DAIMLER TRUCK SOUTHERN AFRICA LTD

Daimler Truck Southern Africa Ltd
Registration number 2018/300147/06
Separate Financial Statements
For the year ended 31 December 2024

Contents

The reports and statements set out below comprise the separate financial statements presented to the shareholder:

General Information

Directors	Initial and surname	Designation	Appointments/resignations
	M Dietz	Executive	Contract expired 01 April 2024
	M Gerber	Executive	Appointed 01 April 2024
	P Kendzorra	Executive	
	H Schick (Chairperson)	Non-executive	
	J Distl	Non-executive	
	N Medupe	Non-executive	
	BT Nkambule	Non-executive	
	TB Sefolo	Non-executive	
	A Walluschek van Wallfeld	Non-executive	

Registered office

Highway Business Park
1 Park Ave
Rooihuiskraal
Centurion
0154

Holding company Daimler Truck AG incorporated in Germany

Ultimate holding company Daimler Truck Holding AG incorporated in Germany

Debt sponsor The Standard Bank of South Africa Limited

Abbreviations used in the separate financial statements

ARR	Alternative risk-free rate
CIPC	Companies and Intellectual Property Commission
Companies Act of South Africa	Companies Act, No. 71 of 2008 (South Africa)
DAG	Daimler AG
DMTN	Domestic Medium Term Note
DTAG	Daimler Truck AG
DTFS	Daimler Truck Financial Services South Africa Proprietary Limited
DTHAG	Daimler Truck Holding AG
DTSA	Daimler Truck Southern Africa Limited
ECL	Expected Credit Loss
Group companies	Individual companies within the global Daimler group structure
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IBOR	Interbank Offered Rate
IFRIC	International Financial Reporting Interpretations Committee
IFRS® Accounting Standards	IFRS® Accounting Standards as issued by the International Accounting Standards Board
JIBAR	Johannesburg Interbank Agreed Rate
JSE	Johannesburg Stock Exchange
King IV	The King Code on Corporate Governance
OCI	Other Comprehensive Income
OEM	Original Equipment Manufacturer
Rand	South African Rand
SARB	South African Reserve Bank
SMH	Sandown Motor Holdings Proprietary Limited
ZARONIA	South African Rand Overnight Index Average Rate

Preparation of the Separate Financial Statements

The separate financial statements for the period ended 31 December 2024 have been prepared under the supervision of Mr P Kendzorra, Chief Financial Officer.

The separate financial statements have been audited in compliance with Section 30 of the Companies Act of South Africa.

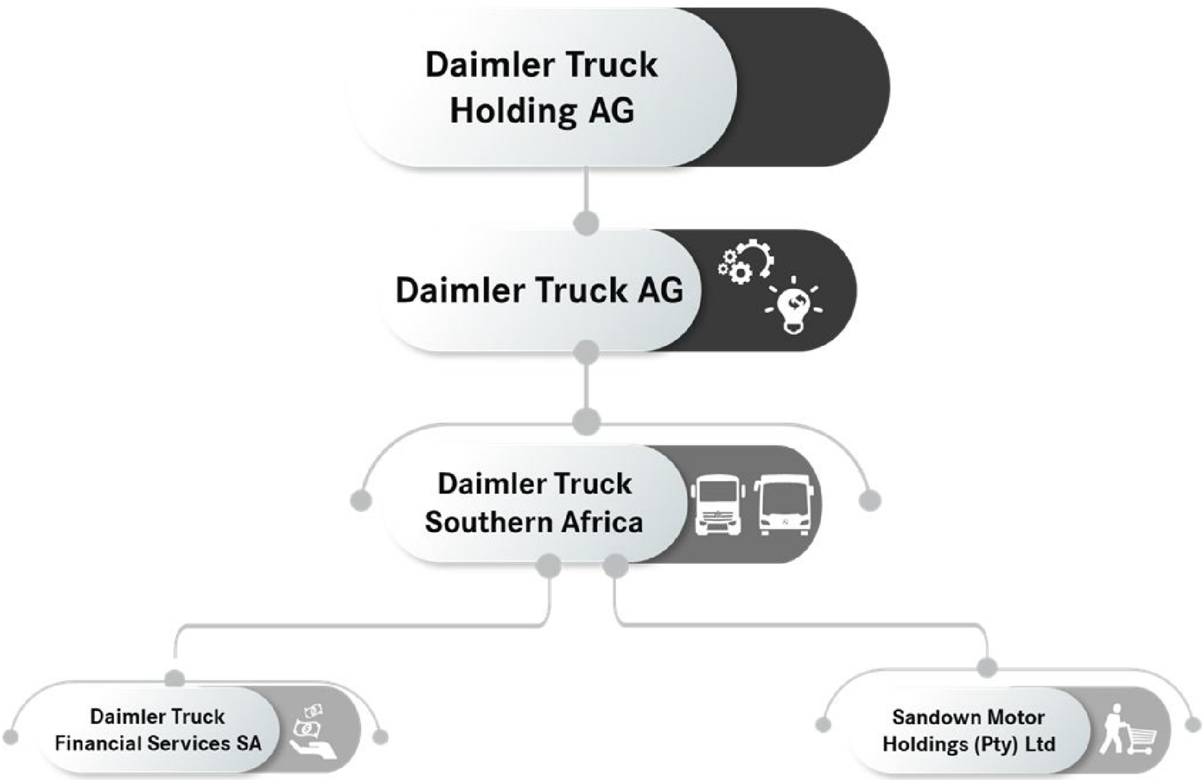
These separate financial statements were published on 17 April 2025.

Company Secretary's Certification

In terms of Section 88(2)(e) of the Companies Act of South Africa, as amended, I certify that, to the best of my knowledge and belief, Daimler Truck Southern Africa Limited has, in respect of the financial year ended 31 December 2024, lodged with the CIPC all returns and notices as are required of a public company in terms of the Companies Act of South Africa and that all returns are true, correct and up to date.

S Bishop
Company Secretary
17 April 2025

Simplified Group Organogram



Reporting entity	Daimler Truck Southern Africa Limited is the holding company of the Daimler Truck Southern Africa group
Domicile	The Republic of South Africa

The principal place of business and country of incorporation for all DTSA group entities is South Africa.

Audit Committee Report

This report is provided by the audit committee and the board of directors appointed in respect of the 2024 financial year of Daimler Truck Southern Africa Limited.

The audit committee was nominated by the board of directors and appointed by the shareholder.

The audit committee met four times in the financial year ended 31 December 2024. The external auditor attended these meetings as an invitee and presented the formal reports, as required by the audit committee. All of the members of the audit committee are independent, non-executive directors, with permanent guests from the internal finance and control functions.

The audit committee and the board of directors complied with all of its responsibilities as set out in the Companies Act of South Africa, King IV and the governing charter of the audit committee and the board of directors are satisfied that the audit committee has complied with all of the aforementioned responsibilities for the financial year ended 31 December 2024. The audit committee provided, among others, independent oversight on the effectiveness of the company's assurance functions and services with particular focus on external assurance service providers, internal audit and controls and the finance function in general. Where it refers to the audit committee it will include the board of directors who also considered matters as contained in this report.

The committee has, in relation to the annual financial statements:

- assisted the board in overseeing the quality and integrity of the company’s integrated reporting process, including the financial statements and sustainability reporting, and announcements in respect of the financial results, thereby enhancing the credibility of financial reporting and providing a channel for communication between the board, the internal and external auditors and management;
- ensured that an effective control environment in the company is maintained by supporting the board of directors in the discharge of its duties relating to the safeguarding of assets, the operation of adequate systems and controls, risk management and the integrity of financial statements and reporting; and
- provided the Chief Financial Officer, external auditor and internal audit with unrestricted access to the audit committee and its chairperson, as is required, in relation to any matter falling within the remit of the audit committee.

1. Members of the Audit Committee

The members of the audit committee include:

Name	Qualification
N Medupe	Chartered Accountant (SA)
BT Nkambule	Masters of Business Administration
TB Sefolo	Masters of Business Administration and Chartered Accountant (SA)

The committee is satisfied that the members thereof have the required knowledge and experience as set out in Section 94(5) of the Companies Act of South Africa and Regulation 42 of the Companies Regulation, 2011.

2. Internal controls and risk management

The audit committee is satisfied with the design and implementation of internal controls, as supported and confirmed by the management of DTSA. The design, implementation and execution of internal controls are monitored in order to ensure that any weaknesses are addressed to mitigate material loss, fraud or errors.

The audit committee received reports on DTSA's digital transformation, as well as the impact of cyber security risks on information technology performance in order to support strategic execution.

The audit committee and the board of directors considered the reports from the information technology department which could have an impact on the control environment at DTSA. It is satisfied that management action plans are in place in relation to information technology controls.

The audit committee considered the reports from the DTHAG corporate internal audit function and is satisfied with management action plans in response thereto. The audit committee is satisfied with the effectiveness of the internal control environment, the internal audit and the arrangements in place.

The board has assigned oversight of the risk management function to the audit and risk committee. The committee satisfied itself that the processes and procedures followed in terms of identifying, managing and reporting on risks are adequate.

Audit Committee Report

3. External auditor

The audit committee considered and assessed the suitability of KPMG and Mr Mohammed Hassan, as per the requirements of the JSE, with regard to their current appointment. The audit committee is satisfied that the appointment of the external auditor, Mr Mohammed Hassan, complies with the legislative and regulatory requirements and the audit committee is satisfied with his independence. He will be nominated to be re-appointed as the company external auditor for the financial year ending December 2025.

Adequate policies and controls are in place to address the provision of non-audit services by the external auditor to ensure compliance with legislation and other corporate governance guidelines or regulations. The audit committee considered the audit quality controls based on the Independent Regulatory Board for Auditors reports as well as the relevant JSE requirements.

The audit committee, in consultation with executive management, agreed to the terms of the engagement. The audit committee approved and reviewed the fees proposed by the external auditor, taking into consideration such factors as the timing of the audit, the extent of the work required and the scope. It further, on an ongoing basis, reviewed the scope, independence and impartiality of the external auditor. KPMG has been the independent auditors of DTSA for five years. Mr Mohammed Hassan has been appointed as the new audit partner, who will be auditing and signing the separate financial statements for 2024. The mandatory designated audit partner rotation will be required in three years i.e. for the 2027 financial year.

There were no reportable irregularities identified or reported by the external auditor to the audit committee.

The audit committee is satisfied with the quality and services of the external auditor.

4. Compliance with legal and regulatory requirements

The audit committee is satisfied that, to the best of its knowledge, all regulatory and legislative requirements with regard to its function, duties and obligations has been complied with.

5. Key audit matters

The audit committee performs the duties laid upon it by Section 94(7) of the Companies Act of South Africa by holding meetings with the key role players on a regular basis and by the unrestricted access granted to the external auditors.

The audit committee noted and considered the key audit matters set out in the report of the independent auditor included in these separate financial statements. The audit committee is satisfied with the appropriateness of the key audit matters reported on by the independent auditor.

6. Separate financial statements

The pro-active monitoring, which was completed by the JSE was considered. The result of such monitoring was presented to the audit committee, which satisfied itself that the findings and focus areas were adequately addressed in the separate financial statements for the year ended 31 December 2024 and that all of the debt listing requirements were complied with.

The audit committee ensured that the finance function has evaluated the accounting disclosures in line with the latest accounting developments.

A clear focus was placed on financial reporting risks posed by geopolitical, macro-economic conditions, including supply chain disruptions, inflation, interest rates and market volatility.

The audit committee is satisfied that, to the best of its knowledge, the separate financial statements for the financial year ended 31 December 2024 fairly reflect the financial position and results of the company.

There were no significant matters considered in the separate financial statements for the financial year ending 31 December 2024.

7. Accounting practices

The audit committee is satisfied that the separate financial statements have been prepared in accordance with relevant accounting practices, accounting policies, and are fully compliant with IFRS® Accounting Standards.

The audit committee is satisfied that the company has appropriate financial reporting procedures and that these procedures are operating and being monitored.

8. Effectiveness of finance function

The audit committee is satisfied with the qualifications, effectiveness and performance of the Chief Financial Officer and the finance function in general.

Audit Committee Report

9. Director education and development

The audit committee received an update on accounting developments relating to climate-related disclosures.

Key focus areas for 2025 include:
- emerging tax risks
- impact of cyber security risks and use of artificial intelligence in the finance and internal control environment.
- manage talent challenges in the finance and internal audit as a result of global war for talent.

On behalf of the audit committee:

N Medupe
Chairperson: Audit Committee
17 April 2025

Directors' Report

The directors are pleased to present their report, which forms part of the separate financial statements of the company for the year ended 31 December 2024.

1. Nature of business

DTSA, a South African incorporated company, holds a manufacturing and distribution agreement from DTAG for the importation, assembly and distribution of Mercedes-Benz, Freightliner, FUSO and Western Star commercial vehicles for South Africa, Botswana, Lesotho and Swaziland. The company has a general distribution agreement to sell commercial vehicles to Malawi, Mozambique, Zimbabwe and Zambia through approved general distributors in the respective countries.

The company was incorporated on 17 May 2018.

The company's business can be best described as follows:

1.1 Wholesale and retail vehicle operations

These operations market and sell vehicles in the product portfolio, primarily through the authorised dealer network.

1.2 Assembly and component export operations

These operations, situated in East London, assemble knocked-down kits for commercial vehicle products.

2. Financial results for year under review

Full details of the financial position, results of operations and cash flows of the company are set out in these separate financial statements.

	2024 R '000	2023 R '000	Difference year on year R '000	Change year on year %
Income measures				
Vehicles and related services	11 085 116	12 111 562	(1 026 446)	(8.47)
Profitability measures				
Gross profit	663 111	693 022	(29 911)	(4.32)
Operating profit	277 443	305 581	(28 138)	(9.21)
Profit for the year	79 789	168 202	(88 413)	(52.56)
Financial position measures				
Total assets	25 547 026	22 122 455	3 424 571	15.48
Total liabilities	22 856 087	19 345 719	3 510 368	18.15
Total equity	2 690 939	2 776 736	(85 797)	(3.09)

3. Holding company

The company's holding company is Daimler Truck AG which holds 100% (2023: 100%) of the issued share capital's equity. Daimler Truck AG is incorporated in Germany.

4. Dividends

The board approved the payment of a dividend of R 168 202 000 (2023:R nil).

5. Corporate governance

The directors have adopted the principles as provided for in King IV for the financial year 2024. The principle summary King IV report is published on the website of DTSA (https://dtsa.daimlertruck.com/investor-relations/investor-king-iv). The board is satisfied that there is an appropriate mix of knowledge, skills, experience, diversity and independence.

Mr S Bishop is the company secretary of DTSA. The board is satisfied with the competence, qualifications and experience of the company secretary. The board has access to the company secretary and such arrangements are effective.

Mr John Delano Keller was appointed as the group debt officer on 1 July 2024. The board confirms that it is satisfied with the competence, qualifications and experience of the group debt officer.

The board has a policy in place for the management of conflict of interests, which is the Integrity Code of the company. This Integrity Code is available on the website of the company. Board members submit, at least annually, their respective declarations concerning personal interests and is required at each meeting to indicate whether a conflict of interest may arise with a matter to be discussed. The board can confirm that there are no material and enduring personal conflicts of interest noted from any member.

Directors' Report

6. Directorate

The following directors were in office at the date of this report:

Directors	Designation
M Gerber**	Executive
P Kendzorra	Executive
H Schick (Chairperson)	Non-executive
J Distl	Non-executive
N Medupe***	Non-executive
BT Nkambule*	Non-executive
TB Sefolo***	Non-executive
A Walluschek van Wallfeld	Non-executive

* Member of the audit committee

** Member of the social and ethics committee

*** Member of the audit committee and social and ethics committee

Active directors' curriculum vitae's are published on the website of Daimler Truck Southern Africa Limited (https://dtsa.daimlertruck.com/leadership).

Attendance register for directors' meetings is available on the King IV report.

The directors have executed their responsibility, under the evaluation policy, in relation to the evaluation of the performance of the board of directors of the company, its committees, its chairperson and its individual directors.

7. Going concern

The separate financial statements for the year ended 31 December 2024 have been prepared on a going concern basis, which assumes that the company will be able to meet its obligations for the foreseeable future. The company has recognised a net profit after tax of R 80 million (2023: R 168 million) for the year ended 31 December 2024 and at that date has a capital ratio of 10.53% (2023: 12.55%).

Management has performed forecasts for the ensuing twelve months and these forecasts reflect positive trading and positive financial performance. Management anticipates that any additional borrowing cost repayments required will be met out of operating cash flows or from alternative forms of capital funding.

Management believes that the company will be able to meet all its obligations for the 2025 period. Management further believes that proceeds from operating and financing activities received during 2025 will be sufficient to meet the repayment requirements.

