

INTEGRATED ANNUAL REPORT

2023



CORPORATE INFORMATION

SHAREHOLDERS' DIARY

Financial year-end	31 March 2023
Annual general meeting	01 September 2023
Reports	
• Interim report to 30 September 2023	November 2023
• 2023 Integrated Annual Report	July 2023

CORPORATE INFORMATION

Directors

Executive directors

FE Meyer (chief executive officer)
ML Wilkin (chief financial officer)

Non-executive directors

Y Shaik (chairperson)
TG Govender
JR Nicolella (appointed 3 May 2022)

Independent non-executive directors

L Govender (lead independent director)
NB Jappie
RD Watson

Company name and registration

FRONTIER TRANSPORT HOLDINGS LIMITED
("Frontier" or "the Company" or "the Group")
Incorporated in the Republic of South Africa
Registration number: 2015/250356/06

JSE share code: FTH

ISIN: ZAE000300505

Registered office

103 Bofors Circle, Epping Industria, 7460
(PO Box 115, Cape Town, 8000)

Company Secretary

HCI Managerial Services Proprietary Limited
Suite 801, 76 Regent Road, Sea Point, Cape Town, 8005
(PO Box 5251, Cape Town, 8000)

Auditors

BDO South Africa Incorporated
6th Floor, 123 Hertzog Boulevard, Foreshore, Cape Town, 8001
(PO Box 3883, Cape Town, 8000)

Transfer Secretaries

Computershare Investor Services Proprietary Limited
Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196
(Private Bag X9000, Saxonwold, 2132)

Sponsor

Investec Bank Limited
100 Grayston Drive, Sandown, Sandton, 2196
(PO Box 785700, Sandton, 2146)

Website address

www.frontiertransport.co.za

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ABOUT THIS REPORT

SCOPE OF INTEGRATED ANNUAL REPORT AND ASSURANCE

Frontier Transport Holdings Limited (“Frontier” or “the Group” or “the Company”) is pleased to present its Integrated Annual Report for the year ended 31 March 2023 (“2023 Integrated Report” or “Report”).

This Report provides a review of the Group’s financial, social and sustainability performance for the year.

The Report aims to provide a well-balanced and concise overview of the Group’s financial and non-financial performance and insight into the Group’s value creation strategies.

The Board and executive management team have been guided by the principles of integrated reporting throughout this Report, which has been prepared in accordance with:

- the Company’s Memorandum of Incorporation (“MOI”);
- requirements of the Companies Act, 71 of 2008, as amended (“the Companies Act”);
- International Financial Reporting Standards (“IFRS”);
- G4 Sustainability Reporting Guidelines by the Global Reporting Initiative (“GRI G4”);
- the Listings Requirements of the JSE Limited (“JSE” and “JSE Listings Requirements”); and
- recommendations of the King IV Report on Corporate Governance for South Africa 2016 (“King IV™”).

Frontier is an investment holding company with varied shareholdings in a number of companies that are principally involved in the transport sector. As an investment holding company, the business focus of the Group differs from that of an operating company, and is accordingly reflected in the content of the Integrated Annual Report.

The Group strives to grow shareholder value through applying sound business principles and by engaging in ethical commercial practices to create a secure platform for the sustainable management of its investment interests. We are mindful of the impact our operations have on the communities from which we derive custom and the physical environment in which we undertake business activities.

At 31 March 2023, Hosken Consolidated Investments Limited (“HCI”), a premier listed black empowerment investment company, owns approximately 82.05% of Frontier and publishes its own integrated annual report, which is available at www.hci.co.za.

In accordance with the stated objectives of integrated reporting, this Report focuses on those issues that have a material impact on the Group to create and sustain value for its shareholders. This Report should be read in conjunction with the following supporting reports available on Frontier’s website www.frontiertransport.co.za

- King IV™ application register
- 2023 consolidated annual financial statements

FINANCIAL STATEMENTS

This Report contains summarised audited consolidated annual financial statements. The full set of audited consolidated annual financial statements are available online at www.frontiertransport.co.za or can be requested directly from the Company at info@frontiertransport.co.za.

MATERIALITY

In assessing the relative materiality of issues that are pertinent to the Group, consideration was in the main accorded to those that hold the biggest sway on the Group’s strategic intent and business model. In this regard, the impact of the regulatory environment, risk profile and expectations of its stakeholder grouping was taken into account. The following was taken into account in developing our understanding of the most material issues:

- The finalisation of regulatory instruments as outlined in the National Land and Transport Act (“NLTA”) of 2009.
- The expectations, views, concerns and interests articulated by stakeholders.
- The strategic mission and associated values pursued by the Group.

FORWARD-LOOKING STATEMENTS

This Report may contain certain statements about the Group that may constitute forward-looking statements. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. The Board cautions users that forward-looking statements are not a guarantee of future performance. These forward-looking statements have not been reviewed nor reported on by the Group's independent auditors.

STATEMENT OF THE BOARD OF DIRECTORS ON THE 2023 INTEGRATED REPORT

The 2023 Integrated Report was compiled through collaboration with all of the subsidiaries of Frontier.

The quality assurance and accuracy of the information contained in the Report was underpinned by executive management scrutiny, interrogation by the Audit and Risk Committee and ultimately Board oversight. The external auditor, BDO South Africa Incorporated, provides assurance on the consolidated annual financial statements, which are available on the Frontier website. No independent third-party assurance has been obtained on the non-financial data included in this Report.

Empowerdex independently verifies Broad-Based Black Economic Empowerment ("B-BBEE") data in order to issue the annual B-BBEE scorecards and rating certificates to the HCI group and its subsidiaries. The Group's carbon footprint is independently measured and reported by Catalyst Solutions.

The Group's Audit and Risk Committee reviewed the 2023 Integrated Report and consolidated annual financial statements and recommended them to the Board for approval. The Board acknowledges its responsibility to ensure the integrity of the 2023 Integrated Report, and believes that it addresses all material issues, and fairly represents the integrated performance of the Group.

The summarised consolidated annual financial statements were prepared in accordance with IFRS, JSE Listing Requirements and the Companies Act, while the 2023 Integrated Report was prepared using the guidelines of the GRI G4 and recommended principles of King IV™.

In our opinion the 2023 Integrated Report and summarised consolidated annual financial statements fairly represent the financial position of the Group as at 31 March 2023 and its operations for the year ended 31 March 2023.

On behalf of the Board



FE Meyer
Chief executive officer

26 July 2023

GROUP OVERVIEW

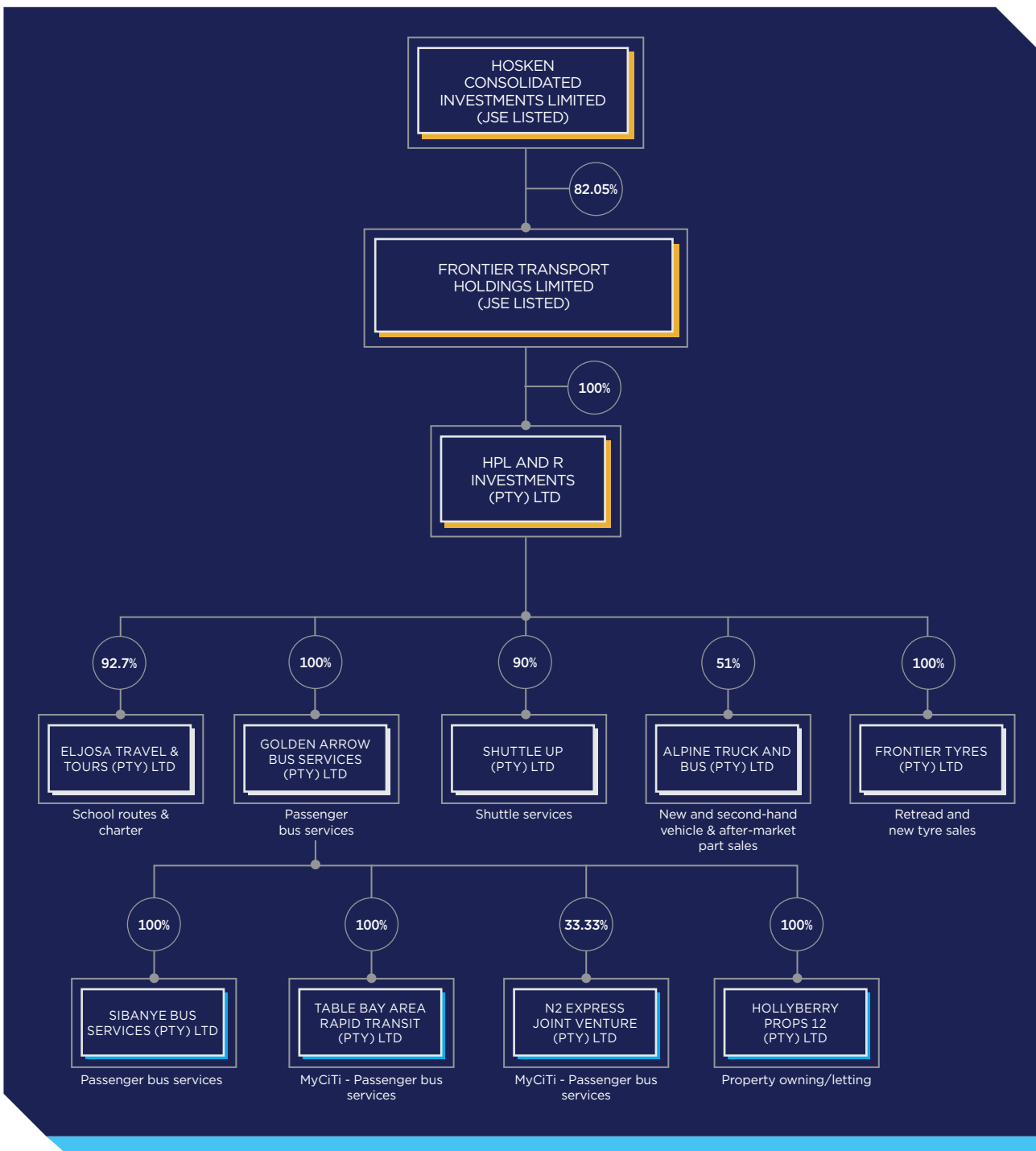
INTRODUCTION

Frontier is an investment entity tailored to consolidate and expand opportunities in the mobility and logistics sectors.

Through its major subsidiary, Golden Arrow Bus Services Proprietary Limited with over 162 years of proven operational expertise, the Company aims to harness the combined institutional knowledge and skill sets to pursue further prospects in bus and coach operations and potential entrées into freight, rail and logistics operations.

FRONTIER GROUP STRUCTURE

At 31 March 2023, the structure of the Group was as follows:



GROUP OVERVIEW (CONTINUED)

INVESTMENTS

GOLDEN ARROW BUS SERVICES (“GOLDEN ARROW”)

Tracing its roots back to 1861, Golden Arrow Bus Services has a fleet of 1 084 buses, serving more than 3 100 routes in metropolitan Cape Town, covering a total area of approximately 3 200 km². Generally, the fleet travels over 60 million kilometres, conveying 54 million passengers annually, at a rate of approximately 230 000 passengers per weekday. Golden Arrow has, in all its forms, over the period of its 162-year history, continued to keep the bus service operational in order to provide the people of Cape Town with safe, affordable and reliable bus services.

For more information on Golden Arrow, please go to www.gabs.co.za.

ELJOSA TRAVEL AND TOURS (“ELJOSA”)

ElJoSa was established in 2004 and operates 50 luxury and semi-luxury coaches in the schools and luxury tour markets with depots in Cape Town and Gauteng.

For more information on ElJoSa, please go to www.ElJoSa.co.za

SIBANYE BUS SERVICES (“SIBANYE”)

Sibanye was established in 2001 and has a fleet of 50 buses providing services from Atlantis to the Cape Metropole.

TABLE BAY AREA RAPID TRANSIT (“TBRT”)

TBRT is contracted as a vehicle operating company for the City of Cape Town’s MyCiTi brand. It operates the trunk service along the Atlantic corridor from Table View to the CBD, as well as services from the CBD to Sea Point and Camps Bay and has a fleet of 77 vehicles.

N2 EXPRESS

The N2 Express service is a joint venture operated by Golden Arrow Bus Services, Lisekhonikamva (CODETA) and Mitchells Plain Rapid Transit (Route Six) on behalf of MyCiTi. The service operates a fleet of 31 vehicles.

SHUTTLE UP

This business currently consists of a fleet of 10 vehicles operating in the shuttle service industry. The Group intends to utilise this business to increase its footprint in this sector.

