SUMMARISED PRELIMINARY CONSOLIDATED FINANCIAL RESULTS

for the year ended 31 August 2020

enX GROUP

Revenue

R7.206 billion

(2019: R7.791 billion) ↓ 8%

Profit from operations before depreciation and amortisation

R1.795 million

(2019: R1.909 billion) ↓ 6%

Cash generated before financing activities:

R224.0 million

(2019: outflow of R531.2 million)

Net asset value per share

R13.61

(2019:15.97)

NATURE OF BUSINESS

enX is a diversified industrial group that provides quality branded industrial, petrochemical, fleet management and logistics products and services, and represents leading global brands. enX is organised into three business segments as follows:

- enX Equipment ("**Equipment**"):
  - Industrial Equipment ("**EIE**") provides distribution, rental and value-added services for industrial and materials handling equipment in South Africa and other African countries ("**EIE SA**") as well as the United Kingdom and Ireland ("**Impact Handling** (**UK)**");
  - **Power** comprises New Way Power which manufactures, installs and maintains diesel generators, distributes a range of industrial and marine engines and provides temporary power solutions; and
  - **Wood** trades through Austro, which distribute professional woodworking equipment and tooling and the provision of associated services.
- enX Fleet ("**Fleet**"):
  - Eqstra Fleet Management ("**Eqstra**") provides a full spectrum of passenger vehicle services including leasing, fleet management, outsourcing solutions, maintenance, warranty management and vehicle tracking solutions. It also provides fleet management solutions for commercial vehicle fleet owners and logistics solutions. Its footprint is South Africa and sub-Saharan Africa.
  - Following a strategic review in 2019, the board decided to divest of its ownership in Eqstra. The final outstanding condition precedent to the disinvestment of Eqstra to Bidvest Bank was not fulfilled and accordingly, the disinvestment transaction did not become effective. As a result, Eqstra, which was previously classified as an asset held for sale, was reclassified as a continuing operation in May 2020 and the summarised consolidated statement of profit or loss and other comprehensive income and summarised consolidated statement of financial position for 2019 has been re-presented as though Eqstra was a continuing operation.
- enX Petrochemicals ("**Petrochemicals**"):
  - African Group Lubricants ("**AG Lubricants**") produce and market oil lubricants and greases in South Africa and sub-Saharan Africa. They are the sole distributors of ExxonMobil lubricants (excluding marine and aviation) and Houghton International's Advanced Fluids Solutions and Services; and
  - West African International ("**WAG**") distribute plastics, polymers, rubber and speciality chemicals into Southern African.

FINANCIAL RESULTS

Overview

The year ended 31 August 2020 has been extraordinarily challenging with almost every business in the group being faced with unprecedented circumstances arising from the COVID-19 pandemic. The recession prior to the COVID-19 pandemic has aggravated the situation for South Africa.

Revenue decreased by 8% to R7.206 billion (2019: R7.791 billion) mainly due to lower activity levels arising from the lockdowns in South Africa and the UK. While annuity revenue remained strong with several enX customers being essential services providers, revenue from the sale of goods was significantly impacted.

Profit from operations before depreciation and amortisation decreased by 6% to R1.795 billion (2019: R1.909 billion). Profit before depreciation and amortisation was positively impacted by R68.0 million being the reclassification of operating leases to depreciation and interest of R60.0 million and R8.0 million respectively in line with the adoption of IFRS 16: Leases.

Impact of IFRS 5: Asset held for sale (note 1)

Eqstra was required to be recorded as an asset held for sale as at the end of the prior year. As required by IFRS 5, enX was required to cease depreciation and amortisation and assess the carrying value of the assets held for sale in terms of the transaction value. As a consequence, depreciation and amortisation of R65.9 million (after tax: R47.4 million) from 15 July 2019 to 31 August 2019 relating to the 2019 financial year was reinstated in the second half of the 2020 financial year together with the depreciation and amortisation that related to 2020 that had ceased in line with IFRS 5. To provide a more meaningful assessment of the group's performance *pro forma* information has been presented for the year ended 31 August 2020.

Pro Forma Results

The *pro forma* financial information of enX is set out below. The *pro forma* earnings of enX have been prepared for illustrative purposes only to show the financial effects of the Eqstra transaction. The directors are responsible for compiling the *pro forma* financial information on the basis applicable of the criteria as detailed in paragraphs 8.15 to 8.34 of the JSE Listings Requirements and the SAICA Guide on *Pro forma* Financial Information, revised and issued in September 2014 (applicable criteria). The *pro forma* information has been prepared for illustrative purposes only and because of its nature, may not fairly present the group's financial position, changes in equity, results of operations and cash flows. The group's external auditor, Deloitte & Touche, has issued an unmodified reporting accountants' report on the *pro forma* information on 23 November 2020. A copy of their report is available for inspection at the group's registered office or on the website https://www.enxgroup.co.za/annual-results/.

