



MUSTEK

L I M I T E D

UNAUDITED INTERIM CONSOLIDATED
FINANCIAL RESULTS FOR THE SIX
MONTHS ENDED
31 DECEMBER 2024

OUR MISSION



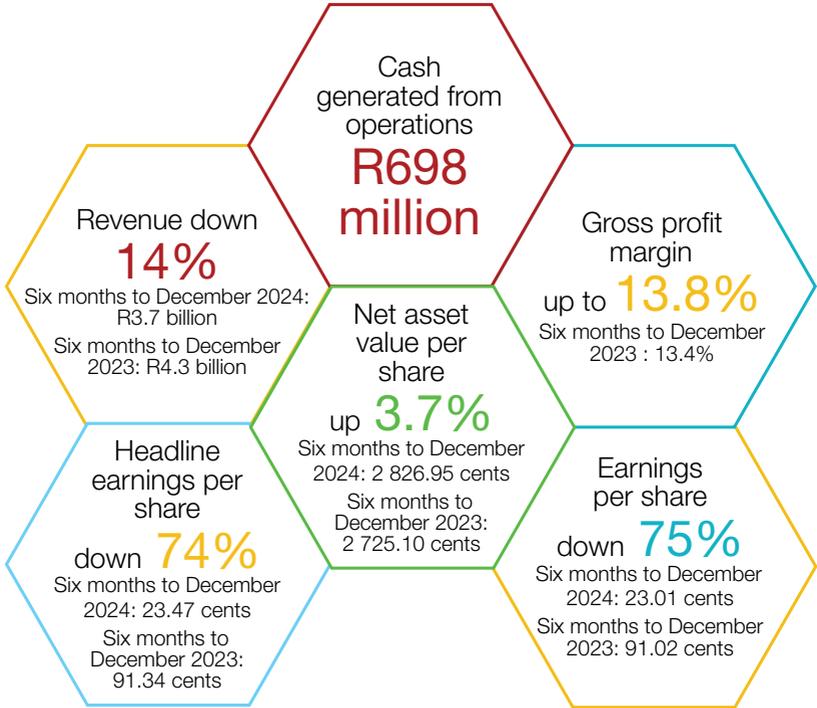
To anticipate material stakeholder needs and shape the Group to ensure sustainability and benefits for all stakeholders over the long term.

OUR VALUES





SALIENT FEATURES



CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | Unaudited Six months 31 December 2024 R000 | Unaudited Six months 31 December 2023 R000 | Audited Year-end 30 June 2024 R000 |
|--|--|--|--|
| Revenue | 3 664 639 | 4 266 612 | 8 507 282 |
| Cost of sales | (3 158 445) | (3 696 337) | (7 467 164) |
| Gross profit | 506 194 | 570 275 | 1 040 118 |
| Foreign currency profit (losses) | (28 330) | 10 557 | 32 252 |
| Impairment losses on trade receivables | (1 791) | 1 255 | (25 265) |
| Distribution, administrative and other operating expenses | (380 492) | (401 484) | (768 585) |
| Operating profit | 95 581 | 180 603 | 278 520 |
| Investment income | 9 403 | 6 592 | 14 356 |
| Finance costs | (92 747) | (115 183) | (220 066) |
| Impairment on investment in associate | - | - | (13 743) |
| Income (loss) from equity accounted investments | 5 023 | (2 413) | (19 359) |
| Other non-operating gains (losses) | - | (136) | 450 |
| Profit before tax | 17 260 | 69 463 | 40 158 |
| Income tax expense | (4 402) | (17 090) | (18 761) |
| Profit for the period | 12 858 | 52 373 | 21 397 |
| Other comprehensive (loss) income | | | |
| <i>Items that will be reclassified subsequently to profit or loss</i> | | | |
| Exchange differences on translation of foreign operations | 5 827 | (7 645) | (325) |
| Exchange differences recycled to profit or loss on liquidation of foreign subsidiary | - | - | 782 |
| Total items that may be reclassified to profit or loss | 5 827 | (7 645) | 457 |
| Other comprehensive income (loss) for the period | 5 827 | (7 645) | 457 |
| Total comprehensive income for the period | 18 685 | 44 728 | 21 854 |
| Profit attributable to: | | | |
| Owners of the parent | 12 456 | 52 373 | 21 397 |
| Non-controlling interest | 402 | - | - |
| | 12 858 | 52 373 | 21 397 |
| Total comprehensive income attributable to: | | | |
| Owners of the parent | 18 283 | 44 728 | 21 854 |
| Non-controlling interest | 402 | - | - |
| | 18 685 | 44 728 | 21 854 |
| Earnings per share: | | | |
| Basic earnings per ordinary share (cents) | 23.01 | 91.02 | 37.31 |
| Diluted basic earnings per ordinary share (cents) | 23.01 | 91.02 | 37.31 |



