet effective.

## Audit report

Mustek's independent auditor, BDO South Africa Incorporated, has issued an unmodified audit report dated 12 September 2022 on the consolidated financial statements for the year ended 30 June 2022. The audit was conducted in accordance with International Standards on Auditing. The directors take full responsibility for the preparation of this summarised preliminary report and the financial information has been derived from the consolidated financial statements and is consistent in all material aspects with the consolidated financial statements. The consolidated financial statements together with the unmodified audit report is available for inspection at the company's registered office and on the company's website. The auditor's report does not necessarily report on the information contained in this announcement. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement, they should obtain a full copy of the auditor's report, together with the accompanying financial information from the issuer's registered office. Any reference to future financial performance included in this announcement has not been reviewed or reported on by the company's auditor.



## Commentary continued

### Fair value measurement of financial instruments

Fair value measurements of financial assets and liabilities are analysed as follows:

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

		Audited 30 June 2022 R000	Audited 30 June 2021 R000
<b>Financial assets and liabilities</b>	Level		
<b>Fair value through profit or loss: Foreign currency assets</b>			
These financial assets consist of foreign currency forward contracts and options, and are measured using discounted cash flows. Future cash flows are estimated based on the observable yield curves of forward interest rates at the end of the reporting period, as well as contract interest rates. The revaluation of these assets are included in foreign currency losses (gains).	2	48 965	7 311
<b>Fair value through profit or loss: Foreign currency liabilities</b>			
These financial liabilities consist of foreign currency forward contracts and options, and are measured using discounted cash flows. Future cash flows are estimated based on the observable yield curves of forward interest rates at the end of the reporting period, as well as contract interest rates. The revaluation of these assets are included in foreign currency losses (gains).	2	327	9 305

### Prior period error

During the current year, a re-assessment was done on cloud service products that the Group distributes. An analysis was done against the factors noted in IFRS15 B35-B38 and it was concluded that the Group acts as an agent for distribution of these products as opposed to a principal. This analysis was done after the May 2022 IFRIC Agenda Decision – *Principal vs Agent: Software Reseller*, was published. Based on the analysis it was concluded that the prior year judgement of recognising sales of cloud service products as a principal was incorrect. The prior year consolidated statement of comprehensive income was restated and impact of the error for the year ended 30 June 2021 for the Group was as follows:

Statement of comprehensive income	As previously reported	Prior year error	2021 restated
Revenue	8 035 521	(43 215)	7 992 306
Cost of sales	6 847 554	(43 215)	6 804 339
	1 187 967	–	1 187 967

The impact of the above-mentioned error did not have an impact on the prior year:

- earnings per share;
- diluted earnings per share;
- headline earnings per share;
- diluted headline earnings per share;
- the opening retained earnings balance as at 1 July 2021; or
- the Group and company profit.

### Disaggregation of revenue

The Group has assessed that the disaggregation of revenue by customer segments is appropriate in meeting this disclosure requirement as this is the information regularly reviewed by the chief operating decision-maker (CODM) in order to evaluate the financial performance of the entity.

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines:

	Audited 30 June 2022 R000	Audited 30 June 2021 R000 Restated
<b>Sales of goods (revenue earned at a point in time) (external)</b>		
<b>Hardware sales</b>	<b>8 560 332</b>	<b>7 643 455</b>
Dealers	5 519 454	4 482 309
Retailers	1 124 313	1 402 848
Public sector supplies	1 716 071	1 534 958
Export	200 494	223 340
<b>Software sales</b>	<b>241 044</b>	<b>261 374</b>
Dealers	154 012	175 069
Retailers	43 765	25 711
Public sector supplies	27 500	21 260
Export	6 362	33 351
Cloud services (agent)	9 405	5 983
<b>Rendering of services (revenue earned over time)</b>	<b>90 757</b>	<b>37 021</b>
Maintenance and support contracts net of deferred income	30 001	(1 549)
Training courses	60 756	38 570
<b>Rendering of services (revenue earned at a point in time)</b>	<b>17 434</b>	<b>50 456</b>
Repair services	17 434	50 456
<b>Total revenue (external)</b>	<b>8 909 567</b>	<b>7 992 306</b>

### Transformation

Following an audit by an accredited verification agency, Mustek achieved a level 1 BBBEE rating, using the amended ICT sector codes.

Management has continued to meaningfully extend its initiatives in employment equity, skills development and corporate social investment during the period. The Group is committed to a process of further transformation and economic empowerment of its stakeholders, while continuing to ensure the sustainability and prosperity of the Group in a competitive market sector.



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## Commentary *continued*

### Board of directors

After the sad passing of the Group's founder and former Chief Executive Officer, Mr David Kan, effective 30 June 2022, Hein Engelbrecht was appointed Group Chief Executive Officer.

Neels Coetzee was appointed as the Mustek Division's Managing Director, effective 5 July 2022, replacing Hein in the role. Effective 5 July 2022, Shabana Aboo Baker Ebrahim was appointed as Group Financial Director to replace Neels.

### Retirement benefit plan

The Mustek Group Retirement Fund is a defined contribution fund and payments to the plan are expensed and paid as they fall due. The majority of the Group's employees belong to this fund. The Group does not provide additional post-retirement benefits.

### Corporate action

The Group disposed of its 50.1% shareholding in Palladium Business Solutions Proprietary Limited on 22 June 2022 for R26.25 million. The Group realised a profit of R6.8 million on the sale.

### Post-balance sheet events

#### Purchase of building

A building was purchased in Cape Town for R28.0 million in August 2022. The purchase price will be settled in cash. Rectron's Cape Town branch will relocate to this building to meet current operational requirements.

The directors are not aware of any other material event which occurred after year-end and up to the date of this report that requires adjustment or disclosure.

On behalf of the board of directors

**Hein Engelbrecht CA(SA)**

*Group Chief Executive Officer*

**Shabana Aboo Baker Ebrahim CA(SA)**

*Group Financial Director (preparer of Group results)*

13 September 2022

Midrand

## Corporate information



### Mustek Limited

Incorporated in the Republic of South Africa  
Registration number: 1987/070161/06  
JSE share code: MST  
ISIN: ZAE000012373  
“Mustek” or “the Group”

[www.mustekgroup.com](http://www.mustekgroup.com)

### Company secretary

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### Transfer secretaries

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Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196  
Private Bag X9000, Saxonwold, 2132, South Africa  
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### Sponsor

Deloitte & Touche Sponsor Services Proprietary Limited