The *pro forma* impact for the year ended 31 August 2020 and 2019 if Eqstra had been disclosed as a continuing operation would have been as follows:

	31 August 2020 Reported	31 August 2020 IFRS 5 Adjustments	31 August 2020 Pro forma[1]	31 August 2019 Reported	31 August 2019 IFRS 5 Adjustments	31 August 2019 Pro forma[1]
Profit from operations before depreciation and amortisation (Rm)	**1 794 764**	**–**	**1 794 764**	1 908 519	–	1 908 519
Operating profit (Rm)	**381 751**	**65 868**	**447 619**	757 175	(65 868)	691 307
Net finance charges (Rm)	**409 352**	**–**	**409 352**	406 480	–	406 480
(Loss)/profit before taxation (Rm)	**(589 659)**	**65 868**	**(523 791)**	189 265	(65 868)	123 397
Headline (loss)/earnings (Rm)	**(36 410)**	**47 425**	**11 015**	253 315	(47 425)	205 890
Basic (loss)/earnings per share (cents)	**(283.1)**	**26.2**	**(256.9)**	58.9	(26.4)	32.5
Diluted (loss)/earnings per share (cents)	**(283.1)**	**26.2**	**(256.9)**	58.3	(26.2)	32.1
Headline (loss)/earnings per share (cents)	**(20.1)**	**26.2**	**6.1**	141.0	(26.4)	114.6

1 *The pro forma figures include the impact of re-instating depreciation and amortisation for the year ended 31 August 2019 and 2020 on all held for sale Eqstra designated assets. Depreciation and amortisation amounting to R65.9 million (after tax: R47.4 million) relating to the period 15 July 2019 to 31 August 2019 was re-instated in 2019 and reversed in 2020. This is a once off adjustment and is not of a continuing nature.*

Other once off items and impairments

Pro forma operating profit, as detailed in the table above, decreased by 35% to R447.6 million (2019: R691.3 million), negatively impacted by the following factors:

- Costs pertaining to redundancies within EIE SA, Impact Handling (UK) and Eqstra amounting to R32.0 million; and
- Additional bad debts, onerous contract provisions and once off operating costs relating primarily to the COVID-19 pandemic of R63.3 million.

As a large portion of our cost base comprise property and people related costs that are difficult to reduce and right size quickly, the reduction of the cost base over hard locks remained challenging.

Net finance charges increased 1% to R409.4 million (2019: R406.5 million) impacted by higher average net borrowings as a result of growing lease book, higher average inventory and additional interest of R8.0 million arising from the adoption of IFRS16: Leases.

Pro forma headline earnings, as detailed in the table above, decreased to R11.0 million (2019: R205.9 million), with *Pro forma* headline earnings per share being 6.1c per share (2019: 114.6c per share).

Pro forma loss before taxation, as detailed in the table above, was R523.8 million (2019: profit of R123.4 million). The additional consideration relating to enX's acquisition of Zestcor amounted to R30.7 million charge and was adjusted as a fair value adjustment. As a result of challenges created by the COVID-19 pandemic with a new economic reality and an anticipated slow economic recovery, the group incurred impairment charges as follows:

- Impairment of EIE SA goodwill of R133.9 million and associated intangibles of R91.0 million (after tax: R65.5 million);
- Impairment of Eqstra goodwill of R181.6 million and associated intangibles of R91.7 million (after tax: R66.0 million);
- Impairment of AG Lubricants intangibles of R13.7 million (after tax: R9.8 million); and
- Impairment of WAG's intangibles of R31.2 million (after tax: R22.5 million).

The effective tax rate has been impacted by the impairment of goodwill, being a permanent difference, as well as assessed losses which have not be raised as deferred tax assets.

Capital expenditure

Capital expenditure for the year decreased 17% to R1.789 billion (2019: R2.157 billion) to conserve cash with capital expenditure being deployed primarily to grow the leasing asset books within EIE and Eqstra.

Funding

The group's net interest-bearing liabilities increased by 3% to R5.015 billion (2019: R4.858 billion) primarily to fund a 3% increase in leasing assets to R6.087 billion (2019: R5.937 billion) and higher inventory levels at R1.622 billion (2019: R1.548 billion). Bank covenants were all met during the year.

On 21 April 2020, our R225 million ENX04 was extended by two years and on 4 May 2020, a R160 million thirteen-month reinvestment arising from the maturing ENX05 notes took place.

Cash flow

Net cash inflows before financing activities amounted to R224.0 million (2019: outflow of R531.2 million). Included in working capital inflows of R610.3 million (2019: R296.4 million) is the reclassification of leasing assets into inventories amounting to R595.1 million (R493.0 million) in the year.

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Audited as at 31 August 2020 R'000	Audited as at 31 August 2019* R'000
ASSETS		
Non-current assets	**7 019 397**	7 220 053
Property, plant, equipment and right of use assets	**621 446**	425 296
Leasing assets	**6 087 417**	5 937 005
Goodwill	**92 461**	390 810
Intangible assets	**73 308**	332 674
Investment in associate	**70 916**	59 205
Unlisted investments and loans	**9 175**	12 769
Deferred taxation	**60 050**	55 956
Trade, other receivables and derivatives	**4 624**	6 338
Current assets	**3 592 610**	3 142 220
Trade, other receivables and derivatives	**1 064 879**	1 131 705
Inventories	**1 622 021**	1 547 864
Taxation receivable	**19 801**	3 915
Bank and cash balances	**885 909**	458 736
Total assets	**10 612 007**	10 362 273
EQUITY AND LIABILITIES		
Capital and reserves	**2 497 447**	2 905 754
Stated capital	**3 134 092**	3 117 031
Other reserves	**(595 867)**	(684 860)
Accumulated (loss)/profits	**(75 261)**	437 208
Equity attributable to equity holders of the parent	**2 462 964**	2 869 379
Non-controlling interests	**34 483**	36 375
Non-current liabilities	**4 159 009**	4 558 447
Interest-bearing liabilities	**3 620 250**	4 021 523
Deferred vendor consideration	**–**	2 655
Lease liabilities	**95 741**	–
Employee benefits	**5 090**	2 999
Deferred taxation	**437 928**	531 270
Current liabilities	**3 955 551**	2 898 072
Interest-bearing liabilities	**2 241 028**	1 260 520
Deferred vendor consideration	**33 895**	–
Lease liabilities	**115 675**	–
Trade, other payables, provisions and derivatives	**1 536 226**	1 554 894
Taxation payable	**23 350**	50 425
Bank overdrafts	**5 377**	32 233
Total equity and liabilities	**10 612 007**	10 362 273
Supplementary information:		
Number of shares in issue	**182 312 650**	182 312 650
Weighted number of shares in issue (net of treasury shares)	**181 017 311**	179 676 859
Net asset value per share (cents)#	**1 361**	1 597
Net tangible asset value per share (cents)	**1 280**	1 246

