



2023 INTEGRATED REPORT

FOR THE YEAR ENDED 31 MARCH



About this report

Introduction

Capital Appreciation Limited (“Capital Appreciation”, “the Company”, “the Group”) is pleased to present shareholders with the 2023 integrated report.

This report aims to provide stakeholders with a concise, material, transparent and understandable assessment of the Group’s governance, strategy, prospects, business model and performance. The report complements further information provided on the Company’s website, including:

- SENS announcements;
- Financial statements (AFS);
- Notice of Annual General Meeting
- King IV™ compliance register.

Scope and boundary

The report covers all the operations of Capital Appreciation for the year ended 31 March 2023. There have been no significant changes in the scope and boundary of this report compared to the 2022 report, nor have there been notable changes in the nature of the Group’s business or material restatement of information provided in earlier reports. Capital Appreciation acquired the Dariel Group in July 2023, which is discussed in more detail in the Chief Executive’s report.

Frameworks and assurance

The information included in the integrated report has been provided in accordance with:

	Integrated Report	ESG Report	Annual Financial Statements
INTERNATIONAL REPORTING FRAMEWORK	✓		
COMPANIES ACT, 71 OF 2008 AS AMENDED	✓		✓
JSE LIMITED LISTINGS REQUIREMENTS	✓		✓
KING IV REPORT ON CORPORATE GOVERNANCE FOR SOUTH AFRICA, 2016	✓		✓
INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)	✓		✓
JSE LIMITED SUSTAINABILITY DISCLOSURE GUIDANCE	✓	✓	

No external assurance has been sought, save for the independent financial audit done by Ernst & Young Inc, and the B-BBEE verification which was done by Renaissance SA Rating (Pty) Ltd for Capital Appreciation Limited, African Resonance and Dashpay, and by JS BEE Solutions for Synthesis.

How to navigate the reporting suite



This icon signifies related information elsewhere in this report



This icon signifies related information available online at: www.capitalappreciation.co.za

Forward-looking statements

This report may contain forward-looking statements concerning Capital Appreciation’s future performance and prospects. While these statements represent the Group’s judgements and future expectations, several factors may cause actual results to differ materially from its expectations.

Materiality and reporting process

In selecting information for inclusion in the integrated report, emphasis is placed on those issues, opportunities and challenges that impact materially on Capital Appreciation’s ability to deliver value to all stakeholders in a sustainable manner. These material matters were identified through the risk management process, strategy workshops and stakeholder engagement. Management has prepared and verified the information in the report, which was also audited by the Company’s independent auditors.

The Board of Directors of Capital Appreciation (“the Board”) acknowledges its responsibility to ensure the integrity of this integrated report and, with the assistance of the audit committee, has applied its mind to the report and believes that it addresses all material matters and presents the integrated performance of the Company fairly. The Board has therefore approved this 2023 integrated report for publication.

On behalf of the Board

Michael Pimstein
Executive Chairman

Bradley Sacks
Chief Executive Officer

Alan Salomon
Chief Financial Officer

20 July 2023

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**Digitalisation is fertile ground
for exponential growth
unlocking new possibilities for
commercial advancement**



About Capital Appreciation

Capital Appreciation is a financial technology company that seeks to serve and partner with established and emerging financial institutions and other enterprise clients. The Company facilitates the provision of financial services technology platforms and delivers contemporary and innovative technologies and solutions.

VISION

Capital Appreciation is focused on investing in and growing businesses that deliver compelling, innovative and disruptive solutions to financial institutions and other enterprise clients, allowing them to develop and introduce new products, deliver value to their customers and improve efficiency while controlling and eliminating unnecessary operating costs. This vision is underpinned by sound commercial judgement and good corporate governance.



PAYMENTS

The Payments segment comprises three businesses:

- **African Resonance** and **Dashpay** are leading direct and indirect providers of payment infrastructure, technical support, maintenance, bespoke software, payment services and payment technology solutions.
- **Dashpay Glass** is a **SoftPOS** solution built for merchants and merchant acquirers.
- **LayUp Technologies**, a recent start-up in which Capital Appreciation is a 27.4% shareholder, is Africa's first digital lay-by and recurring payments business with solutions for e-commerce and in-store purchases.



 For more detail, please refer to the Divisional reviews on page 30



SOFTWARE

The Software segment comprises three businesses:

- **Synthesis** is a strategic technology partner and highly specialised software and systems developer, offering consulting, innovative solutions, and technology-based products.
Synthesis is uniquely positioned in Africa as an Amazon Web Services (AWS) Advanced Consulting Partner with a broad range of specialist competencies.
- **Responsive Group**, acquired by Capital Appreciation on 1 March 2022, designs and develops web and mobile digital applications with clients in South Africa, the USA, Europe, Australia and the United Kingdom.
- **Dariel Solutions** and **Dariel Software** were acquired on 3 July 2023. Dariel is an engineering focused IT architecture and software development group focused on complex business applications.



RESPONSIVE



INTERNATIONAL

The International division...

located in the Netherlands, was formed in June 2021 and is aimed at broadening the Group's geographic reach, expanding the Group's client base, and increasing its exposure to new and emerging technologies and global best practice.

In addition to the Group's wholly-owned foreign subsidiaries, Synthesis Europe B.V. and Synthesis Labs BV, Capital Appreciation owns 20% of Regal Digital B.V. that comprises TetraLabs, a Web 3.0 consulting business and Flamelink, a SaaS content management solution.



- * **Halo Dot** is a software solution (SoftPOS) that allows any near-field communication (NFC) enabled Android-based device to be a payment acceptance device. It is offered as a software development kit (SDK) for integration into others' apps or as an app on a white label basis.

Capital Appreciation history

The Group remains strongly focused on investing in and growing companies where its capital and strategic capability can be successfully leveraged to expand and generate scale within a reasonable timeframe and, in addition, can provide satisfactory organic growth and shareholder returns.

October 2015

Capital Appreciation listed as a Special Purpose Acquisition Company ("SPAC") on the Main Board of the JSE and raised R1 billion through a private placement of shares.

May 2017

Acquired 100% of African Resonance, Dashpay and Synthesis Software Technologies, as well as migrated to Technology: Software and Computer Services sector on the JSE.

May 2019

Agreement concluded for exclusive distribution of Newland technology payment devices.

September 2019

Acquired intellectual property rights of platforms previously used under license and sold 17.45% interest in Resonance Australia.

January 2021

Invested in and acquired 27.4% in Layup with the ability and right to increase ownership interest over time.

March 2021

Launched Halo Dot, a robust platform for payment acquiring on Android devices.

June 2021

International division established in Amsterdam, Netherlands.

March 2022

Acquired the Responsive technology group.

May 2022

Subscribed for 20% of the shares in Regal Digital, a FinTech company located in the Netherlands.

July 2023

Acquired Dariel group.

Criteria for further investment

The Group continues to explore the technology sector, seeking to identify compatible enterprises for potential acquisition. Finding sustainable, growing and reasonably priced businesses in the sector has proven challenging. However, interesting opportunities continue to present themselves in a current environment where business valuations are being repriced, both in South Africa and globally.

In Capital Appreciation's desire for value creation, the Group focuses on several attractive differentiating attributes:

- Innovative technology
- Business models or technology already evidencing user acceptance on the adoption curve
- Significant growth potential
- Not in the end-consumer market – focused on the needs of institutional clients
- Synergistic opportunities with existing operating units
- Can easily transcend international and continental borders
- Companies that are cash-generative and asset-light

About Capital Appreciation (continued)

Proudly associated with a diverse portfolio of clients that are leaders in the sectors in which they operate

Financial Services



Retail



Healthcare



Telecoms



Logistics



REPRESENTATIVE CLIENTS



Delivering
services in over
20 countries

About Capital Appreciation (continued)

Long-term strategic partner to global technology providers

The Group's strategic partnerships with principals and suppliers are both a cornerstone and major strength of its operations. These relationships are carefully selected and pursued after thorough due diligence. They are nurtured through continuous evaluation of mutually beneficial opportunities. The value Capital Appreciation adds to this important stakeholder group is evident from the Group's preferred status with many of these suppliers.

Compliance maintained with the strictest local and international protocols and accreditations

SUPPLIER RECOGNITION

AWS Social Impact Partner of the Year 2020

AWS Consulting Partner of the Year 2021

Confluent NEMEA Focus partner

MTN's Best Incubated Business App of the Year for 2022

Investment Analyst Society – Excellence in communication and financial reporting, technology sector, 2021

SIGNIFICANT PARTNERS

ingenico

Newland
SCANNING MADE SIMPLE

aws 100 certified
AWS PARTNER NETWORK

THALES
Building a future we can all trust



Google Cloud
Partner

CONFLUENT

vodacom

CLOUDFLARE

HashiCorp

PAYMENT ACCREDITATIONS



Diners Club
INTERNATIONAL



VISA



Key features for 2023

Strong demand for Capital Appreciation's products and services continued and the Group attracted further blue-chip domestic and international customers

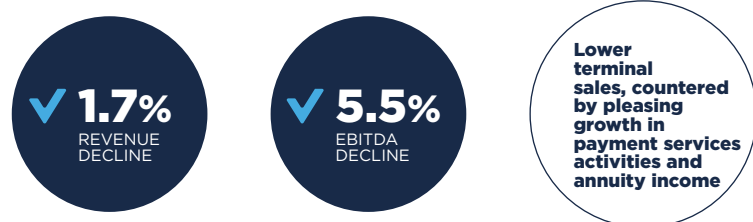
Pleasing operational momentum, Heps and Eps declined due to the Govchat R70.8 million expected credit loss provision

- Terminal estate up 18%
- Payments division annuity revenue up 24%
- Strong growth in the Software division with revenue increasing by 58%
- International revenue grew by 177%
- The Responsive group was successfully integrated and has exceeded its profit warranty
- Deliberate focus on and investment in the future
 - R109m expensed on growth initiatives
 - R23m capitalised in terms of new software and product development
- Compelling business pipeline across all businesses
- Cash available for investment of R495 million translating into cash per share of 40 cents
- Further diversification and reduced concentration in customers, products and services as well as geographies

SOFTWARE DIVISION



PAYMENTS DIVISION



20%
REVENUE

6%
EBITDA

45%
EPS AND HEPS

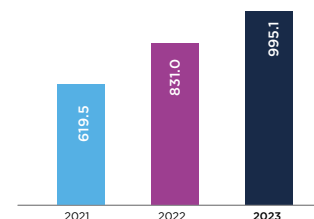
2%
HEPS *excl. ECL

10%
ANNUAL DIVIDEND

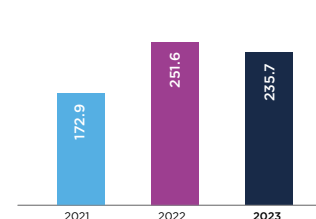
0.4%
NET ASSET VALUE

3-YEAR PERFORMANCE

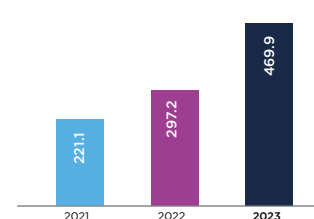
GROUP REVENUE (Rm)