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | Unaudited Six months 31 December 2024 R000 | Unaudited Six months 31 December 2023 R000 | Audited Year-end 30 June 2024 R000 |
|--------------------------------------|--|--|--|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 238 140 | 271 583 | 247 775 |
| Investment property | 10 052 | 8 361 | 9 883 |
| Right-of-use assets | 82 869 | 50 569 | 96 457 |
| Goodwill | 51 023 | 46 550 | 43 345 |
| Intangible assets | 105 456 | 127 567 | 110 865 |
| Investments in associates | 88 966 | 129 632 | 83 943 |
| Other loans | 18 938 | 9 500 | 10 605 |
| Deferred tax assets | 28 351 | 40 499 | 25 828 |
| | 623 795 | 684 261 | 628 701 |
| Current assets | | | |
| Inventories | 2 008 001 | 2 445 754 | 2 352 401 |
| Trade and other receivables | 1 373 966 | 1 863 477 | 1 572 740 |
| Contract assets | 3 808 | 13 267 | 8 467 |
| Foreign currency assets | 32 383 | 1 983 | 411 |
| Current tax receivable | 8 218 | 834 | 7 442 |
| Cash and cash equivalents | 309 642 | 241 620 | 303 596 |
| | 3 736 019 | 4 566 934 | 4 245 057 |
| Non-current assets held -for- sale | – | – | 15 000 |
| Total assets | 4 359 814 | 5 251 195 | 4 888 758 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share Capital | – | – | – |
| Foreign currency translation reserve | 11 155 | (2 774) | 5 328 |
| Retained earnings | 1 519 127 | 1 570 793 | 1 510 986 |
| Non controlling interest | 598 | – | – |
| | 1 530 880 | 1 568 019 | 1 516 314 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Borrowings and other liabilities | 4 816 | 32 372 | 272 |
| Contract liabilities | 19 996 | 20 289 | 23 201 |
| Deferred tax liabilities | 4 613 | 5 634 | 3 760 |
| Lease liabilities | 66 789 | 33 682 | 79 191 |
| | 96 214 | 91 977 | 106 424 |
| Current liabilities | | | |
| Trade and other payables | 2 639 945 | 2 875 062 | 2 542 189 |
| Borrowings and other liabilities | 31 128 | 2 902 | 32 720 |
| Foreign currency liabilities | 1 216 | 16 209 | 19 154 |
| Lease liabilities | 24 541 | 22 560 | 23 609 |
| Contract liabilities | 27 515 | 34 604 | 39 013 |
| Current tax payable | 7 759 | 15 308 | 9 378 |
| Bank overdrafts | 616 | 624 554 | 599 957 |
| | 2 732 720 | 3 591 199 | 3 266 020 |
| Total liabilities | 2 828 934 | 3 683 176 | 3 372 444 |
| Total equity and liabilities | 4 359 814 | 5 251 195 | 4 888 758 |