Further, the company has the full support of the holding company, DTAG, for its operations. To this extent, DTAG and DTHAG have issued an unconditional and irrevocable guarantee with regards to the notes issued under the DMTN Programme.

8. Events after the reporting period

Bonds and bank loans

Subsequent to year end, a 1-year bond of R 0.5 billion matured on 10 March 2025.

At the date of finalisation of the separate financial statements, except for the matters noted above, there were no other material events that occurred subsequent to the reporting date that required adjustments to the amounts recognised in the separate financial statements.

Approval of separate financial statements

These separate financial statements, which have been prepared on the going concern basis, were approved by the board on 17 April 2025, and are signed on its behalf by:

M Gerber Chief Executive Officer	P Kendzorra Chief Financial Officer

KPMG Inc
KPMG Crescent
85 Empire Road, Parktown, 2193,
Private Bag 9, Parkview, 2122, South Africa
Telephone +27 (0)11 647 7111
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Docex 472 Johannesburg
Web http://www.kpmg.co.za

Independent Auditor's Report

To the shareholder of Daimler Truck Southern Africa Limited

Report on the audit of the separate financial statements

Opinion

We have audited the separate financial statements of Daimler Truck Southern Africa Limited (the Company) set out on pages 17 to 62, which comprise the separate statement of financial position as at 31 December 2024, and the separate statement of profit or loss and other comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year then ended, and notes to the separate financial statements, including material accounting policies.

In our opinion, the separate financial statements present fairly, in all material respects, the separate financial position of Daimler Truck Southern Africa Limited as at 31 December 2024, and its separate financial performance and separate cash flows for the year then ended in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board (IFRS® Accounting Standards) and the requirements of the Companies Act of South Africa.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the separate financial statements* section of our report. We are independent of the Company in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In terms of the IRBA Rule on Enhanced Auditor Reporting for the Audit of Financial Statements of Public Interest Entities, published in Government Gazette No. 49309 dated 15 September 2023 (EAR Rule), we report:

Final materiality

The scope of our audit was influenced by our application of materiality. We set quantitative thresholds and overlay qualitative considerations to help us determine the scope of our audit and the nature, timing and extent of our procedures, and in evaluating the effect of misstatements, both individually and in the aggregate, on the separate financial statements as a whole.

Based on our professional judgement, we determined materiality for the separate financial statements as a whole as follows:

Overall materiality	R 110 million which represents 1% of total revenue.
Rationale for benchmark applied	We selected total revenue as the most appropriate benchmark because, in our view, it is the metric which best reflects the nature of the Company and focus of the users of the separate financial statements on which returns are generated for the benefit of its shareholder. We selected 1% based on our professional judgement after consideration of qualitative factors that impact the Company.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the separate financial statements of the current period. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In terms of the EAR Rule, we are required to report the outcome of audit procedures or key observations with respect to the key audit matters and these are included below.

<table>
<tr><td colspan="2">Revenue Recognition - sale of vehicles, service parts and maintenance, service and extended warranty contracts
Refer to accounting policy note 3.3.1 and note 4 Revenue.</td></tr>
<tr><td>Key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>The Company recognises revenue through various streams including the sale of vehicles, service parts, as well as maintenance, service and extended warranty contracts to customers.

Whilst the sale of vehicles and service parts is recognised when control of goods are transferred to customers, the maintenance, service and extended warranty revenue is recognised as contract liabilities and released to revenue upon the performance of the maintenance and service obligations.

Recognition of revenue involves judgment made by management, including whether contracts contain multiple elements and performance obligations which should be accounted for separately in accordance with IFRS 15, Revenue from contracts with customers (IFRS 15).

Recognition of the Company's revenue is complex due to the volume of transactions and the various revenue streams. This resulted in significant audit effort and as a result revenue recognition from the sale of vehicles, service parts, as well as maintenance, service and extended warranty contracts is considered a key audit matter.</td><td>Our audit procedures performed included the following:
▪ We evaluated the control environment around the initiation and processing of sales transactions to understand the generation of revenue into its separately identifiable elements by testing the design and implementation of the controls.

▪ We inspected a sample of vehicle and service parts sales to underlying source documents such as invoices and bank statements, to ensure that revenue was appropriately recognised when the performance obligations were satisfied.

▪ We evaluated the reasonableness of revenue recognised associated with maintenance, service and extended warranty contracts to assess whether the revenue from these services was recognised in terms of the stage of completion method. This was performed for a sample of contracts by recalculating the recognised revenue.

▪ We assessed the appropriateness of the disclosures in the separate financial statements in accordance with IFRS 15.

Based on the procedures performed above in respect of Revenue recognition relating to sale of vehicles, service parts, as well as maintenance, service and extended warranty contracts, we did not identify any significant matters requiring further consideration in concluding on the procedures performed.</td></tr>
</table>

Revenue Recognition - sale of vehicles, service parts and maintenance, service and extended warranty contracts Refer to accounting policy note 3.3.1 and note 4 Revenue.	
Key audit matter	How the matter was addressed in our audit

Contract Liabilities – Maintenance, service and extended warranty contracts Refer to accounting policy note 3.3.1 and note 22 contract liabilities.	
Key audit matter	How the matter was addressed in our audit
The maintenance, service and extended warranty contracts require the application of complex and subjective judgements over the timing of recognition and the estimation of the valuation of the contract liabilities. Assumptions that affect the Company's estimate include: ▪ distribution costs; ▪ discount rate; ▪ inflation rate; ▪ scrapping ratio; ▪ parts sales; ▪ labour, parts and repair factors; and ▪ profit margin on parts. The Company is exposed to the risk that contract liabilities in respect of maintenance, service and extended warranties are incorrectly calculated due to the complexity of the assumptions applied in the calculations involved. Accordingly, this is considered a key audit matter.	Our audit procedures performed included the following: ▪ We obtained an understanding of the generation of revenue into its separately identifiable elements, and the apportionment from the sales transaction of the contract liability element. This was done through testing of the design and implementation of controls. ▪ We obtained an understanding of the valuation of the maintenance, service and extended warranty contracts liability calculation. This was done through testing of design and implementation of controls With the assistance of our own internal valuation specialist, we: ▪ Evaluated, based on the data provided from the Daimler Truck AG group's provisioning tool, whether the maintenance, service and extended warranty contract liability recognised was reasonable by recalculating the contract liability, using an independent model and comparing our results to those calculated by the Company.

<table>
<tr><td colspan="2">Contract Liabilities – Maintenance, service and extended warranty contracts
Refer to accounting policy note 3.3.1 and note 22 contract liabilities.</td></tr>
<tr><td>Key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td></td><td>▪ Evaluated whether the methodology applied in determining the adequacy of the maintenance, service and extended warranty contract liability is aligned with IFRS 15.

▪ Challenged managements' key estimates and assumptions in relation to the contract liability recognised, through our own expectations based on our knowledge of the Company and experience of the industry in which it operates.

▪ We evaluated the accuracy and completeness of the data used to determine the contract liability by selecting a sample and recalculating the future income as well as the future cost.

▪ We evaluated the appropriateness of the disclosures in the separate financial statements, in accordance with IFRS 15 and IAS 37, Provisions, Contingent Liabilities and Contingent Assets (IAS 37).

Based on the procedures performed above in respect of contract liabilities relating to maintenance, service and extended warranties, we did not identify any significant matters requiring further consideration in concluding on the procedures performed.</td></tr>
</table>

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Daimler Truck Southern Africa Limited Audited Separate Financial Statements for the year ended 31 December 2024", which includes the Directors' Report, Audit Committee Report and the Company Secretary's Certification as required by the Companies Act of South Africa. The other information does not include the separate financial statements and our auditor's report thereon.

Our opinion on the separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the separate financial statements

The directors are responsible for the preparation and fair presentation of the separate financial statements in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board (IFRS® Accounting Standards) and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the separate financial statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that KPMG Inc. has been the auditor of Daimler Truck Southern Africa Limited for 5 years.

KPMG Inc.

Per Mohammed Hassan
Chartered Accountant (SA)
Registered Auditor
Director
17 April 2025

Separate Statement of Profit or Loss and Other Comprehensive Income

	Note	2024 R '000	2023 R '000
Income from sale of vehicles and related services			
Revenue	4	11 085 116	12 111 562
Cost of goods sold	5	(10 422 005)	(11 418 540)
Gross profit		**663 111**	**693 022**
Other income	6	116 293	125 437
Operating expenses		(443 112)	(450 872)
Movement in credit loss allowances		(14 245)	(9 440)
Selling expenses		(44 604)	(52 566)
Operating profit	7	**277 443**	**305 581**
Finance income	8	1 433 699	1 212 845
Finance costs	9	(1 601 801)	(1 275 078)
Profit before taxation		**109 341**	**243 348**
Taxation	10	(29 552)	(75 146)
Profit for the year		**79 789**	**168 202**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurements of retirement benefit assets and liabilities	25	3 584	1 834
Deferred taxation on re-measurements of retirement benefit assets and liabilities	18	(968)	(495)
Deferred taxation through OCI - under provision prior years		-	(2 690)
Other comprehensive income for the year, net of taxation		**2 616**	**(1 351)**
Total comprehensive income for the year		**82 405**	**166 851**

Separate Statement of Financial Position as at 31 December 2024

	Note	2024 R '000	2023 R '000
Assets			
Cash and cash equivalents	11	117 180	268 941
Trade and other receivables	12	454 301	628 723
Inventories	13	4 671 097	3 336 592
Current tax receivable		141 258	156 740
Amounts receivable from group companies	14	18 050 028	15 758 758
Investments in subsidiaries	15	728 500	728 500
Property, plant and equipment	16	305 187	263 035
Right-of-use assets	16	47 478	75 346
Assets leased under operating leases	16	309 376	236 289
Intangible assets	17	173	190
Deferred tax	18	722 448	669 341
Total Assets		**25 547 026**	**22 122 455**
Liabilities			
Trade and other payables	19	597 111	459 680
Lease liabilities	20	47 803	83 962
Deferred income		122 290	16 450
Provisions	21	119 200	102 547
Contract liabilities	22	2 264 247	1 848 139
Amounts payable to group companies	23	784 725	1 054 614
Interest-bearing borrowings	24	18 835 213	15 700 983
Retirement benefit obligation	25	85 498	79 344
Total Liabilities		**22 856 087**	**19 345 719**
Equity			
Share capital	26	2 001 891	2 001 891
Reserves		6 484	3 868
Retained earnings		682 564	770 977
Total Equity		**2 690 939**	**2 776 736**
Total Equity and Liabilities		**25 547 026**	**22 122 455**

Daimler Truck Southern Africa Limited
(Registration number 2018/300147/06)
Separate Financial Statements for the year ended 31 December 2024

Separate Statement of Changes in Equity

	Share capital R '000	Actuarial reserve R '000	Retained earnings R '000	Total equity R '000
Balance at 01 January 2023	**2 001 891**	**5 219**	**602 775**	**2 609 885**
Profit for the year	-	-	168 202	168 202
Other comprehensive income	-	(1 351)	-	(1 351)
Total comprehensive income for the year	**-**	**(1 351)**	**168 202**	**166 851**
Balance at 31 December 2023	**2 001 891**	**3 868**	**770 977**	**2 776 736**
Balance at 01 January 2024	**2 001 891**	**3 868**	**770 977**	**2 776 736**
Profit for the year	-	-	79 789	79 789
Other comprehensive income	-	2 616	-	2 616
Total comprehensive income for the year	**-**	**2 616**	**79 789**	**82 405**
Dividends	-	-	(168 202)	(168 202)
Balance at 31 December 2024	**2 001 891**	**6 484**	**682 564**	**2 690 939**
Note	26			

Separate Statement of Cash Flows

	Note	2024 R '000	2023 Re-presented* R '000
Cash flows from operating activities			
Cash flows from trading activities	27	435 103	306 388
Working capital movements	27	(1 012 146)	58 991
		(577 043)	**365 379**
Other cash flows			
Interest received		1 409 767	1 153 455
Finance costs		(1 559 149)	(1 220 726)
Taxation paid	28	(68 145)	(275 983)
Contributions paid to retirement plan	25.1	(2 326)	(2 113)
Post-retirement medical aid benefits paid	25.2	(3 153)	(3 024)
Net cash (outflow)/inflow from operating activities		**(800 049)**	**16 988**
Cash flows from investing activities			
Additions to property, plant and equipment to expand operations	16	(58 248)	(38 026)
Additions to intangible assets	17	(71)	-
Loans advanced repaid by subsidiaries	14	108 000	-
Loans advanced to subsidiaries	14	(2 323 694)	(2 828 332)
Investment made in subsidiary	15	-	1 335
Net cash outflow from investing activities		**(2 274 013)**	**(2 865 023)**
Cash flows from financing activities			
Interest-bearing borrowings raised*	24	4 500 229	5 498 553
Interest-bearing borrowings repaid	24	(3 158 000)	(3 118 000)
Lease payments	20	(40 966)	(35 610)
Change in short-term financing liabilities*	24	1 792 000	695 000
Dividends paid		(168 202)	-
Net cash inflow from financing activities		**2 925 061**	**3 039 943**
(Decrease)/increase in cash and cash equivalents for the year		**(149 001)**	**191 908**
Cash and cash equivalents at the beginning of the year		268 941	77 669
Unrealised forex losses on cash and cash equivalents		(2 760)	(636)
Total cash and cash equivalents at the end of the year	11	**117 180**	**268 941**

* In previous years, the net proceeds from short-term borrowings with maturities less than three months were presented as part of "Interest-bearing borrowings raised" together with the gross proceeds of long-term borrowings. In 2024, the net proceeds from such short-term borrowings have been presented separately from the gross proceeds of long-term borrowings. As a result, the 2023 figures in the Statement of Cash Flows have been re-presented to reflect the change in presentation. This re-presentation had no effect on the total cash flows from financing activities of the prior year.

Notes to the Separate Financial Statements

1. Corporate information

Reporting entity	Daimler Truck Southern Africa Limited
Reporting period	Financial year ended 31 December 2024
Domicile	The Republic of South Africa
Authorised by the board of directors	17 April 2025
Nature of operations	• Wholesale and retail of trucks and buses • Commercial vehicle assembly and component export • Providing administrative and other financial management services to the subsidiary

2. Preparation of the separate financial statements

These accounting policies, and those included in the notes, represent a summary of the material accounting policy elections of the company.

2.1 Statement of compliance

These annual separate financial statements for the year ended 31 December 2024 have been prepared in accordance with:
- IFRS® Accounting Standards, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and SAICA Financial Reporting Guides as issued by the Accounting Practices Committee (collectively "JSE Debt Financial Reporting Requirements"); and
- the Companies Act of South Africa.

2.2 Basis of preparation

These separate financial statements have been prepared in accordance with the requirements of IFRS® Accounting Standards.

These separate financial statements can be obtained from the company secretary at the company's registered address.

Consolidated group financial statements are also prepared and can be obtained at the company's registered address.

2.3 Functional and presentation currency

The functional currency and the presentation currency of DTSA is Rand.

2.4 Rounding policy

All amounts in the separate financial statements are presented in Rand thousand ("R '000").

The company has a policy of rounding in increments of R 500. Amounts less than R 500 are rounded to R nil and presented as a dash.

2.5 Foreign currency translation

Procedures followed to translate to presentation currency

Foreign currency transactions are translated into the functional currency at the exchange rates prevailing at the dates of the transactions.

At the end of the reporting period:
- monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date;
- non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Foreign exchange gains or losses are recognised in profit or loss.

3. Summary of material accounting policies

3.1 Retained income

Retained earnings comprises of accumulated profits or losses less dividends paid, after dividends to equity holders.

3. Summary of material accounting policies (continued)

3.2. Write-off

The gross carrying amount of a financial asset is written off when the entity has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof.

The entity individually makes an assessment with respect to the timing and amount of the write-off based on whether there is a reasonable expectation of recovery. The entity expects no significant recovery from the amounts written off. However, financial assets that are written off could still be subject to enforcement activities.

Based on its experience, there have been no customer recoveries of previous write-offs.

3.3 Accounting estimates, judgements and assumptions

In preparing these separate financial statements, management has made estimates, judgements and assumptions that affect the reported amounts of assets, liabilities, income and expenses. These estimates, judgements and assumptions are guided by the application of IFRS® Accounting Standards while also taking into account the knowledge and experience of management.

Management believes that the estimates, judgements and assumptions made are appropriate considering the facts and circumstances available. However, the actual results may differ in line with subsequent changes to the underlying facts and circumstances.

Estimates, judgements and assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively. All estimates, judgements and assumptions are consistent with prior year, except where otherwise indicated.

3.3.1 Significant accounting estimates, judgements and assumptions

The following estimates, judgements and assumptions made in applying the accounting policies that have the most significant effect on the amounts recognised in these separate financial statements are as follows:

Revenue from service plans and extended warranty contracts with customers

Refer to note 4.4.