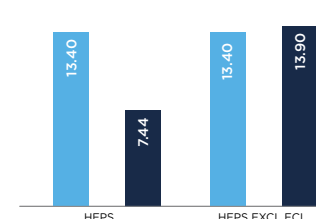
GROUP EBITDA 2023 (Rm)



SOFTWARE REVENUE (Rm)

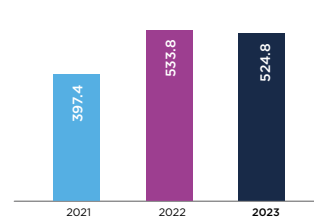


HEPS (CENTS)

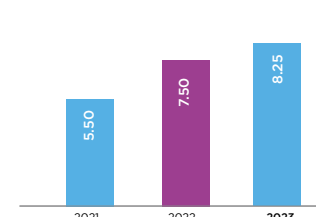


2022 2023

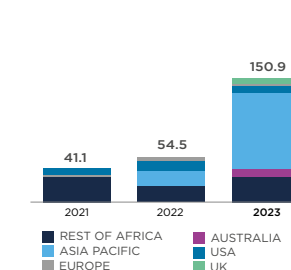
PAYMENTS REVENUE (Rm)



DPS (CENTS)



INTERNATIONAL REVENUE (Rm)



Operational in over 20 countries
with offices in South Africa and the Netherlands

The business model

We Partner

We innovate

We execute



Maintaining necessary skills in the business

Investment for growth

Ongoing innovation to benefit clients

Broadening financial inclusion

Transformation

Judicious capital allocation

The value Capital Appreciation adds

Clients

Providing clients with:

- Turnkey solutions in infrastructure and services
- a FinTech entity that provides greater corporate comfort than each subsidiary individually
- an ability to do what they do – faster, better, cheaper
- resources to upskill their employees in emerging technologies
- innovation and use of emerging technologies to cope with rapidly changing business environment

Subsidiaries

Providing subsidiaries with:

- the balance sheet and financial resources to scale up their operations
- as a larger company, more mission critical work and more significant projects
- a strong network and relationships to gain access to prospective clients
- financial security for staff and the opportunity to offer long-term share incentives
- a commonality of clients across subsidiaries, which provides additional credibility for new projects

Society

Assisting society to transform through:

- job creation, internships, training and development
- enterprise and supplier development
- contributions to taxes and levies
- practical upliftment projects
- strong improvements in B-BBEE levels

Acquisitions

Providing future acquisitions with:

- well-established relationships with clients which are difficult to replicate
- financial resources to build their businesses
- greater access to innovative development capability
- strategic guidance and commercial wisdom
- synergistic subsidiaries to accelerate growth

Governance

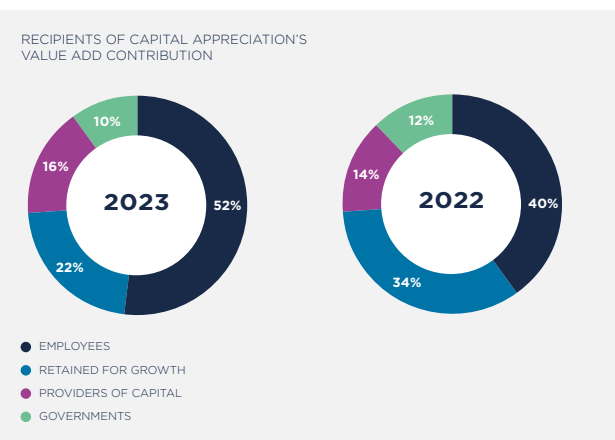
- rigorous and transparent corporate governance practices
- responsible environmental practices

Value preserved

- Continuous investment in innovation protects and broadens the technology franchise and offering to clients
- Maintaining certifications provides a license to operate
- Attractive employee proposition, share incentives and interesting work allow for high employee retention
- Ongoing training keeps employee skills pools abreast of latest developments in technology

Value lost

- Expected credit loss provision in GovChat
- Skills lost to emigration



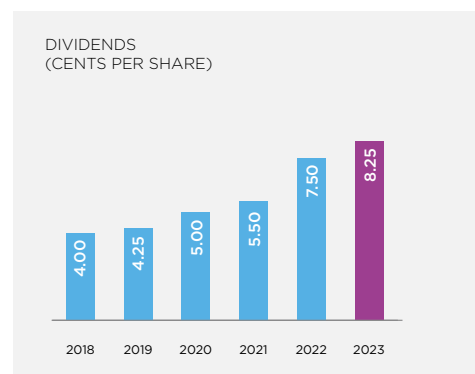
Refer to the sound environmental, social and governance practices section in the ESG report at www.capitalappreciation.co.za for a more comprehensive discussion

Capital Appreciation's investment case

A strong foundation on which to grow – organically and by acquisition

- Leading position in an industry with a strong secular growth trajectory
- Large market opportunity – domestic and international
- Strong culture of innovation resulting in relevant client solutions
- Trusted partner to blue-chip clients
- Demonstrated leadership and track record of delivery
- Deliberate focus on the future through measured and persistent investment
- Cash generative, resilient business model
- Healthy, debt-free balance sheet enables growth and agility
- Sustainable growth in dividends and shareholder returns
- Large cash arsenal to pursue growth

A consistent growth in dividends



South Africa's first fully functioning Automated Clearing House payment system that runs in the cloud

BankservAfrica

Banks are reporting robust growth in the use of PayShap, a new rapid payment system expected to revolutionise small-sum transactions in South Africa. Launched in March 2023 by BankservAfrica in collaboration with the South African Reserve Bank, PayShap is a low-value, instant payment service that can replace physical cash and is aimed at deepening the digital financial inclusion of both consumers and small businesses.

PayShap is focused on consumer-to-consumer payments – spouse to spouse, spouse to child, etc. in areas where cash was previously used. PayShap allows users to send amounts of up to R3 000 using a cellular phone number (ShapID), often at no cost for low amounts. It encourages consumers to move away from cash, which to date still dominates consumer spending.

The Synthesis team worked closely as a preferred partner with BankservAfrica, via Amazon Web Services (AWS), to assist in developing and deploying the PayShap solution. Synthesis designed and developed cloud infrastructure for BankservAfrica as a requirement for the deployment of PayShap, and built the foundation for the organisation's ongoing cloud journey. The system enables inter-bank, real-time payments and the robust cloud environment facilitates the links of communication between BankservAfrica and the participating South African Banks. Synthesis implemented best practices to navigate all challenges through the AWS Well Architecture Review (WARF) programme to create a platform that is secure, reliable and scalable.

Our ESG Framework

Capital Appreciation recognises the impact that its activities have on society. The Group is committed to managing operations ethically, while striking an appropriate balance between economic, social and environmental needs.

Social impact

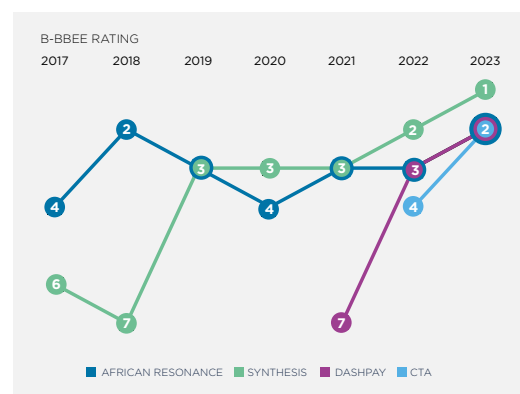
From inception, Capital Appreciation has had a strong commitment to contributing to the socio-economic prosperity and the transformation of the communities within which it operates.

Social and relationship capital

The foundation of Capital Appreciation's social and relationship capital is its connections to clients, suppliers, partners and communities.

Capital Appreciation implemented a range of initiatives to enhance its B-BBEE credentials. This led to pleasing improvements in the Group and subsidiary company ratings.

The Group also has a proud transformation heritage with a B-BBEE shareholding representing economic interests of 32.28% and voting rights of 40.69%.



Black women ownership
10.9%

Enterprise and supplier development

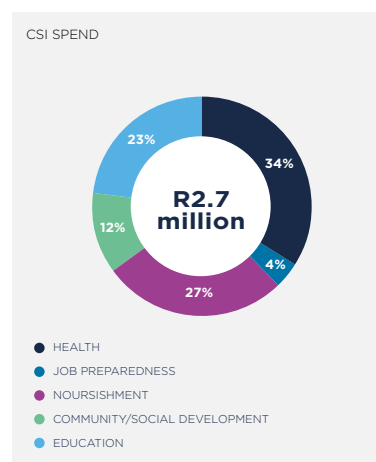
The Group provided interest-free loans of a total value of R12 million in the reporting period to a number of its Black-owned business suppliers.

Apart from these loans, quick settlement of invoices, and preferential procurement procedures, Capital Appreciation also assisted new Black-owned businesses by transferring skills, providing workspace and other resources that small and medium-sized businesses need to establish sustainable operations.

Corporate social investment (CSI)

The Group is actively involved in a number of social projects, with a particular focus on educating and upskilling the communities within which it operates. The forward target is to contribute 1.5% of the Group's net profit after tax towards CSI.

Below follows a summary of some of the initiatives that the Group participated in during the 2023 financial year:



Africa Tikkun

The Group worked closely with Africa Tikkun, a non-profit organisation that works alongside local and global organisations to build sustainable socio-economic pathways for South African youth.

The Smile Foundation

African Resonance is a proud and long-standing supporter of The Smile Foundation, an NGO facilitating corrective facial reconstructive surgery and treatments for children living with facial conditions. In July 2022, the Capital Appreciation Group's learners and graduate interns joined a Smile Foundation initiative during which they packed 275 care packages.

Mandela Day

The Capital Appreciation group took up the task to share warmth on Mandela Day in July 2022. The staff generously donated 680 blankets to both Africa Tikkun and The Smile Foundation, who distributed them to people in need.

For more information on the CSI initiatives, please refer to the ESG Report at www.capitalappreciation.co.za

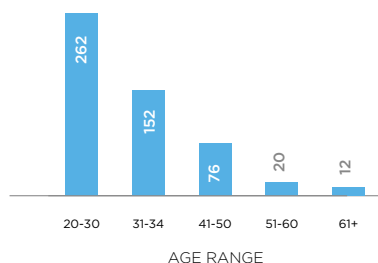
Human capital

Employees are recognised as a crucial resource for the Group. Their expertise, dedication, and motivation are vital to achieving the Group's strategic goals and upholding its connections with stakeholders.