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

| | Unaudited Six months 31 December 2024 R000 | Unaudited Six months 31 December 2023 R000 | Audited Year-end 30 June 2024 R000 |
|---|--|--|--|
| Cash flows from operating activities | | | |
| Cash receipts from customers | 3 837 866 | 4 262 050 | 8 737 072 |
| Cash paid to suppliers and employees | (3 139 698) | (4 387 554) | (8 676 383) |
| Cash generated from (used in) operations | 698 168 | (125 504) | 60 689 |
| Interest income received | 9 403 | 6 592 | 14 356 |
| Finance costs paid | (92 747) | (115 183) | (220 066) |
| Dividends paid | (4 315) | (44 306) | (44 306) |
| Tax paid | (6 328) | (12 210) | (14 124) |
| Net cash from (used in) operations | 604 181 | (290 611) | (203 451) |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | (1 922) | (24 129) | (35 437) |
| Sale/recoupment of property, plant and equipment | 12 | - | 26 556 |
| Purchase of intangible assets | (1 088) | (7 545) | (7 631) |
| Investment in subsidiary net of cash acquired* | 1 063 | - | - |
| Capital contribution to associate | - | (15 060) | (15 060) |
| Proceeds from sale of non-current asset held-for-sale | 15 000 | - | - |
| Receipts from other loans | 1 773 | 3 279 | 2 762 |
| Net cash from (used in) investing activities | 14 838 | (43 455) | (28 810) |
| Cash flows from financing activities | | | |
| Repayment of borrowings | (1 592) | (1 019) | (2 274) |
| (Repayment) proceeds from bank overdrafts | (599 341) | 243 076 | 218 479 |
| Payment of lease liabilities | (12 040) | (15 629) | (29 606) |
| Net cash (used in) from financing activities | (612 973) | 226 428 | 186 599 |
| Net increase (decrease) in cash and cash equivalents | 6 046 | (107 638) | (45 662) |
| Cash and cash equivalents at beginning of the period | 303 596 | 349 258 | 349 258 |
| Cash and cash equivalents at end of the period | 309 642 | 241 620 | 303 596 |

* The purchase price was offset against trade and other receivables previously owing by seller, refer to the Business combinations during the current year note on page 9.



SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Ordinary stated capital R000 | Retained earnings R000 | Foreign currency translation reserve R000 | Attributable to owners of the parent R000 | Non- controlling interest R000 | Total equity R000 |
|--|---------------------------------------|------------------------------|---|---|---|-------------------------|
| Balance at 30 June 2023 | – | 1 562 726 | 4 871 | 1 567 597 | – | 1 567 597 |
| Profit for the period | – | 52 373 | – | 52 373 | – | 52 373 |
| Other comprehensive income | – | – | (7 645) | (7 645) | – | (7 645) |
| Dividends paid | – | (44 306) | – | (44 306) | – | (44 306) |
| Balance at 31 December 2023 | – | 1 570 793 | (2 774) | 1 568 019 | – | 1 568 019 |
| Profit for the period | – | (30 976) | – | (30 976) | – | (30 976) |
| Other comprehensive income | – | – | 8 102 | 8 102 | – | 8 102 |
| Share buy-back | – | (28 831) | – | (28 831) | – | (28 831) |
| Balance at 30 June 2024 | – | 1 510 986 | 5 328 | 1 516 314 | – | 1 516 314 |
| Profit for the period | – | 12 456 | – | 12 456 | – | 12 456 |
| Other comprehensive income | – | – | 5 827 | 5 827 | – | 5 827 |
| Investment in subsidiary | – | – | – | – | 598 | 598 |
| Dividends paid | – | (4 315) | – | (4 315) | – | (4 315) |
| Balance at 31 December 2024 | – | 1 519 127 | 11 155 | 1 530 282 | 598 | 1 530 880 |