**During the prior year the group entered into an agreement with Bidvest Bank to divest its ownership in Eqstra. This resulted in Eqstra being recognised as a discontinued operation in 2019. However, the divestment did not take place in the current year and therefore the statement of financial position for 2019 has been re-presented in accordance with IFRS 5.*

#Equity attributable to equity holders of the parent/Number of ordinary shares in issue net of treasury shares.

OPERATIONAL OVERVIEW

Equipment

The South African and UK forklift markets were impacted significantly by the challenges as a result of the COVID-19 pandemic and were down approximately 32% and 25% respectively against the prior year. EIE revenue decreased by 6% to R3.338 billion (2019: R3.545 billion). EIE SA revenue decreased 15% to R1.890 billion (2019: R2.211 billion) mainly due to significantly lower equipment volumes sold. While revenue in Rands for Impact Handling (UK) increased 9% to R1.448 billion (2019: R1.334 billion), revenue in GBP was flat compared to the prior year with year-on-year growth in aftermarket revenue (rental and value-added services) being offset by a decline in revenue from equipment sold.

EIE's operating margins decreased from 12.5% to 8.8% primarily as a consequence of a number of once off costs incurred due to COVID-19 lockdown restrictions and included redundancy costs and additional bad debt and stock obsolescence provisions. These costs have been offset by UK government furlough assistance, which has been extremely beneficial in the UK. EIE's profit before taxation decreased to R82 million (2019: R245 million), with EIE SA and Impact Handling (UK)'s profitability decreasing 83% and 24% retrospectively compared to the prior year exacerbated by COVID-19 lockdowns restrictions in both SA and the UK, but being mitigated by the continuity of the aftermarket services to essential customers during the lockdowns. Higher borrowings in both the UK and South Africa to fund increased working capital levels over the period, as well as debt-funding of the acquisition of Grant Handling in the UK resulted in higher net finance charges.

New Way Power had a disappointing performance in a challenging environment with almost no activity during the April 2020 lockdown followed by much lower than normalised pre-COVID-19 revenue through to July 2020 as lockdown levels eased. Load shedding continued to create some opportunity in the last quarter of the financial year. The non-activity during lockdowns and complete closure of the events industry, which make use of short-term generator rentals, resulted in revenue decreasing to R276 million (2019: R339 million), down 19%. Profitability was, further, impacted by significant pressures on margins, mainly in the data application space together with higher bad debt and inventory obsolescence provisions. A loss before taxation of R31 million (2019: loss of R3 million) was incurred.

Austro delivered a poor financial result in extremely difficult circumstances with no activity during the hard lockdown. Revenue decreased to R107 million (2019: R161 million). A loss before taxation of R20 million was incurred, a similar result to the prior year. Profitability was impacted by additional bad debt and inventory obsolescence provisions and once off retrenchment costs to right size the business.

Eqstra

Eqstra's revenue decreased 10% to R1.860 billion (2019: R2.064 billion). While rental revenues remained flat compared to the prior year, the COVID-19 lockdown restrictions significantly impacted the used vehicle revenue and to a lesser degree, the value-added product revenue. Activity levels during hard lockdown were around 60% of normalised pre-COVID-19 revenue mainly due to the annuity nature of the business together with a large essential service customer base. Profit before taxation decreased to R33 million (2019: R175 million) on a like for like basis. While the underlying annuity based revenue streams have provided a large degree of protection against the negative financial impacts of the COVID-19 lockdown restrictions, profitability was significantly impacted by the delaying of replacement business, the challenging used car market and significant once off costs arising due to increased provisions and retrenchment costs.

Petrochemicals

AG Lubricants' revenue decreased 3% to R778 million (2019: R804 million). Despite activity levels decreasing to around half of normalised pre-COVID-19 revenue during the hard lockdowns in April 2020, activity levels during July and August 2020 were significantly higher as certain customers focused their efforts to clear back orders arising from COVID-19 lockdowns. Profit before taxation increased to R31 million (2019: loss before taxation R71 million). In the prior year, inventory impairments amounting to R60 million were recorded.

WAG's revenue decreased 2% to R896 million (2019: R910 million). Activity levels during hard lockdown in April 2020 were around 60% of normalised pre-COVID-19 revenue and steadily grew and recovered to a similar level by year end. During hard lockdown, the business supplied essential services with product required for packaging within the food industry. Volumes of rubber supplied to industrial and mining related customers have been resilient. Profit before taxation increased to R34 million (2019: R13 million). In the prior year, goodwill within the business of R16 million was impaired.