Capital Appreciation's people philosophy

- A strong commitment to a culture of inclusion and collaboration
- Free of prejudice with equal opportunity and a strong sense of belonging
- Resilient, innovative and highly-engaged teams
- Accelerated leadership development programmes
- A strong emphasis on continuous learning
- Innovative employee engagement forums
- Long-term share incentives

AVERAGE AGE OF EMPLOYEES



82% of employees are permanently employed,
 90% of contract employees
 comprise interns and learners

381 new jobs
 proudly created
 since May 2017

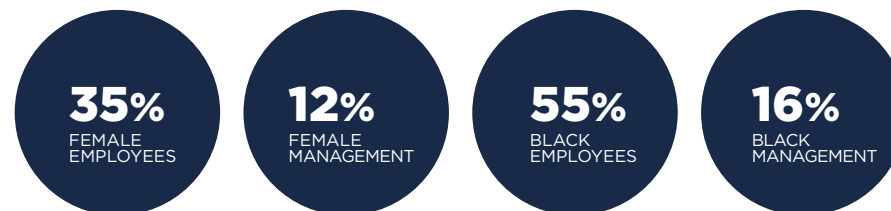
190 new appointments
 in the reporting
 period, of which
 68% are black

10%*
 STAFF
 TURNOVER

0%
 LOST TIME
 INCIDENT
 RATE

** Excluding fixed-term contracts/
 learnerships that came to end of
 contract*

**85 learnerships and
 intern programmes**
 (2022: 52)



A diverse workforce

The Group believes that diversity fosters innovation and new perspectives and therefore strives to attract people from all backgrounds and establish a creative environment in which to prosper. Its diversity focus is evident in the composition of the Board and staff complement.

Skills development

To succeed in this industry, one must possess both strong technical and people abilities. We look for intelligent individuals who flourish in a technically demanding workplace and give them the assistance they need to stay at the top of the skills race, with R3.8 million in training spend in 2023.

Employee wellness

The Group believes in a healthy work-life balance and offers a variety of initiatives to promote the health and wellness of its employees.

 For more information on Human Capital, please refer to the ESG Report at www.capitalappreciation.co.za

Environmental impact

Capital Appreciation has a low impact on the environment, mainly through its low use of water, energy and disposal of electronic and office waste.

All the operational entities within Capital Appreciation, including their business partners embrace and endorse the principles of e-waste management to **Reduce, Reuse and Recycle** to limit excess waste. The Group's efforts to manage and reduce its environmental impact entail:

A low environmental impact

- minimising the use of hazardous materials, energy and other natural resources
- minimising the generation of waste
- recycling of all paper, packaging, food and plastics
- enabling the recycling and reuse of materials
- utilising the services of a certified ISO-compliant vendor to dismantle, destroy and recycle all POS hardware, waste batteries and componentry in a compliant and environmentally friendly way
- repurposing technologies through resale, recycling or reinvestment into the community:
 - redundant and entry-level laptops are donated to charities,
 - broken laptops, screens, keyboards and UPS units are recycled for re-use.

Performance and outlook

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While challenges exist and operating conditions are tough, our businesses are resilient and growing well



Operating context and strategy

The environment we operate in

The Covid-19 pandemic has resulted in a real recognition of the necessity and importance of technology in every aspect of daily life. As a result, digitalisation has taken centre stage across the globe and has also acted as a strong accelerant for the demand for the Group's services. Given its insight into the immense value that technology brings, the Group has broadened its collaborative ecosystem of services to help clients further embrace the new digital era.

Four irreversible shifts that are transforming operations

1 Rapid and extreme digitisation	2 Ascent of contactless operations	3 Virtualisation of workplace	4 Rise in alternative sources for talent
From electronification to digitisation Data and analytics delivering service and operational agility Disruptive tech accelerating service delivery (e.g., AI tools)	Shift to contactless customer journey and experience Hyper-personalisation Monetising the next wave of commercial innovation	Reorganisation of talent supported by the right management science	Innovative talent marketplaces fuelling the gig economy Shift into skilled talent pools

Source: McKinsey

>65%

of senior executives are stepping up investment in automation and AI

>75%

of digital-channel users expect to continue their usage even after pandemic fades

Key trends

Expanding market for payment devices

A recent Nilson report noted that payment terminal shipments to the Middle East and Africa grew by 36% to some 8 million units in 2021, the highest growth of any region globally. Yet this is still a fraction of the 136 million shipments worldwide, as cash is still used in about 90% of transactions on the African continent, providing substantial scope for growth.

In addition to these regional trends, several trends specific to South Africa are causing demand for payment terminals and forms of digital payment to accelerate. These include:

- An increase in the terminal-enabled retail footprint as more retailers join
- Enhanced technology with increased functionality, which provides merchants with more services
- Merchants' preference for contemporary equipment leads to more frequent terminal replacement
- Regulatory compliance – EMV / PCI security mandates requiring replacement of older terminals
- Communication Protocols – 2G and 3G networks will be shut down in the years ahead, requiring replacement of all 2G and 3G enabled payment terminals

Capital Appreciation's positioning

Capital Appreciation is exceptionally well-positioned in this growth market with a contemporary physical terminal estate, multi-supplier agreements from the leading global terminal providers, as well as market-leading digital payment innovations through its Halo Dot and Dashpay Glass platforms.

 [Refer to the Payments division on page 30](#)

Operating context and strategy (continued)

Key trends continued

The most compelling driver of cloud adoption is improved strategic execution, not cost or risk

In essence, cost savings are the least important reason driving cloud migrations, with the cloud's ability to step-change business agility and productivity, innovation and reducing risk, ranking far higher in companies' strategic thinking.

As a result, major cloud providers like Amazon Web Services (AWS), Google Cloud and Microsoft Azure, have experienced massive growth in the past few years. Fortune Business Insights projects the cloud computing market's value to grow from around \$480 billion (2022) to \$1.7 trillion by 2029.

Capital Appreciation's positioning

In addition to Synthesis being a highly skilled and preferred AWS partner with Advanced Consulting Partner Status, the Software division also offers Microsoft Azure and Google Cloud skills to customers. This broad experience and skills base has been further bolstered with the recently announced Darieel acquisition.

AWS Consulting Partner of the Year 2021

 Refer to the Software division on page 32

Global Market for Cloud Continues to Grow Up 24% YoY

SA market expects 30% 4-year CAGR

Capital Appreciation's partners and skills pool



*includes platform as a service (PaaS) and infrastructure as a service (IaaS) as well as hosted private cloud services

User experience (UX) determines customer loyalty

Research confirms that companies that are in the top echelons of user experience have outperformed the laggards in their market performance because, as McKinsey notes, satisfied customers spend more and exhibit deeper loyalty to companies.

A study done by Forrester produced similar results, finding that companies that invest in UX see a lower cost of customer acquisition, lower support cost, increased customer retention and increased market share.

Capital Appreciation's positioning

The Responsive Group within the Software division specializes in well-designed and crafted user interfaces and user experiences and has an established reputation for excellence in this field. Since the acquisition, they have successfully collaborated with other Group business units to further improve Software's offering to clients.

 Refer to the Software division on page 32

The excitement about ChatGPT and other forms of Artificial Intelligence continues unabated

Artificial Intelligence (AI) has been rapidly advancing in recent years, thanks to the availability of large amounts of data, powerful computing resources, and innovative algorithms. AI has a wide range of applications to help businesses improve their efficiency, customer satisfaction, innovation, and competitiveness. The current hype around ChatGPT creates many opportunities for technology companies that want to leverage AI for their products and services. Shrewd executives are identifying applications within their business models and are looking for technology companies to assist in rapidly realising these benefits.

Capital Appreciation's positioning

Capital Appreciation's Software division has already been utilising versions of GPT in solutions for international clients for over two years and has built up notable skills in the domain. It has experienced strong demand for artificial intelligence solutions across its customer base in recent times.

 Refer to the Software division on page 32

Operating context and strategy (continued)

New technologies continue to find innovative commercial applications, leading to new growth verticals

Several of the emerging payments and FinTech trends monitored by the Group are utilising/requiring new technologies which the Group has been experimenting with and developing applications for. Examples of these trends include:

- More investment in payment choices to meet consumer needs through the integration of financial services within non-financial platforms or products such as buy now pay later (BNPL) options, embedded finance, and digital wallet payment tools in social media apps, or e-commerce sites.
- Real-time payments: more use cases for the instant transfer of funds between accounts or parties, enabled by blockchain technology, digital wallets, or payment networks. This trend is driven by the growing demand for speed, convenience, and transparency in payments, especially from online shoppers.
- AI-based payments and solutions: the use of artificial intelligence (AI) to enhance payment processes, security, personalisation, and customer experience. Examples include biometric authentication, fraud detection, chatbots and recommendation engines.
- More reliance on biometric identification and authentication for payments, such as facial recognition, fingerprint scanning, and voice verification.

Capital Appreciation's positioning

Synthesis Labs is the research and development entity within the Software division that focuses on emerging technologies. From crypto to Artificial Intelligence, machine learning and Web 3.0 applications, the Software division continues to develop commercial applications in new technologies that add meaningful value to their clients.



Refer to the Software and International divisions on pages 32 and 35



Operating context and strategy (continued)

Strategic intent

Capital Appreciation has applied a consistent execution strategy since the acquisition of its first businesses in 2017. This strategy is aimed at not only delivering substantial growth but to continue to attract and cement relationships with the Group's customers.

Capital Appreciation operates in a sector with a multitude of growth opportunities available to it. It is up to the Group to make full use of these beneficial trends, with the growth potential of the business model only limited by the Group's inventiveness. Capital Appreciation has the skills and financial means to take advantage of these and deliver on its strong organic growth trajectory over the long term. Over the short to medium term, the art will lie in managing the growth sensibly to achieve long-term benefits while protecting against the shorter-term earnings impacts of the investment required. Each of the business units has a comprehensive and detailed growth plan which are provided in the divisional reports from pages 30 to 36.

A broad range of organic and acquisitive growth opportunities are available to the Group

Capital Appreciation also has the resources and capability to augment its organic capabilities with acquisitions. While evaluating a plethora of potential deals over the years, the Group has been diligent in only entering into transactions with the right risk-reward trade-off. We are pleased with the latest transaction announced post year-end to acquire software provider Dariel, which closely aligns with the strategy for the Software business.

There is still an appetite for further acquisitions. The Group will actively look for opportunities both in the Payments and Software divisions. However, the Group will adopt a judicious and cautious approach as it has in the past. Potential targets must be asset-light, have strong management and must have a solid operational track record. The Group could also look at acquisitions to grow and diversify its geographic footprint in the rest of Africa, the UK and Europe.

With the cash and resources to back it up, and significant opportunities on the horizon, Capital Appreciation intends to employ all the experience, skills, and creativity of its teams to maximise the positive difference it can make to its stakeholders.

GROWTH OPPORTUNITIES



Payments

- Accelerated growth in POS device estate as penetration increases in the traditional as well as SMME sector
- Introduction of new platforms will generate new growth and open up new market segments
- New product pipeline



Software

- Strong and growing adoption of cloud-based solutions
- Increasing regulatory compliance requirements
- Further international expansion
- Significant opportunity in new technologies

The Payments and Software divisions have successfully developed and introduced new products and services, which has resulted in significant revenue growth over the past six years.