SUMMARISED SEGMENT ANALYSIS

| | Total | | Mustek | |
|--|------------------------|------------------------|------------------------|------------------------|
| | 31 Dec 2024 R000 | 31 Dec 2023 R000 | 31 Dec 2024 R000 | 31 Dec 2023 R000 |
| Business segments | | | | |
| Revenue | | | | |
| External sales | 3 664 639 | 4 266 612 | 2 541 242 | 2 740 074 |
| Inter-segment sales | – | – | 395 | 56 394 |
| | 3 664 639 | 4 266 612 | 2 541 637 | 2 796 469 |
| EBITDA* | 129 803 | 212 548 | 102 315 | 156 633 |
| Depreciation and amortisation | (34 222) | (31 945) | (26 931) | (23 659) |
| Profit (loss) from operations | 95 581 | 180 603 | 75 384 | 131 585 |
| Investment revenues | 9 403 | 6 592 | 4 480 | 1 245 |
| Finance costs | (92 747) | (115 183) | (64 020) | (71 601) |
| Impairment of investment in associate | – | – | – | – |
| Other non-operating losses | – | (136) | – | – |
| Profit (loss) from equity-accounted investments | 5 023 | (2 413) | – | – |
| Profit (loss) before tax | 17 260 | 69 463 | 15 844 | 61 230 |
| Income tax (expense) benefit | (4 402) | (17 090) | (5 045) | (14 176) |
| Profit (loss) for the period | 12 858 | 52 373 | 10 799 | 47 054 |
| # Earnings before interest, taxation, depreciation and amortisation. | | | | |
| Attributable to: | | | | |
| Owners of the parent | 12 456 | 52 373 | 10 397 | 47 054 |
| Non-controlling interest | 402 | – | 402 | – |
| | 12 858 | 52 373 | 10 799 | 47 054 |
| ASSETS | | | | |
| Segment assets | 4 262 630 | 5 120 729 | 2 858 147 | 3 195 652 |
| Investment in associates | 88 966 | 129 632 | – | – |
| Current tax assets | 8 218 | 834 | 5 903 | 834 |
| Consolidated total assets | 4 359 814 | 5 251 195 | 2 864 050 | 3 196 486 |
| LIABILITIES | | | | |
| Segment liabilities | 2 821 175 | 3 667 868 | 1 980 506 | 2 345 928 |
| Current tax liabilities | 7 759 | 15 308 | 3 260 | 10 153 |
| Consolidated total liabilities | 2 828 934 | 3 683 176 | 1 983 766 | 2 356 081 |



| Rectron | | MIE | | Group | | Eliminations | |
|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| 31 Dec 2024 R000 | 31 Dec 2023 R000 |
| 1 081 735 | 1 483 127 | 41 662 | 43 411 | - | - | - | - |
| 82 188 | 89 221 | 1 697 | 2 769 | - | - | (84 280) | (148 384) |
| 1 163 923 | 1 572 347 | 43 359 | 46 180 | - | - | (84 280) | (148 384) |
| 32 310 | 56 068 | 9 130 | 10 542 | (13 952) | (10 695) | - | - |
| (6 417) | (5 966) | (1 605) | (2 320) | - | - | 731 | 1 389 |
| 25 893 | 50 102 | 7 525 | 8 222 | (13 952) | (10 695) | 731 | 1 389 |
| 4 216 | 4 632 | - | - | 17 170 | 13 012 | (16 463) | (12 297) |
| (28 779) | (43 669) | (3) | (63) | - | - | 55 | 150 |
| - | (136) | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | 5 023 | (2 413) | - | - |
| 1 330 | 10 929 | 7 522 | 8 159 | 8 241 | (97) | (15 677) | (10 758) |
| (359) | (2 951) | (2 031) | (2 203) | 3 033 | 2 240 | - | - |
| 971 | 7 978 | 5 491 | 5 956 | 11 274 | 2 143 | (15 677) | (10 758) |
| 971 | 7 978 | 5 491 | 5 956 | 11 274 | 2 143 | (15 677) | (10 758) |
| 971 | 7 978 | 5 491 | 5 956 | 11 274 | 2 143 | (15 677) | (10 758) |
| 1 321 471 | 1 803 458 | 38 315 | 50 083 | 86 012 | 80 459 | (41 315) | (8 923) |
| - | - | - | - | 88 966 | 129 632 | - | - |
| - | - | - | - | 2 315 | - | - | - |
| 1 321 471 | 1 803 458 | 38 315 | 50 083 | 177 293 | 210 091 | (41 315) | (8 923) |
| 876 864 | 1 318 084 | 5 446 | 7 325 | - | - | (41 641) | (3 469) |
| 3 537 | 3 101 | 962 | 2 054 | - | - | - | - |
| 880 401 | 1 321 185 | 6 408 | 9 379 | - | - | (41 641) | (3 469) |