SUMMARISED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Audited for the year ended 31 August 2020 R'000	Audited for the year ended 31 August 2019* R'000
Revenue	**7 206 109**	7 790 851
Net operating expenses	**(5 411 346)**	(5 882 332)
Profit from operations before depreciation and amortisation	**1 794 763**	1 908 519
Depreciation and amortisation	**(1 429 536)**	(1 146 962)
Profit/(loss) on disposal of property, plant and equipment	**6 410**	(1 468)
Share-based payment (expense)/credit	**(2 547)**	6 579
Foreign exchange gains/(losses)	**12 660**	(9 493)
Operating profit	**381 750**	757 175
Impairment of goodwill and intangible assets	**(543 080)**	(166 395)
Adjustment on deferred vendor loan	**(30 688)**	–
(Loss)/profit before interest and taxation	**(192 018)**	590 780
Net finance costs	**(409 352)**	(406 480)
Interest received	**13 945**	7 231
Interest expense	**(423 297)**	(413 711)
Share of profits from associate	**11 711**	4 965
(Loss)/profit before taxation	**(589 659)**	189 265
Taxation	**76 729**	(80 614)
(Loss)/profit after taxation	**(512 930)**	108 651
Attributable to:		
Equity holders of the parent	**(512 469)**	105 811
Non-controlling interests	**(461)**	2 840
Net (loss)/profit after taxation ("PAT")	**(512 930)**	108 651
Other comprehensive income net of taxation:		
(Loss)/profit after taxation	**(512 930)**	108 651
Items that may be reclassified subsequently to profit or loss:		
– Foreign currency translation reserve	**102 941**	(8 190)
Total comprehensive (loss)/income	**(409 989)**	100 461
Attributable to:		
Equity holders of the parent	**(409 528)**	97 621
Non-controlling interests	**(461)**	2 840
Total comprehensive (loss)/income	**(409 989)**	100 461
(Loss)/profit per share		
Basic (loss)/earnings per share (cents)	**(283.1)**	58.9
Diluted (loss)/earnings per share (cents)**	**(283.1)**	58.3
Headline (loss)/earnings per share (cents)	**(20.1)**	141.0

* *During the prior year the group entered into an agreement with Bidvest Bank to divest its ownership in Eqstra. This resulted in Eqstra being recognised as a discontinued operation in 2019. However, the divestment did not take place in the current year and therefore the statement of profit or loss and other comprehensive income for 2019 has been re-presented in accordance with IFRS 5.*

** *The dilutionary instruments in issue have an anti-dilutionary effect in the current year.*

HEADLINE EARNINGS AND EBIT RECONCILIATIONS

	Audited for the year ended 31 August 2020 R'000	Audited for the year ended 31 August 2019 R'000
(Loss)/profit after taxation attributable to equity holders of the parent	**(512 469)**	105 811
Adjusted for:		
(Profit)/loss on disposal of property, plant and equipment	**(6 410)**	1 468
Impairment of goodwill, intangible assets and property	**544 111**	166 395
Taxation effect on adjustments	**(61 642)**	(20 359)
Headline (loss)/earnings attributable to ordinary shareholders	**(36 410)**	253 315
EBIT RECONCILIATION*		
Earnings before interest, taxation, depreciation and amortisation ("EBITDA")	**1 828 552**	1 914 562
Depreciation and amortisation	**(1 446 802)**	(1 157 387)
Operating profit	**381 750**	757 175
Impairment of goodwill and intangible assets	**(543 080)**	(166 395)
Adjustment on deferred vendor loan	**(30 688)**	–
(Loss)/earnings before interest and taxation (EBIT)	**(192 018)**	590 780

* *This reconciliation is unaudited*

GOING CONCERN AND SUBSEQUENT EVENTS

Funding and liquidity

Liquidity in all our businesses has been resilient during the lockdown. It is testament to the ability of our businesses to scale back capital expenditures, reduce orders, collect debtors and drawdown on inventory levels to release cash.

During September 2020, Impact Handling (UK) renewed its funding arrangements which now mature in August 2023 with an option to extend.

As a result of the termination of the Eqstra transaction, enX has been in a process of engaging with its lenders regarding the refinance of the South African leasing businesses' bank term facilities and the debt capital market programme. At the date of signature of the financial statements, agreements with bank lenders have been concluded whereby, subject to the fulfilment of customary conditions precedent, both the EIE SA and Eqstra businesses will raise their own independent funding facilities and all existing bank borrowings will be repaid and debt capital market instruments redeemed.

The South African trading businesses will retain their own dedicated credit facilities. The composition of the facilities will however change on or about 1 December 2020. We intend to early repay the term loan of R50 million and reduce the facility limit of our revolving credit facility by R30 million to R45 million. Our general banking facility of R150 million and indirect facilities of R80 million will remain in place providing the businesses with liquidity to trade. Furthermore, the maturity date of the revolving credit facility will be extended to 31 August 2022.

Based on our assessment of the prospects and cash flows for each business as at the date of signing we believe that credit facilities discussed above provide sufficient liquidity for the businesses to continue trading at pre-lockdown levels.

Apart from the above, there have been no other material events subsequent to year-end that have been taken into account in the financial statements.