Contract liabilities are not financial instruments as they are settled by the delivery or receipt of goods or services.

Assumptions that affect the company's estimate for maintenance and service obligations include:
- distribution cost;
- discount rate;
- inflation rate;
- scrapping ratio;
- part sales;
- labour, parts and repair factors; and
- profit margin on parts.

Assets leased under operating leases

Lease classification

DTFS, in arrangement with DTSA, leases trucks to external customers. The factors that have been taken into consideration in determining the classification as operating leases are:
- ownership of the underlying trucks is retained by the company during, and in most cases, at the end of the lease term;
- there is no bargain purchase option offered to the customer;
- the lease term is shorter than the majority of the economic life of the asset;
- at the inception of the lease, the present value of the minimum lease payments does not amount to at least substantially all of the fair value of the underlying motor vehicle; and
- the leased assets are not specialised in nature.

Management has assessed that the significant risks and rewards incidental to ownership of the underlying trucks in these lease arrangements have not transferred to the customer. Additionally, the residual value of the trucks is guaranteed by DTSA.

Residual values

The company regularly reviews the factors applied in determining the values of its leased vehicles. In particular, it is necessary to estimate the residual values of the trucks at the end of their leases, which constitutes a substantial part of the expected future cash flows from the trucks.

Notes to the Separate Financial Statements

3. Summary of material accounting policies (continued)

On a quarterly basis, management updates the residual values to be granted for future lease contracts. These values are based on calculations which use a combination of internal data and externally sourced market data. A Residual Value Steering Committee meets and approves the revised residual values each quarter. This committee has fixed terms of reference and its members comprise a group of persons with suitable qualifications and experience.

The residual values determined serve as a key input into the depreciation charge of the leased vehicles. Once a lease is entered into, the residual value is guaranteed. To account for changes in market conditions the vehicle is depreciated to the lower of its residual value guaranteed or net realisable value as determined by management.

Depreciation

Depreciation rates applied to manufactured lease assets are consistent with the lease terms and ranges from approximately 3 months to 5 years.

The lease term is understood to mean the period between the sale with residual value guarantee and the earliest date on which the residual value guarantee can be redeemed under the terms of the contract, being the non-cancellable period of the lease. If this period is less than 75% of the economic life of the asset, it is assumed that substantially all the risks and rewards incidental to ownership of the asset have remained with the company.

Present value of future minimum lease payments

The total minimum lease payments are considered to be the difference between the company’s sales proceeds and the guaranteed residual value; in other words, the present value of the residual value guarantee must be greater than 10% of the original selling price to cause the present value of minimum lease payments to be less than 90% of the fair value.

In this case, it is assumed that substantially all the risks and rewards incidental to ownership of the asset have remained with the company. The determination of present value is based on a market related interest rate for similar leases.

Refer to note 16.

3.3.2 Key sources of estimation uncertainty

These judgements and estimates may not individually have a significant effect on the amounts recognised in the separate financial statements. However, the input factors considered are in certain instances complimentary in such a way that the estimates and judgements may, at times, result in an additive effect. This effect would thus become significant to amounts recognised across the separate statement of financial position or profit or loss as a whole. Furthermore the amounts recognised in the separate financial statements to which these judgements and estimates relate are considered material to management.

Property, plant and equipment

Useful lives

Land is not depreciated as it is deemed to have an indefinite useful life.

The useful life of an asset is the period in which the company expects to utilise the benefits embodied in the assets, and not necessarily the assets’ economic life. Useful lives of assets are reviewed annually.

The company uses the following indicators to determine useful life:
- expected usage of assets;
- expected physical wear and tear; and
- technical and commercial obsolescence.

The estimated useful lives assigned to the categories of property, plant and equipment are as follows:

Item	**Average useful life (years)**
Buildings	25
Plant and equipment	4 – 12
Other factory equipment and furniture	3 – 10
Assets leased under operating leases	3 months – 5 years
Right-of-use assets	over the term of the lease

Notes to the Separate Financial Statements

3. Summary of material accounting policies (continued)

Residual values

An estimate is made of the amount the company would expect to receive currently for the asset if the asset were already of the age and condition expected at the end of its useful life, which is considered to be its residual value. Residual values are reviewed annually with the exception of assets leased under operating leases as addressed in 3.3.1.

Impairment

Management assesses changes in interest rates, currency exchange rates as well as the state of affairs in the motor manufacturing sector as indicators that impairment testing may need to be performed.

Employee benefits

Defined benefit schemes

The following actuarial assumptions are applied in determining the present value of the defined benefit obligation as well as the fair value of the plan assets:

	2024	2023
Discount rates used		
Pre-retirement discount rate	11.05 %	13.16 %
Inflation rates used		
General inflation rate	5.72 %	7.61 %
Salary inflation rate	5.72 %	7.61 %
Average age of in-service members (in years)	56	55
Average age of pensioners in-service (in years)	n/a	n/a

Post-retirement medical aid benefit

The following actuarial assumptions are applied in determining the present value of the post-retirement medical aid benefit:

	2024	2023
Discount rate	11.79 %	13.59 %
Health care cost inflation	8.35 %	9.87 %
Real discount rate	3.15 %	3.39 %
Consumer price inflation	6.35 %	7.87 %
Mortality		
Pre-expected retirement age	SA 1985 - 90 light	
Post-retirement age	PA(90) - 2	

Provisions

Guaranteed residual value provision

The company is exposed to the risk that leased trucks are returned at a value less than the residual value guaranteed to customers under the terms of each respective lease agreement. Accordingly, a provision is raised to the extent that the carrying values of leased trucks are impaired through residual values not being fully recoverable.

Uncertainties that affect the provision amount include:
- return-rates of leased motor vehicles;
- penetration rates;
- lease duration; and
- market conditions.

Furthermore, the company periodically reviews its exposure to the underwritten portfolio to changes in market conditions since inception of the agreements and ensures satisfactory coverage of the trucks and buses' projected valuations to underwritten values. Where risks are identified the company develops strategies to manage the risk position of the particular assets and further ensures provision is made for such potential loss.

Notes to the Separate Financial Statements

3. Summary of material accounting policies (continued)

Warranty provision

The provision is measured on the basis of past warranty expenses. The provision amount represents total warranty credits and costs required to investigate and settle warranty claims. The amount of the provision for warranty arrangements is determined based on the amount expected to be required to settle the warranty claims. Possible recall or buyback campaigns are excluded from this provision, as these are fully reimbursed by DTAG.

Contract liabilities

Dealer incentive provision

The company pays incentives to each franchised dealer who sells franchised trucks and buses. The incentives are earned by the dealer based on their quarterly performance as well as for other incentive programmes that may be run.

The provision for dealer incentives represents the amount to be paid over for the final quarter of the financial year. Estimates are made of the amount to be paid based on forecasted achievement of the incentive targets.

The incentives are paid to the dealers in cash before the end of the following quarter.

	2024 R '000	2023 R '000
4. Revenue		
4.1 Revenue allocation		
Revenue from sale of vehicles and related services		
Sale of goods	10 197 161	11 372 623
Rendering of services	887 955	738 939
	11 085 116	**12 111 562**

4.2 Disaggregation of revenue

The company disaggregates revenue as follows:

	2024 R '000	2023 R '000
Sale of goods		
Vehicles	7 898 841	9 304 918
Parts	2 195 797	2 005 068
Vehicle lease deferred income	67 946	37 065
Component exports	28 360	24 371
FleetBoard telematics: hardware	6 217	1 201
	10 197 161	**11 372 623**
Rendering of services		
Maintenance and service contracts	708 547	564 979
Vehicle testing	42 802	30 669
Diagnostic equipment income	28 820	23 616
Dealer training	10 693	6 594
FleetBoard telematics: service and tracking fees	1 281	15 903
Used vehicle on-the-road, delivery and surplus charges	1 174	11 905
Recharges and cost recoveries	2 239	10 443
Extended warranty	92 399	74 830
	887 955	**738 939**
Total revenue	**11 085 116**	**12 111 562**

Notes to the Separate Financial Statements

4. Revenue (continued)

4.3 Timing of revenue recognition

	2024 R '000	2023 R '000
At a point in time		
Vehicles	7 898 841	9 304 918
Parts	2 195 797	2 005 068
Component export	28 360	24 371
FleetBoard telematics: hardware	6 217	1 201
Used vehicles on-the-road, delivery and surplus charges	1 174	11 905
Recharge and cost recoveries	1 486	10 435
	10 131 875	**11 357 898**
Over time		
Maintenance and service contracts	708 547	564 979
Extended warranty	92 399	74 830
Vehicle lease deferred income	67 946	37 065
Vehicle testing	42 802	30 669
Diagnostic equipment income	28 820	23 616
Dealer training	10 693	6 594
FleetBoard telematics: service and tracking fees	1 281	15 903
Recharge and cost recoveries	753	8
	953 241	**753 664**
Total revenue from contracts with customers	**11 085 116**	**12 111 562**

4.4 Revenue recognition

4.4.1 Income from sale of vehicles and other related services

Income comprises revenue and lease income generated on the sale (new and used) or lease of vehicles, the sale of related spare parts, as well as vehicle after-sale services and other related income.

Recognition and measurement

Sale of vehicles, service parts and other related products:

Revenue from the sale of products is recognised when control of the goods are transferred to the customer. Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the entity and costs incurred or to be incurred in respect of the sale can be measured reliably.

DTSA makes use of a number of sales promotion programs dependent on various market conditions during the year as well as the respective product life cycles and product-related factors (such as amounts of discounts offered by competitors, excess industry production capacity, the intensity of market competition and consumer demand for the products). These programs comprise special discounts to dealers and customers, as well as residual value enhancements.

DTSA recognises sales minus an allowance for incentive and sales promotion programs, and a refund liability presented within contract liabilities in the separate statement of financial position. The allowance and liability are measured at the amount expected to be refunded or credited to dealers and customers, estimated based on the programs' terms, market conditions and historical experience.

Revenue is recognised as performance obligations are met, either over time or at a point in time.

Revenue is measured at the transaction price of the consideration received/receivable which the group is entitled in exchange for transferring promised goods or services to the customer (net of discounts, cash incentives, customer bonuses and rebates granted - which are payable to third parties).

Lease of vehicles:

Lease income is recognised on a straight-line basis over the lease term.

Lease income is measured at the fair value of the operating lease instalments received adjusted for the effect of straight-lining and excluding any contingent rentals received.

4. Revenue (continued)

Revenue is generated from lease payments on the basis of the underlying leasing contracts and is significantly impacted by the residual value as determined in note 3.3.1, assets leased under operating leases.

Rendering of services, maintenance and service contracts:

By reference to the stage of completion on the basis most appropriate to the type of service contract:

The company offers separately priced service plans for certain products and extended warranties. Revenue from these contracts are deferred to contract liabilities and recognised over the contract period in proportion to the costs incurred and the costs expected to be incurred based on historical information.

The costs incurred comprising time and materials are recognised at the contractual rates as labour hours are delivered and direct expenses are incurred.

Expected future costs are calculated as the remaining proportion of the cost to be incurred of the total cost of providing the servicing for the product sold, taking into account historical trends in the number of services actually provided on past goods sold.

Contracts whose costs to fulfill exceed the revenue deferred are considered onerous and an onerous provision is created.

Bill-and-hold arrangement

In a bill-and-hold arrangement, DTSA bills a customer for a product but retains physical possession of the product until a later date.

Revenue is recognised upon transfer of control of the goods to the customer. In a bill-and-hold arrangement a customer may obtain control of a product even though that product remains in DTSA's possession. In that case, the customer has the ability to direct the use of, and obtain substantially all of the remaining benefits from the product, even though the customer has decided not to exercise its right to take physical possession of that product.

Consequently, DTSA does not control the product. Instead, DTSA provides custodial services to the customer over the customer's asset.

	2024 R '000	2023 R '000

5. Cost of goods sold

Cost of sales	10 422 005	11 418 540

Cost of goods sold includes the following:
- carrying amount of inventories sold;
- costs incurred in relation to the rendering of services included in revenue;
- depreciation on plant, equipment and manufacturing facilities and operating leased assets;
- overheads incurred as part of the production activities;
- raw materials utilised in production;
- inventories utilised in the manufacture and sale of vehicles, parts and components; and
- write down of inventories to net realisable value and any loss of inventory or reversals of previous write-downs or losses in the period the write-down, loss or reversal occurs.

6. Other income

Income from cost recoveries	92 356	91 325
Administration fees	9 091	16 517
Foreign exchange gains - realised	14 630	16 261
Foreign exchange gains - unrealised	216	1 334
	116 293	**125 437**

Other income is recognised when the right to receive reimbursement has been established.

Other income is measured at the fair value of the consideration received or receivable.

Notes to the Separate Financial Statements

	2024 R '000	2023 R '000

7. Operating profit

Operating profit for the year includes:

Staff costs

	2024 R '000	2023 R '000
Staff costs have been allocated to their functional areas as follows:		
Cost of goods sold	306 389	288 234
Operating expenses	210 411	199 552
Selling expenses	569	763
Total staff costs	**517 369**	**488 549**

Employee benefits

Short–term employee benefits

Short-term employee benefits includes salaries, wages and costs of temporary employees, paid vacation leave, sick leave, bonuses and non-monetary benefits such as medical care. It is recognised as an expense and included in staff costs as services are rendered.

A liability is recognised for the amount expected to be paid as a result of past service provided. Refer to note 21 for staff related provisions.

Long–term service benefits

The company's net obligation in respect of long–term service benefits, other than pension plans, is the amount of future benefits that employees have earned in return for their services in the current and prior periods.

The obligation is calculated using the projected unit credit method, is discounted to its present value and the fair value of any related assets is deducted. The discount rate used is based upon the rate for high quality corporate bonds at the valuation date. Re-measurements are recognised in profit or loss in the period when they arise. Refer to note 21 for staff related provisions.

	2024 R '000	2023 R '000
Depreciation recognised through		
Cost of goods sold	72 582	87 360
Operating expenses	23 133	22 411
Total depreciation	**95 715**	**109 771**

	2024 R '000	2023 R '000
Expenses/(income)		
Royalty expenses	186 961	149 337
Write-down of inventory	157 613	3 839
Defined contribution plan (included in staff costs)	26 102	25 839
Foreign exchange movements - realised	5 627	6 968
Audit fees	3 832	2 892
Foreign exchange movements - unrealised	5 381	(699)

8. Finance income

	2024 R '000	2023 R '000
Interest earned on		
Group companies	1 424 367	1 211 263
Tax authorities	5 723	-
Bank and other cash	3 609	1 582
Total interest income	**1 433 699**	**1 212 845**

Finance income consists of interest earned on loans granted to subsidiaries, bank deposits and tax authorities.

Interest received is accrued on a time basis, by reference to the principal amount outstanding using the effective interest method.

The effective interest method is applied, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

8. Finance income (continued)

Income from investing and financing activities

Income from investing and financing activities consists of the following:
- interest earned on loans to subsidiaries;
- interest earned on loans to subsidiaries consists of interest income from loans and other funding arrangements provided to subsidiary entities and is recognised on a time proportion basis with reference to the principal amount outstanding using the effective interest rate applicable; and
- interest earned on loans to subsidiaries is measured using the effective interest method, at the interest rate that exactly discounts the estimated future cash payments through the expected life of the underlying financial instrument.

	2024 R '000	2023 R '000
9. Finance costs		
Interest-bearing borrowings		
Bonds	1 151 651	867 285
Banks	419 045	376 825
Group loans	14 319	14 553
Retirement benefit obligations	10 569	8 811
Non-group lease liabilities	6 125	7 604
Tax authorities	92	-
Total finance costs	**1 601 801**	**1 275 078**

Finance costs comprise the interest expense incurred on bonds issued, borrowings from group companies and financial institutions, defined benefit liabilities and non-group lease liabilities.

Interest expense is accrued on a time basis, by reference to the principal amount outstanding using the effective interest method.

The effective interest method is applied, which is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to that liability's net carrying amount.

10. Taxation

Major components of the tax expense

	2024 R '000	2023 R '000
Current		
Charge for the current year	152 193	188 813
Local income tax - prior period (over)/under provision*	(68 566)	2 415
	83 627	**191 228**
Deferred		
Originating and reversing temporary differences	(123 471)	(122 392)
Under provision from the previous year*	69 396	6 310
	(54 075)	**(116 082)**
	29 552	**75 146**

* Subsequent to publication of the annual financial statements for the financial year ended 31 December 2023, DTSA elected to utilise the S24C tax allowance. This gave rise to the (over)/under provision from the previous year disclosed.

A taxation receivable of R 141.3 million (2023: R 156.7 million) is recognised at the end of the reporting period based on the company's assessment of taxable income, the taxation payable and the provisional tax payments made towards the tax authorities during the financial year.