SUMMARISED SEGMENT ANALYSIS CONTINUED

| Geographical segments | Total | | South Africa | | Mustek East Africa | | Mecer Technology (Taiwan) | |
|----------------------------------|------------------|-------------|------------------|-------------|--------------------|-------------|---------------------------|-------------|
| | 31 Dec 2024 | 31 Dec 2023 | 31 Dec 2024 | 31 Dec 2023 | 31 Dec 2024 | 31 Dec 2023 | 31 Dec 2024 | 31 Dec 2023 |
| | R000 | R000 | R000 | R000 | R000 | R000 | R000 | R000 |
| Revenue | 3 664 639 | 4 266 612 | 3 632 522 | 4 235 427 | 32 102 | 31 185 | 15 | - |
| Profit (loss) before tax | 17 260 | 69 463 | 16 655 | 64 806 | (1 503) | (996) | 2 108 | 5 653 |
| Income tax expense | (4 402) | (17 090) | (2 493) | (16 108) | (1 454) | - | (455) | (1 131) |
| Profit (loss) for the period | 12 858 | 52 373 | 14 162 | 48 698 | (2 957) | (996) | 1 653 | 4 522 |
| Attributable to: | | | | | | | | |
| Owners of the parent | 12 456 | 52 373 | 13 760 | 48 698 | (2 957) | (996) | 1 653 | 4 522 |
| Non-controlling interest | 402 | - | 402 | - | - | - | - | - |
| | 12 858 | 52 373 | 14 162 | 48 698 | (2 957) | (996) | 1 653 | 4 522 |
| ASSETS | | | | | | | | |
| Segment assets | 4 351 596 | 5 250 361 | 4 254 492 | 5 149 843 | 66 799 | 61 719 | 30 305 | 38 799 |
| Current tax assets | 8 218 | 834 | 8 218 | 834 | - | - | - | - |
| Consolidated total assets | 4 359 814 | 5 251 195 | 4 262 710 | 5 150 677 | 66 799 | 61 719 | 30 305 | 38 799 |



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:

| | Unaudited Six months 31 December 2024 R000 | Unaudited Six months 31 December 2023 R000 | Audited Year-end 30 June 2024 R000 |
|--|--|--|--|
| Sales of goods (revenue earned at a point in time) | | | |
| Hardware sales | 3 450 479 | 4 086 771 | 8 232 197 |
| Dealers | 2 327 115 | 2 900 805 | 6 062 840 |
| Retailers | 194 697 | 374 341 | 563 979 |
| Public sector supplies | 709 458 | 669 056 | 1 362 270 |
| Export | 219 209 | 142 569 | 279 108 |
| Software sales | 109 088 | 111 247 | 152 887 |
| Dealers | 74 025 | 78 662 | 63 362 |
| Retailers | 3 367 | 5 653 | 4 502 |
| Public sector supplies | 25 522 | 16 062 | 34 746 |
| Export | 2 039 | 4 503 | 15 487 |
| Cloud services (agent) | 4 135 | 6 367 | 34 790 |
| Rendering of services (revenue earned over time) | 100 109 | 57 294 | 109 440 |
| Maintenance and support contracts | 46 895 | 13 883 | 32 161 |
| Training courses – net of deferred revenue | 38 587 | 43 411 | 77 279 |
| Managed Security Services | 14 627 | – | – |
| Rendering of services (revenue earned at a point in time) | 4 962 | 11 302 | 12 758 |
| Repair Services | 4 962 | 11 302 | 12 758 |
| Total revenue (external) | 3 664 639 | 4 266 612 | 8 507 282 |

Business combinations during the current year

The valuation of the intangible assets (customer contracts) in the below business combinations note has been determined on a provisional basis. The finalisation of the valuation may impact the value of goodwill, non-controlling interest and any related tax impacts. The valuation is expected to be finalised before the end of the financial year.

Mustek acquired 70% equity interest in Cyberantix Proprietary Limited on 12 September 2024. Mustek acquired the 70% for R8 million and a loan receivable of R12 million from Sizwe Africa IT Group. Cyberantix is a SOCaas (Security Operations Centre-as-a-Service) company. They offer state-of-the-art implementation of managed cybersecurity services, focusing on managed detection and response with associated advanced services (proactive hunting, forensics code reviews, vulnerability assessments, etc).



The investment in Cyberantix aligns with Mustek's current strategy. The synergy between Mustek and Cyberantix will allow the Group to offer a wider range of services to their customers.