For more information on Shuttle Up, please go to www.shuttleup.co.za

ALPINE TRUCK AND BUS (“ALPINE”)

Alpine Truck and Bus offers new and premium used trucks and buses and branded aftermarket spare parts for buses and trucks, operating from branches in Richards Bay, Durban and Cape Town.

For more information on Alpine, please go to www.alpinetruckandbus.co.za

FRONTIER TYRES

Frontier Tyres’ service offering features includes tyre retreading, new tyre sales, trailer and tyre inspections, rim refinishing and emergency tyre assistance.

For more information on Frontier Tyres, please go to www.frontiertyres.co.za



GROUP OVERVIEW (CONTINUED)

KEY STATISTICS

		Year ended 31 March 2023	Year ended 31 March 2022
	Buses operated during peak	1 039	1 023
	Total annual kilometres travelled	63.8 million	64.6 million
	Number of staff employed	2 565	2 534
		Year ended 31 March 2023	Year ended 31 March 2022
	Buses operated during peak	59	56
	Total annual kilometres travelled	3.7 million	3.7 million
	Number of staff employed	233	235
		Year ended 31 March 2023	Year ended 31 March 2022
	Vehicles operated	50	48
	Total annual kilometres travelled	2.7 million	1.1 million
	Number of staff employed	61	61
		Year ended 31 March 2023	Year ended 31 March 2022
	Vehicles operated	10	10
	Total annual kilometres travelled	0.5 million	0.3 million
	Number of staff employed	12	8
		Year ended 31 March 2023	
	Buses operated during peak	22	
	Total annual kilometres travelled	2.8 million	
	Number of staff employed	81	

GROUP OVERVIEW (CONTINUED)

SHAREHOLDER ANALYSIS

Listed below is an analysis of shareholdings extracted from the register of ordinary shareholders at 31 March 2023.

DISTRIBUTION OF SHAREHOLDERS

Share range	Number of shareholders	% of shareholders	Number of shares	% of issued capital
1 – 1 000	2 832	63.76%	704 515	0.24%
1 001 – 10 000	1 176	26.47%	4 248 294	1.46%
10 001 – 50 000	341	7.68%	7 034 512	2.42%
50 001 – 100 000	47	1.06%	3 385 889	1.17%
100 001 – 500 000	30	0.68%	6 577 090	2.26%
500 001 – 1 000 000	4	0.09%	2 567 111	0.88%
1 000 001 shares and over	12	0.27%	266 078 386	91.56%
Total	4 442	100.00%	290 595 797	100.00%

TYPE OF SHAREHOLDER

	Number of shareholders	% of shareholders	Number of shares	% of issued capital
Banks	4	0.09%	42 689	0.01%
Close Corporation	21	0.47%	229 538	0.08%
Endowment Fund	4	0.09%	40 550	0.01%
Individuals	4 092	92.12%	20 075 682	6.91%
Insurance Company	1	0.02%	2 448 934	0.84%
Investments Company	20	0.45%	245 180 150	84.37%
Private Company	5	0.11%	7 084 686	2.44%
Pension/Provident Fund	7	0.16%	171 622	0.06%
Public Company	148	3.33%	14 416 652	4.96%
Trust	140	3.15%	905 294	0.31%
	4 442	100.00%	290 595 797	100.00%

SHAREHOLDING GREATER THAN 5%

The following beneficial shareholder held, directly or indirectly, 5% or more of the issued shares of the Company.

SHAREHOLDER	Number of shares	% of issued capital
Hosken Consolidated Investments Limited (“HCI”)	238 436 809	82.05%

SHAREHOLDER SPREAD

To the best of the knowledge of the directors and after reasonable enquiry, the spread of shareholders at 31 March 2023, was as follows:

	Number of shareholders	% of shareholders	Number of shares	% of issued capital
Public shareholding	4 429	99.72%	51 044 435	17.57%
Non-Public shareholding	13	0.28%	239 551 362	82.43%
HCI (direct)	1	0.02%	232 777 041	80.10%
HCI (indirect)	1	0.02%	5 659 768	1.95%
FE Meyer (direct)*	1	0.02%	163 577	0.06%
FE Meyer (indirect)*	4	0.09%	256	0.00%
ML Wilkin (direct)*	1	0.02%	26 324	0.01%
JR Nicolella (direct)*	1	0.02%	5 185	0.00%
JR Nicolella (indirect)*	2	0.05%	9 727	0.00%
TG Govender (direct)*	1	0.02%	87 808	0.03%
TG Govender (indirect)*	1	0.02%	821 676	0.28%
Total	4 442	100%	290 595 797	100%

* directors

STAKEHOLDERS

VALUE-CREATION ACTIVITIES:

Passengers



Delivery of safe and reliable scheduled passenger transport

Suppliers



B-BBEE, contracting and subsequent payment for goods and services

Government



Participation in optimised regulation of industry and lobbying

Regulatory bodies



Long-term engagement with Provincial Regulating Entity to ensure compliance

Industry



Involvement at various levels in the South African Bus Operators Association (SABOA)

Employees/ Unions



Employment, remuneration, employee development and other employee benefits

Shareholders/ investors



Dividends and share price appreciation

Communities/ Environment



Investment in community projects and increased focus on sustainability initiatives



STRATEGY

Frontier Transport Holdings creates value for its shareholders by seamlessly blending its wealth of institutional knowledge with a passion for customer service excellence, innovation, and a focus on sustainability.

Frontier's core strategy consists of:

- Consolidating and maximising the performance of existing investments;
- Identifying and acquiring transport and logistics related businesses in niche markets;
- Leveraging economies of scale and industry expertise in existing operations as a basis for pursuing investment opportunities with feasible risk and reward profiles; and
- Incorporation of new technologies, digital solutions, and alternative energy sources across Group entities to embed resilience, optimise efficiencies, reduce risk and address sustainability goals.

Frontier increases shareholder value by:

- *Enhancing the value of established business operations*

Optimising value creation within its current business operations by continuously improving operating margins and operating efficiencies across the entire business value chain.

- *Entrenching first tier status of its entities operating under public transport contracts*

The Group strives to deliver over and above the stipulated mandate in contracts that are subsidy-based to entrench the Group's legacy as an accomplished public transport service operator.

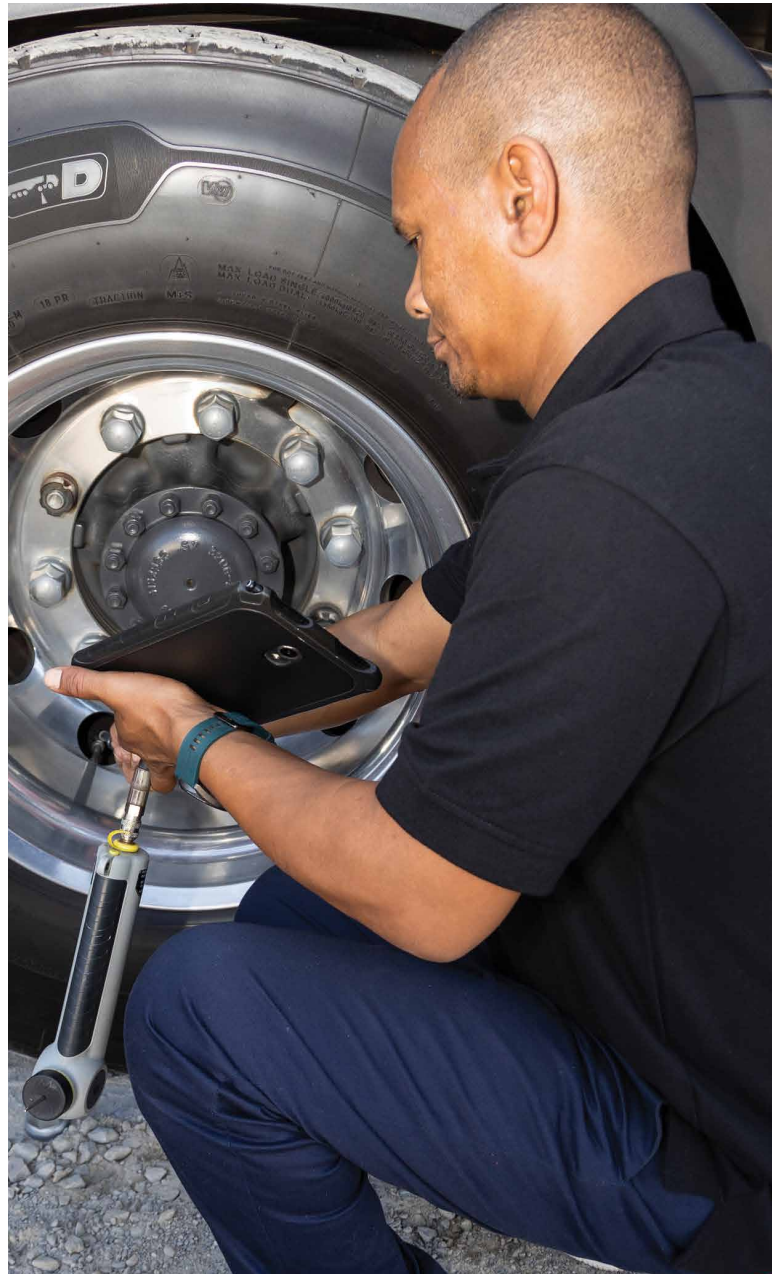
- *Harnessing competencies in logistic driven operations to gain entrée into niche markets*

We seek to identify opportunities across the entire logistics value chain that have synergies with existing businesses which can be effectively integrated to deliver organic growth.

Strategic focus areas:

- Improved operating margins through an automated fare collection system, savings on unproductive kilometres and on-going fleet recapitalisation;
- Use of existing diverse skill sets in the management of passenger transport operations to identify and pursue future acquisitions;

- Expansion of existing operations into new areas;
- Pursue vertical integration opportunities across the Group's value chain;
- Diversified use of the custom-built Training and Recruitment Centre to equip employees with the skills necessary to meet rapidly advancing operational needs and to supply services to external clients; and
- Optimisation of benefits offered by sustainable technologies throughout operations, which includes countering rising fuel costs by introducing electric vehicles.



CHAIRPERSON AND CHIEF EXECUTIVE OFFICER'S REPORT

A stellar performance by the anchor subsidiary of the Frontier Transport Holdings Group, Golden Arrow Bus Services (“GABS”), provided the bedrock for the posting of a commendable set of operating results achieved over the reporting period. This was buttressed by the resilient operations of the MyCiTi Vehicle Operating Companies (“VOCs”), innovative operational maneuvering by longstanding subsidiary Sibanye Bus Services, and a rejuvenated performance by the luxury coach entity, ElJoSa Travel & Tours.

A notable feature of Frontier’s performance was the incremental NPAT contribution of subsidiaries *vis-à-vis* GABS, which showed a creditable 6.4% increase from the previous financial year. The enhanced proportional contribution of the smaller subsidiaries is testimony of the sustainability of the diversified portfolio and scalability potential of recently acquired entities.

The Frontier group managed to increase revenue by 15.1% when compared to the prior comparative period. However, the effect of the rising fuel price and above inflationary original equipment manufacturers’ price increases, caused operating expenses to increase by 18.9% over the same period. The net effect resulted in an EBITDA of R458.2 million (2.3% higher than the comparative prior period of R447.8 million).

Debt levels decreased by R45 million since 31 March 2022 and notwithstanding an increase in the prime rate over the period, the Frontier group managed a savings of R3.4 million in its finance costs. The decrease in debt is predominantly due to the fleet replacement programme, which was put on hold over the preceding two financial years. This was resumed in this financial year.

The Frontier group is pleased to present an attributable Group profit of R277.5 million (6.2% higher than FY 2022 of R261.2 million) and headline earnings at R278.9 million (5.9% higher than FY 2022 of R263.2 million).

GOLDEN ARROW BUS SERVICES

The return of passenger volumes to near pre-COVID levels was heartening and emphatically underlines the pivotal role GABS and other commuter bus subsidiaries play in the ordinary lives of citizens of the Cape Metropole, who rely on commuter bus services to perform their daily functions.

This was empirically endorsed by the biennial independent Customer Satisfaction Survey conducted by the Cape Peninsula University of Technology

(“CPUT”) in September 2022, which revealed a 90% level of passenger satisfaction with the full spectrum of the bus services provided. Overall passenger volumes during the review period increased by 13% in comparison to the previous year.

Notwithstanding the windfall occasioned by a resurgence in passenger volumes, bus operations had to contend with extremely volatile diesel prices compounded by weak rand/dollar exchange rates and escalating crude oil costs as well as supply-chain bottlenecks that impacted the availability and cost of spares and supplies.