	2024 R '000	2023 R '000

10. Taxation (continued)

Reconciliation of the tax rate

	2024	2023
Applicable tax rate	27.00 %	27.00 %
Adjusted for:		
Non-deductible expenses	0.59 %	0.29 %
Learnership agreements	(1.32)%	- %
Prior year adjustment - current taxation	(62.71)%	0.99 %
Prior year adjustment - deferred taxation	63.47 %	2.60 %
Effective taxation rate	**27.03 %**	**30.88 %**

Non-deductible expenses comprises penalties, donations and non-deductible interest.

Taxes

The taxation expense consists of current taxation and deferred taxation.

Current taxation

The current taxation charge is calculated as the expected tax payable on the taxable income for the reporting period using the tax rates and tax laws that are enacted or substantively enacted at the reporting date.

Taxation is recorded in profit or loss, unless the underlying transaction was accounted for in other comprehensive income or equity in which case it is recorded in other comprehensive income or equity.

Deferred taxation

Deferred taxation is provided for temporary differences at the reporting date between the carrying amounts of assets or liabilities and their respective tax bases. The measurement of deferred taxation reflects the tax consequences that would follow from the expected recovery or settlement of the carrying amount of the company's assets and liabilities.

Deferred taxation is calculated at the tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

The company recognises deferred tax assets only when it is probable that, in the foreseeable future, taxable income will be available against which the deferred tax asset can be utilised. The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient future taxable income will be available to allow part or all of the deferred tax asset to be utilised.

The company offsets deferred tax assets and deferred tax liabilities if it has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred taxation relates to income taxes levied by the same taxation authority on the same taxable entity.

Deferred taxation is recorded in profit or loss, unless the underlying transaction was accounted for in other comprehensive income or equity in which case it is recorded in other comprehensive income or equity.

11. Cash and cash equivalents

	2024 R '000	2023 R '000
Cash and cash equivalents consist of:		
Cash on hand	200	200
Bank balances	24 821	13 130
Held with Daimler Truck AG*	92 159	255 611
	117 180	**268 941**

* Funds held with Daimler Truck AG can be remitted to South Africa upon request. The settlement terms are T+2 (transaction date plus two business days).

11. Cash and cash equivalents (continued)

Cash and cash equivalents comprise bank notes, money at call and short notice and balances with commercial banks. All balances included in cash and cash equivalents have a maturity date of less than three months from the date of acquisition. Money on short notice constitutes amounts withdrawable in 24 hours or less. These instruments are considered financial assets carried at amortised cost.

	2024 R '000	2023 R '000
12. Trade and other receivables		
Financial instruments		
Trade receivables, net of allowance for impairment	425 596	550 940
Other receivables	9 089	19 920
Trade receivables at amortised cost	**434 685**	**570 860**
Non-financial instruments		
VAT	-	41 038
Other non-financial assets	19 616	16 825
Total trade and other receivables from third parties	**454 301**	**628 723**

Categorisation of trade and other receivables from third parties

At amortised cost	434 685	570 860
Non-financial instruments	19 616	57 863
	454 301	**628 723**

Loss allowance

Trade receivables inherently expose the company to credit risk, being the risk that the company will incur financial loss if customers fail to make payments as they fall due.

To mitigate the risk of financial loss from defaults, the company only deals with reputable customers with consistent payment histories. Sufficient guarantees are also obtained when appropriate. Each customer is analysed individually for creditworthiness before terms and conditions are offered. Statistical credit scoring models are used to analyse customers. These models make use of information submitted by the customers as well as external bureau data (where available). Customer credit limits are in place and are reviewed and approved by credit management committees. The exposure to credit risk and the creditworthiness of customers, is continuously monitored.

There have been no significant changes in the credit risk management policies and processes since the prior reporting period.

The company uses a similar approach for the assessment of ECLs for other receivables as for that used fro trade receivables.

Movement in allowance for impairment of doubtful receivables

The table shows the movement in the loss allowance for trade receivables from third parties:

Opening balance	63 269	53 829
Utilisation	(769)	(2 891)
Additional allowance raised	15 014	12 331
Closing balance	**77 514**	**63 269**

Trade receivables to the extent of R 0.8 million (2023: R 2.9 million) have been written off and are not subject to enforcement activity.

12. Trade and other receivables (continued)

Financial assets at amortised cost

Financial instruments recognised in the separate statement of financial position include trade and other receivables and cash and cash equivalents. These financial assets are recognised only when the company becomes party to the contractual provisions of the instrument.

Initial recognition and measurement

DTSA determines the classification of its financial assets at initial recognition. The classification is based on the company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

DTSA's business model objective is to hold trade and other receivables to collect their contractual cash flows.

Transfers and derecognition

Financial instruments are derecognised when the contractual rights or obligations expire or are extinguished, are discharged or cancelled for example an outright sale or settlement. For financial assets this includes assets transferred that meet the derecognition criteria.

Fair value of trade and other receivables

The fair value of trade and other receivables approximates their carrying amounts. This is due to the short-term nature of the instruments.

Trade receivables are initially measured at fair value including transaction cost, except for those classified at fair value through profit or loss, in which case the transaction costs are expensed upfront in profit or loss, usually as part of other operating expenses. Any upfront income earned on financial instruments is recognised as deferred income, depending on the underlying nature of the income and subsequently carried at amortised cost *less* any adjustments for expected credit losses.

Impairment

The carrying amount of trade receivables is reviewed at each reporting date.

ECLs on trade receivables are measured by applying either the general model or the simplified model. DTSA has adopted the simplified approach in which the loss allowance is measured at an amount equal to lifetime ECL.

The objective of the impairment is to recognise lifetime ECL for all trade receivables for which there have been significant increases in credit risk since initial recognition considering all reasonable and supportable information, including that which is forward-looking. This information includes macro-economic factors (i.e. gross domestic product growth, unemployment rate, cost performance index, etc.) and forecasts of future economic conditions.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the financial asset is impaired. In addition to the loss allowance, trade receivables are written-off when there is no reasonable expectation of recovery.

Derecognition

Trade and other receivables are derecognised when the contractual rights to the cash flows from the financial asset expire.

Offset

Financial assets and liabilities are offset and the net amount presented in the separate statement of financial position provided that a legally enforceable right currently exists to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest

For the purpose of this assessment, the "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative cost), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal, interest, the company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet the condition. In making this assessment, the company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayments and extension features; and
- terms that limit the company's claim to cash flows from specified assets.

Notes to the Separate Financial Statements

12. Trade and other receivables (continued)

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets - Business model management

The company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. This information includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate portfolio, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the company's management;
- the risk that affects the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reason for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for the derecognition are not considered for this purpose, consistent with the company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at fair value through profit or loss.

Transfers and derecognition

Financial instruments are derecognised when the contractual rights or obligations expire or are extinguished, are discharged or cancelled for example an outright sale or settlement. For financial assets this includes assets transferred that meet the derecognition criteria.

Fair value of trade and other receivables

The fair value of trade and other receivables approximates their carrying amounts. This is due to the short-term nature of the instruments.

13. Inventories

	2024 R '000	2023 R '000
Raw materials, components	41 958	48 457
Work in progress	870 784	398 437
Finished goods	4 072 563	3 046 293
	4 985 305	**3 493 187**
Inventories (write-downs)	(314 208)	(156 595)
	4 671 097	**3 336 592**
Inventories expensed during the year	8 964 053	10 806 297
Inventories written-down during the year	157 613	3 839

Inventories are measured at the lower of cost or net realisable value on a first in first out basis. Capitalised manufacturing costs include an allocated portion of production overheads which are directly attributable to the cost of manufacturing such inventory. The allocation is determined based on the normal production capacity.

Obsolete, redundant and slow moving inventories are identified on a regular basis and are written down to their net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

The commercial vehicle industry experienced a significant market decline in 2024, driven by weakened demand and economic uncertainties. This downturn led to a surplus of used vehicle inventory, necessitating a write-down of R 155.6 million (2023: R nil) to reflect the reduced market value of these assets.

Notes to the Separate Financial Statements

	2024 R '000	2023 R '000

14. Amounts receivable from group companies

14.1 Loan to group company

	2024 R '000	2023 R '000
Daimler Truck Financial Services South Africa Proprietary Limited	17 641 915	15 318 221
Sandown Motor Holdings Proprietary Limited	112 000	220 000
	17 753 915	**15 538 221**

Daimler Truck Financial Services South Africa Proprietary Limited
The loan is a pass-through from DTSA to DTFS, comprising the following:

- Bonds issued under the DMTN Programme of R 13.2 billion (2023: R 11.9 billion). In 2024 the interest rates on these bonds were between 8.692% and 9.172% (2023: 9.117% and 9.622%).

  The fair value on these bonds is R 13.4 billion for the year. A discounted cashflow methodology was used for the valuation of the loan portfolio. Future cash flows are calculated using the projected forward 3m JIBAR rates obtained from the JSE-quoted swap zero curve plus the relevant issue spread, which in the case of these loans being valued, is the bond issue spread plus the guarantee spread. The projected cash flows are then discounted by using an applicable risk-adjusted discount curve.
- The company made available an overnight call loan facility of R 4.42 billion (2023: R 3.44 billion) to DTFS to fund their daily operational requirements. The facility bears interest at the weighted average of overnight loan rates achieved by DTSA. The overnight call loan facility is payable on demand.

Sandown Motor Holdings Proprietary Limited
The company made available an overnight call loan facility of R 0.11 billion (2023: R 0.22 billion) to SMH to fund their daily operational requirements. The facility bears interest at the weighted average of overnight loan rates achieved by DTSA. The overnight call loan facility is payable on demand.

No allowance for non-collectable amounts has been raised as the amounts carry minimal credit risk.

Fair value hierarchy

The company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Other techniques using Inputs having a significant effect on the recorded fair value that are observable; directly or indirectly.

Level 3: Techniques using inputs having a significant effect on the recorded fair value that are not based on observable market data.

14.2 Trade receivables from group companies

	2024 R '000	2023 R '000
Daimler Truck Financial Services South Africa Proprietary Limited	197 008	131 021
Mitsubishi Fuso Truck and Bus Corporation	5 477	33 515
Daimler Truck AG	50 522	29 166
Sandown Motor Holdings Proprietary Limited	28 925	11 170
Daimler Trucks North America	147	4 551
Daimler Truck Financial Services Germany	1 145	325
Daimler India Commercial Vehicles Private Limited	393	-
Daimler Trucks Korea	1 108	-
EvoBus GmbH	49	-
Warranty recoveries	11 339	10 789
Total trade receivables from group companies	**296 113**	**220 537**
Total amounts receivable from group companies	**18 050 028**	**15 758 758**

Trade receivables from group companies are repayable 30 days from statement. No interest is charged on overdue accounts.

Financial assets at amortised cost are initially measured at fair value including transaction costs, except for those classified as fair value through profit or loss, in which case the transaction costs are expensed upfront in profit or loss, usually as part of other operating expenses. Any upfront income earned on financial instruments is recognised as deferred income, depending on the underlying nature of the income.

Subsequently loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

14. Amounts receivable from group companies (continued)

The carrying value of amounts receivables from group companies approximates the fair value. This is due to market related interest rates applied for loans.

Management has assessed and concluded that the provision for ECL allowance is immaterial due to intercompany debt arrangements and the level of oversight by the holding company on intercompany transactions an balances..

15. Investments in subsidiaries

Name of company	2024 % holding	2023 % holding	2024 R '000	2023 R '000
Daimler Truck Financial Services South Africa Proprietary Limited	100.00 %	100.00 %	473 800	473 800
Sandown Motors Holdings Proprietary Limited	100.00 %	100.00 %	254 700	254 700
			728 500	**728 500**

Investments in subsidiaries are initially recognised at cost. The carrying amounts of the investments in subsidiaries are reviewed annually for impairment indicators and, where impairment indicators exist, are impaired to the higher of the investments' fair value less costs to sell or value in use. These impairments are recognised in other operating expenses.

No disposals, impairment or settlement of investments in subsidiaries occurred during the year.

16. Property, plant and equipment

	2024			2023		
	Cost R '000	Accumulated depreciation R '000	Carrying amount R '000	Cost R '000	Accumulated depreciation R '000	Carrying amount R '000
Land and buildings	213 548	(8 557)	204 991	177 630	(3 278)	174 352
Plant and machinery	36 546	(7 449)	29 097	37 956	(15 847)	22 109
Furniture and fixtures	64 429	(18 268)	46 161	52 054	(16 998)	35 056
Assets under construction	24 938	-	24 938	31 518	-	31 518
Property, plant and equipment	**339 461**	**(34 274)**	**305 187**	**299 158**	**(36 123)**	**263 035**
Assets leased under operating leases	**331 512**	**(22 136)**	**309 376**	**270 841**	**(34 552)**	**236 289**
Right-of-use assets	**214 730**	**(167 252)**	**47 478**	**200 620**	**(125 274)**	**75 346**

Reconciliation of property, plant and equipment, assets leased under operating leases and right-of-use assets - 2024

	Opening balance R '000	Additions R '000	Disposals or scrappings R '000	Transfers R '000	Depreciation R '000	Remeasure-ments R '000	Closing balance R '000
Land and buildings	174 352	12 913	-	23 005	(5 279)	-	204 991
Plant and machinery	22 109	10 547	-	-	(3 559)	-	29 097
Furniture and fixtures	35 056	15 928	-	2 435	(7 258)	-	46 161
Assets under construction	31 518	18 860	-	(25 440)	-	-	24 938
Property, plant and equipment	**263 035**	**58 248**	**-**	**-**	**(16 096)**	**-**	**305 187**
Assets leased under operating leases	**236 289**	**421 338**	**(309 665)**	**-**	**(38 586)**	**-**	**309 376**
Right-of-use assets (refer note 16.1)	**75 346**	**14 223**	**(171)**	**-**	**(41 807)**	**(113)**	**47 478**

16. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment, assets leased under operating leases and right-of-use assets - 2023

	Opening balance R '000	Additions R '000	Disposals or scrappings R '000	Transfers R '000	Depreciation R '000	Closing balance R '000
Land and buildings	118 964	7 429	-	50 986	(3 027)	174 352
Plant and machinery	12 298	4 113	-	8 496	(2 798)	22 109
Furniture and fixtures	22 525	13 794	(9)	3 828	(5 082)	35 056
Assets under construction	82 138	12 690	-	(63 310)	-	31 518
Property, plant and equipment	**235 925**	**38 026**	**(9)**	**-**	**(10 907)**	**263 035**
Assets leased under operating leases	**164 558**	**358 701**	**(233 074)**	**-**	**(53 896)**	**236 289**
Right-of-use assets (refer note 16.1)	**75 471**	**44 778**	**-**	**-**	**(44 903)**	**75 346**

Land and buildings comprise Erf 455, Kirkney Extension 11, Pretoria, Gauteng.

	2024 R '000	2023 R '000
Maturity profile of operating leases due		
1 year	84 259	226 245
2 years	18 389	10 045
3 years	71 927	-
4 years	3 488	-
5 years	131 314	-
	309 377	**236 290**

16.1 Right-of-use assets

2024	Opening balance R '000	Additions R '000	Remeasures and disposals R '000	Depreciation R '000	Closing balance R '000
Land and buildings	55 084	1 604	(284)	(26 130)	30 274
Vehicles	20 262	12 619	-	(15 677)	17 204
	75 346	**14 223**	**(284)**	**(41 807)**	**47 478**
2023					
Land and buildings	45 892	34 619	-	(25 427)	55 084
Vehicles	29 579	10 159	-	(19 476)	20 262
	75 471	**44 778**	**-**	**(44 903)**	**75 346**

Assets leased under operating leases

Assets held under operating leases are recognised, at inception, as a separate category of property and equipment and depreciated over their contract term to the lower of their residual value or net realisable value. Net realisable value is calculated based on the anticipated market value at the end of the contract and is revised on a monthly basis.

Rental and operating assets are operating lease contracts with customers where DTFS is the lessor and administers these assets on behalf of DTSA.

Operating leases concluded by DTFS where DTSA, as the manufacturer of the vehicles, guarantees the residual value of the underlying vehicle, are classified as manufacturing leases.

16. Property, plant and equipment (continued)

At year end, the company had no rental and operating assets, only manufacturing leases of R 309.4 million (2023: R 236.2 million). The company has a related residual value guarantee buyback liability of R 235.4 million (2023: R 274.8 million) due to DTFS, included in amounts payable to group companies (note 23).

Recoverable amount

The company regularly reviews the factors determining the values of its leased vehicles. In particular it is necessary to estimate the residual values of vehicles at the end of their leases, which constitute a substantial part of the expected future cash flows from leased assets. In this context, assumptions are made regarding major influencing factors, such as the expected number of model changes. Those assumptions are determined either by:

- qualified estimates, which are based, as far as publicly available, on external data with consideration of internally available additional information such as historical experience of price developments and recent sales prices; or
- publications provided by expert third parties.