The goodwill attributable to this acquisition is R7.7 million and has been included in the Group's statement of financial position. The main factors attributable to the goodwill recognised relate to the synergy benefits of the additional service offering that Mustek can provide to the customers of the Group.

| | Cyberantix (Pty) Ltd 2024 R000 |
|--|--|
| Acquisition of businesses | |
| Effective date of control 12/09/2024 | |
| Fair value of net assets acquired: | |
| Plant and equipment | 598 |
| Deferred taxation | 382 |
| Intangible assets – customer contracts | 890 |
| Trade and other receivables | 12 443 |
| Bank balance | 1 063 |
| Trade and other payables | (1 675) |
| Loan from previous shareholder | (11 868) |
| Deferred tax on intangible asset | (240) |
| Taxation | (944) |
| Fair value of assets and liabilities at acquisition date | 649 |
| Fair value of 30% NCI | 195 |
| Mustek's portion of Cyberantix at fair value | 454 |
| | 649 |
| Goodwill | |
| Consideration | 8 132 |
| NCI | 195 |
| Fair value of assets and liabilities at acquisition date | (649) |
| Goodwill | 7 678 |
| Profit after tax since acquisition date included in the consolidated result for the period | 1 345 |
| Turnover since acquisition date included in the consolidated results for the period | 9 937 |
| Group profit after tax had the business combinations been included for the entire period | 12 888 |
| Group turnover had the business combinations been included for the entire period | 3 669 330 |
| Breakdown of consideration | |
| Total purchase consideration | 20 000 |
| Loan from previously held shareholder | (11 868) |
| Consideration | 8 132 |
| Consideration offset against trade receivables owing by previous shareholder | (8 132) |
| Cash acquired from investment in subsidiary | 1 063 |
| Investment in subsidiary net of cash acquired | 1 063 |



COMMENTARY

Headline earnings and dividend per ordinary share

| | Unaudited Six months 31 December 2024 R000 | Unaudited Six months 31 December 2023 R000 | Audited Year-end 30 June 2024 R000 |
|---|--|--|--|
| Weighted number of ordinary shares outstanding | 54 131 857 | 57 540 000 | 57 353 763 |
| Ordinary number of shares in issue | 57 540 000 | 57 540 000 | 57 540 000 |
| Dividend per ordinary share – declared (cents) | – | – | 7.50 |
| Dividend per ordinary share – paid (cents) | 7.50 | 77.00 | 76.00 |
| Headline earnings per ordinary share (cents) | 23.47 | 91.34 | 67.13 |
| Reconciliation between basic and headline earnings | | | |
| Basic earnings attributable to owners of the parent | 12 456 | 52 373 | 21 397 |
| Group's share of loss on disposal/recoupment of property, plant and equipment and intangible assets | 247 | 182 | 1 179 |
| Exchange differences recycled to profit or loss on liquidation of foreign subsidiary | – | – | 782 |
| Gain on deregistration of subsidiaries | – | – | (1 460) |
| Impairment of associate | – | – | 13 743 |
| Write-off of Goodwill | – | – | 3 205 |
| Remeasurement items included in associate equity-accounted earnings | | | |
| Group's share of loss on sale of property, plant and equipment | – | – | (343) |
| Headline earnings | 12 703 | 52 555 | 38 503 |
| Net asset value per share (cents) | 2 826.95 | 2 725.09 | 2 801.15 |
| Reconciliation of shares issued and outstanding | | | |
| Number of ordinary shares in issue | 57 540 000 | 57 540 000 | 57 540 000 |
| Number of treasury shares | (3 408 143) | – | (3 408 143) |
| Number of ordinary shares outstanding | 54 131 857 | 57 540 000 | 54 131 857 |

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.



COMMENTARY CONTINUED

Operating results

For the six months ended 31 December 2024, the Group's performance remained under pressure, reflecting the ongoing challenges posed by global and local economic conditions. These included persistent inflation, elevated interest rates, sluggish economic growth, and fluctuating consumer and investor confidence, both in South Africa and internationally.