Consistent Strategy and Execution

The Group's strategy has delivered substantial growth and its objectives remain unchanged since initially formulated



Partner

- Work with corporate clients
- Create ecosystems for collaboration
- B2B
- B2B2C
- Deliver solutions to help clients realise their strategy
- Focus on infrastructure



Innovate

- State of the art proprietary technology
- Entrepreneurial culture
- Hardware agnostic
- Add value
- Integrate seamlessly with legacy systems
- Grow market
- Develop commercial applications for emerging technologies



Execute

- Service excellence
- Alleviate pain points
- User experience
- Create ecosystem
- Act as an innovation catalyst for clients
- Engender trust

Chairman's letter

Dear Capital Appreciation Investors and Stakeholders

With recent data confirming that consumer confidence in South Africa is near its worst level since the advent of democracy in 1994 and with negligible, if any, actual growth in GDP, earlier expectations that conditions are improving for consumer based expenditure are clearly, no longer valid.

Together with the myriad of challenges we face as a country, it is imperative that effective leadership is applied to restore consumer and business confidence and that both policies and behaviours provide a secure, sustainable and positive basis for investment, employment and improved economic activity. It is obvious that leadership needs to be both decisive and bold.

Technology continues to transform the business landscape, creating new opportunities for innovation and growth, and changing the way business interacts with its customers, employees, and partners.

Businesses that embrace technology and adapt to these changes are more likely to thrive in the digital age and this realisation has fuelled substantial demand from leading organisations for partners to assist them in achieving a step-change in their digital transformation. As a premier provider of these products and services, we are in the fortunate position that the skills, experience and track record of our people and our businesses are in high demand, as evident in the top-line growth in the Group and especially the Software business in recent years.

We are therefore particularly pleased to have concluded post our financial year-end the acquisition of Dariel, a software and consulting company, with similar and complementary skills to the Software division. This will further broaden the Group's offering to its client base. This and other exciting initiatives are discussed in more detail in the Chief Executive's review.

Michael Pimstein

Executive Chairman



Chairman's letter (continued)

We are privileged to live in a dynamically changing era where new, easy-to-use and easy to access, incredibly powerful, hugely cost effective, Generative AI and low-cost internet access have become available.

This has the capacity to fundamentally change and significantly improve the way we do things, enhance the performance of our businesses and, importantly, benefit the lives of every individual, young and old, wherever located.

As a result, we at Capital Appreciation, Government and business must act with vision, bravery and speed in a spirit of mutual benefit, cooperation and partnership to capitalise on the game-changing benefits, opportunities and performance rewards these technological innovations offer. We dare not be displaced by passive inaction and apathy.

An ethical culture starts at the top

It is the firm belief of the Group and its Board of Directors that a strong value system and ethical culture, as one of the fundamental drivers of sustainable value creation for all our stakeholders, needs to be set, nurtured and monitored by the leadership of the organisation. For Capital Appreciation to successfully steer its businesses, the Board and leadership follow a process of diligent oversight and control, adhere to sustainable business practices, maintain prudent risk management protocols and implement effective governance. Governance is an evolving process, and the Group has continued to establish and mature its governance practices to meet the regulatory, legal, and governance requirements of the various jurisdictions within which it operates. This includes particularly ensuring rapid alignment to our stringent practices from within our new acquisitions.

We strongly support an open door, easy access approach to leadership and interpersonal engagement where healthy and robust dialogue, constructive criticism, mutual respect and considered decisive action are encouraged and expected.

Persistent progress in our transformation agenda

Capital Appreciation has a proud transformation heritage and believes that active transformation ultimately contributes to building a more prosperous society. The Group strives to make a difference through commercial transformation initiatives, upskilling and job creation. The continued efforts to advance transformation have generated good improvements within the individual businesses' respective B-BBEE contributor statuses. We are delighted to report that this has culminated in Synthesis becoming a Level 1 contributor and all other Group companies Level 2 contributors.

Capital Appreciation believes that enterprise development is an important pillar of its transformation endeavours. The Group supports several commercial transformation initiatives, which up to now, have included providing enterprise development funding and technology development expertise to GovChat. It is therefore disappointing to reflect on the fact that Capital Appreciation had to petition to have GovChat placed in Business Rescue in December 2022. While the platform's service offering has performed well and delivered substantial value to Government, securing formal revenue-generating contracts with Government and potential customers has been difficult. This has been exacerbated by the anti-competitive behaviour from WhatsApp and Facebook (Meta), a matter currently being litigated by the Competition Authorities. As a result, Capital Appreciation has elected to impair the loan of R70.8 million to GovChat. Notwithstanding the current circumstances, we continue to hold the view that GovChat's citizen engagement platform is hugely beneficial to Governments at large and equally to every single user of government services and facilities.



More detail is provided in the report from the Chief Financial Officer.

Chairman's letter (continued)

Attracting the right calibre of talent

Capital Appreciation and its subsidiaries are fundamentally in the business of attracting top-calibre knowledge experts and employing their ingenuity, expertise and skills to deliver innovative, differentiated products and services to clients. In contrast to widespread layoffs of technical staff in some of the major centres in the world in recent times, South Africa continues to labour under a notable shortage of these skills. Add to that, announcements by large corporates in the financial, insurance, telecoms and retail sectors in South Africa of their intention to appoint meaningful numbers of data scientists, artificial intelligence specialists, and cybersecurity experts and it becomes clear why a deliberate strategy to attract, develop, retain and invest in talented personnel is so vital.

In addition to market-related remuneration, benefits and the opportunity to share in the longer-term prosperity of the Group through share-based incentive models, it is often the qualitative factors that offer the most differentiation for a prospective employee. These range from the Group's established reputation as a technology leader, to the types of clients and projects that it attracts and the continuous development of its employees, to the leadership and graduate development programmes the Group offers. Capital Appreciation is constantly evaluating its recruitment and retention tools to ensure their success.

This year, the Group grew its employee base by 23% to 524 staff members and increased the number of learnerships from 52 to 85, with the latter providing real and measurable opportunities to young and marginalised South Africans while ensuring a growing pool of talent for the Group.

Dividends

Capital Appreciation is proud of its unbroken dividend record for the past six years. Including the dividends of 8.25 cents per ordinary share declared for the past financial year, the Group has returned R431 million, or 34.50 cents per share to shareholders in the form of dividends. This has been possible due to the Group's profitable, asset-light underlying businesses, which have a robust and stable cash conversion rate - all of which are fundamental elements of Capital Appreciation's core investment strategy.

As a growth-oriented organisation, the Group decided from the outset not to maintain a fixed dividend policy. Instead, the Board considers both interim and final dividends at the end of each reporting period, based on earnings and affordability, and after taking into account resources earmarked or required for further expansion and/or potential acquisitions.

Prospects

The use of technology in business and everyday life is rising at an unprecedented rate. Yet, it is evident that the adoption of some of the foundational features required to fully benefit from the latest technological advances, such as cloud services and digital payments, remains in their infancy. This is creating favourable conditions for continued demand for the Group's resources, competence and abilities. As a result, Capital Appreciation is cautiously confident of ongoing, positive growth in activity, which would signal healthy prospects moving forward, notwithstanding the very serious economic and social issues our nation faces. Being in the fortunate position to be well capitalised with significant cash resources and no debt, Capital Appreciation continues to be on the lookout for possible strategic acquisitions that will complement both its core businesses and expansion ambitions.

Capital Appreciation's businesses are well led, appropriately structured and motivated to outperform their targets.

Appreciation

The current financial year heralded the end of an era for the Capital Appreciation group. Motty Sacks, a co-founder of the Company and Non-Executive Chairman of this Company since its listing in 2015, announced his retirement from the Board in February 2023. The Board would like to extend its sincere appreciation to Motty for his years of excellent leadership and commitment to the businesses of the Group and wish him the very best in his retirement. It is my privilege to guide the Group in the next phase of its journey.

I want to use this opportunity to express my sincere appreciation to my fellow Board members for their invaluable advice and assistance. My sincere gratitude extends to the Capital Appreciation leaders, management teams, and staff for their enthusiasm, commitment, knowledge, and diligence. Finally, we would like to express the Group's gratitude to our shareholders and clients for their ongoing support and interest in the Group.

Chief Executive's report

“The global pandemic exposed economic tensions that had become somewhat acceptable. With the help of technology such as video streaming, online shopping and contactless payment, we got to the other side and the conveniences we enjoyed as consumers have found business analogues that have become competitive imperatives. The pace of technology's evolution continues to accelerate and Capital Appreciation is well positioned to deliver on this promise.”

Bradley Sacks

Chief Executive Officer

Looking back to look forward

The end of the financial year presents an opportunity to pause and look back at what has been achieved. The Group considers with pride the progress made in the past six years. Since 2017, the Group has acquired several companies, has increased its employee count to more than three times the initial team, has increased the size of terminal estate under its management by more than six times, and has grown Group revenue to a whisker shy of R1 billion (R995.1 million), with international revenue representing 15% of the total.

Capital Appreciation's divisions have built an eminent client base in the banking, financial, retail, healthcare, telecommunications, and logistics sectors with services being consumed in over 20 countries. The divisions developed a diversified revenue mix through the continued introduction of innovative new products and services and through expanding into geographies beyond South Africa's borders. The Software division won multiple accolades in the cloud space. The Group became one of a handful of suppliers in the world that can offer a fully certified, cloud-based SoftPOS solution, known as Halo Dot. Halo Dot has already won recognition and acceptance from large local and international customers. In April 2023, post financial year end, the Group announced the acquisition of the Dariel Group and is delighted that as of 3 July 2023 the transaction became unconditional and the Dariel team is now part of the Capital Appreciation family.

Chief Executive's report (continued)

Investment in the future

Capital Appreciation is fortunate to have an excellent foundation on which to grow and prosper. The Group's divisions operate in sectors that exhibit exceptionally strong growth trends. With an enviable track record of deep domain expertise, demonstrated innovation, and exemplary delivery, Capital Appreciation continues to expand its customer base as well as strengthen its relationship with existing customers, as digitalization is often at the core of these customers' strategies. The market opportunity is large, both in South Africa and across the world. The Group's capabilities are world class and competitive in global markets, as evidenced by the 177% growth in international revenue this year.

The Group's strong positive momentum has necessitated that we grow our delivery capacity and we are proud that our employee count is more than three times the size of our position in 2017. Providing training opportunities and creating employment are some of the most important things one can deliver as a business for South Africa.