Through judicious scheduling of buses to avert the traveling of unproductive kilometres and the configuration of trips to achieve optimum passenger yields by means of efficient peak-bus utilisation, manpower was effectively contained within budgetary parameters.

The planning and variation of these scheduling initiatives were derived from analytics obtained through the advanced automated fare collection system, which provided the operations team with the necessary tools and applications to nimbly navigate bottlenecks and achieve efficiencies to mitigate the burden of escalating operational costs.

In-depth investigations into a surge in the prices of spares revealed that OEM suppliers in the main were engaging in price gouging in the wake of logistical constraints precipitated by geo-political upheavals. Recourse to competition policy relief provided sufficient leverage to cause suppliers to refrain from these collusive and dominant practices and together with heightened vigilance in procurement processes, the ballooning of the cost of spares and supplies was notably impeded.

The pre-emptive installation of generators and solar panels across all company depots and facilities yielded substantial insulation from the effects of rampant loadshedding. Negligible disruptions were experienced in adhering to scheduled timetables.

In anticipation of the planned electrification of the bus fleet, the concurrent installation of solar panels across the company’s real estate footprint has continued unabatedly and is earmarked as the precursor to electric vehicle charging at all depot locations. During the reporting period a total of 1 928 816 kWh of solar generated electricity was produced from the current solar panel grid installed on company premises.

CHAIRPERSON AND CHIEF EXECUTIVE OFFICER'S REPORT (CONTINUED)

Going forward, the strategic focus of GABS is embedded in the electrification of the bus fleet and to this extent, prototypes have been specified and plans are in an advanced stage to assemble units at scale and to firm down the logistics related to effective generation and charging of buses within the ambit of scheduled operations.

TABLE BAY RAPID TRANSIT

The operational focus of this MyCiTi VOC has been on minimising infringements and being compliant with the deliverables specified by the City. This approach has seen EBITDA 13% higher than the prior year.

SIBANYE BUS SERVICES

Through the introduction of innovative measures, the 46 peak-bus operation yielded a creditable NPAT which exceeded the previous reporting period by 9.5%.

ELJOSA TRAVEL & TOURS

Having to contend with a significant COVID induced operating loss in the previous review period, ElJoSa recorded a creditable operating profit which signals a rejuvenation of the entity on the back of a buoyant tourism market. The company is well poised to capitalise on the myriad opportunities presented by the resurgent scholar transport and incoming tourism market segments.

ALPINE TRUCK & BUS

As a greenfields entity, Alpine posted a marginally improved, albeit negative operating performance despite achieving a commendable EBITDA return. With the awarding of sole agency of a highly rated new truck brand from China and the revamping of the sales division, the company is well positioned to realise its underlying potential in the coming year.

FRONTIER TYRES

During the reporting period, the entity was rebranded from Elori Tyres to reflect the identity of the group. Production was severely impacted by loadshedding, which had a domino effect on the maintenance and repair facets of the business. The installation of generator backup power supply, additional autoclaves and added mobile service vans will provide a steady platform to meet production objectives and extend its maintenance service going forward.

SHUTTLE-UP

As was the case with its sister subsidiary ElJoSa, the performance of Shuttle-Up was boosted by the revitalisation of the tourism sector, causing it to record a 5.5-fold increase in EBITDA. The 10-vehicle boutique company is set to consolidate its brand as a premier shuttle service geared for specialised events and a niche airport mobility service.

N2 EXPRESS

The reinstatement of the N2 Express service contributed R7.2 million to the Frontier Group's profit from equity accounted investment for the period.

CORPORATE GOVERNANCE

BOARD OF DIRECTORS



Yunis Shaik
Non-executive chairperson
B.Proc
Appointed: 1 February 2018
Nationality: South African
Age: 65
Board Committees:
Social and Ethics

Expertise and experience: Prior to his appointment at Hosken Consolidated Investments Limited (“HCI”), Yunis was an attorney of the High Court and served as an acting judge in the Labour Court. He is a former Deputy General Secretary of the Southern African Clothing and Textile Workers Union (“SACTWU”) and a director of Workers’ College. He has served as Senior Commissioner of the Commission for Conciliation, Mediation and Arbitration (“CCMA”) in KwaZulu-Natal. Yunis is a non-executive director of Tsogo Sun Gaming Limited, Deneb Investments Limited and eMedia Holdings Limited. He has also served on the board of Golden Arrow Bus Services Proprietary Limited since 2014.



Kevin Govender
Non-executive director
B.Comm (Hons), B.Compt (Hons)
Appointed: 1 February 2018
Nationality: South African
Age: 53
Board Committees:
Remuneration

Expertise and experience: Kevin joined the HCI Group in 1997 where he held the position of company secretary until his promotion to chief financial officer in 2001 which he held until 2018. Kevin is a non-executive director of Deneb Investments Limited, eMedia Holdings and Montauk Holdings Limited. He has also served on the board of Golden Arrow Bus Services Proprietary Limited since 2006.



Rob Nicolella
Non-executive director
CA (SA)
Appointed: 3 May 2022
Nationality: South African
Age: 54
Board Committees:
None

Expertise and experience: Rob is currently the financial director of HCI. He joined the HCI Group in 2011 to develop the HCI Properties portfolio and was appointed to the board in May 2019 as an executive director and as financial director from August 2019. He is a director on the boards of Impact Oil and Gas and Tsogo Sun Hotels. Rob is a chartered accountant and has attended a leadership and development programme (“LDP”) at Harvard University. During his 18-year tenure at Investec Bank, Rob headed the Structured Finance Division (Western Cape) and thereafter, Private Bank Western Cape.



Francois Meyer
Chief executive officer
Dip Trans, B.Comm, MBA
Appointed: 6 March 2018
Nationality: South African
Age: 61
Board Committees:
Social and Ethics

Expertise and experience: Francois has been working in the scheduled bus operations industry for over 30 years and started his career in transport at United Transport’s Western Bus Lines, in the North West, in 1985. He joined Golden Arrow Bus Services Proprietary Limited in 1991 as project manager overseeing the Company’s Moss gas contract. He was appointed operations manager in 1993, assumed the position of general manager in 2004 and became chief executive officer in 2015. He was appointed to the Board of Frontier as chief executive officer on 6 March 2018. He is a director of the South African Bus Operators Association (“SABOA”).

CORPORATE GOVERNANCE (CONTINUED)



Mark Wilkin
Chief financial officer
 B.Comm, CA(SA)
Appointed: 6 March 2018
Nationality: South African
Age: 69
Board Committees:
 None

Expertise and experience: Mark joined City Tramways in 1983 and was appointed financial director in 1988. In 1992 he was part of the consortium formed by the management team to buy the business of City Tramways from TGH Limited and formed Golden Arrow Bus Services Proprietary Limited, where he has been financial director since 1992. He was appointed to the Board of Frontier as chief financial officer on 6 March 2018.



Loganathan Govender ("Logie")
Lead independent non-executive director
 B.Comm, CA(SA)
Appointed: 6 March 2018
Nationality: South African
Age: 75
Board Committees:
 Remuneration, Audit and Risk

Expertise and experience: Logie is the sole proprietor of the auditing firm, Logie Govender & Co which is the oldest black-owned auditing practice in South Africa. He has over 40 years' experience as a practising auditor. Logie is an independent non-executive director of eMedia Holdings Limited.



Dr Naziema Jappie
Independent non-executive director
 PhD (Education), M.SocSc, B.SocSc (Hons), PGDip (HE)
Appointed: 6 March 2018
Nationality: South African
Age: 63
Board Committees: Remuneration, Social and Ethics, Audit and Risk

Expertise and experience: Naziema brings with her a varied background in fields including education, labour law, conflict resolution, project management and executive coaching. Naziema was appointed as Honorary Consul for the Maldives in 2017. She has served as SACTWU's National Education Officer, Executive Director at the Durban University of Technology and Dean of Students at the University of the Witwatersrand. She is currently employed as Director for the Centre for Educational Assessments and Deputy Dean (CHED) at University of Cape Town. Naziema is an independent non-executive director of Deneb Investments Limited. She has also served on the board of Golden Arrow Bus Services Proprietary Limited since 2013.



Rachel Watson
Independent non-executive director
Appointed: 17 April 2019
Nationality: South African
Age: 64
Board Committees:
 Audit and Risk, Social and Ethics

Expertise and experience: Rachel served as a manager at a regional radio broadcaster. Prior to this appointment she was employed for 33 years within the clothing industry, serving as a trade union representative and national media officer. Rachel is an independent non-executive director of eMedia Holdings Limited, Tsogo Sun Gaming Limited and HCl.

CORPORATE GOVERNANCE (CONTINUED)

The report below outlines the Board's approach to Corporate Governance and the structures put in place to meet the Board's objectives in relation to good corporate governance.

APPROACH TO CORPORATE GOVERNANCE

The Board is fully committed to good corporate governance and is guided by the values of ethical behaviour throughout the business and plays a pivotal role in overseeing the delivery of the strategy; supporting effective decision-making and ensuring key risks are identified and properly managed.

The Board endorses the principles of fairness, responsibility, transparency and accountability and is committed to unwavering standards of business integrity and ethics in its business activities. The Board fully recognises the fact that robust corporate governance practices enhance both shareholder value and the long-term sustainability of the business, and as such, endeavours to implement and review the Group's governance structures and processes to make certain that they support effective and ethical leadership, good corporate citizenship and sustainable development.

As a corporate citizen, Frontier has a responsibility to conduct its affairs with diligence and care, and to safeguard the interests of all stakeholders. The Board is accountable for the strategy, direction and corporate behaviour of the Company. This includes oversight of policies and procedures that promote Company conduct in accordance with the Group's code of ethics.

The Board endorses and is satisfied that Frontier, in all material aspects, complies with the major recommendations of the King IV™ code to ensure sound corporate governance structures are applied within the Group. Readers are referred to the Frontier Transport Holdings King IV™ application register available on the company's website at www.frontiertransport.co.za for more detail on the application of King IV™ and the Corporate Governance structure being instituted by the Group.

COMPLIANCE WITH LAWS AND REGULATIONS

The directors confirm that, to the best of their knowledge, the Group has complied with the provisions of the Companies Act of South Africa and operated in accordance with its memorandum of incorporation, during the year under review.

THE BOARD

The Board is responsible for leading and controlling the strategic and governance direction of the Group and is regulated by a formal charter that sets out the roles and responsibilities of the directors. The charter clearly specifies the division of responsibilities and sets out the practices and processes the Board follows to discharge its responsibilities. The charter specifically sets a description of roles, functions, responsibilities and powers of the Board, the shareholders, the Chairperson, individual directors, company secretary and any prescribed officers and executives of the Company.

The directors have determined the decision-making authority given to management as well as those matters reserved for decision-making by the directors. The Board charter provides a clear balance of power and authority at Board level, such that no one individual or block of individuals can dominate the Board's decision-making.

The independent non-executive directors bring independent judgement to issues tabled at director meetings including Group strategy, performance and standards of conduct. Where appropriate, they constructively challenge the executives and ensure that the obligations towards the Company's shareholders are met. Executive directors contribute insight into daily operations.

The boards of the Company's major subsidiaries and operating divisions similarly constitute the necessary mix of skills, experience and diversity.

CORPORATE GOVERNANCE (CONTINUED)

The Board has delegated powers and responsibilities to the elected Committees to execute the strategy and ensure that the objectives, as determined by the individual charters, are met. This ensures that there is a clear division of responsibilities at Board level, which safeguards against an individual exercising an unfettered power of decision-making.

The Board has unrestricted access to the external auditors, professional advisors, the services of the company secretary, the executives and the staff of the Company at any given time. Should a director require independent professional advice on any matters, the Board has agreed that this can be taken at the Company's expense.

The Board is evaluated every two years on a collective basis, and the CEO is evaluated annually on an individual basis. Such evaluation is based on a performance benchmark set by the Board in its charter. In turn, the Board evaluates the performance and effectiveness of the Board sub-committees every two years.

CHAIRPERSON AND CEO

The Chairperson leads the Board and is responsible for the governance of the Board and facilitates constructive relations between executive and non-executive directors. It should be noted that the current Chairperson, Mr Y Shaik, is not an independent director due to his directorship of HCI. In this regard, the Company has appointed Mr L Govender as lead independent director to act as Chairperson where the independence of the Chairperson may be compromised. Given the Chairperson's knowledge of the business and his commercial experience, the Board deems this arrangement appropriate and essential in achieving the Group's business objectives.

The division of responsibilities of the Chairperson and CEO has been documented and approved by the Board to ensure a balance of power. There is a clear

division between the role of the Chairperson and the CEO who is fully responsible and accountable for the operations of the Company, and whose role and function is formalised.