OUTLOOK

The COVID-19 lockdowns have had a significant impact on the financial and trading results for the year. The health and safety of our stakeholders remains our highest priority. The measures adopted during COVID-19 related restrictions were designed to protect the financial position and preserve cash flow of the group. Management will continue to implement appropriate measures to achieve these goals. Trading activity relative to revenue achieved before lockdown continues to recover, with almost all of the businesses returning to above 80% of pre-lockdown revenue. The measures that management has implemented with regards to redundancies mainly in EIE SA, Impact Handling (UK) and Eqstra have been necessary to scale our business activities in anticipation of lower revenues while acting responsibly. Working capital management will continue to remain a high priority across the businesses.

Despite a slow recovery of the economy in both the UK and South Africa, we anticipate improved operating and financial results with improving new and used equipment, chemical and lubricant sales for the year ending August 2021. However, the lockdown recently imposed in the UK during November 2020 will impact the rate of recovery of the UK economy. That said, the used vehicle market in South Africa is expected to remain under pressure. Our diversified customer base, annuity revenues and our in-use fleets, which are large, held at attractive values and funded, should continue to be supportive of the leasing businesses in the medium to long term.

The reductions in South African interest rates will have positive impacts on the profitability of the trading business but will be neutral to negative for the leasing business as the reductions have been passed on to most of the existing long term leasing customers. However, lower lease rates should support retention levels and new business.

This outlook information has not been audited and reported on by the company's external auditors.

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Audited for the year ended 31 August 2020 R'000	Audited for the year ended 31 August 2019 R'000
Stated capital	**3 134 092**	3 117 031
Balance at beginning of the year	**3 117 031**	3 103 455
Increase through the issue of shares	**–**	12 138
Transfer from treasury shares to issued shares	**17 061**	1 438
Other reserves	**(595 867)**	(684 860)
Balance at beginning of the year	**(684 860)**	(681 952)
Foreign currency translation reserve	**102 941**	(8 190)
Share-based payment expense	**(13 948)**	5 282
Accumulated (loss)/profits	**(75 261)**	437 208
Balance at beginning of the year	**437 208**	335 715
Adjustment to the opening balance arising from the initial application of IFRS 9 and 15 (net of taxation)	**–**	12 695
Balance as at 1 September	**437 208**	348 410
Total comprehensive (loss)/income for the year	**(512 469)**	105 811
Acquisition of minority interest in subsidiary	**–**	(17 013)
Non-controlling interest	**34 483**	36 375
Balance at beginning of the year	**36 375**	36 002
Acquisition of minority interest in subsidiary	**–**	(32)
Total comprehensive (loss)/income for the year	**(461)**	2 840
Dividends paid to minority shareholders	**(1 431)**	(2 435)
Total shareholders' interests	**2 497 447**	2 905 754

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

	Audited for the year ended 31 August 2020 R'000	Audited for the year ended 31 August 2019 R'000
Cash flows from operating activities	**1 995 525**	1 736 384
Cash generated from operations before working capital movements	**1 860 593**	1 908 585
Working capital movements	**610 280**	296 421
Interest received	**13 945**	7 231
Interest paid	**(417 032)**	(399 374)
Taxation paid	**(72 261)**	(76 479)
Cash flows from investing activities	**(1 771 570)**	(2 267 615)
Capital expenditure	**(1 789 159)**	(2 157 149)
Proceeds on disposal of assets	**15 300**	5 047
Business combinations	**–**	(112 404)
Cash outflow from unlisted investments and loans	**2 289**	(3 109)
Cash flows from financing activities	**243 311**	546 754
Proceeds from interest-bearing liabilities	**693 550**	1 036 868
Repayment of interest-bearing liabilities	**(395 927)**	(476 475)
Deferred vendor consideration paid	**–**	(11 204)
Repayment of lease liability	**(52 881)**	–
Dividends paid to minority shareholders	**(1 431)**	(2 435)
Net increase in cash and cash equivalents	**467 266**	15 523
Effects of exchange rate changes on cash and cash equivalents	**(13 237)**	4 384
Cash and cash equivalents at beginning of the year	**426 503**	406 596
Cash and cash equivalents at end of the year	**880 532**	426 503

DIRECTORS

Executive directors: A Hannington (Chief Executive Officer), R Lumb (Chief Financial Officer)

Non-executive directors: P Baloyi (Chairman), W Chapman, V Jarana^, O Mabandla, K Matthews*, L Molefe*, B Ngonyama*
*(*Independent)*
(^Lead independent)

The following changes to directorships took place during the year:

- E Oblowitz was appointed independent non-executive director, effective 6 December 2019;
- A Phillips resigned as independent non-executive director, effective 12 February 2020;
- J Friedman resigned as Chief Financial Officer, effective 31 March 2020;
- R Lumb was appointed as Chief Financial Officer, effective 1 March 2020;
- S Booysen resigned as Chairman, effective 22 June 2020;
- P O'Flaherty resigned as non-executive director, effective 22 June 2020;
- E Oblowitz resigned as independent non-executive director, effective 22 June 2020;
- A Joffe resigned as non-executive director, effective 22 June 2020;
- P Baloyi, a non-executive director, was appointed as Chairman, effective 3 July 2020;
- K Matthews was appointed as independent non-executive director, effective 3 July 2020;
- O Mabandla was appointed as a non-executive director, effective 3 July 2020;
- W Chapman was appointed as a non-executive director, effective 3 July 2020;
- V Jarana was appointed as a lead independent non-executive director, effective 3 September 2020;
- G Neubert resigned as Chief Executive Officer, effective 13 August 2020; and
- A Hannington was appointed as an executive director, effective 3 July 2020 and was subsequently appointed as Chief Executive Officer, effective 13 August 2020.