To continue to lead, technology companies must innovate and remain at the forefront of new developments, e.g. Web 3.0, artificial intelligence (AI), generative AI, ChatGPT, etc. This is why Capital Appreciation continues to balance present operations and short-term financial results with investment in future growth opportunities. Growth-related initiatives cost the Group R132 million this year, of which R109 million was expensed and R23 million capitalised. It stands to reason that this large investment dampened the Group's short-term profitability. However, it is in the firm belief that this is positioning the Group to capitalise on new opportunities as markets and technology continue to evolve. It is clear from the 58% growth in revenue in the Software division that the deliberate investment over the past few years has delivered significant value while achieving its intended purpose of enabling the business to pursue further growth initiatives.

Capital Appreciation's businesses are all cash-generative, allowing the Group to invest in the future. The Group's robust balance sheet and cash resources of close to R500 million enables the pursuit of further opportunities for growth, organic or acquisitive, and Dariel is a prime example of that.

Solid financial results

The Group generated a credible set of financial results for the year under review, particularly against the backdrop of a threat of global recession and South Africa's macro-economic circumstances. Financial performance is fully discussed in the Chief Financial Officer's report. Suffice it to say that there was pleasing momentum across all the Group's divisions which culminated in very strong top-line growth.

Software revenue growth was exceptional, as was International revenue growth, albeit off a small base. This reflects the increasing demand for, and application of, technology solutions across all industrial sectors, particularly in the sectors that are the focus of the Group. The growth in International business is pleasing evidence validating the decision to invest in establishing a European presence in the Netherlands.

Two issues negatively impacted the Group's financial results, the first being the investment in growth, and the reasoning behind this was discussed earlier. The second is the R70.8 million Expected Credit Loss provision raised for the GovChat loan, the details of which are discussed in the Chief Financial Officer's report. Capital Appreciation continues to work with the Business Rescue Practitioner in looking for a solution for the GovChat business as the technology platform remains sound and delivers real value. The Group also believes that there is a good prospect of recovery of the loan over the longer term, given the possible claim GovChat may have against Meta for its anti-competitive behaviour and abuse of its position of market dominance. When one looks beyond these two issues, strong operational momentum is evident. This is both pleasing and encouraging.

Dariel Software transaction

On 24 April 2023, after the financial year-end, Capital Appreciation announced that it had agreed to acquire the Dariel Group for R131.2 million. Dariel is a software services provider that is focused on the financial, insurance and FinTech sectors. The business complements Capital Appreciation's Software business which is also focused on similar sectors, along with adding new exposure to healthcare and leisure.

When pursuing these transactions, the Group acts prudently, and extensive due diligence is undertaken. Capital Appreciation believes that it is the thoroughness of its processes that has led to the successful integration of the businesses bought in 2017, and more recently the acquisition of the Responsive group of companies. The Group looks forward to achieving the same outcome with Dariel.

The transaction structure is also intended to reflect a level of prudence. In the Dariel acquisition, the total consideration is settled through a combination of cash and shares and is settled in tranches over 24 months, commensurate with the company's performance against warranted profits.

Acquisition risk mitigators

- Priced at a fair but moderate EBITDA multiple
- The combination of cash and shares aligns the interests of the parties
- Payment in tranches, against warranted profits
- Existing management remain employed and committed to the business

Chief Executive's report (continued)

Both business units are well positioned and the prospects for the year ahead are pleasing, with a strong pipelines going into fiscal year 2024

Capital Appreciation believes that Dariel is an excellent fit, with a really experienced leadership team and a 22-year track record in the business. Dariel's business model and culture are well-aligned with that of the Group. The due diligence has found little duplication in effort – although there is a focus on the same industries with good expertise and similar product offerings, there has been limited competition between the two entities. The transaction will allow Capital Appreciation to expand its presence in the healthcare sector, to expand into the leisure sector, add to its Financial Services pedigree, and offer an enlarged cohort of experienced engineers focused on software development. This should open up many more opportunities and Capital Appreciation welcomes the Dariel team to the family.

A strong opportunity set

The Group is encouraged by the momentum across its businesses. While mindful of the challenges in the external environment and low economic growth, the Group remains resolute to maximise the opportunities at its disposal.

Going forward, several drivers will positively impact the Payments division, most notably the demand for payment related software solutions and the need to refresh currently deployed terminal estates to ensure the devices are no longer dependent on the soon to be deprecated 2G and 3G communication networks. The Payments division is intent on introducing new payment services and capabilities and will continue to invest in the development cycle in response to the needs and requests of partner banks and payment service providers.

The Software division has a focused effort on AI, Generative AI and Web 3.0. These initiatives are important components of the division's growth strategy. The Group believes that AI and Generative AI are going to affect everything that people do and how enterprises operate internally and engage with customers. Of significant importance is that the adoption of this technology is not viable without the cloud and therefore goes hand in hand with embracing cloud solutions, this being another enviable strength of the Group.

Software's growth strategy also includes further third-party supplier partnerships and growing its portfolio of proprietary software, which gives rise to license revenue. The Group will continue to expand its activities in international markets, where it not only has the required skills and expertise to compete effectively but also has a distinct pricing advantage, being based in South Africa.

The opportunities are not only organic, but they are also by way of acquisition. Capital Appreciation continues to explore acquisitive opportunities in both the Payments and Software divisions. Of critical importance is strategic alignment and cultural fit. As in the past, Capital Appreciation will be judicious in these endeavours.

Appreciation

Capital Appreciation has demonstrated good momentum in FY2023 and is enthusiastic about the prospects for FY2024. None of this would have been possible without the confidence placed in the Group by customers, dedication and support of employees, or the passion, commitment to excellence, and innovative thinking of the leadership team. I extend my heartfelt appreciation to you. To the Board, thank you for being such an integral part of the Group's journey, and for helping to realise our vision of success. And to Capital Appreciation's valued shareholders, we appreciate your continued support.

On a personal note, I just want to end by noting the retirement of our prior chairman, Motty Sacks, who is also my father. It was really an honour to be able to work with him in a formal capacity, and we wish him all the best in his retirement. Looking forward, I am confident that the constructive relationship Mike Pimstein and I forged in our roles as Joint CEOs will carry over to his new role as Executive Chairman.

Capital Appreciation will actively look for acquisitive opportunities in both the Payments and Software divisions

Report from the Chief Financial Officer

Alan Salomon

Chief Financial Officer

Capital Appreciation has generated nearly R1.17 billion in operating cash flow in the past six years. This is a notable achievement and the Group's cash flows have resulted in an approximately five-year pay-back for the businesses acquired by the Group in 2017.

Financial performance

Capital Appreciation is pleased to present a resilient performance, in a tough inflationary environment of low economic growth, both locally and globally. The consistent characteristic of the 2023 and prior year results is that Capital Appreciation is in a significant infrastructural growth phase, driven by strong demand for the Group's products and services. This is evident in the strong revenue growth generated during the current year, particularly in the Software segment. To fully capitalise on the opportunities that are ahead, the Group had to expense substantial developmental costs which have moderated profitability in the near term, but which positions Capital Appreciation strongly to participate in the exciting opportunities going forward. Finally, the Group raised an expected credit loss (ECL) provision of R70.8 million for GovChat, which had a markedly negative impact on EPS and HEPS.

Capital Appreciation generated robust revenue growth for the period, up 19.7% to R995.1 million and which includes the first full-year contribution of Responsive of R50.9 million. The Group successfully diversified its revenue in new product categories, reduced customer concentration and widened its geographical reach. Reinvestment into the respective businesses for future growth initiatives did however impact EBITDA, which decreased by 6.3% to R235.7 million.



Report from the Chief Financial Officer (continued)

Gross margin contracted by 140 basis points, due principally to the 484% increase in Security hardware and third-party license fees on which materially lower margins are earned. The gross margin after the elimination of third-party re-sales was 54.8% this year, a 40-basis point increase on the 54.4% comparable gross margin in the prior year.

Operating expenses have increased notably on the back of a variety of growth-related initiatives during the year, the revenue benefit of which will only manifest in the medium term. Development-related costs of some R109.0 million were expensed in the current year, which included a 22.7% increase in headcount, costs for the international office, sales development, marketing, and advertising costs for Halo Dot and DashPay Glass, and due diligence and acquisition costs. The Responsive acquisition added R39.8 million in new expenses, before reallocations to cost of sales. This is the first year which includes a full twelve months of Responsive expenses, the previous year only included one month, or R3.5 million. This should however be seen against a revenue contribution from Responsive of R50.9 million this year.

While expenses have increased considerably, these increases were carefully considered, approved, and budgeted for and there remains a continuous focus on cost efficiencies. During the year, the Payments division and corporate office moved to larger premises in Linbro Business Park, providing capacity for expansion for the next five years as well as meaningful cost savings on accommodation costs.

The growth-related expenses have had a short-term impact on profit and margins, with the **EBITDA margin** for the period decreasing by 660 basis points to 23.7% from 30.3% in 2022. The decrease in EBITDA margin is made up of 140 points of gross margin and 520 points in expenses driving growth.

Share-based expense increased measurably due to the allocation of new long-term share awards during the year. The FinTech sector is a skill-intensive industry, and Capital Appreciation's share incentive scheme provides the Group with the ability to offer an attractive employee proposition and a competitive advantage to attract the right skills.

Finance income earned on the Group's significant cash balances increased commensurate with the 3.5% increase in interest rates.

On 22 December 2022, **GovChat** entered business rescue, and the Group and GovChat entered into a post-commencement funding agreement with the Business Rescue Practitioner to continue running the business as a going concern. The Group has resolved to adopt a conservative approach by raising an ECL provision of R70.8 million for GovChat, which has reduced EPS and HEPS to the extent of 5.75 cents per share but this has had no material impact during the year on the Group's cash resources or its net asset value per share. The Group retains its shareholding in the Company and the loan to GovChat continues to be secured by a pledge of the shares in GovChat as well as the intellectual property of GovChat.

Basic and Headline earnings declined by 44.7% to 7.39 cents and 44.5% to 7.44 cents, respectively. Excluding the ECL on the GovChat loan, the underlying businesses produced headline earnings per share of 13.19 cents per share, 1.6% down on the prior year.

A robust balance sheet and strong cash generation

Capital Appreciation's divisions remain highly cash-generative, delivering R183 million of operating cash flow in the past financial year, which has continued to strengthen the Group's balance sheet.

In addition to higher dividends and taxation paid, the main cash outflows for the year have been additional loans to associates. The Group granted LayUp Technologies a further R6.3 million loan during the year bringing total loans to the associate to R12.2 million. A new R9.2 million convertible loan agreement with LayUp was also entered into post-year-end. All loans bear interest at prime and are repayable in November 2025. This, together with the loans advanced by other Layup shareholders gives Layup up to R16 million of additional growth funding. The Group subscribed for 20% of the equity in Regal Digital B.V. in the Netherlands in May 2022 and also granted them a long-term loan of EUR493 822 (R9.5 million), which is non-interest bearing and has no fixed terms of repayment. Another European-based FinTech investor invested at the same time with Regal Digital on the same equity and financial terms as Capital Appreciation.