The Board has delegated the power to manage the daily operations of the Group to the CEO, who may delegate some of these powers. The CEO is supported by the executive management team of the individual subsidiary companies.

BOARD COMPOSITION, GENDER AND RACE DIVERSITY

The Board of directors comprises six non-executive directors, three of which are independent, and two executive directors. The Company's ultimate controlling shareholder is HCI and is represented on the Board by Mr Y Shaik, Mr K Govender and Mr JR Nicolella, executive directors of HCI.

The composition of the Board is regularly reviewed to ensure balance of power and authority, negate individual dominance in decision-making processes and to promote race and gender diversity per the gender and race diversity policy.

The Board has adopted and approved a gender and race diversity policy and will, in identifying suitable candidates for appointment as directors, consider candidates on merit against objective criteria with due regard for the potential benefits of gender and race diversity. Aspects of diversity encompassed in the policy, include, but are not limited to, making good use of differences in skills, industry experience, age, race, gender and other distinctions between members of the Board. The Board's aim is to ensure that at all times the Company has at least one female director. In addition, the Board's aim is to ensure that at least two of the directors are "black people" as defined in the Broad-based Economic Empowerment Act, 2003, as amended.

CORPORATE GOVERNANCE (CONTINUED)

MEETINGS OF THE BOARD

The Board of directors are scheduled to meet at least four times in a financial year, with additional meetings being held, if necessary, to deal with matters that require the Board's attention between the regular quarterly meetings. Directors are provided with substantive board papers adequately in advance of the scheduled meetings, to enable them to consider issues on which they are required to make decisions. The following table details each director's attendance during the year under review:

	May 2022	August 2022	November 2022	March 2023
Y Shaik	✓	✓	✓	✓
TG Govender	✓	✓	✓	✓
L Govender	✓	✓	✓	✓
NB Jappie	✓	✓	✓	✓
RD Watson	✓	✓	✓	✓
FE Meyer	✓	✓	✓	✓
ML Wilkin	✓	✓	✓	✓
JR Nicolella	✓	✓	x	✓

✓ Attendance

x Apologies

CONFLICTS OF INTEREST

The company secretary keeps a register of declarations of interest for all directors. Directors are not disqualified from contracting with the Group by virtue of their office. However, full disclosure of the nature of a director's interest is made at every Board meeting. Should a matter arise in which a director has an interest, the director is disqualified from voting and is required to recuse him/herself from any meeting where the matter is discussed.

Executive directors must distinguish between their role as director and that of manager. Should they be unable to reconcile the two roles, they are required to withdraw from the discussion and the voting.

DEALING IN THE COMPANY'S SECURITIES

Frontier has adopted a Group-wide share dealing policy to ensure compliance with the continuing obligations of the JSE Listings Requirements. This policy prohibits all directors and employees who have access to financial results and other price-sensitive information from dealing in Frontier's shares during certain prescribed prohibited periods, as defined by the JSE or when the Company is operating under a cautionary announcement.

The company secretary is charged with disseminating written notices to inform these employees of the insider trading legislation and to advise on closed periods. Details of share dealings by Frontier's directors or their subsidiaries are required to be disclosed to the Board and the JSE through the Stock Exchange News Service ("SENS"). Written requests by directors and their associates, officers and senior personnel to trade in shares and the requisite approval to trade in Frontier's shares, outside of closed periods, are kept on record at Frontier's office.

WHISTLE-BLOWER HOTLINE

The Frontier Group is committed to conducting healthy business practices with honesty and integrity. For this reason, the Company subscribes to a whistle-blowing service that enables all stakeholders to report anonymously on suspected dishonest behaviour. This service is administered independently by a professional services firm, and enables all stakeholders to anonymously report environmental, safety, ethics, accounting, auditing and control issues or other concerns. Awareness is created by advertising on staff notice forums and subsidiary company websites. The follow-up on all reported matters is co-ordinated by internal audit and reported to the Audit and Risk Committee at each Committee meeting.

CORPORATE GOVERNANCE (CONTINUED)

COMPANY SECRETARY

HCI Managerial Services Proprietary Limited, a juristic person, is the appointed company secretary of the Group and is appointed by the Board in terms of the Companies Act and in accordance with JSE Listings Requirements.

The Board has assessed, through discussion and assessment, the directors and the designated staff of the Company fulfilling the role of company secretary and is satisfied that they have the competence, qualifications and experience to effectively fulfil the role of company secretary. The company secretary provides support and guidance to the Board in matters relating to governance, ethical conduct and fiduciary duties.

Where required, the company secretary facilitates induction and training for directors and coordinates the annual Board evaluation process. Directors have unrestricted access to the advice and services of the company secretary while maintaining an arm's-length relationship between the Board and the company secretary.

The company secretary attends all Board and Committee meetings.

The certificate that the company secretary is required to issue in terms of section 88(2)(e) of the Companies Act of South Africa, is included on page 35 of this Annual Report.

COMMITTEES OF THE BOARD

The Board of directors has delegated certain specific responsibilities to the following Committees:

- Audit and Risk Committee
- Remuneration Committee
- Social and Ethics Committee

Whilst overall responsibility remains with the Board, the Committees assist the Board in discharging its responsibilities and duties. Full transparency and disclosure of Committee deliberations is encouraged and the minutes of all Committee meetings are included in the agendas of subsequent Board meetings with the Chairperson of the sub-committees giving feedback to the Board.

All Committees are empowered to obtain such external or other independent professional advice as they consider necessary to carry out their duties. These Committees play an important role in enhancing good corporate governance and improving internal controls and, as a result, the Group's performance. Each sub-committee acts according to its charter or mandate, approved by the Board and reviewed annually, which sets out its purpose, membership requirements, and duties and reporting procedures.

Notwithstanding the delegation of functions to the sub-committees, the Board remains ultimately responsible for the proper fulfilment of such functions, except in the case of the Audit and Risk Committee functions relating to the appointment, fees, and terms of engagement of the external auditor.

REPORT OF THE AUDIT AND RISK COMMITTEE

This report is provided by the Audit and Risk Committee (“the Committee”) appointed in respect of Frontier Transport Holdings Limited and its subsidiaries (“the Group”) for the year ended 31 March 2023.

The Committee consists solely of independent non-executive directors being:

- L Govender (Chairperson)
- NB Jappie
- RD Watson

The Committee is a formal committee of the Board appointed by the shareholders and functions within its documented terms of reference, which is reviewed annually. All members of the Committee are independent non-executive directors who act independently and are suitably skilled and experienced. The Committee members are permitted to consult with specialists or consultants subject to Board approval.

The chief executive officer and the chief financial officer attend the meetings as permanent invitees, along with the external and internal auditors. Other directors and members of management are also invited to attend as required.

The Committee performs its duties by holding meetings with key management on a regular basis and by unrestricted access granted to the external and internal auditors.

The Committee met four times during the year under review. At least two non-conflicting members are required to form a quorum. The Committee is expected to hold at least four meetings per financial year. Individual directors’ attendance at the Committee meetings is set out below:

Committee member	Number of meetings attended by member
L Govender	4
NB Jappie	4
RD Watson	4

FUNCTIONS OF THE AUDIT AND RISK COMMITTEE

The Committee fulfils an independent oversight role with respect to the Group’s Integrated Annual Report, the financial statements and the reporting process, which includes the system of internal financial control. The Committee is ultimately accountable to both the Board and shareholders. The Committee’s responsibilities include the statutory duties prescribed by the Companies Act, recommendations by King IV™ and additional responsibilities assigned by the Board.

The Committee is satisfied that, in respect of the financial period under review, it has performed all the functions required of it by law, including those set out in section 94 of the Companies Act, recommendations by King IV™, and in terms of the Committee’s terms of reference. In connection with the above, the Committee has:

- satisfied itself that the external auditor is independent of the Group, as set out in section 94(8) of the Companies Act, and suitable for reappointment considering, inter alia, the information stated in paragraph 22.15(h) of the JSE Listing Requirements;
- assessed and nominated for re-election at the next annual general meeting, BDO South Africa Incorporated, as the external audit firm, and the appointment of Mrs Fayaz Mohamed as the designated auditor for the following year;
- in consultation with management, agreed the engagement letter, terms, audit plan and budgeted fees for the 2023 financial year;
- considered the nature and extent of non-audit services provided by the external auditor for the financial year ended 31 March 2023 and the fees thereof to ensure the independence of the external auditor is maintained;
- in terms of paragraph 3.84(g)(ii) of the JSE Listings Requirements, satisfied itself, based on the information and explanations supplied by management and obtained through discussions with the external auditor, that the system of internal financial control is effective and forms a basis for the preparation of reliable financial statements;

REPORT OF THE AUDIT AND RISK COMMITTEE

(CONTINUED)

- reviewed the external audit report on the annual financial statements and confirmed no reportable irregularities were identified or reported by the external auditor;
- reviewed the accounting policies and consolidated annual financial statements for the year ended 31 March 2023 and based on the information provided to the Committee, considers the Group complies, in all material aspects, with the requirements of International Financial Reporting Standards, the Financial Reporting Pronouncements (as issued by the Financial Reporting Standards Council), in the manner required by the Companies Act, and the JSE Listing Requirements;
- satisfied itself in terms of paragraph 3.84(g)(i) of the JSE Listing Requirements that the chief financial officer, as well as the finance function, has the appropriate expertise and experience; and
- reviewed and ensured that the interim condensed consolidated financial statements of the Group, in respect of the first six-month period of the financial year, complied with all statutory and regulatory requirements.

INTERNAL AUDIT

The Committee has oversight of the Group's financial statements and reporting process, which includes the system of internal financial control. It is responsible for ensuring that the Group's internal audit function is independent and has the necessary resources, standing and authority in the organisation to discharge its duties. The Committee is responsible for the appointment of the internal auditors who report directly to the Committee.

The Group has appointed GRIPP Advisory Proprietary Limited to perform the internal audit function. The Committee oversees cooperation between internal and external auditors, and serves as a link between the Board of directors and these functions. In assessing the system of internal control, the Committee reviewed the internal audit reports and interrogated the findings directly with the internal auditors.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges that it is accountable for the process of risk management, and the system of internal control of the Group. The Committee is accountable to the Board for monitoring the risk management process. However, the Committee does not assume the functions of management, which remain the responsibility of the executive directors, officers and other members of senior management. The Committee's responsibilities in terms of risk are to ensure that:

- management designs, implements and monitors the risk management policies (as approved by the Board);
- risk assessments are performed on an ongoing basis;
- frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks;
- risk responses by management are considered and implemented;
- risk monitoring is continuous; and
- the Board receives assurance regarding the effectiveness of Group risk management.

Risk registers are presented to the Committee, which identify the most significant risks based on likelihood and impact of occurrence, with mitigating controls documented per risk. This is achieved by requiring that subsidiaries report their key risks and responses to the Committee at each Committee meeting. The Chairperson of the Committee reports the most significant risks derived from the above process to the Board.

Material risks

A description of all immediately identifiable material risks which are specific to the Group, its industry and its issued ordinary shares is available on the Company's website at www.frontiertransport.co.za.

REPORT OF THE AUDIT AND RISK COMMITTEE

(CONTINUED)

RECOMMENDATION OF THE ANNUAL FINANCIAL STATEMENTS

The Committee, taking into account the risk of fraud relating to financial reporting, has further considered, and has satisfied itself of the appropriateness of the expertise and adequacy of resources of the Frontier Group finance function, the effectiveness of the internal financial controls and the experience of the senior members of management responsible for the finance function.

The Committee has reviewed the stand-alone and consolidated annual financial statements of the Company and is satisfied that they comply with International Financial Reporting Standards and the Companies Act, and that the accounting policies used are appropriate.

The Committee has also reviewed a documented assessment by management of the going concern premise of the Group before recommending to the Board that the Group will be a going concern in the foreseeable future.

Based on the information provided, the consolidated annual financial statements have been recommended for approval by the Board.

RECOMMENDATION OF THE INTEGRATED ANNUAL REPORT

The Committee has evaluated the 2023 Integrated Annual Report and based on the information provided, has recommended it for approval to the Board.



L Govender
Chairperson

Audit and Risk Committee



REPORT OF THE REMUNERATION COMMITTEE

The Group's Remuneration Committee has the following members:

- TG Govender (chairperson);
- L Govender; and
- NB Jappie

Members of the Remuneration Committee are all non-executive directors, the majority of which are independent. The chairperson of the Remuneration Committee is not independent, the Board however, deems this necessary to align the Company's remuneration policy with the corporate strategy of the larger HCI Group. The chief executive officer attends the meetings of the Remuneration Committee at the request of the Committee but recuses himself from the meeting before any decisions are made.