The residual values thus determined serve as a basis for depreciation considerations. Changes in residual values lead either to prospective adjustments of the depreciation or, in the case of a significant decline in expected residual values, to an impairment. If depreciation is prospectively adjusted, change in estimates of residual values do not have a direct effect, but are equally distributed over the remaining periods of the lease contract.

Impairment of assets leased under operating leases

After initial recognition, the leased asset is tested for impairment according to IAS 36, whereas due and overdue lease rentals are reviewed for impairment according to IFRS 9.

From an economical point of view, the credit risk associated with a contract does not depend on the type of leasing or financing; therefore the company implemented one common model, the DTAG IBIS model, to calculate allowances for all its contracts applying the principles of IFRS 9. The IFRS 9 impairment model includes the requirements of IAS 36 with certain adjustments.

Factors that could lead to potential impairment includes, but are not limited to:

- default of rental payments;
- lower market value of the vehicle; or
- losses from remarketing in the event of a hostile termination etc.

Property, plant and equipment categories and measurement

<table>
<tr><th>Categories</th><th>Initial measurement</th><th>Subsequent measurement</th><th>Depreciation method</th><th>Impairment</th></tr>
<tr><td>Land</td><td rowspan="3">Property, plant and equipment is initially recognised at cost.</td><td>Cost less accumulated impairment losses.</td><td>Not depreciated.</td><td rowspan="3">Assets are tested for impairment, when there is an indication that it may be impaired, by determining the recoverable amount of the assets either individually or at the cash generating unit level. Impairments are included within other operating expenses in profit or loss.</td></tr>
<tr><td>Buildings

Plant and equipment

Other factory equipment and furniture

Assets leased under operating leases</td><td>Cost less accumulated depreciation and accumulated impairment losses.</td><td>Depreciation on straight-line method over the estimated useful life to the residual values.</td></tr>
<tr><td>Assets under construction</td><td>Cost less accumulated impairment losses.</td><td>Not depreciated.</td></tr>
</table>

16. Property, plant and equipment (continued)

The assets' depreciation method, residual value and useful life are reviewed annually at each reporting date and adjusted if appropriate.

IFRS 16 applies a single lessee accounting model, requiring lessees to recognise assets for the right-to-use as well as leasing liabilities for the outstanding lease payments.

According to IFRS 16, a lessee may elect, for leases with a lease term of 12 months or less (short-term leases) and for leases for which the underlying asset is of low value, not to recognise a right-of-use asset and a lease liability. DTSA applies both recognition exemptions. The lease payments associated with those leases are recognised as an expense on either a straight-line basis over the lease term or another systematic basis. For DTSA short-term leases and leases for low value assets are insignificant.

Right-of-use assets are measured at cost less any accumulated depreciation and if necessary any accumulated impairment losses. The cost of a right-of-use asset comprises the present value of the outstanding lease payments, any lease payments made at or before the commencement date less any lease incentives received and an estimate of costs to be incurred in dismantling or removing the underlying asset. In this context, DTSA also applies the practical expedient that the payments for non-lease components are generally recognised as lease payments. If the lease transfers ownership of the underlying asset to the lessee at the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the right-of-use asset is depreciated to the end of the useful life of the underlying asset. Otherwise, the right-of-use asset is depreciated to the end of the lease term.

Right-of-use assets are depreciated on the straight-line basis over the estimated useful life of the assets to their residual values. Depreciation on the right-of-use assets is recognised within functional costs. If the contract contains options to extend or terminate the lease, management gives current knowledge due consideration when determining the lease term.

Below is a summary of the assumptions and estimates used in calculating impairment.

Future cash flows

The present value of all contracts, as a series of discounted cash flows, is considered based on statistical and historical information, probability of default, loss given default as well as future expectations. The total exposure of the operating lease contracts consists of the future instalments, including the expected residual value and the lease rentals presented as trade receivables.

Discount rate

The contractual interest rate for discounting the future cash flows is applied, in line with IAS 36, for the usage of a current market risk free rate adjusted by risks specific to the asset.

The interest rate of the lease contract reflects accurately the risk adjusted interest specific to the contract, which is also in accordance with the overall approach on a company level.

Trigger event

The impairment calculation of the portfolio is performed for all contracts within all three stages until the vehicle is repossessed. Triggering events could result from overdue customers payments, losses from remarketing in the case of hostile terminations etc.

17. Intangible assets

	2024			2023		
	Cost R '000	Accumulated amortisation R '000	Carrying amount R '000	Cost R '000	Accumulated amortisation R '000	Carrying amount R '000
Software	397	(224)	173	326	(136)	190

Reconciliation of intangible assets - 2024

	Opening balance R '000	Additions R '000	Amortisation R '000	Closing balance R '000
Software	190	71	(88)	173

Notes to the Separate Financial Statements

17. Intangible assets (continued)

Reconciliation of intangible assets - 2023

	Opening balance R '000	Amortisation R '000	Closing balance R '000
Software	255	(65)	190

Intangible assets are measured at cost less any accumulated amortisation and any impairment losses.

The amortisation of intangible assets is included in "operating expenses" in the separate statement of profit or loss and other comprehensive income.

Computer software

Purchased software and the direct costs associated with the customisation and installation thereof are capitalised. These costs are amortised on a straight-line basis over their estimated useful lives of 10 years from the date they are available for use. Amortisation is based on the cost of the asset less its residual value. The amortisation methods, residual values and estimated remaining useful lives are reviewed at least annually.

	2024 R '000	2023 R '000
18. Deferred tax		
Reconciliation of movement in net deferred tax asset		
At beginning of year	669 341	556 444
Current period charge through profit or loss	123 471	122 392
Current period charge through OCI		
Retirement benefit asset and liabilities - current year	(968)	(495)
Retirement benefit asset and liabilities - prior year under provision	-	(2 690)
Prior period charge through profit or loss	(69 396)	(6 310)
Closing balance	**722 448**	**669 341**
Deferred tax asset		
Deferred revenue	550 211	526 733
Stock provisions	84 836	42 280
Accruals	31 468	38 966
Provisions	25 771	27 688
Retirement benefit assets	22 924	26 266
Finance leases	13 039	7 549
Allowance for impairment on trade receivables	12 557	10 250
Lease liability	12 907	22 670
	753 713	**702 402**
Deferred tax liability		
Capital allowances	(14 362)	(7 874)
Right-of-use assets	(12 819)	(20 344)
SARS interest income	(1 545)	-
Post retirement benefits - prepaid pension	(160)	(3 432)
Post retirement benefits - OCI	(2 379)	(1 411)
	(31 265)	**(33 061)**
Total net deferred tax asset	**722 448**	**669 341**

Notes to the Separate Financial Statements

	2024 R '000	2023 R '000
19. Trade and other payables		
Financial instruments		
Trade payables	276 684	227 128
Accruals	234 133	228 378
	510 817	**455 506**
Non-financial instruments		
Other payables	711	711
VAT	85 536	-
Employee related liabilities	47	3 463
	597 111	**459 680**

Liabilities at amortised cost

Financial instruments recognised in the separate statement of financial position include trade and other payables and interest-bearing borrowings (refer to note 24).

These financial liabilities are recognised only when the company becomes party to the contractual provisions of the instrument.

Initial recognition and measurement

DTSA determines the classification of its financial liabilities at initial recognition.

At initial recognition, the company measures these financial liabilities at its fair value less, in the case of a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the issue of the financial liability.

Financial liabilities measured at amortised cost

Non-derivative financial liabilities including trade and other payables and interest-bearing borrowings are subsequently measured at amortised cost.

Gains and losses are recognised in profit or loss when the financial liabilities are derecognised.

Derecognition

A financial liability is derecognised from the separate statement of financial position only when the obligation specified in the contract is discharged or cancelled or expires.

Offset

Financial assets and liabilities are offset and the net amount presented in the separate statement of financial position, provided that a legally enforceable right currently exists to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

	2024 R '000	2023 R '000
20. Lease liabilities		
Maturity analysis - contractual undiscounted cash flows		
Less than one year	29 418	52 899
One to five years	22 292	39 615
Total undiscounted lease liabilities at year-end	**51 710**	**92 514**
Lease liabilities included in the separate statement of financial position		
Non-current	18 690	38 880
Current	29 113	45 082
	47 803	**83 962**

Notes to the Separate Financial Statements

20. Lease liabilities (continued)

At the end of the reporting period lease liabilities of:
- R 18.3 million (2023: R 40.4 million) is due to MBSA for the leasing of plant premises;
- R 16.3 million (2023: R 19.9 million) is due to Zenith Car Rental Proprietary Limited, trading as AVIS, for long term company car rentals.
- R 11.6 million (2023 R 22.1 million) is due for the parts warehouse logistics center.
- In 2023 R 7.8 million was due to Bondev Properties for long term leasing of the call centre services.

	2024 R '000	2023 R '000
Other disclosure		
Profit or loss: Interest on lease liability	6 125	7 604
Lease liability re-measurement	9 415	-
Total cash outflow related to leases (including interest)	47 091	43 214

Leases

The respective right-of-use asset is generally recognised at an amount equal to the lease liability.

The interest due on the lease liability is a component of interest expense.

DTSA, as lessee, applied the practical expedients relating to short-term and low value leases at the date of initial application.

21. Provisions

Reconciliation of provisions - 2024

	Opening balance R '000	Additional provisions R '000	Amounts utilised R '000	Amounts reversed R '000	Closing balance R '000
Staff related	76 888	72 958	(62 552)	(695)	86 599
Onerous service and maintenance contracts	18 954	6 065	-	-	25 019
Warranty claims	4 700	9 874	(8 471)	-	6 103
Residual value	2 005	996	-	(1 522)	1 479
	102 547	**89 893**	**(71 023)**	**(2 217)**	**119 200**

Reconciliation of provisions - 2023

	Opening balance R '000	Additional provisions R '000	Amounts utilised R '000	Amounts reversed R '000	Closing balance R '000
Staff related	83 426	58 643	(61 572)	(3 609)	76 888
Onerous service and maintenance contracts	12 928	6 026	-	-	18 954
Warranty claims	6 315	8 062	(9 677)	-	4 700
Residual value	2 567	3 972	-	(4 534)	2 005
	105 236	**76 703**	**(71 249)**	**(8 143)**	**102 547**

Onerous service and maintenance contracts

Where the company has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. A service and maintenance contract is classified as onerous where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

Staff related

The company raises provision for employee performance and anniversary bonuses, phantom share related compensation, as well as leave and severance pay.

Residual value

Management assumes that vehicle products classified as operating leases will be return to DTSA at the end of the lease term. Similarly, there may be returns of vehicles products classified as finance leases.

21. Provisions (continued)

Provision is raised for those operating and finance leases (assessed as probable to be returned) for any difference where the calculated net realisable value of those vehicles is less than the residual value guarantee given.

Assurance warranty claims

Daimler vehicle products are sold with the standard OEM warranty in place. The customer has access to the full benefit of the OEM warranty coverage from purchase date. The coverage ranges from 12-36 months depending on the vehicle product.

For DTSA there is a potential cost for old or slow-moving stock that has not yet or only recently been retailed. This arises as the OEM warranty automatically comes into effect after a specified period after production of the vehicle. This specified period ranges from 12-18 months depending on the vehicle product. For every month where a vehicle is not retailed after this specified period DTSA will cover that lost OEM warranty at its own cost. This ensures that the customer is never negatively impacted when purchasing the vehicle.

A provision is raised for this exposure that cannot be recovered by DTSA from the OEM and is measured on the basis of past warranty expense experience associated with the products, and is applied in the assessment of the future expected costs of vehicles under warranty.

22. Contract liabilities

	2024 R '000	2023 R '000
Maintenance, service and extended warranty contracts	1 059 595	917 577
Rebates and discounts	909 989	642 515
FleetBoard	294 663	268 071
Prepayments received for clients' vehicles not yet delivered	-	15 433
Residual value enhancements	-	4 543
	2 264 247	**1 848 139**

Reconciliation of contract liabilities

2024	Maintenance, service and extended warranty contracts R '000	FleetBoard R '000	Rebates and discounts R '000	Residual value enhancements R '000	Prepayments R '000	Total R '000
Opening balance	917 577	268 071	642 515	4 543	15 433	1 848 139
Additions	870 214	122 707	909 989	1 653	-	1 904 563
Utilisation	(728 196)	(96 115)	(642 515)	(6 196)	(15 433)	(1 488 455)
	1 059 595	**294 663**	**909 989**	**-**	**-**	**2 264 247**

2023	Maintenance, service and extended warranty contracts R '000	FleetBoard R '000	Rebates and discounts R '000	Residual value enhancements R '000	Prepayments R '000	Total R '000
Opening balance	740 877	198 483	529 621	13 116	-	1 482 097
Additions	738 201	124 740	642 515	-	15 433	1 520 889
Utilisation	(561 501)	(55 152)	(529 621)	(8 573)	-	(1 154 847)
	917 577	**268 071**	**642 515**	**4 543**	**15 433**	**1 848 139**

Split between current and non-current

2024	Maintenance, service and extended warranty contracts R '000	FleetBoard R '000	Rebates and discounts R '000	Residual value enhancements R '000	Prepayments R '000	Total R '000
Non-current	695 769	210 222	-	-	-	905 991
Current	363 826	84 441	909 989	-	-	1 358 256
	1 059 595	**294 663**	**909 989**	**-**	**-**	**2 264 247**

22. Contract liabilities (continued)

2023	Maintenance, service and extended warranty contracts R '000	FleetBoard R '000	Rebates and discounts R '000	Residual value enhancements R '000	Prepayments R '000	Total R '000
Non-current	616 948	199 946	-	3 774	-	820 668
Current	300 629	68 125	642 515	769	15 433	1 027 471
	917 577	**268 071**	**642 515**	**4 543**	**15 433**	**4 112 386**

The company discloses contract liabilities in terms of IFRS 15. Contract liabilities are not financial instruments as they are settled by the delivery or receipt of goods and services.

The revenue from maintenance and service contracts is initially recognised as a contract liability and subsequently released into revenue upon the performance of a maintenance and service obligation; similarly, the revenue from extended warranties is initially recognised as a contract liability and subsequently released into revenue upon the performance of the warranty obligation.

Each maintenance and service contract is a separate contract with the customer and not a component of the sales price of the vehicle. The obligations are fulfilled within the lesser of the contract term – which may range between one to seven years – or the agreed mileage as determined per the contract agreement.

Extended warranty is a distinct performance obligation. Depending on the vehicle, it is sold either as a separate product offering or together with the vehicle. The obligation is fulfilled within the lesser of 650 000 kilometers or five years in the great majority of contracts.

FleetBoard is a distinct performance obligation. It is sold as a standard feature with the vehicle and initially recognised as a contract liability. It is subsequently released into revenue over a period of 5 years.

Dealer incentive rebate is a distinct performance obligation. It is recognised based on the sales performance of the dealer monthly, and subsequently released when the quarterly performance incentives are paid out to the dealer.

Discounts are distinct performance obligations. They are recognised monthly based on the number of vehicles sold to dealers and are released when the dealer concludes a sale with a customer and the related claim is submitted and paid.

Residual value enhancement is recognised at inception of the contract and will be released at the end of the contract, which is within 4 years of inception.

	2024 R '000	2023 R '000
23. Amounts payable to group companies		
Trade payables to related parties		
Daimler Truck AG	351 461	736 186
Daimler Truck Financial Services South Africa Proprietary Limited*	342 387	263 312
Mercedes-Benz do Brasil Ltda.	52 091	27 860
Sandown Motor Holdings Proprietary Limited	12 818	20 925
Daimler Trucks North America	1 046	6 070
Daimler India Commercial Vehicles	1 425	261
Mitsubishi Fuso Truck and Bus Corporation	22 331	-
Daimler Truck and Bus Australia	1 166	-
	784 725	**1 054 614**

* Includes a residual value guarantee of R 235.4 million in favour of DTFS (2023: R 274.8 million) for the buyback of vehicles on operating lease.

Payables to group companies are repayable 30 days from statement. No interest is charged on overdue accounts.