For and on behalf of the board

A Hannington
Chief Executive Officer

R Lumb
Chief Financial Officer

23 November 2020

SUMMARISED CONSOLIDATED SEGMENTAL ANALYSIS

	Equipment		Fleet (3)		Petrochemicals		Group, financing and consolidation		Total	
	Audited for the year ended 31 August 2020 R'000	Audited for the year ended 31 August 2019 R'000	Audited for the year ended 31 August 2020 R'000	Audited for the year ended 31 August 2019 R'000	Audited for the year ended 31 August 2020 R'000	Audited for the year ended 31 August 2019 R'000	Audited for the year ended 31 August 2020 R'000	Audited for the year ended 31 August 2019 R'000	Audited for the year ended 31 August 2020 R'000	Audited for the year ended 31 August 2019 R'000
Revenue(1)	**3 721 188**	4 045 741	**1 859 651**	2 063 548	**1 674 032**	1 713 959	**(48 762)**	(32 397)	**7 206 109**	7 790 851
– South Africa	**2 270 242**	2 708 677	**1 699 154**	1 838 594	**1 505 131**	1 552 197	**–**	(1)	**5 474 527**	6 099 467
– Rest of World	**1 448 496**	1 334 258	**137 246**	198 844	**146 870**	159 958	**–**	–	**1 732 612**	1 693 060
– Intercompany	**2 450**	2 806	**23 251**	26 110	**22 031**	1 804	**(48 762)**	(32 396)	**(1 030)**	(1 676)
EBITDA(2)	**1 060 700**	1 108 655	**742 456**	856 564	**93 160**	(20 054)	**(641 532)**	(196 998)	**1 254 784**	1 748 167
Depreciation and amortisation(4)	**(808 160)**	(686 733)	**(594 558)**	(427 535)	**(16 670)**	(12 851)	**(27 414)**	(30 268)	**(1 446 802)**	(1 157 387)
Earnings/(loss) before interest and taxation(5)	**252 540**	421 922	**147 898**	429 029	**76 490**	(32 905)	**(668 946)**	(227 266)	**(192 018)**	590 780
– South Africa	**159 915**	319 817	**114 776**	394 706	**62 135**	(40 811)	**(668 946)**	(227 266)	**(332 119)**	446 445
– Rest of World	**92 625**	102 105	**33 122**	34 323	**14 355**	7 906	**–**	–	**140 101**	144 335
Net finance costs	**(222 373)**	(200 321)	**(177 122)**	(191 918)	**(23 510)**	(29 151)	**13 653**	14 910	**(409 352)**	(406 480)
Interest received	**1 446**	1 335	**17 081**	15 604	**2 914**	3 053	**(7 496)**	(12 761)	**13 945**	7 231
Interest expense	**(223 819)**	(201 656)	**(194 203)**	(207 522)	**(26 424)**	(32 204)	**21 149**	27 671	**(423 297)**	(413 711)
Share of profits from associate	**–**	–	**–**	–	**11 711**	4 965	**–**	–	**11 711**	4 965
Profit/(loss) before taxation	**30 167**	221 601	**(29 224)**	237 111	**64 691**	(57 091)	**(655 293)**	(212 356)	**(589 659)**	189 265
Total assets	**5 864 824**	5 374 840	**3 116 518**	3 280 383	**1 055 791**	877 745	**574 874**	829 305	**10 612 007**	10 362 273
– Goodwill and intangible assets	**87 931**	66 070	**20 773**	18 313	**1 842**	2 950	**55 223**	636 151	**165 769**	723 484
– Leasing assets	**3 351 653**	3 043 620	**2 731 600**	2 893 386	**–**	–	**4 164**	(1)	**6 087 417**	5 937 005
– Investment in associate	**–**	–	**–**	–	**70 916**	59 205	**–**	–	**70 916**	59 205
– Inventories	**1 158 887**	1 161 216	**26 787**	36 377	**436 347**	350 272	**–**	(1)	**1 622 021**	1 547 864
– Trade, other receivables and derivative financial assets	**567 216**	632 034	**175 782**	206 023	**316 489**	298 015	**10 016**	1 971	**1 069 503**	1 138 043
– Other assets	**699 137**	471 900	**161 576**	126 284	**230 197**	167 303	**505 471**	191 185	**1 596 381**	956 672
Total liabilities	**4 491 506**	4 088 070	**2 382 940**	2 506 286	**734 154**	623 729	**505 960**	238 434	**8 114 560**	7 456 519
– Interest-bearing liabilities and overdraft	**3 408 566**	2 965 854	**1 779 350**	1 954 759	**251 783**	249 506	**426 956**	144 157	**5 866 655**	5 314 276
– Deferred vendor consideration	**–**	–	**–**	–	**33 895**	2 655	**–**	–	**33 895**	2 655
– Trade, other payables, provisions and derivatives	**768 252**	903 296	**332 703**	263 492	**424 989**	369 170	**8 762**	18 546	**1 534 706**	1 554 504
– Other liabilities	**314 688**	218 919	**270 887**	288 035	**23 487**	2 399	**70 242**	75 731	**679 304**	585 084
Capital expenditure net of proceeds	**991 503**	1 035 154	**772 380**	1 108 145	**13 560**	10 025	**11 716**	3 825	**1 789 159**	2 157 149
Number of employees	**1 754**	1 830	**379**	531	**135**	131	**7**	10	**2 275**	2 502
GEOGRAPHICAL SEGMENTATION										
Total assets	**5 864 824**	5 374 840	**3 116 518**	3 280 383	**1 055 791**	877 745	**574 874**	829 305	**10 612 007**	10 362 273
– South Africa	**3 521 093**	3 563 585	**2 659 772**	2 834 497	**1 007 104**	821 471	**574 874**	829 305	**7 762 843**	8 048 858
– Rest of World	**2 343 731**	1 811 255	**456 746**	445 886	**48 687**	56 274	**–**	–	**2 849 164**	2 313 415
Total liabilities	**4 491 506**	4 088 070	**2 382 940**	2 506 286	**734 154**	623 729	**505 960**	238 434	**8 114 560**	7 456 519
– South Africa	**2 650 009**	2 648 867	**2 204 326**	2 330 173	**724 693**	593 469	**505 960**	238 434	**6 084 988**	5 810 943
– Rest of World	**1 841 497**	1 439 203	**178 614**	176 113	**9 461**	30 260	**–**	–	**2 029 572**	1 645 576

