

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

6. INTANGIBLE ASSETS

(a) Cost

| | THE GROUP | | | | THE COMPANY | | |
|----------------------------------|------------------------|----------------------------------|----------------------|-------------------|------------------------|----------------------------------|-------------------|
| | Trademarks MUR '000 | Computer software MUR '000 | Goodwill MUR '000 | Total MUR '000 | Trademarks MUR '000 | Computer software MUR '000 | Total MUR '000 |
| At 1 July 2021 | 193 000 | 37 783 | 742 872 | 973 655 | 193 000 | 21 697 | 214 697 |
| *Additions | – | 2 363 | – | 2 363 | – | 1 973 | 1 973 |
| Disposal | – | (1 219) | – | (1 219) | – | – | – |
| Exchange differences | – | (2 028) | (62 512) | (64 540) | – | – | – |
| At 30 JUNE 2022 | 193 000 | 36 899 | 680 360 | 910 259 | 193 000 | 23 670 | 216 670 |
| AMORTISATION | | | | | | | |
| At 1 July 2021 | – | 34 424 | – | 34 424 | – | 19 744 | 19 744 |
| Charge for the year | – | 2 102 | – | 2 102 | – | 1 213 | 1 213 |
| Disposal | – | (1 219) | – | (1 219) | – | – | – |
| Exchange differences | – | (1 702) | – | (1 702) | – | – | – |
| At 30 JUNE 2022 | – | 33 605 | – | 33 605 | – | 20 957 | 20 957 |
| NET BOOK VALUE | | | | | | | |
| At 30 JUNE 2022 | 193 000 | 3 294 | 680 360 | 876 654 | 193 000 | 2 713 | 195 713 |
| *Capital expenditure in progress | – | 26 096 | – | 26 096 | – | 26 096 | 26 096 |
| TOTAL | 193 000 | 29 390 | 680 360 | 902 750 | 193 000 | 28 809 | 221 809 |

(b) COST

| | | | | | | | |
|----------------------------------|----------------|---------------|----------------|----------------|----------------|---------------|----------------|
| At 1 July 2020 | 193 000 | 35 768 | 660 028 | 888 796 | 193 000 | 21 697 | 214 697 |
| Additions | – | 293 | – | 293 | – | – | – |
| Exchange differences | – | 1 722 | 82 844 | 84 566 | – | – | – |
| At 30 JUNE 2021 | 193 000 | 37 783 | 742 872 | 973 655 | 193 000 | 21 697 | 214 697 |
| AMORTISATION | | | | | | | |
| At 1 July 2020 | – | 30 777 | – | 30 777 | – | 18 545 | 18 545 |
| Charge for the year | – | 2 119 | – | 2 119 | – | 1 199 | 1 199 |
| Exchange differences | – | 1 528 | – | 1 528 | – | – | – |
| At 30 JUNE 2021 | – | 34 424 | – | 34 424 | – | 19 744 | 19 744 |
| NET BOOK VALUE | | | | | | | |
| At 30 JUNE 2021 | 193 000 | 3 359 | 742 872 | 939 231 | 193 000 | 1 953 | 194 953 |
| *Capital expenditure in progress | – | 25 410 | – | 25 410 | – | 25 410 | 25 410 |
| Total | 193 000 | 28 769 | 742 872 | 964 641 | 193 000 | 27 363 | 220 363 |

The Directors have considered the relevant factors in respect of determining the useful life of trademarks. As there is no foreseeable limit to the period over which the trademarks are expected to generate net cash inflows for the Group and the Company, trademarks have been assessed as having an indefinite useful life.

* Total cash outflow consist of additions and capital expenditure in progress.

(c) Amortisation

| | THE GROUP | | THE COMPANY | |
|-------------------------|------------------|------------------|------------------|------------------|
| | 2022 MUR '000 | 2021 MUR '000 | 2022 MUR '000 | 2021 MUR '000 |
| Cost of sales | 433 | 490 | – | – |
| Administrative expenses | 1 669 | 1 629 | 1 213 | 1 199 |
| | 2 102 | 2 119 | 1 213 | 1 199 |

(d) Impairment test on Trademarks and Goodwill

| | THE GROUP AND THE COMPANY | |
|--|---------------------------|------------------|
| | 2022 MUR '000 | 2021 MUR '000 |
| Trademarks | | |
| Trademarks (note (i)) | 193 000 | 193 000 |
| | THE GROUP | |
| | 2022 MUR '000 | 2021 MUR '000 |
| Goodwill | | |
| Edena S.A. and its subsidiaries (note (i)) | 680 360 | 742 872 |

The Group assess trademarks and goodwill annually for impairment, or more frequently if there are indicators that goodwill and trademarks might be impaired. The Directors are satisfied that there is no indication of impairment of goodwill of Edena S.A. and its subsidiaries and trademarks for the year ended 30 June 2022 (2021: Nil).

(i) The recoverable amounts of trademarks and goodwill of Edena S.A. and its subsidiaries (Edena Group), have been determined based on their value-in-use calculations. These calculations use cash flow projections based on financial budgets prepared by management covering a five year period. Value-in-use was determined by discounting the future cash flows generated from the continuing use of trademarks and the cash generating unit of Edena Group respectively using a pre-tax discount rate. Discount rates used represent the current market assessment of the risk specific to a cash generating unit taking into consideration the time value of money and the weighted average cost of capital (WACC).

The key assumptions used for preparing the cash flow forecasts are based on management's past experience of the industry and the ability of the trademarks and Edena Group to at least maintain their respective market share. The assumptions used for the value-in-use calculations are as follows:

- cash flows were projected based on actual operating results extrapolated using an annual growth rate of 4% (2021: 4%) for a period of five years;
- cash flows after the five years period were extrapolated using a perpetual growth rate of 2% (2021: 2%) in order to calculate the terminal recoverable amount.