	2024 R '000	2023 R '000

24. Interest-bearing borrowings

	2024 R '000	2023 R '000
Held at amortised cost		
Bonds issued under DMTN Programme	13 219 213	11 876 983
Bank overnight and short-term facilities	5 616 000	3 824 000
	18 835 213	**15 700 983**
Details of movement		
Opening balance	15 700 983	12 625 430
Bank loans repaid	-	(2 000 000)
Bonds issued	4 500 000	5 500 000
Bonds matured and repaid	(3 158 000)	(1 118 000)
Transaction costs capitalised	(2 615)	(3 958)
Transaction costs released to effective interest expense	2 845	2 511
Net bank overnight facilities obtained	1 792 000	695 000
	18 835 213	**15 700 983**

Interest-bearing borrowings are classified as financial liabilities carried at amortised cost

The company classifies a financial instrument that it issues as a financial liability or an equity instrument in accordance with the substance of the contractual agreement. Instruments which have been written down and conversion features are classified based on the nature of the instrument and the definitions of debt and equity; compound instruments are those financial instruments that have components of both financial liabilities and equity such as preference shares. At initial recognition the instrument and the related transaction costs are split into their separate components in terms of the definitions and criteria of IAS 32 and are subsequently accounted for as a financial liability or equity.

Funding liabilities are generally measured at amortised cost but may be measured at fair value through profit or loss if they are managed on a fair value basis or the fair value designation reduces or eliminates an accounting mismatch.

For the presentation of the fair value of the borrowings, refer to note 32.

Bonds

DTSA established its DMTN Programme in 2022. Under this program the company has issued JSE listed bonds.

Bonds are issued periodically as funding requirements arise. The bonds under this programme, have been unconditionally and irrevocably guaranteed by DTHAG and DTAG.

A total of R 4.5 billion (2023: R 5.5 billion) was issued during the financial year, the proceeds of which, along with available cash, was used to repay the bank loans, the bonds that matured, and for funding the DTFS business. DTSA has committed to providing, and will continue to provide, financial assistance to DTFS to ensure their financial obligations are met.

The DMTN Programme has an approved limit of R 20 billion (2023: R 15 billion) of which R 6.8 billion (2023: R 3.1 billion) was unutilised at year end.

The current bond terms range between 1 to 3.5 years. The issuances are all floating rate notes and are issued at market related rates of interest, referenced off the 3-month JIBAR. The rate of interest on each bond is the percentage rate per annum, which is the aggregate of the applicable margin and JIBAR.

The bonds issued under this programme have been unconditionally and irrevocably guaranteed by DTHAG and DTAG.

Bonds are measured initially at fair value less transaction costs directly attributable to the issuance.

Subsequently, bonds are held at amortised cost using the effective interest method.

Notes to the Separate Financial Statements

24. Interest-bearing borrowings (continued)

The following table lists the bonds issued:

2024	Listed	Issue amount R '000	Issue date	Settlement date	Reference rate 3M JIBAR	Applicable margin	All-in rate
DTF002	Yes	1 090 000	28/06/2022	28/06/2025	7.767%	109 bps	8.857%
DTF004	Yes	792 000	14/09/2022	14/09/2025	7.792%	109 bps	8.882%
DTF006	Yes	1 142 000	15/06/2023	15/06/2026	7.792%	103 bps	8.822%
DTF008	Yes	700 000	14/09/2023	14/09/2026	7.792%	97 bps	8.762%
DTP01U	No	1 000 000	12/08/2022	12/08/2025	7.958%	108 bps	9.038%
DTP02U	No	1 000 000	18/11/2022	18/11/2025	7.933%	108 bps	9.013%
DTP03U	No	500 000	21/11/2022	21/05/2026	7.875%	108 bps	8.955%
DTP05U	No	1 000 000	22/11/2022	22/05/2026	7.792%	113 bps	8.922%
DTP07U	No	500 000	03/08/2023	03/08/2026	8.017%	103 bps	9.047%
DTP08U	No	1 000 000	08/11/2023	09/11/2026	7.983%	90 bps	8.883%
DTP09U	No	500 000	08/03/2024	10/03/2025	7.792%	80 bps	8.592%
DTP10U	No	500 000	08/03/2024	08/03/2027	7.792%	100 bps	8.792%
DTP11	Yes	1 000 000	20/05/2024	20/05/2027	7.883%	87 bps	8.753%
DTF009	Yes	295 000	04/10/2024	06/10/2025	8.050%	59.5 bps	8.645%
DTF010	Yes	1 205 000	04/10/2024	04/10/2027	8.050%	85 bps	8.900%
DTP012	Yes	1 000 000	26/11/2024	26/11/2027	7.792%	83 bps	8.622%
Total bonds issued		**13 224 000**					
Prior period transaction costs capitalised		(5 017)					
Transaction costs capitalised		(2 615)					
Transaction costs released to interest expense		2 845					
Carrying amount		**13 219 213**					

2023	Listed	Issue amount R '000	Issue date	Settlement date	Reference rate 3M JIBAR	Applicable margin	All-in rate
DTF002	Yes	1 090 000	28/06/2022	28/06/2025	8.400%	109 bps	9.490%
DTF004	Yes	792 000	14/09/2022	14/09/2025	8.392%	109 bps	9.482%
DTF005	Yes	358 000	15/06/2023	15/06/2024	8.392%	80 bps	9.192%
DTF006	Yes	1 142 000	15/06/2023	15/06/2026	8.392%	93 bps	9.422%
DFT007	Yes	300 000	14/09/2023	14/09/2024	8.392%	60 bps	8.922%
DFT008	Yes	700 000	14/09/2023	14/09/2026	8.392%	97 bps	9.362%
DTP008	Yes	500 000	04/08/2023	04/08/2024	8.358%	76 bps	9.118%
DTP01U	No	1 000 000	12/08/2022	12/08/2025	6.583%	108 bps	7.663%
DTP02U	No	1 000 000	18/11/2022	18/11/2025	6.617%	108 bps	7.697%
DTP03U	No	500 000	21/11/2022	21/05/2026	6.625%	108 bps	7.705%
DTP04U	No	1 000 000	22/11/2022	22/11/2024	6.650%	105 bps	7.700%
DTP05U	No	1 000 000	22/11/2022	22/05/2026	6.650%	113 bps	7.780%
DTP06U	No	1 000 000	28/02/2023	28/02/2024	8.367%	95 bps	9.317%
DTP07U	No	500 000	03/08/2023	03/08/2026	8.358%	103 bps	9.388%
DTP08U	No	1 000 000	08/11/2023	08/11/2026	8.358%	90 bps	9.258%
Total bonds issued		**11 882 000**					
Prior period transaction costs capitalised		(3 570)					
Transaction costs capitalised		(3 958)					
Transaction costs released to interest expense		2 511					
Carrying amount		**11 876 983**					

Bank overnight and short-term facilities

DTSA utilises overnight and other short-term facilities to fund the company's working capital requirements. These facilities are obtained from various banks, with interest rates varying between 8.43% and 8.55% (2023: 9.05% and 9.10%). The payment obligations of DTSA are covered by an irrevocable guarantee issued by DTHAG and DTAG.

24. Interest-bearing borrowings (continued)

2024	Type of facility	Amount owing R '000	Total facility R '000	Maturity	Reference rate
Bank 1	Fixed 21 days	2 000 000	2 000 000	03/01/2025	8.430%
Bank 2	Overnight	722 000	1 000 000	n/a	8.500%
Bank 3	Fixed 1 month	600 000	600 000	21/01/2025	8.500%
Bank 3	Overnight	-	500 000	n/a	9.000%
Bank 4	Fixed 1 month	1 500 000	1 500 000	23/01/2025	8.550%
Bank 5	Overnight	794 000	1 000 000	n/a	8.500%
Bank 5	Overnight	-	1 000 000	n/a	8.650%
Total overnight facilities		**5 616 000**	**7 600 000**		

2023	Type of facility	Amount owing R '000	Total facility R '000	Maturity	Reference rate
Bank 1	Overnight	538 000	900 000	n/a	9.100%
Bank 1	Fixed 1 month	600 000	600 000	29/01/2024	9.050%
Bank 2	Overnight	193 000	1 000 000	n/a	9.100%
Bank 3	Fixed 21 days	600 000	600 000	18/01/2024	9.050%
Bank 4	Overnight	1 593 000	2 000 000	n/a	9.100%
Bank 5	Overnight	300 000	500 000	n/a	9.100%
Bank 5	Fixed 21 days	-	500 000	29/12/2023	9.000%
Total overnight facilities		**3 824 000**	**6 100 000**		

DTSA has an unutilised short-term facility of R 1.984 billion (2023: R 2.276 billion) at the end of the financial year. In April 2025 DTSA increased the credit facility by R 500 million.

	Note	2024 R '000	2023 R '000
25. Retirement benefit plan assets and obligations			
Net retirement defined benefit plan obligation	25.1	(594)	-
Post-retirement medical aid benefit obligation	25.2	(84 904)	(79 344)
		(85 498)	**(79 344)**

25.1 Net retirement defined benefit plan obligation

	2024 R '000	2023 R '000
Present value of obligation	(103 287)	(78 829)
Fair value of plan assets	102 693	78 829
Net defined benefit obligation	**(594)**	**-**
Less: impact of application of asset ceiling*	-	-
Net defined benefit obligation after application of asset ceiling	**(594)**	**-**

* The asset ceiling is equal to the employer surplus account value, measured at statutory valuation date, increased with fund returns for the applicable period.

The policy of the company is to provide retirement benefits for its employees. All employees were either members of the Mercedes-Benz Pension Fund or the Mercedes-Benz Retirement Fund, which are defined benefit schemes, or of the Mercedes-Benz Provident Fund which is a defined contribution scheme. The schemes are governed by the Pension Funds Act. DTSA ceased to be a participating employer to the Mercedes-Benz South Africa Pension Fund on 1 December 2021. DTSA employees joined the FundsAtWork Umbrella Pension Fund and did not accrue further defined benefit liabilities after 1 December 2021. Members' benefits were transferred from the Mercedes-Benz South Africa Pension Fund following the finalisation of the Section 14 process in 2023.

The post-retirement obligation and the annual cost of those benefits, were determined by independent actuaries.

The overall expected rate of return on assets is determined based on the market expectations prevailing on that date, applicable to the period over which the obligation is to be settled.

Notes to the Separate Financial Statements

25. Retirement benefit plan assets and obligations (continued)

Reconciliation of movement in defined benefit schemes

The following table reconciles the movement for the plan assets and the present value of the obligation and its components:

	Movement in plan assets		Movement in present value of obligation	
	2024 R '000	**2023 R '000**	**2024 R '000**	**2023 R '000**
Opening balance	78 829	72 533	(78 829)	(72 533)
Included in OCI				
Actuarial losses/(gains)				
Financial assumptions	-	-	(594)	-
Other				
Benefits paid	-	(3 743)	-	3 743
Contributions received	2 326	2 113	(2 326)	(2 113)
Employee contributions	2 403	889	(2 403)	(889)
Change in plan assets and obligations	19 135	7 037	(19 135)	(7 037)
	23 864	**6 296**	**(23 864)**	**(6 296)**
Closing balance	**102 693**	**78 829**	**(103 287)**	**(78 829)**

	2024 R '000	**2023 R '000**
Impact on future cash flows		
The expected contributions to the plan for the next annual reporting period (2025) are:		
Employer contribution	2 183	2 113
Fair value of plan assets comprises		
Bonds	19 312	17 832
Equities	70 795	50 208
Property	6 168	4 190
Non-exchange traded instruments	238	454
Cash and cash equivalents	6 180	6 145
	102 693	**78 829**

Bonds and equities have quoted prices in active markets. Refer to note 3.3.2 for the actuarial assumptions applied in determining the present value of the fair value of planned assets.

25.2 Continuation of the post-retirement medical aid benefit obligation

Present value of portfolio obligation	84 904	79 344

Portfolio

The company funded its obligations to provide certain continued post-retirement medical aid benefits to its pensioners via it's medical aid fund. The entitlement of these benefits is dependent upon the employee remaining in service until retirement age, completing a minimum service period and is subject to periodic review. The company funds the estimated liability over the working life of the eligible employees.

The post-retirement medical aid obligation and the annual cost of those benefits were determined by the independent actuaries of the fund. The assumptions used are consistent with those adopted by the actuaries in determining pension costs and in addition, include long-term estimates of the increase in medical costs and appropriate discount rates. The level of claims is based on the individual company's experiences.

	2024 R '000	2023 R '000

25. Retirement benefit plan assets and obligations (continued)

Reconciliation of movement in present value of post retirement medical aid obligation

	2024 R '000	2023 R '000
Opening balance	79 344	73 430
Included in profit or loss		
Current service cost	2 322	1 961
Interest cost	10 569	8 811
	12 891	**10 772**
Included in OCI		
Subsidy policy	(7 736)	(5 060)
Economic assumptions	1 072	(1 120)
Experience adjustments	2 486	4 346
	(4 178)	**(1 834)**
Other		
Benefits paid	(3 153)	(3 024)
Closing balance	**84 904**	**79 344**

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the obligation by the percentages shown below:

2024	Change applied to assumption	Resulting change in past service contractual liability		Resulting change in service cost and interest cost	
		%	R '000	%	R '000
Health care cost inflation	1.00 %	13.20 %	11 181	14.30 %	1 747
	(1.00)%	(11.00)%	(9 305)	(11.80)%	(1 443)
Mortality	1.00 %	(10.50)%	(8 927)	(11.10)%	(1 360)
	(1.00)%	12.60 %	10 738	13.50 %	1 649
Resignation	1.00 %	(3.00)%	(2 568)	(3.70)%	(451)
	(1.00)%	3.40 %	2 867	4.10 %	505

2023	Change applied to assumption	Resulting change in past service contractual liability		Resulting change in service cost and interest cost	
		%	R '000	%	R '000
Health care cost inflation	1.00 %	13.00 %	10 353	14.20 %	1 829
	(1.00)%	(10.90)%	(8 625)	(11.70)%	(1 512)
Mortality	1.00 %	(10.50)%	(8 304)	(11.00)%	(1 424)
	(1.00)%	12.60 %	9 999	13.40 %	1 726
Resignation	1.00 %	(3.20)%	(2 503)	(3.90)%	(500)
	(1.00)%	3.50 %	2 808	4.40 %	563

Refer to note 3.3.2 for the actuarial assumptions applied in determining the present value of the defined benefit obligation.

	2024 R '000	2023 R '000
Impact on future cash flows		
The expected benefit payments for the next annual reporting period are:		
Benefit payments	3 221	3 153

Notes to the Separate Financial Statements

25. Retirement benefit plan assets and obligations (continued)

25.3 Post-employment benefits

Defined contribution plans

The defined contribution plan refers to the Momentum Provident Fund. Obligations for contributions to defined contribution pension plans are recognised as an expense in staff costs in profit or loss as incurred in the periods during which services are rendered by employees.

Defined benefit plans

The defined benefit plans refer to the Momentum Funds at Work, Mercedes-Benz Pension Fund, the Mercedes-Benz Retirement Fund and the Post Employment Medical Aid Benefit Fund Portfolio.

Defined benefit obligation

The liabilities and assets of these funds are reflected as a net asset or liability in the separate statement of financial position (present value of defined benefit obligation less fair value of plan assets at reporting date). Where the value is a net asset, the amount recognised is limited to the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The present value of the defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The discount rate used is the rate of high quality corporate bonds that are denominated in the currency in which the benefits will be paid and have terms to maturity approximating the terms of the related pension liability.

Plan assets

The plan assets are carried at fair value. Where the plan assets include qualifying insurance policies that exactly match the amount and timing of some or all of the benefits under the plan, the fair value is deemed to be the present value of the related obligation. If the qualifying insurance policy has a limit of indemnity the fair value of the insurance policy is limited to that amount.

Profit or loss

Included as part of staff costs:
- current and past service costs calculated using the projected unit credit method;
- gains or losses on curtailments and settlements that took place in the current period; and
- realised actuarial gains or losses on long term employee benefits.

Finance income and expenses are calculated by applying the discount rate at the beginning of the period to the net asset or liability.

Other comprehensive income

Actuarial gains or losses excluding interest on long term employee benefits are recognised in OCI. All other re-measurements in respect of the obligation and plan assets are included in OCI and never reclassified to profit or loss.

Actuarial reserve

The actuarial reserve in respect of the obligation and plan assets represents the effect of the changes in the actuarial assumptions and incorporates the differences between the actual experience and the assumed experience. The re-measurements in respect of the obligation and plan assets are included in other comprehensive income and never reclassified to profit or loss.

	2024 Number	2023 Number
26. Share capital		
Authorised		
1 047 380 Ordinary shares of no-par value		
Reconciliation of number of shares issued:		
Reported as at 01 January	1 047 380	1 047 380
Composition of issued share capital		
Ordinary shares at no par value	2 001 891	2 001 891

Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the company.

26. Share capital (continued)

During the year, the company declared and paid dividends amounting to R 168 million (2023: R nil). The dividend per share was 160.59 cents per share (2023: nil).

Stated capital issued by the company is recorded at the proceeds received, net of issue costs.