The Remuneration Committee held two formal meetings during the financial year ended 31 March 2023, which were attended by Committee members as follows:

Committee member	Number of meetings attended by member
TG Govender	2
L Govender	2
NB Jappie	2

The Group's Remuneration Policy and the Implementation Report is tabled at each annual general meeting of the Group for a separate non-binding advisory vote by shareholders. Such policy will record the measures that the Board will adopt should either the Remuneration Policy or the Implementation Report, or both, be voted against by 25% or more of the votes exercised at such annual general meeting. In this regard, should 25% or more of the votes exercised on this resolution at the annual general meeting be against such Policy or Report, Frontier will in its voting results announcement include an invitation to dissenting shareholders to engage with Frontier and the Board, as well as the manner and timing of such engagement.

Function and role of the Remuneration Committee

The Remuneration Committee is primarily responsible for reviewing and approving the remuneration and incentives of the executive directors and approving and awarding share incentives to executives and key management of the Group. It takes cognisance of local best practice relating to remuneration to ensure that such total remuneration is fair and reasonable to both the employee and the Company.

In addition, the Remuneration Committee assists the Board in reviewing non-executive directors' remuneration recommendations, which are voted on at each annual general meeting of shareholders.

The Remuneration Committee focuses on ensuring that the Company's Remuneration Policy and framework is appropriate and relevant based on key principles including:

- the alignment of executive's remuneration and incentives with the Group's strategy to enhance and protect shareholder value;
- to determine and monitor the criteria necessary to measure the performance of executive directors in discharging their functions and responsibilities. The level of remuneration should be directly linked to corporate and individual performance; and
- remuneration packages should be designed to attract and retain people of the required calibre.

REMUNERATION POLICY

Executive directors' remuneration

The Remuneration Committee is satisfied that the Remuneration Policy is aligned with the Company's remuneration philosophy. The executives' remuneration is reviewed annually by the Remuneration Committee, who seek to ensure a balance between the executives' base salary, which is fixed, and the variable elements of their remuneration such as bonuses and share options. The salary increases of the executives are usually similar to the average employees' salary increase, for non-union staff members.

REPORT OF THE REMUNERATION COMMITTEE

(CONTINUED)

As part of achieving and maintaining reasonable, acceptable levels of remuneration, the Remuneration Committee focuses on the following strategic components to remuneration:

- Fixed: representing basic salaries and benefits commensurate with market levels and with the goal of attracting and retaining suitable executives.
- Annual incentive awards: an incentive bonus linked to performance of the Group. Upon the Group achieving the required performance targets, executives are entitled to two-thirds of the performance bonus following the respective financial year-end, while the remaining one-third is carried over to be paid in the following financial year.
- Long term incentives: The Group operates a share option scheme, which is discussed in more detail below.

The remuneration and incentive bonuses of the executive directors is paid by the Group's major subsidiary, Golden Arrow Bus Services, however, is subject to approval by the Remuneration Committee.

Non-executive directors' remuneration

Non-executive directors receive fixed fees for their services as directors of the Board and as members of Board sub-committees. These fees are reviewed annually by the Remuneration Committee and are recommended by the Board to shareholders for approval at the annual general meeting.

The proposed fee structure, subject to shareholder approval, effective from 1 September 2023 to the 2024 annual general meeting of shareholders is set out in the table below:

Type of fee	Current	New
	Fee (excl VAT)	Proposed Fee (excl VAT)
Board members – annual fee	R131 300	R140 490
Board committee members – annual fee*	R54 280	R58 080

* Where a non-executive director is a member of more than one Board Committee of the Company, the annual Board committee fee is limited to R58 080.

These fees are comparable with those of similarly sized companies. Non-executive directors do not receive short-term incentives and do not participate in the Group share option scheme.

The Group pays all reasonable travelling and accommodation expenses incurred to attend Board and Committee meetings.

Group employee option scheme

The Group operates a share option scheme, known as The Frontier Group Employee Option Scheme ("the Scheme"), in terms of which shares in the Company are offered on a share option basis to participants, provided they remain in the Group's employ until the options vest. Any gain realised on the exercise of these options is settled on a net equity basis, whereby the participant receives that number of shares that equates in value to the gain made on exercise date. Options must be exercised within six months of the vesting date, where after the options lapse. Options vest over periods of three to five years. The maximum number of shares that may be utilised for the purposes of the Scheme is 21 750 000 shares.

In terms of the Scheme, share options, are awarded to eligible participants at a 10% discount to the 20-business day volume weighted average middle market price, as at the grant date. The number of share options granted is determined using a multiple of the participant's salary, divided by the discounted market price.

Refer to the Implementation of the remuneration policy below for details of the share options awarded to executive directors.

REPORT OF THE REMUNERATION COMMITTEE

(CONTINUED)

IMPLEMENTATION OF THE REMUNERATION POLICY

The Remuneration Committee is satisfied that the Group complied with the Remuneration Policy for the 2023 financial year. The Board endorses the Remuneration Committee's position that the Group's Remuneration Policy appropriately takes into account the remuneration and employment conditions of employees in the Group as well as relevant external factors.

REMUNERATION

The executive directors' remuneration and incentive bonuses were approved by the Remuneration Committee and endorsed by the Board. Salary increases for the 2023 financial year were in line with inflation and average increases applied to non-unionised staff across the Group.

The following sets out the remuneration paid to directors for the years ended 31 March 2023 and 31 March 2022.

	Frontier Group directors' fees	Directors' fees	Salary	Fringe benefits including medical aid	Pension contributions	Bonus	Gain from share schemes	Total
Year ended 31 March 2023	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Executive directors								
FE Meyer	-	-	3 501	972	327	4 295	209	9 304
ML Wilkin	-	-	2 742	601	256	3 364	131	7 094
	-	-	6 243	1 573	583	7 659	340	16 398
Non-executive directors								
Y Shaik	-	-	4 455	-	-	2 896	3 019	10 370
TG Govender	-	-	2 244	-	-	1 459	3 193	6 896
L Govender	208	210	-	-	-	-	-	418
NB Jappie	181	277	-	-	-	-	-	458
RD Watson	181	1 313	-	-	-	-	-	1 494
JR Nicolella	-	-	5 276	102	-	3 496	3 733	12 607
Paid by HCI subsidiaries not in the Frontier Group	-	(1 800)	(11 975)	(102)	-	(7 851)	(9 945)	(31 673)
Total paid by Frontier Group	570	-	6 243	1 573	583	7 659	340	16 968

FE Meyer and ML Wilkin were remunerated by Golden Arrow Bus Services Proprietary Limited as executive directors for the years ended 31 March 2023 and 31 March 2022.

Y Shaik, TG Govender and JR Nicolella were remunerated by HCI as executive directors for the years ended 31 March 2023 and 31 March 2022.

L Govender was remunerated by E-Media Holdings Limited (subsidiary of HCI) as non-executive director for the years ended 31 March 2023 and 31 March 2022.

NB Jappie was remunerated by Deneb Investments Limited (subsidiary of HCI) as non-executive director for the years ended 31 March 2023 and 31 March 2022.

RD Watson was remunerated by HCI, Tsogo Sun Limited and E-Media Holdings Limited as non-executive director for the years ended 31 March 2023 and 31 March 2022.

REPORT OF THE REMUNERATION COMMITTEE

(CONTINUED)

Year ended 31 March 2022	Frontier Group directors' fees R'000	Directors' fees R'000	Salary R'000	Fringe benefits including medical aid R'000	Pension contributions R'000	Bonus R'000	Gain from share schemes R'000	Total R'000
Executive directors								
FE Meyer	-	-	3 303	821	309	4 289	-	8 722
ML Wilkin	-	-	2 587	578	242	3 141	-	6 548
	-	-	5 890	1 399	551	7 430	-	15 270
Non-executive directors								
Y Shaik	-	-	4 215	-	-	2 055	3 027	9 297
TG Govender	-	-	2 123	-	-	1 035	3 257	6 415
L Govender	197	200	-	-	-	-	-	397
NB Jappie	171	263	-	-	-	-	-	434
RD Watson	171	1 051	-	-	-	-	-	1 222
Paid by HCI subsidiaries not in the Frontier Group	-	(1 514)	(6 338)	-	-	(3 090)	(6 284)	(17 226)
Total paid by Frontier Group	539	-	5 890	1 399	551	7 430	-	15 809

GROUP EMPLOYEE OPTION SCHEME

The following share options have been awarded to executive directors:

	2023		2022	
	Number of share options	Weighted average exercise price R	Number of share options	Weighted average exercise price R
FE Meyer				
Balance at the beginning of the year	1 072 717	3.06	1 072 717	3.06
Options granted	3 352 446	4.40	-	-
Options vested	(70 300)	4.99	-	-
Balance at the end of the year	4 354 863	4.08	1 072 717	3.06
Unconditional between the following dates:				
Between 22 March 2022 and 22 September 2022	-	-	70 300	3.70
Between 16 March 2023 and 16 September 2023	90 902	3.28	90 902	3.28
Between 22 March 2023 and 22 September 2023	70 300	3.70	70 300	3.70
Between 16 March 2024 and 16 September 2024	90 902	3.28	90 902	3.28
Between 22 March 2024 and 22 September 2024	70 300	3.70	70 300	3.70
Between 31 March 2024 and 30 September 2024	196 370	2.72	196 370	2.72
Between 16 March 2025 and 16 September 2025	90 902	3.28	90 902	3.28
Between 31 March 2025 and 30 September 2025	196 370	2.72	196 370	2.72
Between 06 December 2025 and 05 June 2026	1 117 482	4.40	-	-
Between 31 March 2026 and 30 September 2026	196 371	2.72	196 371	2.72
Between 06 December 2025 and 05 June 2027	1 117 482	4.40	-	-
Between 06 December 2025 and 05 June 2028	1 117 482	4.40	-	-
	4 354 863	4.08	1 072 717	3.06

Subsequent to year end 161 202 options became unconditional and were exercised by FE Meyer, who received 114 471 shares in the Company after settling the related taxes.

REPORT OF THE REMUNERATION COMMITTEE

(CONTINUED)

IMPLEMENTATION OF THE REMUNERATION POLICY (continued)

GROUP EMPLOYEE OPTION SCHEME (continued)

The following share options have been awarded to executive directors: (continued)

	2023		2022	
	Number of share options	Weighted average exercise price R	Number of share options	Weighted average exercise price R
ML Wilkin				
Balance at the beginning of the year	672 285	3.06	672 285	3.06
Options granted	2 100 798	4.40	-	-
Options vested	(44 080)	4.99	-	-
Balance at the end of the year	2 729 003	4.08	672 285	3.06
Unconditional between the following dates:				
Between 22 March 2022 and 22 September 2022	-	-	44 080	3.70
Between 16 March 2023 and 16 September 2023	56 961	3.28	56 961	3.28
Between 22 March 2023 and 22 September 2023	44 080	3.70	44 080	3.70
Between 16 March 2024 and 16 September 2024	56 961	3.28	56 961	3.28
Between 22 March 2024 and 22 September 2024	44 080	3.70	44 080	3.70
Between 31 March 2024 and 30 September 2024	123 054	2.72	123 054	2.72
Between 16 March 2025 and 16 September 2025	56 961	3.28	56 961	3.28
Between 31 March 2025 and 30 September 2025	123 054	2.72	123 054	2.72
Between 06 December 2025 and 05 June 2026	700 266	4.40	-	-
Between 31 March 2026 and 30 September 2026	123 054	2.72	123 054	2.72
Between 06 December 2025 and 05 June 2027	700 266	4.40	-	-
Between 06 December 2025 and 05 June 2028	700 266	4.40	-	-
	2 729 003	4.08	672 285	3.06

Subsequent to year end 101 041 options became unconditional, these options had not yet been exercised at the date of publishing.

No additional share options have been awarded to directors from year end to the date of this report.



TG Govender
Chairperson

Remuneration Committee



REPORT OF THE SOCIAL AND ETHICS COMMITTEE

The Group's Social and Ethics Committee comprises the following members:

- NB Jappie (chairperson)
- FE Meyer
- Y Shaik
- RD Watson

The Social and Ethics Committee assists the Board in monitoring the Group's performance as a good responsible corporate citizen. The Committee comprises executive and non-executive directors with the majority being non-executive directors and the Chairperson being an independent non-executive director.

The Social and Ethics Committee is responsible for monitoring the Group's activities, having regard to any relevant legislation, other legal requirements and prevailing codes of best practice, in respect of social and economic development, good corporate citizenship (including the promotion of equality, prevention of unfair discrimination, the environment, health and public safety, including the impact of the Group's activities and of its products or services), stakeholder and consumer relationships and labour and employment issues.