The Group previously set out to improve working capital management and optimise cashflows. Ensuring efficient utilisation of resources, improved financial flexibility and reducing finance costs are key focus areas for the 2025 financial year. We are encouraged by the improvement in working capital since 30 June 2024, net finance costs and cash generated from operations, which is a result of our efforts to enhance liquidity and strengthen our financial position despite the difficult trading conditions.

Revenue

Revenue decreased by 14% to R3.66 billion (31 December 2023: R4.27 billion) because of economic constraints, lower consumer demand and being selective in only pursuing deals that align with our risk appetite and profitability targets. The Group's two largest segments Mustek and Rectron saw their revenue decline by 9.1% and 26.0% respectively. The Group's IT training company, Mecer Inter-Ed experienced a slight decline in revenue to R43.4 million from R46.2 million from tougher market conditions, although the margin achieved was better than the comparative period.

Gross profit

The gross profit margin increased to 13.8% (2023: 13.4%), due to a more favourable product mix.

Forex risk

The fluctuating exchange rate has resulted in forex losses of R28.3 million at period end, the majority being unrealised. As the ZAR has strengthened against the USD post 31 December 2024, it is possible that the majority of these losses will reverse.

Operating costs

Improved budget management and stricter discretionary spending controls resulted in a 5.2% reduction in overall expenses, despite inflation affecting prices in various categories.

Finance costs

Finance costs has been a focus area for the past 24 months and remains a focus area for the Group. Management is pleased with the 23.2% decrease in net finance costs to R83.3 million (31 December 2023: R108.6 million). While the Group received some relief from ZAR and USD interest rate cuts in the second quarter of FY25, the reduction in net finance costs was mainly driven by reduced working capital.

Associate performance

Associates contributed a profit of R5.0 million compared to a loss of R2.4 million in the comparative period. The prior period losses were mainly due to the poor performance of Zaloserve. The Group disposed of its investment in Zaloserve during the period, which was disclosed as an asset-held-for-sale as at 30 June 2024. Khauleza has been able to break even and Continuous Power Systems, an associate that designs and manufactures a wide range of server cabinets and YOA, an associate that manufactures fibre optic cable, traded profitably. They are well placed to grow their contribution to the Group.



Investment in subsidiary

Effective 12 September 2024, Mustek purchased a 70% equity interest in Cyberantix (Pty) Limited for R8 million. Cyberantix is a SOCaas (Security Operations Centre-as-a-Service) company. It offers state-of-the-art implementation of managed cybersecurity services, focusing on managed detection and response with associated advanced services (proactive hunting, forensics code reviews, vulnerability assessments). Cyberantix has positively contributed to the Group's results for the period ended 31 December 2024.

Working capital

The Group is encouraged by the reduction in inventory and receivables by approximately 14% from year end (30 June 2024).

Inventory reduced from R2.35 billion at year-end to R2.0 billion as at 31 December 2024.

Trade and other receivables improved from R1.58 billion at 30 June 2024 to R1.37 billion at 31 December 2024. Debtors' days (62) are still higher than the Group's target of 55 days. The longer cycle is mainly due to debtors asking for longer-payment terms given the tough economic conditions.

Combined with payables, net working capital reduced by approximately R637 million from year end. This helped significantly to improve liquidity and strengthen our financial position.

Cash flow

Dedicated and focused working capital management helped generate R698.2 million cash from operations compared to R125.5 million cash outflow from operations in the comparative period. This helped to reduce the overdraft from R600.0 million at year end to R0.6 million as of 31 December 2024.

The Group has sufficient banking facilities.

Corporate activities

On 15 November 2024 Mustek Shareholders were referred to the Firm Intention Announcement, in which the following information was disclosed:

- Novus Holdings Limited ("Novus"), together with the Novus Concert Parties, collectively acquired the beneficial ownership of more than 35% of the issued Mustek Shares.
- Accordingly, given that Novus beneficially holds more than 35% of the Issued Share Capital, Novus made a mandatory offer in terms of section 123 of the Companies Act (read with section 117 of the Companies Act).
- Novus and Mustek intend to issue a joint circular on or about 14 March 2025 which will:
 - set out the terms on which Novus makes the Offer to the Mustek Shareholders to purchase all of their Mustek Shares;
 - provide the Mustek Shareholders with information on Mustek and Novus; and
 - inform Mustek Shareholders of the manner in which the Offer may be accepted by them and the manner in which the Offer will be implemented.