(1) No single customer exceeds 10% of group revenue.
(2) Excludes intercompany management fees.
(3) During the prior year the group entered into an agreement with Bidvest Bank to divest its ownership in Eqstra. This resulted in Eqstra being recognised as a discontinued operation in 2019. Therefore the statement of financial position and the statement of profit or loss and other comprehensive income for 2019 has been re-presented in accordance with IFRS 5. The comparative numbers in the segment have also been re-represented to include Eqstra.
(4) Total depreciation and amortisation includes depreciation disclosed as part of cost of sales.
(5) Earnings/(loss) before interest and taxation include impairments of goodwill, intangible assets and property of R544.1 million (2019:R166.4 million). In addition, (loss)/earnings before interest and taxation includes an adjustment on deferred vendor consideration of R30.7 million.

BASIS OF PREPARATION

The summarised preliminary consolidated financial statements for the year ended 31 August 2020 have been prepared in accordance with the requirements of the JSE Listings Requirements applicable to summarised preliminary reports and the requirements of the Companies Act, No. 71 of 2008 of South Africa applicable to summarised financial statements. The JSE Listings Requirements require preliminary reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("**IFRS**"), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, and to also, as a minimum, contain the information required by IAS 34: Interim Financial Reporting.

This report as well as the group's consolidated annual financial statement were compiled under the supervision of R Lumb CA(SA), CFO of enX.

The accounting policies applied in the preparation of the consolidated financial statements (from which these summarised results are derived) are, in terms of IFRS, and are consistent with the accounting policies applied in the preparation of the previous consolidated financial statements except for the changes due to the adoption of IRFS16 and IFRIC 23 in the current year. For the full impact of the adoption of these accounting policies please refer to the 2020 annual financial statements. There was no IFRS 16 impact on retained earnings as the group has made use of the practical expedient available on transition to IFRS 16. The group has also adopted IFRIC 23 for the first time in the current year, based on the assessment undertaken no material uncertainty exists around the treatment of income tax within the group.

CAPITAL RISK MANAGEMENT

In line with the group policy to reinvest for growth, no cash dividend has been declared for the current and prior year.

The group's objectives when managing capital are to safeguard its ability to continue as a going concern and provide optimal returns for shareholders through maintaining an optimal capital structure. The group defines capital as equity funding provided by shareholders and debt funding from external parties.

Shareholder funding comprises permanent paid up capital, revenue reserves and other reserves, being revaluation reserves (if any) and foreign currency translation reserves together with loans from shareholders. The board's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business.

The board of directors monitors the cost of capital, which the group defines as the weighted average cost of capital, taking into account the group's internally calculated cost of equity and long-term cost of debt assumptions. The board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound equity position.

The group's debt capacity and optimal gearing levels are determined by its cash flow profile and are measured through applicable ratios such as net debt to EBITDA and interest cover. In order to maintain or adjust the capital structure, in the absence of significant investment opportunities, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

There were no changes in the group's approach to capital management during the year. Neither the company nor any of its subsidiaries are subject to externally imposed capital requirements.

NOTES

1. Assets held for sale and liabilities associated with assets held for sale – Eqstra

During the prior year the group entered into an agreement with Bidvest Bank to divest its ownership in Eqstra. This resulted in Eqstra being recognised as a discontinued operation in 2019. However, the disinvestment to Bidvest Bank did not take place during the current year and as a result the consolidated statement of financial position and the consolidated statement of profit or loss and other comprehensive income for 2019 has been re-presented in accordance with IFRS 5.