In discharging its duties, the Social and Ethics Committee gives regard to:

- the 10 principles set out in the United Nations Global Compact;
- the OECD recommendations regarding corruption;
- the Employment Equity Act;
- the Broad-Based Black Economic Empowerment Act, 53 of 2003;
- good corporate citizenship;
- environment, health and public safety; and
- labour and employment.

The Social and Ethics Committee draws to the attention of the Board, matters within its mandate as occasion requires and will report to the shareholders at the Group's annual general meeting on such matters. In order to carry out its functions, the Social and Ethics Committee is entitled to request information from any directors or employees of the Group, attend and be heard at general shareholders' meetings, and receive notices in respect of such meetings.

The Committee held two formal meetings during the financial year ended 31 March 2023, which were attended by Committee members as follows:

Committee member	Number of meetings attended by member
NB Jappie	2
RD Watson	2
Y Shaik	2
FE Meyer	2

Please refer to the Corporate Responsibility section of this Report on pages 29 to 33 which details the various aspects overseen by the Social and Ethics Committee and encompasses the Report of the Social and Ethics Committee.



NB Jappie
Chairperson

Social and Ethics Committee



CORPORATE RESPONSIBILITY

INTRODUCTION

Frontier prioritises its role as a responsible corporate citizen through a number of initiatives related to environmental sustainability, corporate social investment, Broad-Based Black Economic Empowerment and a progressive approach to developing human capital.

ENVIRONMENT

Frontier's approach to the environment stems from the sincere wish to ensure that the Group's activities are sustainable and that its ecological footprint is as small as possible. This is achieved through innovation and commitment to industry best practices.

Group policy includes:

- The promotion of sustainable development and ensuring that the actions of the Group meet the needs of the present, while minimising the cost to future generations.
- Monitoring of compliance with environmental legislation, regulations and other requirements.
- Observance of the standards propagated by appropriate local or international authorities where no such legislation exists.
- Detailed reporting on environmental and recycling initiatives.
- Encouraging and motivating all Group employees to adhere to environmental protection and pollution prevention policies in order to meet environmental objectives.
- Auditing, monitoring and reviewing subsidiary progress and compliance and communicating this to all interested parties.

ENVIRONMENTAL SUSTAINABILITY

Environmental management programmes, sustainability and energy-efficiency strategies are implemented within the Group's environmental management policy.

METHODOLOGY

Catalyst Solutions calculated the carbon and water footprints for Frontier for FY23. This was the first year of fully integrated reporting for every entity in the Group and as such, selected comparisons will only be included in the next reporting period.

Included in the carbon footprint for Frontier are the following entities:

- Golden Arrow Bus Services (Pty) Ltd (GABS);
- ElJoSa Travel & Tours (Pty) Ltd (ElJoSa);
- Alpine Truck & Bus (Pty) Ltd (Alpine);
- Frontier Tyres (Pty) Ltd (Frontier Tyres); and
- Shuttle Up (Pty) Ltd (Shuttle Up).

The carbon footprint was calculated according to the World Resources Institute (WRI)/World Business Council for Sustainable Development (WBCSD) Greenhouse Gas (GHG) Protocol, a widely used corporate GHG accounting and reporting standard.

This year's conversion factors were sourced from the Inter-governmental Panel on Climate Change (IPCC) 2006 Guidelines and the South African Department of Environmental Affairs' Technical Guidelines for Monitoring, Reporting and Verification of GHG Emissions by Industry. Some emission factors, such as those for business travel captured under Scope 3 emissions, were sourced from the United Kingdom's Department for Environment, Food and Rural Affairs (DEFRA).

The organisational boundary was set according to the operational control approach, whereby Frontier reports on all GHG emissions from facilities and activities over which it has operational control.

EMISSIONS SUMMARY

Scope 1 emissions

Scope 1 emissions were 80 237 tCO₂e in FY23. GABS and ElJoSa are the major contributors to Frontier's Scope 1 emissions. This is due to the diesel operated buses used by both entities.

For GABS, given that there is prior year data, it is possible to compare FY22 and FY23. GABS' Scope 1 emissions decreased by 2% as a result of a decrease in diesel consumed in Golden Arrow. Diesel consumption decreased from 24 864 958 litres in FY22 to 24 247 603 litres in FY23. This decrease in diesel consumption is due to a decrease in distance travelled. According to GABS, there was a 3% decrease in distance travelled from 62 960 299 km in FY22 to 61 301 666 km in FY23. Fuel efficiency is slightly down from FY22, from 39.49 litres/100 km in FY22 to 39.55 litres/100 km in FY23.

CORPORATE RESPONSIBILITY (CONTINUED)

For ElJoSa, it is also possible to compare FY22 and FY23. ElJoSa's Scope 1 emissions increased by 161% due to a significant increase in diesel consumed in ElJoSa's buses. Diesel consumption in buses increased from 310 287 litres in FY22 to 811 585 litres in FY23. Distance travelled increased from 1 062 224 km in FY22 to 2 744 833 km in FY23 due to the company returning to pre-COVID operating levels. ElJoSa's fuel efficiency was slightly down from FY22, from 29.21 litres/100 km to 29.57 litres/100 km.

Scope 2 emissions

Scope 2 emissions were 1 928 tCO₂e in the reporting year.

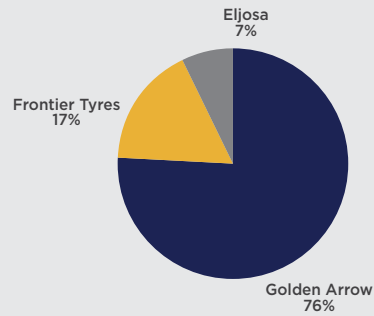
GABS is the major contributor to Frontier's Scope 2 emissions (76%). Frontier Tyres is the next largest contributor. It contributes 17% towards Frontier's Scope 2 emissions. ElJoSa contributes the remaining 7%.

It is important to note that GABS has solar installations which reduces the amount of electricity required from the national grid. The Scope 2 emissions are calculated on electricity purchased and not electricity consumed. In addition, GABS exports electricity to the national grid. However, we have not allowed for a reduction in GHG emissions as a result of this electricity exported.

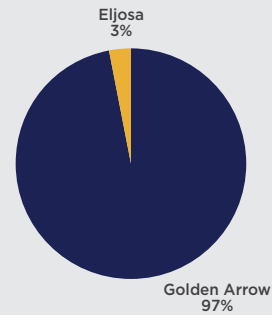
For GABS there was a 16% decrease in Scope 2 emissions. This was due to a decrease in purchased electricity mainly due to an increase in solar generated electricity.

For ElJoSa, Scope 2 emissions totalled 132 tCO₂e in the reporting year. This is a 107% increase relative to the scope 2 emissions in FY22. The increase is due to one of the depots moving to new premises which now requires the entity to pay for its own electricity.

Electricity usage (%)



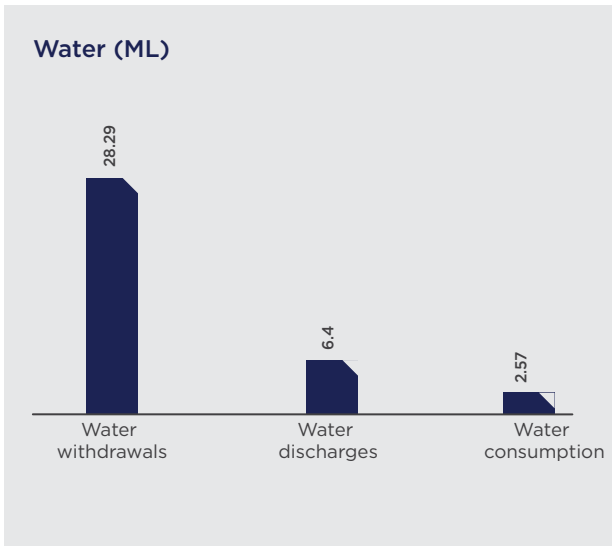
Fuel usage (%)



GHG emissions (tCO₂e/annum)



CORPORATE RESPONSIBILITY (CONTINUED)



Scope 3 emissions

Scope 3 emissions were 13 190 tCO₂e in the reporting year.

Diesel consumed in MyCiTi and Associate's buses is the largest contributor to Scope 3 emissions by far.

GABS' Scope 3 emissions totalled 13 176 tCO₂e in the reporting year. This is a 38% increase relative to emissions in FY22 which were 9 555 tCO₂e. The significant increase in scope 3 emissions results from the increase in diesel consumption of 43% in the MyCiTi and Associate buses as a result of an increased distance travelled of 39%.

WATER USAGE

Included in the water footprint for Frontier are the following:

- Golden Arrow Bus Services (Pty) Ltd (GABS);
- Alpine Truck & Bus (Pty) Ltd (Alpine); and
- Frontier Tyres (Pty) Ltd (Frontier Tyres).

Frontier's water withdrawals in FY23 were 28 ML. GABS is the major contributor to Frontier's water withdrawals (98%). Frontier Tyres contributes 2% to Frontier's water withdrawals.

GABS' water withdrawals in FY23 were 28 ML. This represents a 64% increase relative to the water withdrawals in FY22. The increase in water withdrawals is mainly due to increases in water withdrawals for Philippi and Arrowgate depots.

Some of the GABS' depots are using rainwater and borehole water but at this stage, the water footprint includes only municipal water. However, provision will be made to include borehole water withdrawals going forward to allow for a more accurate reflection of water usage.

CORPORATE RESPONSIBILITY (CONTINUED)

CORPORATE SOCIAL INVESTMENT PROJECTS AND PROGRAMMES

Community Transport Programme

The Community Transport Programme is an extension of the Golden Arrow Foundation Grassroots Programme. The 16-year-old programme is a partnership between the HCI Foundation, Golden Arrow Bus Services and more than 30 community-based programmes. Through this partnership 690 buses were deployed in 2022 and 41 400 people were able to enjoy experiences that would otherwise not have been possible.

Beneficiaries include, amongst others, Baxter Theatre, Grassroots, Zip Zap Circus School, Dream Factory Foundation, Vusa Rugby and Learning Academy, Artscape, Getwell, Iziko Museums, Ibhathane Project, College of Magic, Cape Whalers Field Band, Magnet Theatre, Sisanda Foundation, Pauline Podbrey Foundation, Ronnie Samaai Music Education, Youthstart Foundation, Amy Foundation, Ithemba Labantu and the Cape Town Science Centre.

Grassroots Adventure Bus Programme

Golden Arrow was delighted to receive a special recognition award at the Grassroots AGM for a 50-year incident free relationship which has benefited hundreds of thousands of children.

The Adventure Bus Programme is a very special part of early childhood development for participants as many have never before travelled on a bus. Through the programme children are able to experience the world outside their own backyards, it is here that they learn to interact with children from different socio-economic backgrounds and to experience learning through play.

Golden Arrow through the HCI Foundation (incorporating the Golden Arrow Foundation) contributes towards the actual transport costs for educational outings for more than 350 pre-schools. As a further contribution, a core group of Golden Arrow drivers from Arrowgate, Southgate and Philippi Depots volunteer their services three days a week while they are off shift. The drivers donate their time and skills free of charge in order to give thousands of historically disadvantaged children the opportunity to benefit from educational outings.

Dignity Drive Project

In July, a Golden Arrow depot decided to collect sanitary towels to donate to a worthy organisation. From this a challenge was put out to all the depots to see how many sanitary towels could be collected by employees. CEO Francois Meyer agreed to match whatever was the total amount of donations received.

The Philippi depot managed to collect 664 packs, which were donated to Beautiful Gate and Khanya Primary School. The Eastgate depot (incorporating ElJoSa, Shuttle Up and N2 Express) collected 630 packs which were donated to Saartjie Baartman Centre for Women and Children. The Tollgate depot collected 378 packs for Abaphumeleli Home of Safety in Khayelitsha. These employee donations were then matched with a 2000-pack sanitary towel donation made to three schools in the Philippi area.

BROAD-BASED BLACK ECONOMIC EMPOWERMENT

Frontier achieved a Level 2 B-BBEE rating.

Frontier remains committed to empowerment at all levels of its operations through various initiatives, particularly skills development through its Training and Recruitment Centre, and a strong focus on preferential procurement.

A copy of the full B-BBEE certificate can be viewed on the Company's website www.frontiertransport.co.za.

OUR PEOPLE

Frontier recognises the need to retain and develop its most valuable asset – its employees. Human capital is a key focus and training and development for the Group is predominantly situated at Golden Arrow's purpose-built Training and Recruitment Centre.

The Group's human capital strategy is driven by two central tenets:

- Continuous development of existing employees starting at learnership and apprenticeship levels and extending as far as senior management levels.
- Creation of training and employment opportunities through innovative partnerships.