COMMENTARY CONTINUED

Group prospects and industry outlook

According to most analysts, the IT industry is expected to experience improved growth in 2025. This growth is primarily driven by increased IT spending, AI investment, cybersecurity solutions, and greater emphasis on a hybrid cloud approach.

Ransomware and cyber extortion have grown significantly in the past five years with no sign of slowing. Cybersecurity automation and orchestration are being used for threat detection and incident response, including remediation. Mustek's investment in Cyberantix should help us grow in this market segment.

IT spending on data centre equipment, devices, and software is forecasted to grow at double digits compared to the prior year's single digit forecasts signalling a return to normal replacement cycles. The Mustek Group distribution business is well positioned to capitalise on these opportunities through strong partnerships in the supply chain.

AI has been a means for enterprise innovation, automation, and competitive edge for several years but has now risen to the top of the IT priority list.

While generative AI moved quickly through the hype cycle into the trough of disillusionment, new AI use cases with measurable ROI are starting to surface leading to increased optimism for 2025 IT spend into underlying infrastructure and edge devices.

Although the economic climate remains challenging currently, we are cautiously optimistic of improved conditions in the future as these trends and developments evolve. Specifically, a return to normal replacement cycles, increased spend on cybersecurity and growth in infrastructure and devices to derive tangible benefit from AI.

Share repurchase programme

Mustek did not acquire any shares in terms of its share buyback programme during the current period.

The board has decided that we will not pursue any share buy backs for the balance of this financial year.

Dividend

The 7.5 cents dividend per share declared for the year ended 30 June 2024 was paid during this period.

The declaration of cash dividends will continue to be considered by the Board at year-end 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.

Basis of preparation

The unaudited interim consolidated financial results for the period ended 31 December 2024 has been prepared in accordance with the framework concepts and measurement and recognition requirements of IFRS Accounting Standards and the SA financial reporting requirements, 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.

This set of interim financial information, which is based on reasonable judgements and estimates, has been prepared using accounting policies and methods of computation that comply with IFRS Accounting Standards.



The directors take full responsibility for the preparation of this condensed report. Any reference to future financial performance included in this announcement has not been reviewed or reported on by the company's auditors.

The accounting policies are consistent with those applied in the consolidated financial statements for the year ended 30 June 2024.

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

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).

Financial assets and liabilities

| | Unaudited Six months 31 December 2024 R000 | Unaudited Six months 31 December 2023 R000 | Audited Year-end 30 June 2024 R000 |
|---|--|--|--|
| Fair value through profit or loss: Foreign currency assets | | | |
| 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 is included in foreign currency profits. | 2 | 1 983 | 411 |
| Fair value through profit or loss: Foreign currency liabilities | | | |
| 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 profits. | 2 | 16 209 | 19 154 |

COMMENTARY CONTINUED

Transformation

Following an audit by an accredited verification agency, Mustek achieved a level 1 BBEE 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.

Board of directors

There has been no changes to the Board of directors during the period.

Retirement benefit plan

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

Post-balance sheet events

The directors are not aware of any material event that occurred after period 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)

6 March 2025

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” or “the Company”

www.mustek.co.za



Find us online
www.mustek.co.za

Company secretary

Sirkien van Schalkwyk

Block B, Office 107, Elarduspark Shopping Centre

837 Barnard Street, Elarduspark, 0181

PO Box 4896, Rietvalleirand, 0174

Telephone: +27 (0) 12 751 6000

Transfer secretaries

Computershare Investor Services Proprietary Limited

Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196

Private Bag X9000, Saxonwold, 2132, South Africa

Telephone: (011) 370-5000

Registered office

322 15th Road, Randjespark, Midrand, 1685

Postal address

PO Box 1638, Parklands, 2121

Contact numbers

Telephone: +27 (0) 11 237-1000

Facsimile: +27 (0) 11 314-5039

Email: ltd@mustek.co.za

Sponsor

Deloitte & Touche Sponsor Services Proprietary Limited

External auditor

BDO South Africa Incorporated