	Note	2024 R '000	2023 R '000
27. Cash (used in)/generated from operations			
Profit before taxation		109 341	243 348
Adjustments for non-cash items			
Depreciation	16	96 489	109 706
Loss on disposal of equipment	16	-	9
Amortisation of intangible assets	17	88	65
Losses/(gains) on unrealised foreign exchange	7	5 381	(699)
Impairment allowance		14 245	9 440
Retirement benefits: current service cost	25	4 648	4 074
Gains on lease measurement		(9 131)	-
Inventories written down during the year		157 613	3 839
Changes in operating leases			
Additions to operating lease assets		(421 338)	(358 701)
Disposals of operating lease assets		309 665	233 074
Interest received			
Interest income	8	(1 433 699)	(1 212 845)
Finance costs			
Interest expense	9	1 591 232	1 266 267
Retirement benefit obligations	9	10 569	8 811
		435 103	**306 388**
Changes in working capital			
Increase in inventories		(1 492 119)	(125 121)
Decrease/(increase) in trade and other receivables from third parties*		160 208	(84 157)
(Increase)/decrease in trade and other receivables from group companies*		(51 631)	26 381
Increase/(decrease) in trade and other payables to third parties*		105 344	(8 412)
Decrease in trade and other payables to group companies*		(272 548)	(116 266)
Increase in contract liabilities		416 109	366 043
Increase in deferred income		105 840	3 210
Increase/(decrease) in provisions	21	16 651	(2 688)
		(1 012 146)	**58 990**
		(577 043)	**365 378**

* In the past, the changes in working capital presented the net cash flow movement in trade and other receivables and trade and other payables net of receivables from group companies and payables to group companies respectively. In 2024 the disclosure was enhanced to split the trade and other receivables between those receivable from third parties and those receivable from group companies. Similarly trade and other payables were split between those payable to third parties and those payable to group companies.

The prior year figures were re-presented to align with the enhanced disclosure. The re-presentation had no effect on cash used in operations or the net cash outflow from operating activities.

28. Tax paid

	2024 R '000	2023 R '000
Balance at beginning of the year	156 740	71 985
Current tax recognised in profit or loss	(83 627)	(191 228)
Balance at end of the year	(141 258)	(156 740)
	(68 145)	**(275 983)**

Notes to the Separate Financial Statements

29. Related parties

Relationships

Ultimate holding company	Daimler Truck Holding AG
Holding company	Daimler Truck AG

Various transactions are entered into between DTSA and companies within the global DTHAG group. The transactions listed below are conducted between DTSA, its holding company and ultimate holding company as well as fellow subsidiaries.

For further detail and related party balances refer to note 14 - amounts receivable from group companies note 23 - amounts payable to group companies and note 24 - interest-bearing borrowings.

	Sales		Purchases	
	2024 R '000	2023 R '000	2024 R '000	2023 R '000
Sandown Motor Holdings Proprietary Limited	1 965 079	2 125 993	429 627	408 035
Daimler Truck Financial Services South Africa Proprietary Limited	59 166	42 206	-	-
Daimler Truck AG	49 553	38 360	818 006	910 888
Mitsubishi Fuso Truck and Bus Corporation	25 200	22 567	122 972	87 700
Daimler Truck North America	4 552	-	5 348	1 978
Daimler Truck Korea Ltd.	1 108	-	-	-
Daimler India Commercial Vehicles Private Limited	341	-	116	889
Daimler AG	3	-	-	-
Mercedes-Benz do Brasil Ltda.	-	322	13 492	36 311
Daimler Truck and Bus Australia	-	-	1 166	-
EvoBus GmbH	-	-	3	-

	Income received		Expenses paid	
	2024 R '000	2023 R '000	2024 R '000	2023 R '000
Administration and management fee				
Sandown Motor Holdings Proprietary Limited	25 496	21 739	-	-
Atlantis Foundries Proprietary Limited	336	-	-	-
Daimler Truck North America	147	-	-	-
Daimler Truck Financial Services South Africa Proprietary Limited	17 762	16 439	166	-
Daimler Truck AG	-	1 720	-	-
Daimler Truck Financial Services	-	-	100	-
Daimler AG	-	-	45	-
Mitsubishi Fuso Truck and Bus Corporation	-	-	-	1 597
EvoBus GmbH	-	-	-	49
Interest				
Daimler Truck Financial Services South Africa Proprietary Limited	1 388 574	1 201 106	-	-
Sandown Motor Holdings Proprietary Limited	24 107	3 664	-	6 857
Daimler Truck AG	11 676	6 493	14 319	7 696
Atlantis Foundries Proprietary Limited	10	-	-	-
Operating income/(expenses)				
Daimler Truck Financial Services South Africa Proprietary Limited	2 676	3 896	-	-
Sandown Motor Holdings Proprietary Limited	1 632	2 471	-	-
Daimler Truck AG	-	-	4 125	-

	2024 R '000	2023 R '000
Compensation to directors and other key management		
Short-term employee benefits	18 611	20 887
Post-employment benefits	522	334
	19 133	**21 221**

Notes to the Separate Financial Statements

30. Directors' and prescribed officers' emoluments

Executive directors

2024	**Short-term employee benefits**			**Other long-term benefits**	
	Salaries R '000	**Bonus related R '000**	**Other benefits R '000**	**Pension fund contributions R '000**	**Total R '000**
M Dietz	1 342	2 381	3 015	-	6 738
P Kendzorra	4 037	1 015	2 794	261	8 107
M Gerber	1 539	175	406	261	2 381
	6 918	**3 571**	**6 215**	**522**	**17 226**
2023					
M Dietz	4 827	2 067	4 609	167	11 670
P Kendzorra	3 886	778	3 309	167	8 140
	8 713	**2 845**	**7 918**	**334**	**19 810**

Non-executive directors	**2024 R '000**	**2023 R '000**
Fees for services as directors		
N Medupe	690	575
BT Nkambule	505	374
TB Sefolo	542	462
H Schick	170	-
	1 907	**1 411**

In 2024 directors' fees for JP Burghardt and J Distl (2023: JP Burghardt, H Schick and J Distl) amounted to R nil as they did not provide any services to DTSA.

31. Financial instruments and risk management

31.1 Categories and analysis of assets and liabilities

Assets - 2024

	Note	**Financial assets at amortised cost R '000**	**Other assets R '000**	**Carrying value R '000**	**Current R '000**	**Non-current R '000**
Cash and cash equivalents	11	117 180	-	117 180	117 180	-
Trade and other receivables	12	434 685	19 616	454 301	454 301	-
Inventories	13	-	4 671 097	4 671 097	4 671 097	-
Taxation receivable		-	141 258	141 258	141 258	-
Amounts receivable from group companies	14	18 038 689	11 339	18 050 028	9 503 028	8 547 000
Investments in subsidiaries	15	-	728 500	728 500	-	728 500
Assets leased under operating leases	16	-	309 376	309 376	-	309 376
Property, plant and equipment	16	-	305 187	305 187	-	305 187
Right-of-use assets	16	-	47 478	47 478	-	47 478
Intangible assets	17	-	173	173	-	173
Deferred taxation	18	-	722 448	722 448	-	722 448
		18 590 554	**6 956 472**	**25 547 026**	**14 886 864**	**10 660 162**

31. Financial instruments and risk management (continued)

Assets - 2023

	Note	Financial assets at amortised cost R '000	Other assets R '000	Carrying value R '000	Current R '000	Non-current R '000
Cash and cash equivalents	11	268 941	-	268 941	268 941	-
Trade and receivables	12	570 860	57 863	628 723	628 723	-
Inventories	13	-	3 336 592	3 336 592	3 336 592	-
Taxation receivable		-	156 740	156 740	156 740	-
Amounts receivable from group companies	14	15 758 758	-	15 758 758	7 034 758	8 724 000
Investments in subsidiaries	15	-	728 500	728 500	-	728 500
Assets leased under operating leases	16	-	236 289	236 289	-	236 289
Property, plant and equipment	16	-	263 035	263 035	-	263 035
Right-of-use assets	16	-	75 346	75 346	-	75 346
Intangible assets	16	-	190	190	-	190
Deferred taxation	18	-	669 341	669 341	-	669 341
		16 598 559	**5 523 896**	**22 122 455**	**11 425 754**	**10 696 701**

The fair value of financial assets not carried at their fair value approximates their carrying value.

Liabilities - 2024

	Note	Financial liabilities at amortised cost R '000	Other liabilities R '000	Carrying value R '000	Current R '000	Non-current R '000
Trade and other payables	19	510 817	86 294	597 111	597 111	-
Lease liabilities	20	-	47 803	47 803	29 113	18 690
Deferred income		-	122 290	122 290	83 249	39 041
Provisions	21	-	119 200	119 200	103 548	15 652
Contract liabilities	22	-	2 264 247	2 264 247	1 357 828	906 419
Amounts payable to group companies	23	784 725	-	784 725	784 725	-
Interest-bearing borrowings	24	18 835 213	-	18 835 213	10 291 966	8 543 247
Retirement benefit obligation	25	-	85 498	85 498	-	85 498
		20 130 755	**2 725 332**	**22 856 087**	**13 247 540**	**9 608 547**

Liabilities - 2023

	Note	Financial liabilities at amortised cost R '000	Other liabilities R '000	Carrying value R '000	Current R '000	Non-current R '000
Trade and other payables	19	455 506	4 174	459 680	459 680	-
Lease liabilities	20	-	83 962	83 962	45 082	38 880
Deferred income		-	16 450	16 450	1 029	15 421
Provisions	21	-	102 547	102 547	86 000	16 547
Contract liabilities	22	-	1 848 139	1 848 139	1 027 471	820 668
Loan from subsidiary	23	1 054 614	-	1 054 614	1 054 614	-
Interest-bearing borrowings	24	15 700 983	-	15 700 983	6 981 416	8 719 567
Retirement benefit obligation	25	-	79 344	79 344	-	79 344
		17 211 103	**2 134 616**	**19 345 719**	**9 655 292**	**9 690 427**

The fair value of financial liabilities, except for interest-bearing borrowings, not carried at their fair value approximates their carrying amount.

31.2 Capital risk management

The primary objective of the company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The capital management approach is driven by its strategic and organisational requirements taking into account the regulatory and commercial environment in which it operates.

31. Financial instruments and risk management (continued)

The company manages its structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year. The capital ratio of the company at the reporting date was:

	2024 R '000	2023 R '000
Total assets	25 547 026	22 122 455
Total equity	2 690 939	2 776 736
Capital ratio	10.53 %	12.55 %

31.3 Financial risk management

31.3.1 Overview

The company is exposed to the following risks from its use of financial instruments:
- Credit risk;
- Liquidity risk; and
- Market risk (currency risk, interest rate risk and price risk).

The board of directors has overall responsibility for the establishment and oversight of the company's risk management framework.

The company established internal guidelines for risk controlling procedures and the use of financial instruments, including a clear segregation of duties with regard to financial activities, settlement, accounting and the related controls. The guidelines are designed to identify and analyse financial risks throughout the company, to set appropriate risk limits and controls and to monitor the risks by means of reliable and up-to-date administrative and information systems. The guidelines and systems are regularly reviewed and adjusted to changes in markets and products.

31.3.2 Credit risk

Credit risk is the risk of economic loss arising from a counterparty's failure to repay or service debt in accordance with the contractual terms. Credit risk encompasses both the direct risk of default and the risk of a deterioration of creditworthiness as well as concentration risks. Default is the failure to make required repayments on a debt, in accordance with agreed upon time frames.

The maximum exposure to credit risk is presented in the table below:

		2024			2023		
	Note	Gross carrying amount R '000	Credit loss allowance R '000	Amortised cost R '000	Gross carrying amount R '000	Credit loss allowance R '000	Amortised cost R '000
Cash and cash equivalents	11	117 180	-	117 180	268 941	-	268 941
Trade and other receivables*	12	512 199	(77 514)	434 685	634 129	(63 269)	570 860
Amounts receivable from group companies	14	18 038 689	-	18 038 689	15 758 758	-	15 758 758
		18 668 068	**(77 514)**	**18 590 554**	**16 661 828**	**(63 269)**	**16 598 559**

* Items included in the credit loss allowance are based on the simplified approach, as prescribed by IFRS 9.

	2024 R '000	2023 R '000
Net trade receivables from third parties is composed as follows		
Gross trade receivables from third parties	503 110	614 209
Impairment	(77 514)	(63 269)
	425 596	**550 940**

Notes to the Separate Financial Statements

31. Financial instruments and risk management (continued)

For cash and cash equivalents and group receivables the probability of default and loss given is not significant and therefore no credit loss has been raised.

The ageing profile of gross trade receivables from third parties at the reporting date is as follows:

2024

	Gross maximum exposure R '000	Not past due R '000	0 - 30 days past due R '000	31 - 60 days past due R '000	61 - 90 days past due R '000	91 - 180 days past due R '000	More than 180 days past due R '000
Gross trade receivables from third parties	503 110	238 249	55 790	30 216	24 275	41 551	113 029
Allowance for impairment	(77 514)	(88)	312	(3 270)	(4 543)	(2 542)	(67 383)
	425 596	**238 161**	**56 102**	**26 946**	**19 732**	**39 009**	**45 646**

2023

	Gross maximum exposure R '000	Not past due R '000	0 - 30 days past due R '000	31 - 60 days past due R '000	61 - 90 days past due R '000	91 - 180 days past due R '000	More than 180 days past due R '000
Gross trade receivables from third parties	614 209	270 945	125 304	24 314	35 108	30 397	128 141
Allowance for impairment	(63 269)	105	80	(3 305)	(1 684)	(1 878)	(56 587)
	550 940	**271 050**	**125 384**	**21 009**	**33 424**	**28 519**	**71 554**

Credit risk rating - 2024	Gross carrying amount R '000	At risk R '000	Weighted average loss rate	Loss allowance R '000
Minimal risk	238 249	39 950	1.1 %	2 354
Low risk	55 790	22 080	9.2 %	4 472
Medium risk	30 216	24 638	38.6 %	10 132
High risk	178 855	77 489	38.9 %	60 556
	503 110	**164 157**		**77 514**
Credit risk rating - 2023				
Minimal risk	270 945	13 564	0.1 %	138
Low risk	125 304	17 228	3.2 %	3 460
Medium risk	24 314	11 831	23.5 %	4 974
High risk	193 646	74 880	32.5 %	54 697
	614 209	**117 503**		**63 269**

Cash and cash equivalents

The company limits its exposure to credit risk by investing in liquid investments in financial institutions with a high credit rating, therefore management does not expect any counter party to fail to meet its obligations, therefore the ECL is immaterial. Cash balances are held with reputable financial institutions.

Trade and other receivables

Trade receivables are mostly receivables from sales activities of vehicles and spare parts, and services rendered with respect to maintenance contracts. The credit risk from trade receivables encompasses the default risk of customers, as well as other corporate and private customers. The company manages its credit risk from trade receivables using appropriate IT applications and databases on the basis of internal guidelines.

In order to minimise credit risk, the company assesses the creditworthiness of the counterparties. The company establishes an allowance for impairment that represents its estimate of expected credit losses in respect of trade receivables.

The maximum risk positions of financial assets which are generally subject to credit risk, are equal to their carrying amounts.

The credit quality of trade receivables that are neither past due nor impaired is monitored and managed by the company, and comprises primarily receivables of companies who have a trading history with the company, as well as low-risk rated companies.

31. Financial instruments and risk management (continued)

The "At risk" portion of trade receivables refers to the portion of trade receivables that are considered to have a higher likelihood of default or non-payment. The outstanding debt was classified into different risk categories and from this the company identified the relevant portion of the debt considered "at risk" of non-recoverability.

Loan to group company

The company's exposure to credit risk on trade receivables from related parties is managed within the Daimler group and according to Daimler policy and credit terms. Given the nature of these receivables and the level of oversight by the holding company on intercompany transactions and balances, management does not expect any material default from group companies.

Impairment of financial assets

The company recognises a loss allowance for ECL on all financial assets measured at amortised cost. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective loans and receivables.

The company measures the loss allowance at an amount equal to lifetime expected credit losses ("lifetime ECL") when there has been a significant increase in credit risk since initial recognition. If the credit risk on a loan has not increased significantly since initial recognition, then the loss allowance for that loan is measured at 12 month expected credit losses ("12 month ECL").

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial asset. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial asset that is possible within 12 months after the reporting date.

In order to assess whether to apply lifetime ECL or 12 month ECL, in other words, whether or not there has been a significant increase in credit risk since initial recognition, the company considers whether there has been a significant increase in the risk of a default occurring since initial recognition rather than at evidence of a loan being credit impaired at the reporting date or of an actual default occurring.

Significant increase in credit risk

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the company compares the risk of a default occurring as at the reporting date with the risk of a default occurring as at the date of initial recognition.

The company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the counterparties operate, as well as consideration of various external sources of actual and forecast economic information.