TRAINING AND DEVELOPMENT SNAPSHOT

The training and development programmes for the reporting year were varied and impactful.

Business Cross Skills Training Programme

This accredited short course was rolled-out to 178 artisans and smartcard sellers. The course comprised 15 modules which covered topics such as time management, application of business principles, customer relations, research skills, coaching and mentoring, research skills, occupational health and safety, light vehicle and vehicle lifting equipment operation and automotive system inspection.

CORPORATE RESPONSIBILITY (CONTINUED)

Two-Star Artisan Programme

Golden Arrow has created a unique training programme for artisans which allows them to train to become qualified as both diesel mechanics and auto electricians. The apprentices will already have qualified in one of the two trades and will then become apprentices again for an 18-month period in order to qualify in the second trade. Once qualified these artisans are known as Two-Star artisans. Two-star artisans are able to work on buses in a holistic manner as they are able to complete mechanical and electrical work. Out of the 16 artisans on the programme 13 are trade test ready.

Trade	Apprentices per Trade
Diesel Mechanic	7
Auto Electrician	9
Total Apprentices	16

Personal Mastery

This training was specifically formulated for small business unit managers and covered essential professional skills such as emotional intelligence and communication. The course required intense engagement and ongoing practical application and 22 employees successfully completed the course.

Department of Economic Development and Tourism apprenticeships and learnerships

Golden Arrow has partnered with the Department of Economic Development and Tourism (DEDAT) to create a specialised learner and apprenticeship programme for unemployed youth. DEDAT provides monthly stipends for the beneficiaries while Golden Arrow provides a dynamic, experiential opportunity for future vehicle body builders, fitter and turners, spray painters, auto-electricians, diesel mechanics and bus drivers. Golden Arrow also provides bus passes so that candidates' travel costs are covered.

Between February 2022 and March 2023, 133 apprentices have been onboarded with 19 awaiting trade test appointments.

Trade	Apprentices per Trade
Vehicle Body Builder	39
Diesel Mechanic	53
Auto Electrician	32
Spray Painter	7
Fitter and Turner	2
Total Apprentices	133

OCCUPATIONAL HEALTH AND SAFETY

The Group complies with the Occupational Health and Safety Act (OHS Act), as well as the National Environmental Management Act (NEMA).

INCIDENCE OF DISCRIMINATION

The Group's ethos is rooted in fairness and this is championed through its code of ethics. There is a zero-tolerance approach to any form of discrimination and this is made concrete through formalised grievance and disciplinary procedures. A confidential whistleblowing hotline is available for all stakeholders.

FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

Employees throughout the Group are guaranteed freedom of association and are free to join the unions of their choosing. The Group actively seeks to foster positive and transparent relationships with unions throughout its subsidiaries.

COLLEGE LEARNERS

Golden Arrow also hosts college learners who need to complete their workplace experience. There are currently 18 college students placed across various depots for workplace experience learning.

Trade	College Learner per Trade/Qualification
Welder	1
Fitter & Turner	2
Diesel Level 2	7
Administration	3
Finance	1
Law	1
Upholstery	3
Total Learners	18

SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

STATEMENT OF RESPONSIBILITY OF THE BOARD OF DIRECTORS

The directors of Frontier Transport Holdings Limited (“Frontier” or “the Group” or “the Company”) are responsible for the maintenance of adequate accounting records and the preparation, integrity and fair presentation of the annual financial statements of the Company and the Group and for other information contained herein.

The summarised consolidated annual financial statements, set out on pages 40 to 49, and the consolidated annual financial statements for the year ended 31 March 2023, available on Frontier’s website, have been prepared, in accordance with International Financial Reporting Standards (“IFRS”) and the requirements of the South African Companies Act, 71 of 2008, as amended, on the going concern basis and incorporate full and responsible disclosure. The summarised information included in this report has been extracted from the audited consolidated annual financial statements.

The consolidated annual financial statements are based upon appropriate accounting policies and supported by reasonable and prudent judgements and estimates. The consolidated annual financial statements were prepared under the supervision of the chief financial officer, Mr ML Wilkin CA(SA).

The directors are satisfied that the information contained in the consolidated annual financial statements fairly represents the results of operations for the year and the financial position of the Group at year end. The accuracy of the other information included in this report was considered by the directors and they are satisfied that it accords with the consolidated annual financial statements.

The directors are also responsible for the Group’s system of internal financial controls. The system was developed to provide reasonable, but not absolute, assurance regarding the reliability of the financial statements, the safeguarding of assets, and to prevent and detect misrepresentation and losses.

The directors are of the opinion that the Group will continue as a going concern in the foreseeable future.

The consolidated annual financial statements were audited by the independent auditor, BDO South Africa Incorporated, to whom unrestricted access was given to all financial records and related information. The report of the independent auditor is presented on page 39.

Each of the directors, whose names are stated below, hereby confirm that –

- (a) the consolidated annual financial statements set out on pages 40 to 49, fairly present in all material respects the financial position, financial performance and cash flows of the Company in terms of IFRS;
- (b) to the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
- (c) internal financial controls have been put in place to ensure that material information relating to the Company and its consolidated subsidiaries have been provided to effectively prepare the annual financial statements of the Company;
- (d) the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls;
- (e) where we are not satisfied, we have disclosed to the Audit Committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls, and have taken steps to remedy the deficiencies; and
- (f) we are not aware of any fraud involving directors.

The consolidated annual financial statements for the year ended 31 March 2023 were approved by the Board of directors on 26 July 2023 and are signed on its behalf by:



FE Meyer
Chief executive officer



ML Wilkin
Chief financial officer

Cape Town

26 July 2023

SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

DECLARATION BY COMPANY SECRETARY

We certify that Frontier Transport Holdings Limited has lodged with the Companies and Intellectual Property Commission, for the financial year ended 31 March 2023, all such returns as required by a public company in terms of the Companies Act of South Africa and that such returns are true, correct and up to date.

*HCI Managerial Services
Proprietary Limited*

HCI Managerial Services Proprietary Limited
Company Secretary

Cape Town

26 July 2023



SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

DIRECTORS' REPORT

NATURE OF BUSINESS AND OPERATIONS

The Company is an investment holding company and holds interests in various subsidiaries operating within the transport sector. Its investment holdings are detailed below.

There have been no material changes to the nature of the Group's business from the prior year.

RESULTS

Refer to the Chairperson and CEO's Report on pages 10 to 11 for an overview of the performance of the Group for the period under review.

ORDINARY CASH DIVIDENDS

The Company declared and paid an interim ordinary dividend for the year ended 31 March 2023 of 22 cents

(2022: 20 cents) (gross) per share. The Board declared a final ordinary dividend for the year ended 31 March 2023 of 35 cents (2022: 32 cents) (gross) per share on 25 May 2023 which was paid on 19 June 2023.

SHARE CAPITAL

There was no change in the authorised share capital of the Company during the period under review. In terms of the Frontier Group Employee Option Scheme, 595 797 shares were issued during the current financial year (2022: nil). At 31 March 2023, the total shares in issue was 290 595 797.

MAJORITY SHAREHOLDER

The Company's ultimate holding company is Hosken Consolidated Investments Limited holding 82.05% of the issued share capital of the Company at 31 March 2023 (2022: 82.22%).

DIRECTORATE

The directors of the Company who held office during the year under review and at the date of this report are as follows:

Directors	Office	Designation
Mr Y Shaik	Chairperson	Non-executive
Mr FE Meyer	Chief executive officer	Executive
Mr ML Wilkin	Chief financial officer	Executive
Mr TG Govender		Non-executive
Mr JR Nicolella		Non-executive
Mr L Govender	Lead independent	Independent non-executive
Dr NB Jappie		Independent non-executive
Ms RD Watson		Independent non-executive

Mr JR Nicolella was appointed to the board as a non-executive director with effect from 3 May 2022. There were no other changes in directorate during the period under review.

In accordance with the Company's MOI and Section 10.16(g) of the JSE Listing Requirements, one-third of non-executive directors will retire at the forthcoming annual general meeting. In terms of which Ms RD Watson and Dr NB Jappie, being the retiring directors, and being eligible, offer themselves for re-election.

SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

DIRECTORS' EMOLUMENTS

Details of directors' emoluments and share options awarded to executive directors are included in the Remuneration Policy and Implementation of the Remuneration Policy on pages 21 to 25.

SHAREHOLDINGS OF DIRECTORS

At year end the following directors held shares in the Company:

Director	Direct number of shares held	Direct % of shares held	Indirect number of shares held	Indirect % of shares held	Total number of shares held	Total % of shares held
FE Meyer	163 577	0,06%	256	0,00%	163 833	0,06%
MLW Wilkin	26 324	0,01%	-	-	26 324	0,01%
JR Nicolella	5 185	0,00%	9 727	0,00%	14 912	0,01%
TG Govender	87 808	0,03%	821 676	0,28%	909 484	0,31%

In addition, to the holdings reflected above, subsequent to year end and to the date of the approval of the annual financial statements the following director acquired an additional interest in the shares of the Company, after exercising his unconditional share options:

Director	Additional direct number of shares acquired	Additional % of shares in issue acquired
FE Meyer	114 471	0.04%

There were no further changes in the directors' interest from 31 March 2023 to the date of the approval of this report.

COMPANY SECRETARY

The secretary of the Company is HCI Managerial Services Proprietary Limited, whose details are set out on the Corporate Information page.

INVESTMENTS

Investments of the Group as at 31 March 2023 are as follows:

Company	Nature of business	Holding
HPL and R Investments Proprietary Limited	Investment Holding	100%
Golden Arrow Bus Services Proprietary Limited	Transport services	100%
Table Bay Area Rapid Transit Proprietary Limited	Transport services	100%
Sibanye Bus Services Proprietary Limited	Transport services	100%
Frontier Tyres Proprietary Limited	Tyre sales and retreads	100%
Shuttle Up Proprietary Limited	Transport services	90%
Eljosa Travel & Tours Proprietary Limited	Transport services	92.7%
Alpine Truck and Bus Proprietary Limited	Bus, truck and spare part sales	51%
N2 Express Joint Venture Proprietary Limited	Transport services	33.3%

SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

GOING CONCERN

The directors believe that the Group and the Company have adequate financial resources to continue operations for the foreseeable future and accordingly the consolidated annual financial statements have been prepared on the basis of accounting policies applicable to a going concern.

The Group has no financial covenants imposed by its funders. Based on these cash flow forecasts the directors are of the view that the Group has sufficient liquidity to meet its obligations as currently foreseen in the next financial year.

The directors are not aware of any new material changes that may adversely impact the Group nor are they aware of any material non-compliance with statutory or regulatory requirements which may affect the Group.

AUDITORS

BDO South Africa Incorporated was appointed in office in accordance with section 90 of the Companies Act 71 of 2008 with Mrs Fayaz Mohamed as the designated auditor for the year ended 31 March 2023.

NO MATERIAL CHANGE

There has been no material change in the financial or trading position of the Group since the publication of its provisional results for the year ended 31 March 2023.

SPECIAL RESOLUTIONS

The following special resolutions were passed by the Company's shareholders at the annual general meeting held on 29 August 2022:

- Granting the Company a general authority to allot and issue the Company's unissued ordinary shares (or to issue options or convertible securities into ordinary shares) for cash, subject to the provisions of the Company's MOI, the Companies Act and the JSE Listing requirements;
- Approval of the fees payable to non-executive directors for their services as directors or as members of the Board sub-committees in respect of the financial period 1 September 2022 until the next annual general meeting of the Company;

- Granting the Company and the subsidiaries of the Company a general authority contemplated in terms of the JSE Listings Requirement paragraph 5.72, for the acquisition by the Company, or a subsidiary of the Company, of ordinary issued shares issued by the Company; and
- Granting the Company authorisation to provide financial assistance to subsidiaries in accordance with sections 44 and 45 of the Companies Act.

SPECIAL RESOLUTIONS OF SUBSIDIARIES

The statutory information relating to special resolutions passed by subsidiaries is available from the registered office of the Company.

SUBSEQUENT EVENTS

On 23 June 2023, the Company issued 271 336 ordinary no par value shares to participants who exercised their options under the Group employee option scheme.

The directors are not aware of any further matter or circumstance arising since the end of the financial year to the date of this report, not otherwise dealt with within the annual financial statements that would affect the operations or results of the Company or the Group significantly.

PREPARER

These annual financial statements were prepared under the supervision of the chief financial officer, Mr ML Wilkin CA(SA).

SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

INDEPENDENT AUDITOR'S REPORT ON THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

To the shareholders of Frontier Transport Holdings Limited

OPINION

The summarised consolidated financial statements of Frontier Transport Holdings Limited, which comprise the summarised consolidated statement of financial position as at 31 March 2023, the summarised consolidated statement of profit or loss, the summarised consolidated statement of other comprehensive income, the summarised consolidated statement of changes in equity and the summarised consolidated statement of cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Frontier Transport Holdings Limited for the year ended 31 March 2023.

In our opinion, the accompanying summarised consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, in accordance with the JSE Limited's (JSE) requirements for summarised financial statements, as set out in the note "Basis of preparation and accounting policies" to the summarised consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summarised financial statements.

SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

The summarised consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to consolidated annual financial statements. Reading the summarised consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon.

THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AND OUR REPORT THEREON

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 26 July 2023. That report also includes communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period.

DIRECTORS' RESPONSIBILITY FOR THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the summarised consolidated financial statements in accordance with JSE's requirements for summarised financial statements, set out in the note "Basis of preparation and accounting policies" to the summarised consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summarised financial statements.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on whether the summarised consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), *Engagements to Report on Summary Financial Statements*.

BDO South Africa Inc.



BDO South Africa Incorporated
Registered Auditors

Fayaz Mohamed
Director
Registered Auditor

26 July 2023

SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

	Notes	2023 R'000	2022 R'000
ASSETS			
Non-current assets		1 613 690	1 626 129
Property, plant and equipment	1	1 577 512	1 588 298
Right-of-use asset	2	4 828	5 671
Goodwill		23 940	23 940
Intangible assets		59	59
Investment in associate		5 982	1 743
Loan to associate		-	5 882
Deferred taxation		1 369	536
Current assets		796 606	699 181
Inventories		32 484	36 015
Trade and other receivables		80 692	75 977
Current tax receivable		4 809	8 949
Cash and cash equivalents		678 621	578 240
Total assets		2 410 296	2 325 310
EQUITY AND LIABILITIES			
Equity		1 542 770	1 413 853
Equity attributable to equity holders of the parent		1 546 627	1 426 504
Non-controlling interest		(3 857)	(12 651)
Non-current liabilities		444 301	491 967
Borrowings		1 636	2 619
Instalment sale obligations		80 460	121 640
Lease liability	2	2 399	1 857
Post-employment medical benefit liability		62 265	66 550
Deferred taxation		297 541	299 301
Current liabilities		423 225	419 490
Trade and other payables		218 476	222 142
Post-employment medical benefit liability		5 172	5 066
Borrowings		1 008	8 145
Instalment sale obligations		96 504	92 219
Current tax payable		9 491	38
Provisions		92 574	91 880
Total equity and liabilities		2 410 296	2 325 310

SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

SUMMARISED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2023

	Notes	2023 R'000	2022 R'000
Revenue	3	2 393 841	2 080 002
Other income		18 973	11 989
Operating expenses		(1 954 566)	(1 644 193)
EBITDA		458 248	447 798
Depreciation and amortisation		(99 787)	(92 028)
Investment income		35 583	15 975
Profit from equity accounted investment		7 239	1 364
Finance costs		(16 469)	(19 880)
Profit before taxation		384 814	353 229
Taxation		(107 355)	(96 452)
Profit for the year		277 459	256 777
Profit attributable to:			
Equity holders of the parent		277 489	261 199
Non-controlling interest		(30)	(4 422)
		277 459	256 777
Earning per share (cents)			
Basic		95.55	90.07
Diluted		94.89	89.52

SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

SUMMARISED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2023

	2023 R'000	2022 R'000
Profit for the year	277 459	256 777
Other comprehensive income		
<i>Items that will not be reclassified to profit or loss</i>		
Actuarial gains on defined benefit plans	7 990	5 473
Taxation relating to actuarial gains on defined benefit plans	(2 157)	(1 478)
Total comprehensive income for the year	283 292	260 772
Total comprehensive income attributable to:		
Equity holders of the parent	283 322	265 194
Non-controlling interest	(30)	(4 422)
	283 292	260 772

SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

RECONCILIATION OF HEADLINE EARNINGS

For the year ended 31 March 2023

Reconciliation of headline earnings	2023		2022	
	R'000 Gross	R'000 Net	R'000 Gross	R'000 Net
Earnings attributable to equity holders of the parent		277 489		261 199
Profit on disposal of plant and equipment	(1 244)	(908)	(5 495)	(3 956)
Impairment of plant and equipment	7 946	5 801	5 006	3 604
Impairment of goodwill	-	-	4 247	4 247
Insurance claim for capital assets	(4 645)	(3 391)	(2 683)	(1 932)
Headline earnings		278 991		263 162
Earnings per share (cents)				
Basic		95.55		90.07
Diluted		94.89		89.52
Headline earnings per share (cents)				
Basic		96.07		90.75
Diluted		95.40		90.19
Weighted average number of shares in issue ('000)				
Basic		290 414		290 000
Diluted		292 432		291 775
Actual number of shares in issue ('000)		290 596		290 000

In terms of the Frontier Group Employee Option Scheme, 595 797 shares were issued during the current financial year (2022: nil).

SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2023

	2023 R'000	2022 R'000
Balance at the beginning of the year	1 413 853	1 284 243
Total comprehensive income	283 292	260 772
Equity settled share-based payments	2 356	2 238
Dividends	(156 731)	(133 400)
Balance at the end of the year	1 542 770	1 413 853

SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2023

	Notes	2023 R'000	2022 R'000
Cash flows from operating activities		229 201	247 453
Cash generated from operations		468 335	483 010
Investment income received		32 583	15 975
Finance cost paid		(16 469)	(19 880)
Taxation paid		(98 517)	(98 252)
Dividends paid		(156 731)	(133 400)
Cash flows from investing activities		(9 496)	(12 959)
Dividends received		3 000	-
Business combinations		-	(6 500)
Loan to associate repaid/(advanced)		5 882	(5 882)
Acquisition of property, plant and equipment	4	(32 066)	(12 402)
Proceeds from insurance claims		253	-
Proceeds from sale of plant and equipment		13 435	11 825
Cash flows from financing activities		(119 324)	(154 035)
Funding repaid	4	(116 949)	(152 836)
Principal paid on lease liabilities		(2 375)	(1 199)
Increase in cash and cash equivalents		100 381	80 459
Cash and cash equivalents			
At the beginning of the year		578 240	497 781
At the end of the year		678 621	578 240

NOTES TO THE SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2023

BASIS OF PREPARATION AND ACCOUNTING POLICIES

The summarised consolidated annual financial statements are prepared in accordance with the requirements of the JSE Listings Requirements and the Companies Act. The Listings Requirements require summarised financial statements to be prepared in accordance with the framework concepts, the measurement and recognition requirements of International Financial Reporting Standards (“IFRS”), the Financial Reporting Pronouncements (as issued by the Financial Reporting Standards Council) and to also, as a minimum, contain the information required by IAS 34 – Interim Financial Reporting.

The accounting policies applied in the preparation of the consolidated annual financial statements from which the summarised consolidated annual financial statements were derived, are compliant in terms of IFRS and are consistent with those applied in the previous annual financial statements. Details of the standards adopted are provided in the Group’s consolidated annual financial statements. As required by the Listings Requirements of the JSE Limited, the Group reports headline earnings in accordance with Circular 01/2023 – Headline Earnings, as issued by the South African Institute of Chartered Accountants.

OPERATING SEGMENT

The directors have considered the implications of IFRS 8 - Operating segments and are of the opinion that the operations of the Group materially constitute one operating segment, being the provision of passenger transport and related services within South Africa. Resource allocation and operational management is performed on an aggregate basis. Performance is measured based on profit or loss before tax as shown in internal management reports that are reviewed by the chief operating decision maker, who is the Group’s chief executive officer.

1. PROPERTY, PLANT AND EQUIPMENT

The movement in property, plant and equipment is summarised as follows:

	Carrying value at 31 March 2022 R'000	Additions R'000	Depreciation R'000	Disposals R'000	Impairments R'000	Carrying value at 31 March 2023 R'000
Buses	1 175 795	82 483	(83 303)	(11 988)	(7 596)	1 155 391
Computers and computerised fare collection and radio equipment	48 611	954	(6 308)	-	(350)	42 907
Land and buildings and leasehold improvements	349 498	6 811	(214)	-	-	356 095
Motor vehicles	8 788	8 161	(3 092)	(203)	-	13 654
Plant and machinery	4 952	5 381	(1 456)	-	-	8 877
Furniture and fixtures	654	210	(276)	-	-	588
Total	1 588 298	104 000	(94 649)	(12 191)	(7 946)	1 577 512

The Group acquired 30 commuter buses totaling R73.9 million, 1 electric bus totaling R4.5 million and 4 charter coaches for the value of R4.1 million (2022: acquired 5 commuter buses totaling R12.7 million).

The impairment of buses with a net book value of R7.6 million (2022: R4.7 million) relates to the destruction of 11 Golden Arrow buses (2022: the destruction of 7 Golden Arrow buses), of which R4.6 million is receivable from insurance proceeds (2022: R2.5 million).

NOTES TO THE SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2023

2. LEASES

Movements in the carrying value of right-of-use assets and lease liabilities are as follows:

	2023 R'000	2022 R'000
Reconciliation of right-of-use assets		
Carrying value at the beginning of the year	5 671	25 295
Additions	4 296	2 681
Remeasurement of lease	-	(22 166)
Depreciation	(5 139)	(139)
Carrying value as at 31 March	4 828	5 671
Reconciliation of lease liabilities		
Carrying value at the beginning of the year	3 193	23 877
Finance costs	410	2 121
Lease payments	(2 786)	(3 320)
Additions	4 296	2 681
Remeasurement of lease	-	(22 166)
Carrying value as at 31 March	5 113	3 193
Of which:		
Current (included in Trade and other payables)	2 714	1 336
Non-current	2 399	1 857
	5 113	3 193

NOTES TO THE SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2023

3. REVENUE

Group revenue for the year is made up as follows:

	2023 R'000	2022 R'000
Revenue from bus services		
<i>Revenue recognised over time</i>		
Operational contract carrying revenue risk	1 127 813	1 132 644
Operational contract with no revenue risk	160 378	140 787
Sale of multi-journey tickets	578 305	441 793
Revenue recognised at a point in time		
Sale of single journey tickets	353 827	293 603
Charter hire services	101 128	32 638
Total revenue from bus services	2 321 451	2 041 465
Revenue from goods sold		
<i>Revenue recognised at a point in time</i>		
Sale of vehicles	7 627	20 158
Sale of spares, tyres and retreads	35 107	8 073
	42 734	28 231
Revenue from automotive repair services		
<i>Revenue recognised at a point in time</i>		
Bus and vehicle repair and maintenance	7 365	1 199
Tyre repairs and related services	4 531	289
	11 896	1 488
Other revenue		
<i>Revenue recognised over time</i>	1 868	2 748
<i>Revenue recognised at a point in time</i>	15 892	6 070
	17 760	8 818
Total revenue	2 393 841	2 080 002

NOTES TO THE SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2023

4. BORROWINGS ARISING FROM FINANCING ACTIVITIES

Movements in the carrying value of borrowings are as follows:

	2023 R'000	2022 R'000
Carrying value at the beginning of the year	224 623	364 695
Cash-flows:		
Debt repayments	(116 949)	(152 836)
Interest paid	(15 972)	(18 229)
Non-cash:		
Raising of instalment sale obligations	71 934	12 764
Interest capitalised	15 972	18 229
	179 608	224 623

R71.9 million (2022: R12.8 million) of debt raised in the period relate to instalment sale agreements used to finance bus acquisitions, and therefore has not been included in the cash flow statement as a cash flow amount.

5. COMMITMENTS

Movements in the carrying value of borrowings are as follows:

	2023 R'000	2022 R'000
Capital expenditure		
Property, plant and equipment authorised but not yet contracted	310 500	81 134
Property, plant and equipment authorised and contracted to be expended	113 238	103 820

It is intended that this expenditure will be funded from bank finance and operating cash flows.

The Board approved the reinstatement of the fleet replacement programme to commence during FY2023 and has authorised the acquisition of 67 commuter buses, 40 of these buses will be delivered during FY2024. At year end the Board also approved the acquisition of 62 electric buses.

6. RELATED PARTY TRANSACTIONS

Related party transactions similar to those disclosed in the Group's 2022 annual financial statements took place for the year ended 31 March 2023 and will be disclosed in the Group's annual financial statements for the year ended 31 March 2023.

7. EVENTS AFTER THE REPORTING PERIOD

On 23 June 2023 the Company issued 271 336 ordinary no par value shares to participants who exercised their options under the Group employee option scheme.

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report that would require any adjustments to the consolidated annual financial statements.

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