Inventory levels of terminals and spare parts have been increased to ensure improved quality service levels for customers. Trade receivables, which increased notably at year-end, were settled together with related payables to suppliers in April and May, post-year-end.

Notwithstanding continuing investments, higher dividends and taxes paid, the purchase of two generators, new office and IT equipment, leasehold improvements for the new premises, growth in the terminal rental assets book and further loans to our associates, the Group at 31 March 2023 had R494.9 million at its disposal to utilise in pursuing growth opportunities and strategies.

In terms of its **capital allocation**, the Group remains strongly focused on first and foremost, supporting the organic growth of its divisions and thereafter, acquiring companies that can expand and generate scale within a reasonable timeframe, that can provide satisfactory organic growth and returns to shareholders and where Capital Appreciation's capital and strategic capability can be successfully leveraged.

Net asset value (net of treasury shares) increased marginally in the past year to 121.1 cents per share, of which 40 cents is represented in cash.

Share repurchases

Capital Appreciation sold 4 015 054 treasury shares for settling vested share options and repurchased 200 000 treasury shares at an average price of 147 cents per share. As of 31 March 2023, the Group had a total of 77.1 million treasury shares at an average cost of 57 cents per share. Given the appropriate circumstances, the Group will continue to consider future repurchases of shares in the market.

Report from the Chief Financial Officer (continued)

Divisional performance

Payments

The Payments division delivered revenue of R524.8 million, 1.7% lower than the record prior year. The business continued to experience strong demand for its products and services and to expand its client base. Revenue growth was hampered by a changing product mix and a delay in terminal order volumes, but this was largely offset by a pleasing 24% increase in annuity-based revenue. Android continue to drive terminal sales activity. At the end of March 2023, there were 328 000 point of sale (POS) terminals in the hands of customers, an 18% increase year-on-year. This represents a 37% compounded annual growth rate since the business was acquired in 2017. EBITDA decreased by 5.5% to R206.3 million, due to the slightly lower revenue and an inflationary increase in operating expenses.

The Payments business continues to be a strong cash generator.

Annuity-based revenue now comprises

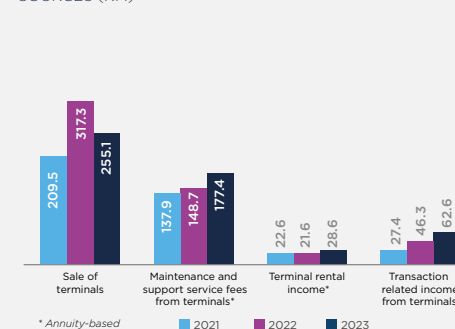
>50%

of the revenue in the Payments division

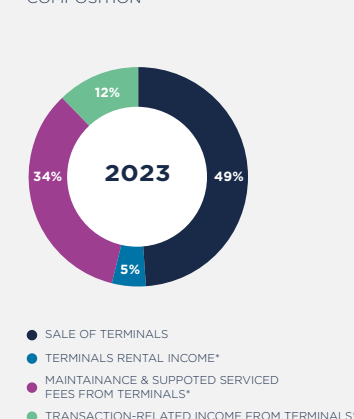
Software

The Software division increased revenue by 58.1% to R469.9 million and EBITDA by 28.0% to R89.7 million. To drive domestic and international growth, the division has materially increased its headcount and marketing and business development spend and has continued to advance investment into its tap-on-phone Halo Dot initiative. Synthesis continued to grow its leading position in cloud migration as an AWS Advanced Consulting partner and extended its cloud capabilities on Microsoft Azure and Google Cloud Platform (GCP). Software's Digital business won new projects with financial services clients in South Africa and internationally. Growth in the Intelligent Data business unit has continued unabated, landing its first Netherlands client, a large insurer. The business unit is also accelerating the adoption of Generative AI (such as OpenAI's ChatGPT and GPT-4) tools into the core of the Software business and for its customers. Halo Dot won a SoftPOS contract with a major local telecoms business. The Responsive acquisition concluded in March 2022 contributed positively to the Software division and has performed ahead of its 25-months earnings warranty targets during the 2023 financial year.

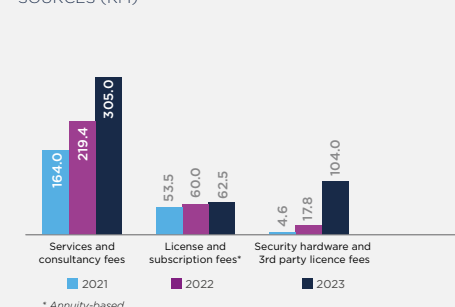
PAYMENT REVENUE SOURCES (RM)



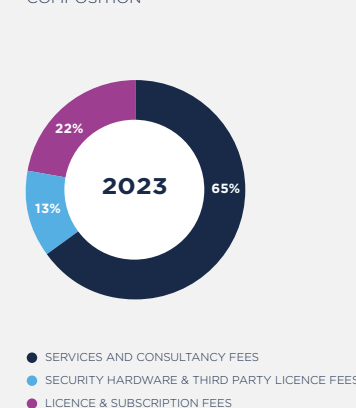
PAYMENT REVENUE COMPOSITION



SOFTWARE REVENUE SOURCES (RM)



SOFTWARE REVENUE COMPOSITION



Report from the Chief Financial Officer (continued)

International

International revenue increased 177% to R150.9 million year-on-year, as efforts to establish a presence in international markets continued to bear fruit. Much of this is however still managed, transacted and executed in foreign currencies directly from South Africa. The International division was launched in 2021 with offices in the Netherlands. As part of the Responsive transaction, the Group also subscribed for 20% of Netherlands-based Regal Digital B.V. and, together with another European-based FinTech investor, has provided Regal Digital with a working capital loan of c.€1m to grow the business.

Post-year-end event – Dariel acquisition

The Group announced on 24 April 2023 that it had entered into an agreement with Dariel Solutions Proprietary Limited (Dariel) to acquire 100% of Dariel for a total consideration of R131.2 million, to be settled by a combination of cash and an allotment of ordinary shares out of treasury shares. Dariel is the holding company of Dariel Software Proprietary Limited (Dariel Software).

The Group will acquire 100% of Dariel for an initial aggregate purchase consideration of R85.3 million to be settled by way of (i) a cash payment of R46.9 million and (ii) the allotment out of treasury shares of 25 243 779 shares at R1.52 per share amounting to R38.4 million.

Dariel has provided the Group with a profit warranty of R62.2 million EBITDA for the 24-month period (a CAGR of 20%), 1 April 2023 to 31 March 2025, that, if achieved, will result in an aggregate warranty purchase consideration, which should not exceed R45.9 million. This profit warranty consideration will be settled by way of

- (i) cash payment of R25.2 million; and
- (ii) allotment out of treasury shares of 13 592 804 shares.

The value of the net assets of Dariel was R39.2 million at 31 March 2022, the date of the last independently reviewed annual financial statements, which were prepared in terms of International Financial Reporting Standards for Small and Medium-sized Entities.

For the year ended 31 March 2023, the value of the net assets of Dariel, based on unaudited management accounts provided by the Sellers, was R47.8 million.

The EBITDA as per the unaudited management accounts and profits after tax attributable to the net assets (“PAT”) for the year ended 31 March 2023, were R23.8 million and R16.2 million respectively.

The Dariel acquisition was concluded and became effective on Monday 3 July 2023.

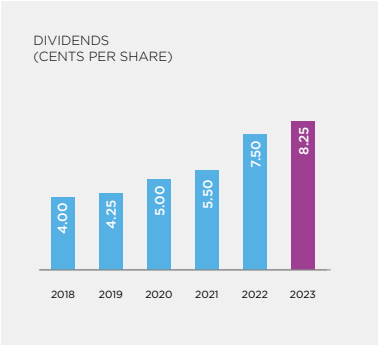
A solid track record of paying dividends

For the 2023 financial year, a final dividend of 4.00 cents per ordinary share was declared (2022: 3.75 cents per ordinary share), bringing the total dividend to 8.25 cents per ordinary share (2022: 7.50 cents per ordinary share). The Group has maintained its unbroken, year-on-year growth in dividends for the sixth consecutive year, well covered by cash flow from operations. In the past six years since the Group became a fully operational FinTech enterprise, Capital Appreciation has paid dividends of R431 million, or 34.50 cents per share.

Looking to the future

Capital Appreciation is in a strong position to benefit from the multitude of opportunities in the growing markets it serves. While the Group’s outlook remains dependent on a number of micro and macroeconomic factors, it is optimistic over the medium term given the strong opportunity set for the underlying businesses. Looking towards the 2024 financial year, the Group’s businesses have a good pipeline of projects and are expecting positive growth in the year ahead.

Capital Appreciation is well-entrenched with its existing customers and international principals and suppliers and has several exciting products and the new Dariel acquisition to capitalise on in growing markets.



Welcoming Dariel to the Capital Appreciation family



Getting to know Dariel

Capital Appreciation's July 2023 acquisition of the South African IT software services provider, Dariel Software, provides an excellent fit with the Group's philosophy of investing in established, asset-light growth companies that deliver innovative and disruptive FinTech solutions to mainly institutional clients. Dariel not only participates in many of the areas of high demand but there are also significant synergistic opportunities with Capital Appreciation's existing businesses. Dariel will form part of Capital Appreciation's Software division.

A 22-year track record
of delivery

c.180 highly-skilled employees

Services:

Software, consulting, development, implementation, integration services, maintenance and support cloud services across Microsoft Azure, AWS and Google Cloud Platform.

Sectors serviced:

Healthcare, telecommunications, hospitality, mining and manufacturing, financial services, insurance, FinTech.

SERVICES



APP DEVELOPMENT



DIGITAL TRANSFORMATION



CLOUD



INTEGRATION



AUDIT/REVIEW



MANAGED SERVICES

CLOUD PRACTICE



BUILDING FOR CLOUD



CONVERTING THE CLOUD

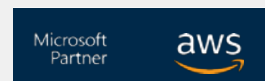


LEVERAGING FOR CLOUD



USING THE CLOUD

PARTNERS



ACTIVE CLIENTS



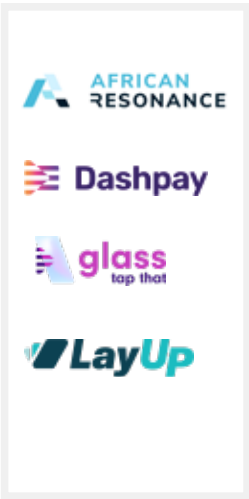
Divisional reviews



Payments division

The Payments division comprises three businesses:

- African Resonance and Dashpay are leading direct and indirect providers of payment infrastructure, technical support, maintenance, bespoke software, payment services and payment technology solutions.
- Dashpay Glass is a SoftPOS solution built for merchants and merchant acquirers.
- LayUp Technologies, a recent start-up in which Capital Appreciation is a 27.4% shareholder, is Africa's first digital lay-by and recurring payments business with solutions for e-commerce and in-store purchases.