2. Interest-bearing liabilities

	Audited for the year ended 31 August 2020 R'000	Audited for the year ended 31 August 2019 R'000
Medium Term Note Programme	**917 934**	1 041 380
Bank debt and overdraft – South Africa	**3 542 443**	3 097 335
Bank debt and overdraft – Rest of world	**1 406 278**	1 175 561
Deferred vendor consideration	**33 895**	2 655
	5 900 550	5 316 931
Comprising:		
Non-current	**3 620 250**	4 024 178
Current	**2 280 300**	1 292 753
	5 900 550	5 316 931

3. Net finance costs

	Audited for the year ended 31 August 2020 R'000	Audited for the year ended 31 August 2019 R'000
Interest received – other	**13 945**	7 231
Interest expense	**(414 776)**	(412 674)
Deemed interest expense	**(552)**	(1 037)
Interest on lease liability	**(7 969)**	–
	(409 352)	(406 480)

4. Revenue

	Audited for the year ended 31 August 2020 R'000	Audited for the year ended 31 August 2019 R'000
Revenue recognised at a point in time		
Sale of capital goods	**1 139 452**	1 501 322
Sale of goods, consumables and parts	**1 947 902**	2 014 577
Sale of used goods	**540 097**	671 466
Total revenue recognised at a point in time	**3 627 451**	4 187 365
Revenue transferred over time		
Leasing rentals	**2 423 696**	2 315 542
Maintenance and service revenue	**1 012 413**	1 111 114
Value added products	**126 089**	148 347
Other revenue	**16 460**	28 483
Total revenue transferred over time	**3 578 658**	3 603 486
Total revenue	**7 206 109**	7 790 851

5. Fair value hierarchy disclosures

Valuation methodology

Level 1 – Valuations with reference to quoted prices in an active market:

Financial instruments valued with reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted price is readily available and the price represents actual and regularly occurring market transactions on an arm's length basis. There are no level 1 financial instruments in the current year.

Level 2 – Valuations based on observable and unobservable inputs include:

Financial instruments valued using inputs other than quoted prices as described above for level 1 but which are observable for the asset or liability, either directly or indirectly, such as a quoted price for similar assets or liabilities in an active market; a quoted price for identical or similar assets or liabilities in inactive markets; a valuation model using observable inputs; and a valuation model using inputs derived from/corroborated by observable market data.

The net market value of all forward exchange contracts at year-end was calculated by comparing the forward exchange contract rates to the equivalent year-end market foreign exchange rates.

Level 3 – Valuations based on unobservable inputs include:

Financial instruments are valued using significant inputs which are not based on observable market data.

Unlisted investments are valued based on operational performance of the entities which is considered to be appropriate taking into account that the investments are very insignificant to the group.

The table below shows the group's financial assets and liabilities that are recognised and subsequently measured at fair value, analysed by valuation technique.

31 August 2020	Level 2 R'000	Level 3 R'000	Fair value R'000
Financial assets			
Unlisted investments and loans	**–**	**9 175**	**9 175**
Designated as fair value through profit and loss – Derivative financial assets	**2 372**	**–**	**2 372**
	2 372	**9 175**	**11 547**
Financial liabilities			
Designated as fair value through profit and loss – Derivative financial liabilities	**1 520**	**–**	**1 520**
	1 520	**–**	**1 520**

6 Impact of the adoption of IFRS 16 Leases

The impact of adopting IFRS 16 on the opening consolidated statement of financial position 1 September 2019 is disclosed below. There was no impact on retained earnings as the group has made use of the practical expedient available on transition to IFRS 16.

	31 August 2019 R'000	Impact of adoption of IFRS16 R'000	1 September 2019 R'000
Assets			
Non-current assets			
Property, plant and equipment	425 296	238 582	663 878
Liabilities			
Non-current liabilities			
Other non-current liabilities	–	71 198	71 198
Current liabilities			
Other current liabilities	–	167 384	167 384

7. Lease liabilities arising on adoption of IFRS16

	Audited for the year ended 31 August 2020 R'000
Movement summary	
Lease liabilities arising on adoption of IFRS16	**238 582**
Additions	**25 715**
Interest expense	**7 969**
Repayments	**(60 850)**
Closing balance of lease liabilities	**211 416**
Disclosed as:	
Non-current liabilities	**95 741**
Current liabilities	**115 675**
	211 416

AUDIT REPORT

enX's independent auditor, Deloitte & Touche, has issued its opinion on the consolidated and separate financial statements for the year ended 31 August 2020. The audit was conducted in accordance with International Standards on Auditing. Deloitte & Touche has issued an unmodified opinion. A copy of the independent auditor's report together with a copy of the audited consolidated and separate financial statements is available for inspection on the enX website as well as at enX's registered office during normal business hours from 23 November 2020. Shareholders are advised that, in order to obtain a full understanding of the nature of the auditor's engagement, they should obtain a copy of that report together with the consolidated and separate audited consolidated financial statements as at 31 August 2020

The summarised preliminary consolidated financial statements have been derived from and are consistent in all material respects with the consolidated financial statements for the year ended 31 August 2020 but are not audited. The directors take full responsibility for the preparation of these summarised preliminary consolidated financial results and confirm that the financial information has been correctly extracted from the underlying audited consolidated financial statements. Any reference to future financial information included in this announcement has not been audited or reported on by the auditor.

The auditor's report does not necessarily report on all of the information contained in this announcement/financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the auditor's report together with the accompanying financial information from the issuer's registered office

Information included in the preliminary report is extracted from audited information, but is not itself audited.

Registered office:
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Postal address:
PostNet Suite X86, Private Bag X7, Aston Manor, 1630

Sponsor:
The Standard Bank of South Africa Limited

Transfer secretaries:
Computershare Investor Services Proprietary Limited

Auditors:
Deloitte & Touche

Company secretary:
Acorim Secretarial and Governance (represented by Natasha Petrides)

Release date:
23 November 2020