Irrespective of the outcome of the above assessment, the credit risk on a financial asset is always presumed to have increased significantly since initial recognition if the contractual payments are more than 30 days past due, unless the company has reasonable and supportable information that demonstrates otherwise. By contrast, if a financial asset is assessed to have a low credit risk at the reporting date, then it is assumed that the credit risk on the financial asset has not increased significantly since initial recognition.

The company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increases in credit risk before the amount becomes past due.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default.

The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. The exposure at default is the gross carrying amount of the financial asset at the reporting date.

Lifetime ECL is measured on a collective basis in cases where evidence of significant increases in credit risk are not yet available at the individual instrument level.

If the company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the company measures the loss allowance at an amount equal to 12 month ECL at the current reporting date, and visa versa.

An impairment gain or loss is recognised for all financial assets in profit or loss with a corresponding adjustment to their carrying amount through a loss allowance account. The impairment loss is disclosed separately in the statement of profit or loss and other comprehensive income.

31. Financial instruments and risk management (continued)

The Financial Stability Board had initiated a fundamental review and reform of the major interest rate benchmarks used globally by financial market participants. This review seeks to replace existing IBOR's with ARR's to improve market efficiency and mitigate systemic risk across financial markets.

During 2022, the SARB had indicated their intention to move away from JIBAR and identified a potential successor in the ZARONIA. The new ZARONIA rate was published for observation during 2022 and has now entered the "adoption" phase of the SARB's planned timeline. June 2025 has been identified as the target date for moving to a "new JIBAR" contracts norm in the South African market. The impact in the short- and medium-term is considered negligible for DTSA.

31.3.3 Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

The company monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets and projected cash flows from operations.

The company's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing borrowings, trade payables and trade payables to related parties.

The company actively manages its liquidity risk to ensure it can meet its short-term obligations as they become due. In the event of a shortfall in short-term liquidity, the company utilises short-term financing facilities, such as bank overnight facilities to bridge the gap. The bonds that will be maturing in 2025 will be refinanced in the same year. Refer to note 24 for the available unutilised financing facilities.

The maturity profile of contractual cash flows of non-derivative financial liabilities are presented in the following table. The cash flows are undiscounted contractual amounts.

2024	**Note**	**0 - 12 months R '000**	**1 - 5 years R '000**	**Over 5 years R '000**	**Total R '000**	**Carrying amount R '000**
Non-derivative financial liabilities						
Trade and other payables	19	(510 817)	-	-	(510 817)	(510 817)
Amounts payable to group companies	23	(784 725)	-	-	(784 725)	(784 725)
Interest-bearing borrowings	24	(10 551 017)	(10 066 045)	-	(20 617 062)	(18 835 213)
		(11 846 559)	**(10 066 045)**	**-**	**(21 912 604)**	**(20 130 755)**
Non-derivative financial assets						
Cash and cash equivalents	11	117 180	-	-	117 180	117 180
Trade and other receivables	12	434 685	-	-	434 685	434 685
Amounts receivable from group companies	14	9 469 915	10 088 961	-	19 558 876	18 038 689
		10 021 780	**10 088 961**	**-**	**20 110 741**	**18 590 554**
		(1 824 779)	**22 916**	**-**	**(1 801 863)**	**(1 540 201)**
2023						
Non-derivative financial liabilities						
Trade and other payables	19	(455 506)	-	-	(455 506)	(455 506)
Amounts payable to group companies	23	(1 054 614)	-	-	(1 054 614)	(1 054 614)
Interest-bearing borrowings	20	(7 141 812)	(10 499 729)	-	(17 641 541)	(15 700 983)
		(8 651 932)	**(10 499 729)**	**-**	**(19 151 661)**	**(17 211 103)**
Non-derivative financial assets						
Cash and cash equivalents	11	268 941	-	-	268 941	268 941
Trade and other receivables	12	570 860	-	-	570 860	570 860
Amounts receivable from group companies	14	7 034 758	8 724 000	-	15 758 758	15 758 758
		7 874 559	**8 724 000**	**-**	**16 598 559**	**16 598 559**
		(777 373)	**(1 775 729)**	**-**	**(2 553 102)**	**(612 544)**

31. Financial instruments and risk management (continued)

31.3.4 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, residual values of vehicles and commodity prices will affect the company's income, cash flows or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The company manages market risks to minimise the impact of fluctuations in vehicle prices on its results.

Foreign currency risk

Currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate with changes in foreign exchange rates.

The nature of the company's business exposes cash flows and earnings to risks arising from fluctuations in exchange rates. These risks primarily relate to fluctuations between the Euro, the US Dollar ("USD") and the Japanese Yen ("JPY").

The company is exposed to foreign exchange rate risk between the date of order and the ultimate payment of the foreign invoices.

The company does not engage in specific foreign exchange risk management.

Foreign currency exposure at the end of the reporting period

The net carrying amounts, in Rand, of the various exposures, are denominated in the following currencies. The amounts have been presented in Rand by converting the foreign currency amounts at the closing rate at the reporting date:

	2024			2023		
	Euro R '000	USD R '000	JPY R '000	Euro R '000	USD R '000	JPY R '000
Cash and cash equivalents	43 174	9 341	6 053	165 384	636	34 563
Trade and other receivables	22 578	157	-	10 200	-	-
Trade and other payables	12 573	(43 034)	(43 271)	46 539	(34 711)	(34 951)
Net exposure	**78 325**	**(33 536)**	**(37 218)**	**222 123**	**(34 075)**	**(388)**
Relevant spot exchange rates	**19.62**	**18.89**	**0.12**	**20.35**	**18.41**	**0.13**

Foreign currency sensitivity analysis

The following table demonstrate the sensitivity to a reasonable possible change in the above mentioned exchange rates, with all other variables held constant, of the profit after taxation and equity:

	2024		2023	
Change of 10% in exchange rate	**Increase R '000**	**Decrease R '000**	**Increase R '000**	**Decrease R '000**
Impact on profit or loss:				
Euro	5 718	(5 718)	16 215	(16 215)
USD	(2 448)	2 448	(2 487)	2 487
JPY	(2 717)	2 717	(28)	28

Interest rate risk

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

The company's exposure to changes in interest rates relates primarily to the company's interest-bearing borrowings. The company's policy is aligned to Daimler's general policy to match funding in terms of maturities and interest rates whenever economically feasible.

Notes to the Separate Financial Statements

31. Financial instruments and risk management (continued)

Interest rate profile

The interest rate profile of interest-bearing financial instruments at the end of the reporting period, as reported to management, is as follows:

	Note	Carrying amount	
		2024 R '000	2023 R '000
Variable rate instruments			
Assets			
Amounts receivable from group companies	14	17 753 915	15 538 221
Cash and cash equivalents	11	117 180	268 941
		17 871 095	**15 807 162**
Liabilities			
Interest-bearing borrowings	24	(18 835 213)	(15 700 983)
Net variable rate financial instruments		**(964 118)**	**106 179**
Fixed rate instruments			
Assets			
Trade and other receivables	12	434 685	570 860
Amounts receivable from group companies		112 000	220 537
		546 685	**791 397**
Liabilities			
Trade and other payables	19	(510 817)	(455 506)
Amounts receivable from group companies	23	(784 725)	(1 054 614)
		(1 295 542)	**(1 510 120)**
Net fixed rate financial instruments		**(748 857)**	**(718 723)**

Interest rate sensitivity analysis

The following table demonstrates the sensitivity of the variable rate instruments to a one percentile (1%) change in the interest rate, with all other variables held constant, of profit before taxation and equity:

	2024		2023	
Increase or decrease in rate	**Increase R '000**	**Decrease R '000**	**Increase R '000**	**Decrease R '000**
Impact on profit or loss:				
100 basis points movement	(9 641)	9 641	1 062	(1 062)

Residual value risk

The company is exposed to the risk of financed or leased assets being returned at values less than the residual value guaranteed under the terms of the respective agreements. These risks are managed by periodic reviews of the residual value risk. The decisions are taken by an inclusive committee and by reference to market conditions and comparative information.

Residual values on leased vehicles are estimated when the lease is entered into. Estimates involve a high level of subjectivity and judgement as the directors, through the Residual Value Steering Committee, are required to conclude on likely outcomes and probabilities based on quarterly forecasts and assumptions.

Further reviews are conducted of the exposure of the underwritten portfolio to changes in market conditions, since inception of the agreements. These ensure satisfactory coverage of assets' projected valuations to their underwritten values. Where risks are identified, strategies are developed to manage the risk position of the particular assets and provision is made for such potential loss. Where potential losses are identified, these are recognised as an adjustment to profitability at a contract level. Provision is made to the extent that the carrying values of leased assets are impaired through residual values not being fully recoverable.

31. Financial instruments and risk management (continued)

Uncertainties that affect the company's estimate of the residual value of the leased assets include:

- return-rates of lease vehicles;
- penetration rates;
- lease duration; and
- market conditions.

The residual value risk provision is raised for the potential loss on the leased assets returned under a buy-back scheme.

32. Fair value information

Financial assets and liabilities not held at fair value	2024 Carrying value R '000	2024 Fair value R '000	2024 Fair value level	2023 Carrying value R '000	2023 Fair value R '000	2023 Fair value level
Interest-bearing borrowings	(18 835 213)	(18 975 886)	Level 2	(15 700 983)	(15 828 837)	Level 2

Category of financial asset or liability	Includes	Valuation techniques and significant inputs used
Borrowings	Bonds	The DMTN Programme is listed on the JSE. DTSA issues listed and unlisted tranches under the DMTN Programme. The bonds are held to term and are issued at market related rates of interest. Discounting based methodology is used for the valuation of the bond portfolio. Future cash flows are calculated using the projected forward JIBAR 3 month rates obtained from the JIBAR accrual zero rate curve. The projected cash flows are discounted using credit risk adjusted JSE rate curves.

Fair value hierarchy

The company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:
Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.
Level 2: Other techniques using Inputs having a significant effect on the recorded fair value that are observable; directly or indirectly.
Level 3: Techniques using inputs having a significant effect on the recorded fair value that are not based on observable market data.

33. Going concern

The separate financial statements for the year ended 31 December 2024 have been prepared on a going concern basis, which assumes that the company will be able to meet its obligations for the foreseeable future. The company has recognised a net profit after tax of R 80 million (2023: R 168 million) for the year ended 31 December 2024 and at that date has a capital ratio of 10.53% (2023: 12.55%).

Management has performed forecasts for the ensuing twelve months and these forecasts reflect positive trading and positive financial performance. Management anticipates that any additional borrowing cost repayments required will be met out of operating cash flows or from alternative forms of capital funding.

Management believes that the company will be able to meet all its obligations for the 2025 period. Management further believes that proceeds from operating and financing activities received during 2024 will be sufficient to meet the repayment requirements.

34. Events after the reporting period

Bonds and bank loans

Subsequent to year end, a 1-year bond of R 0.5 billion matured on 10 March 2025.

At the date of finalisation of the separate financial statements, except for the matters noted above, there were no other material events that occurred subsequent to the reporting date that required adjustments to the amounts recognised in the separate financial statements.

35. New accounting standards and IFRIC interpretations

35.1 Standards, amendments and interpretations to existing standards that are not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 1 January 2025 or later periods.

Accounting standard	Effective date - on or after	Description of change	Description of impact
IFRS 19 *Subsidiaries without Public Accountability*	1 January 2027	**Disclosure for Subsidiaries without Public Accountability** IFRS 19 permits eligible subsidiaries to use IFRS® Accounting Standards with reduced disclosures. This will reduce the costs of preparing subsidiaries' financial statements while maintaining the usefulness of the information for users of their financial statements.	Subsidiaries are eligible to apply IFRS 19 if they do not have public accountability and their parent company applies IFRS® Accounting Standards in their consolidated financial statements.
IFRS 18 *Presentation and Disclosure in Financial statements*	1 January 2027	**Presentation and Disclosure in Financial statements** The amendment introduces improvements to reporting of financial performance to provide investors a better basis for analysing and comparing companies: Improved comparability in the statement of profit or loss (income statement) through three categories for income and expenses — operating, investing and financing — improving the structure of the income statement, and — a requirement for new defined subtotals.	Enhanced transparency of management defined performance measures with a requirement to disclose explanations of those measures related to the income statement. Useful grouping of information in the financial statements through guidance on organising information and providing it in the primary financial statements or the notes, as well as a requirement to provide more transparency about operating expenses. IFRS 18 replaces IAS 1 Presentation of Financial Statements
IFRS 7 and IFRS 9 *Financial Instruments: Disclosures*	1 January 2026	**Classification and Measurement of Financial Instruments** Amendments to IFRS 7 introduce additional disclosure to enhance transparency for investors regarding investments in equity instruments designated at fair value through OCI and financial instruments with contingent features - tied to environmental, social and corporate governance ("ESG")-linked targets. Amendments to IFRS 9 address diversity in accounting practice by making the classification and measurement requirements more understandable and consistent by clarifying the: • classification of financial assets with ESG and similar features; and • date on which a financial asset or financial liability is derecognised when a liability is settled through electronic payment systems. These amendments also introduce an accounting policy option to allow a company to derecognise a financial liability before it delivers cash on the settlement date if specified criteria are met.	The amendment does not have any material impact on the company's profitability, liquidity and capital resources and financial position.
IAS 21 *The Effects of Changes in Foreign Exchange Rates*	1 January 2025	**Lack of Exchangeability** The amendments require an entity to apply a consistent approach to assessing whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide.	The amendment does not have any material impact on the company's profitability, liquidity and capital resources and financial position.

35.2 Standards and interpretations effective and adopted in the current year

In the current year, the company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Accounting standard	Description of change
IFRS 16 *Leases*	**Lease Liability in a Sale and Leaseback** The narrow- scope amendment requires a seller-lessee in a sale and leaseback transaction to determine 'lease payments' or 'revised lease payments' in a way that the seller-lessee would not recognise any amount of a gain or loss relating to the right of use retained by the seller-lessee. The new requirement does not prevent the seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease.
IAS 1 *Presentation of Financial Statements*	**Classification of Liabilities as Current or Non-current** Narrow-scope amendments to IAS 1 to clarify how to classify debt and other liabilities as current or non-current. **Non-current liabilities with Covenants** The amendment clarifies that only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current, with additional guidance to explain how an entity should disclose information in the notes to understand the risk that non-current liabilities with covenants could become repayable within twelve months.

None of the above standards and interpretations, effective from 01 January 2024, had a material effect on the financial statements of the company.

Appendix 1 - Employment Equity Progress Report

Every designated employer is required in terms of Section 22 of the Employment Equity Act 55 of 1998 to publish a summary of their employment equity report in its annual report. The total number of employees within the company is 798. The table below provides the employment equity progress of the company for the total number of employees (including employees with disabilities) in each occupational level:

Occupational levels	**Male**				**Female**				**Foreign nationals**		**Total**
	A	**C**	**I**	**W**	**A**	**C**	**I**	**W**	**Male**	**Female**	
Top management	2	1	1	2	1	-	-	1	2	-	**10**
Senior management	5	1	6	5	2	-	1	1	1	-	**22**
Professionally qualified and experienced specialists and mid-management	8	1	3	7	3	1	2	-	-	-	**25**
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	40	5	22	28	20	3	11	5	1	1	**136**
Semi-skilled and discretionary decision making	20	3	4	8	20	3	3	7	-	-	**68**
Unskilled and defined decision making	269	56	3	7	174	25	-	3	-	-	**537**
Total permanent	344	67	39	57	220	32	17	17	4	1	**798**
Temporary employees	-	-	-	-	-	-	-	-	-	-	**-**
Grand total	**344**	**67**	**39**	**57**	**220**	**32**	**17**	**17**	**4**	**1**	**798**

A - Africans C - Coloureds

I - Indians W - Whites

The table below provides the employment equity progress of the company for the total number of employees with disabilities in each occupational level:

Occupational levels	**Male**				**Female**				**Foreign nationals**		**Total**
	A	**C**	**I**	**W**	**A**	**C**	**I**	**W**	**Male**	**Female**	
Top management	-	-	-	-	-	-	-	-	-	-	**-**
Senior management	-	-	-	-	-	-	-	-	-	-	**-**
Professionally qualified and experienced specialists and mid-management	-	-	-	-	-	-	-	-	-	-	**-**
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	1	-	-	1	-	-	-	-	-	-	**2**
Semi-skilled and discretionary decision making	1	-	1	-	3	-	-	-	-	-	**5**
Unskilled and defined decision making	6	-	-	1	1	-	-	-	-	-	**8**
Total permanent	8	-	1	2	4	-	-	-	-	-	**15**
Temporary employees	-	-	-	-	-	-	-	-	-	-	**-**
Grand total	**8**	**-**	**1**	**2**	**4**	**-**	**-**	**-**	**-**	**-**	**15**

A - Africans C - Coloureds

I - Indians W - Whites