More than **328 000** terminals in the hands of clients

Android continues to drive terminal activity

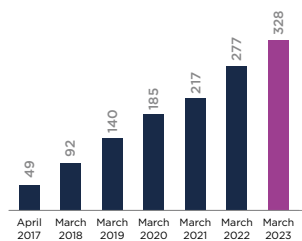
Pleasing growth in payment services activities and annuity income

Product mix and volumes moderating revenue growth

Annuity-based revenue now comprises **50%** of total revenue

2G/3G network shutdown will require **extensive estate renewals**, pointing to increased demand

TERMINAL ESTATE (THOUSANDS)



Number of terminals in clients' hands grew by 18.4% YoY in 2023 and 37% per annum over the past six years

The Payments division continues to be one of the pre-eminent point of sale (POS) terminal suppliers in South Africa and maintains strong partnerships with two of the world's leading terminal providers. Ingenico and Newland. African Resonance offers a differentiated service offering by providing a turn-key terminal estate management solution, including an end-to-end POS terminal maintenance and support solution, a secure data encryption key injection service, an accredited POS terminal repair centre as well as a Multiprotocol Switching Network (MPLS) communication network.

Dashpay is the exclusive importer and distributor for Newland Payment Technology in the SADC region. The company has independent Sales Organization (ISO) contracts in place with leading banks which allows it to lease POS terminals to merchants directly and earn a margin on the merchant services commission. Dashpay's aggregator contract with banks allows the company to sign up merchants directly and switch transactions to the sponsor banks.

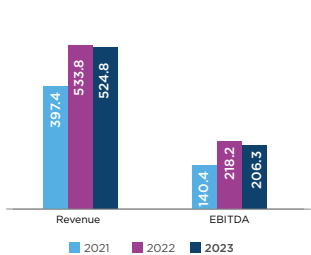
KEY STATISTICS	2023	2022	2021
Revenue (R million)	524.8	533.8	397.4
EBITDA (R million)	206.3	218.2	140.4
Operating profit (R million)	184.6	201.1	126.7
Cash generated from operations (R million)	127.8	176.1	154.6
Number of terminals	328 000	277 000	217 000
Number of employees	192	172	159

Operational performance

The Payments division continued to experience strong demand for its products and services and to grow its client base. It generated a resilient financial performance off a very strong base in the prior year, continuing its characteristic performance as a stable, predictable business.

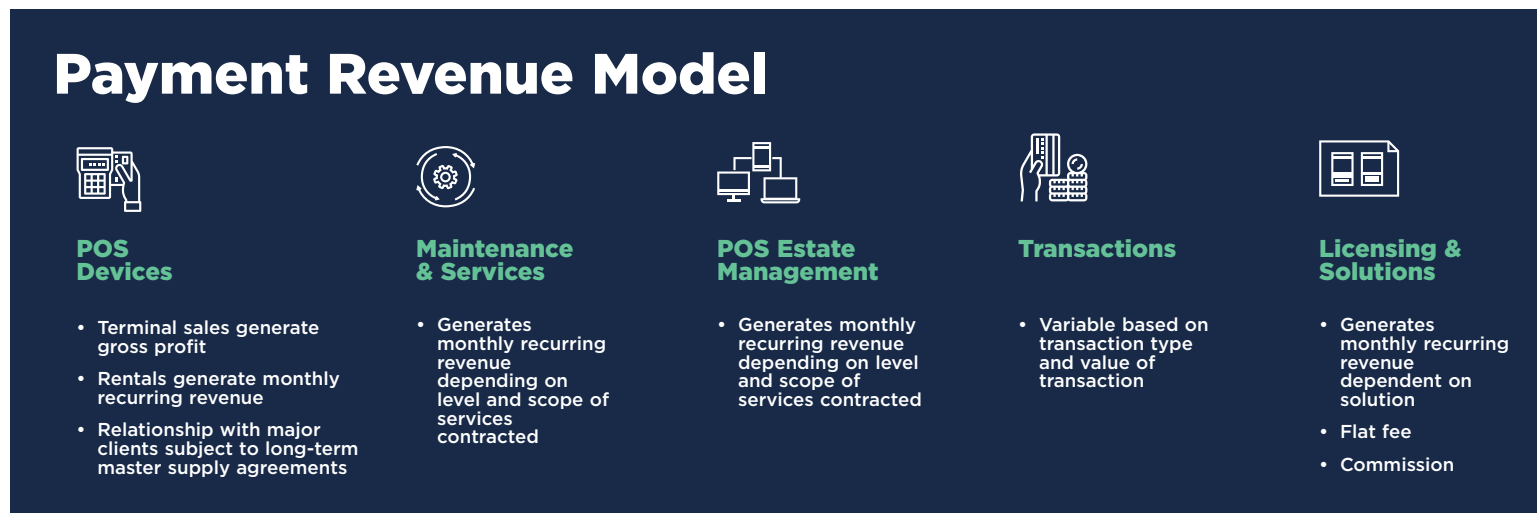
Payments operates in a sector more directly affected by the impact of loadshedding on smaller businesses during 2023. Hardest hit by liquidations, these small businesses left acquiring banks with surplus point-of-sale terminal stock, leading to a decrease in the number of terminals sold after achieving record sales in the prior year. The total number of point of sales (POS) terminals in the hands of customers nevertheless increased by 18.4% to 328 000 at 31 March 2023. This growth was made possible by a combination of an expanding market, as well as the Group gaining material market share over the past six years. To ensure customer service level excellence, the division has conservatively increased levels of terminals and spare parts inventory.

PAYMENTS FINANCIAL RESULTS (Rm)



Divisional reviews (continued)

PAYMENTS DIVISION CONTINUED



Android terminals continue to drive sales activity, with many institutions looking to introduce Android solutions. This demand is expected to accelerate as the banks begin to replace large portions of their older estates in response to the South African Government's announcement that the 2G and 3G networks will be shut down between 2024 and 2025. Furthermore, while customers' preference in difficult economic times may be to extend the life of terminals to contain costs, advancements in technology and enhanced functionality are natural champions for shortening the terminal replacement cycle. These trends all point to increased demand for POS terminals over the medium term.

Annuity-based terminal maintenance and support fees and income from transaction-related activities showed strong growth. Due to strong customer demand, the Group's payments-related software solutions are being expanded. Payment software solutions for other end markets are also in the process of being rolled out to create further revenue and customer diversification.

Dashpay launched Dashpay Glass, a full end-to-end implementation of Halo Dot, through direct relationships with

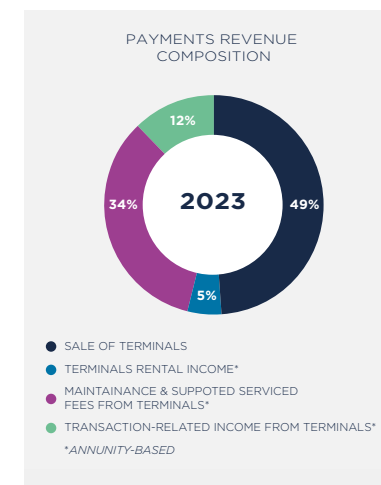
SME merchants and as a white-label solution to Merchant Acquirers and Aggregators. The Group believes the white labelling of the solution has great attraction across Africa and will be an area of focus in the coming year. As it relates to SMEs, while there has been good interest in the product, it will take time to build meaningful momentum in activation and usage as the penetration of NFC-enabled phones increases in the SME market.

LayUp - MTN Business App of the year 2022

Capital Appreciation's associate, LayUp, is Africa's first fully digital Lay-By and recurring payments business and offers a PASA-certified omnichannel digitised payment plan solution for retailers, improving access for consumers while opening new revenue streams for merchants. LayUp continued to gain traction, with a steady increase in the number of payment plans on its books and year-on-year growth in the merchant order value of 346%, off a low base. LayUp boasts a 95% completion rate with payment plans ranging from as small as R80 to up to R550 000. The offering is also available on Dashpay-supplied physical terminals at points of sale. The business remains in its formative stage, and the Group is supporting management to develop the value proposition.

Payments' growth strategy

Organic growth opportunities are plentiful for a business with a well-established installed base, immense industry knowledge and deep technical expertise. Payments' growth strategy is to continue to grow the market for devices and take market share in established segments. The division will continue to invest in anticipation of increased business activity and a healthy pipeline, as well as to enhance the company's offerings and capitalise on the demand for payment software solutions.



Payments' growth strategy

- ✓ **Grow market** for devices
- ✓ Continue to **take market share** in established segments
- ✓ Support existing **clients and foster new clients**
- ✓ Refresh industry's legacy terminal estates - 2G and 3G devices
- ✓ Follow clients across **Africa and establish new relationships**
- ✓ Introduce new payment services products and **solutions (i.e. Multilane Retail Solution)**
- ✓ Develop and enhance Enterprise **ecosystems**
- ✓ Take solutions into international markets - Europe, Asia, Americas
- ✓ Continue to **innovate**

Divisional reviews (continued)



Software division

The Software segment comprises three businesses:

- **Synthesis** is a strategic technology partner and highly specialised software and systems developer, offering consulting, innovative solutions, and technology-based products. Synthesis is uniquely positioned in Africa as an Amazon Web Services (AWS) Advanced Consulting Partner with a broad range of specialist competencies.
- **Responsive Group**, acquired by Capital Appreciation on 1 March 2022, designs and develops web and mobile digital applications with clients in South Africa, the USA, Australia, Europe, and the United Kingdom.
- **Dariel Solutions** and **Dariel Software** were acquired on 3 July 2023. Dariel is an engineering focused IT architecture and software development group focused on complex business applications.



RESPONSIVE

ReThink

halo.



Excellent revenue and profit growth

New project wins in SA and Mauritius for Digital

Halo Dot **won a major SoftPOS contract** in SA

Responsive acquisition well integrated and contributing

Substantial investment in talent, business development, marketing and technology platform

Security hardware sales license fees **increased almost six-fold**

Software* Operating Units



Intelligent Data

- Data Intelligence is critical to drive business success
- Our team of Machine Learning Engineers and Data Scientists are enabling clients to become truly data-driven
- Strategic use of data leads to higher customer satisfaction and improved competitiveness
- Adoption of Generative AI models being pursued



Managed Services (MSP)

- 24 x 7 x 365 support and management of high availability cloud and hyper-scale infrastructure
- Remote upkeep and strategic improvements to alleviate client operational concerns
- Service contracts are long term and annuity in nature



Payment Technology and Cryptography

- Responsible for Keystone and Halo Dot development as well as commercial and enterprise payment platform solutions
- Supports Banks, FinTechs and other organisations in their high-value low-volume payments journey



Digital

- Delivering exceptional end-user client experience, web and mobile touchpoints for financial services institutions while maintaining information security and transactional integrity



Cloud

- Cloud transformation to assist the Enterprise in becoming cloud-ready, execute mass migrations and harness the benefits of public cloud platforms
First AWS Advanced Consulting partner in MEA



Platform Integration Products (Reg Tech)

- Integration to enable regulatory reporting solutions for SARS (tax) and SARB (balance of payments), payment processing and exchange connectivity



Synthesis Labs

- Artificial intelligence, blockchain, machine learning, Generative AI, Web 3.0 and other emerging technologies



Synthesis Academy

- Technical and cloud training tailored to organisational objectives

* Excludes Dariel, which was acquired post year-end.

Divisional reviews (continued)

SOFTWARE DIVISION CONTINUED

Financial performance

Key statistics	2023	2022	2021
Revenue (R million)	469.9	297.2	222.1
EBITDA (R million)	89.7	70.1	57.5
Operating profit (R million)	79.4	61.4	50.8
Cash generated from operations (R million)	81.8	52.7	67.7
Number of employees*	322	242	178

* Excluding 180 Darie! employees

Software Revenue Model



Services and Consulting

- Generates monthly recurring revenue on project basis
- Many relationships subject to long-term agreements



Licensing of Proprietary Software

- Generates monthly recurring revenue dependent on solution
- Flat fee
- # of seats, # of installs



Third-Party Software Licensing

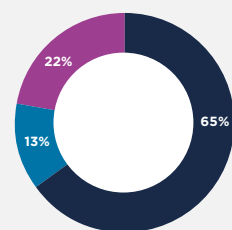
- Generates monthly recurring revenue from clients usage / licensing of third-party software supplied by Synthesis
- Often in the form of rebate from third party supplier



Hardware Sales

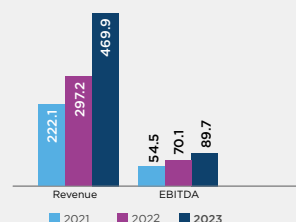
- Sale of specialised Hardware Security Modules (HSMs)

SOFTWARE REVENUE SOURCES



● SERVICES AND CONSULTANCY FEES
 ● LICENCE & SUBSCRIPTION FEES
 ● HARDWARE

SOFTWARE FINANCIAL RESULTS (Rm)



AWS Consulting Partner of the year 2021



AWS Social Impact Partner of the year 2020



Synthesis have been named **Confluent's Nordics, Europe, Middle East and Africa (NEMEA) Focus partner**

58%
YoY REVENUE GROWTH

28%
YoY EBITDA GROWTH

Divisional reviews (continued)

SOFTWARE DIVISION CONTINUED

Operational performance

The Software division has continued to deliver excellent top-line growth and profits for the Group during the 2023 financial year.

Synthesis continued to grow its leading position as an AWS Advanced Consulting partner with over 250 certifications in **Cloud** migration and modernization initiatives this year. Customers' requirements for cloud products have been increasing, with more programmes culminating in Managed Services, AWS resale and AWS Marketplace opportunities. Synthesis has developed cloud-based intellectual property, which is actively being integrated into customer engagements, from engineering to managed services, as well as being incorporated into the broader multi-cloud strategy. Synthesis' capabilities are being extended to assist customers on both Microsoft Azure and particularly the Google Cloud Platform (GCP) and these capabilities will be further strengthened by the recently announced Darie! acquisition.

Digital revenue benefitted from new project wins with financial services clients in South Africa and Mauritius. These wins are attributable to a track record for providing high-quality software engineering projects to a range of clients and focusing on providing significant business value as part of its offering. The division is also involved in a large-scale multi-year international project in the logistics arena, which is progressing well. The project has increased the division's international exposure and generated significant foreign currency revenue.

Growth in **Intelligent Data** has continued unabated, growingly revenue strongly year-on-year. The business unit is executing a portion of the abovementioned logistics project and has landed its first Netherlands client (a large insurer), as well as new local banking, insurance and telecommunication customers in the past year. Synthesis continues to strengthen its relationships with global suppliers, having been named Confluent's Nordics, Europe, Middle East and Africa (NEMEA) Focus partner. The business unit is also accelerating the adoption of Generative AI (such as OpenAI's ChatGPT and GPT-4) tools into the core of the Software business and for its customers.

The **Reg Tech** team has pioneered several new automation, reporting, integration, and security features for clients which lays the foundation for further regulatory reporting applications across its South African customer base, including new SARS tax-type reporting. It has also set up a partnership with major accounting consulting professionals to co-develop additional regulatory reporting solutions to supplement its solid base of licensed products.

Halo Dot won a SoftPOS contract through tender processes, with a major South African telecoms business. Halo Dot is now live with five customers, with more to launch imminently, including one application in the UK. It has invested significantly in key initiatives, new products, and PCI certification readiness and compliance.

During the year, the **Payments Centre of Excellence** has been set up to further enhance Capital Appreciation's position in the payments domain. It leverages its expertise and provides consultancy and technical services in the area of account-to-account payments (such as EFT, Debit Order, SWIFT and other cross border payments, including a growing capability in the recently launched PayShap rapid payments platform) for financial services and banking sector clients, which reinforces the Group's commitment to driving innovation and meeting the evolving needs of its clientele. Synthesis has also secured membership with the new Payments Industry Body (PIB) that is set to replace PASA.

The Software division has also continued to allocate significant resources to its **Managed Services** offering. This strategic investment positions the Software division as a reliable partner managing critical infrastructure and emerging technology implementations on behalf of clients.

The **Responsive** acquisition concluded in March 2022 was successfully integrated into the Software division this year. It has already contributed positively during the reporting period and has performed ahead of its 25-months earnings warranty targets. Over the past year, there have been significant synergies between Synthesis and Responsive, and the two teams have worked effectively together in delivering projects.

Within the Software division, research and development play a vital role in sustaining its competitive advantage. The division has made substantial investments in Synthesis Labs, which serves as its research and development hub. This dedicated team of experts focuses on driving innovation, exploring emerging technologies, building partnerships and creating new products and solutions that anticipate and address market demands. By investing in R&D, the Software division remains at the forefront of technological advancements and reaffirms its commitment to long-term growth through innovation.

Keeping abreast of the rapidly changing technology landscape is now more important than ever. The current focus is on the disruptive potential of Web 3 and Generative AI to ensure that the Group not only becomes AI-enabled in the delivery of its own operations but also explores and launches commercial ventures and partnerships directly into the market.

Software's growth strategy

The Software business is experiencing almost boundless opportunity for a business with such an established track record in thought leadership and innovation

- ✓ Grow license revenue – from proprietary software solutions, delivers operational leverage
- ✓ Continue with measured international expansion against ZAR based cost structures
- ✓ Invest into emerging tech, currently Generative AI and Web 3
- ✓ Lead with innovation
- ✓ Leverage AI for growth – uplift our people, offerings and operations (applicable to both Payments & Software divisions)
- ✓ Broaden solution set and product offerings
- ✓ Leverage partnerships – New and existing – Confluent, AWS, GCP – to grow domestically and internationally



Divisional reviews (continued)



International division

The International division is a recently formed business located in the Netherlands, aimed at broadening the Group's geographic reach, expanding the Group's client base, and increasing its exposure to new and emerging technologies and global best practice. In addition to the Group's wholly-owned foreign subsidiaries, Synthesis Europe B.V. and Synthesis Labs BV, Capital Appreciation owns 20% of Regal Digital B.V. that comprises TetraLabs, a Web 3.0 consulting business and Flamelink, a SaaS solution for Google's Firebase.

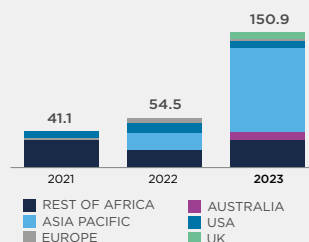


Halo Dot
**won a major
 SoftPOS contract**
 in SA

**Two large
 international
 contracts**
 landed for
 Intelligent Data

New appointments
 made to focus
 on international
 growth

INTERNATIONAL REVENUE (Rm)



177%
 YoY
 REVENUE
 GROWTH

ILLUSTRATIVE CUSTOMERS



Divisional reviews (continued)

INTERNATIONAL DIVISION CONTINUED

International

The Group has embarked on an ambitious internationalisation plan to expand its operations into new markets outside of South Africa. The internationalisation strategy aims to unlock new revenue streams and diversify the Group's geographic footprint, positioning the company for sustained growth and profitability by delivering services and providing solutions to international clients. International revenue increased nearly threefold to R150.9 million year-on-year (2022: R54.5 million), as efforts to establish an international presence continue to bear fruit. Much of this is however managed, transacted and executed in foreign currencies directly from South Africa.

To accelerate the internationalisation drive, offices were established in 2021, in Amsterdam, the hub for FinTech in Europe. The Group is optimistic regarding the enhanced access that a regional presence will provide for international opportunities.



Synthesis Europe B.V. (Netherlands) – The division has been evolving rapidly over the past few months with a focus on establishing a key beachhead for international expansion of existing Synthesis products and services. This gained traction during the year, landing an Intelligent Data project with a large Netherlands based insurance group. The International division remains in a developmental stage and incurs development and set-up costs, which are expensed. As evident from the revenue growth, this is a long-term strategic initiative with significant upside potential. The initiative requires substantial investments in market research, regulatory compliance, talent acquisition, and infrastructure development. New appointments have been made to focus on international growth and expansion within Europe, the UK and the Gulf regions.



Regal Digital B.V. (Netherlands) as part of the Responsive transaction, Capital Appreciation subscribed for 20% of Netherlands-based Regal Digital B.V. which includes two operating companies, TetraLabs and Flamelink.



TetraLabs is a consulting services business focusing on Web 3.0 technologies, non-fungible token (NFT) and Blockchain solutions, Google Firebase, and cloud specialist services as well as solution architecture. Its clients are primarily European.



Flamelink is a 'software-as-a-service' (SaaS) solution offering a headless Content Management System (CMS) for Google's Firebase. Flamelink continues to concentrate on building world-class dApps (distributed applications), which include web applications and smart-contract development targeting both the distributed payments world and potentially Metaverse industries. Its clients are global.

Regal Digital is growing steadily and has expanded its team to support delivery in the innovative Web 3.0 space. Capital Appreciation provided Regal Digital with a non-interest-bearing, long-term working capital loan of R9.5 million (€493 822), together with another European-based FinTech investor who invested with Regal Digital on the same terms as Capital Appreciation. The investment by Capital Appreciation and its co-investor provides a significant capital injection to further grow its Web 3.0 and SaaS offerings. Regal Digital works closely with Synthesis Labs BV to target EU-based customers and seek out synergistic opportunities.

Accountability

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- 53 Remuneration report

Being accountable, responsible and doing the right thing is not just a choice; it is a conscious commitment that shapes our character and influences our impact on the world



Board of Directors

Executive directors



Michael Pimstein (68)

BComm Acc (Wits)

Executive Chairman

Appointed: 3 March 2015



Bradley Sacks (56)

BEconSc (Wits), MBA/JD Hons
 (Duke University School of
 Business and School of Law)

Chief Executive Officer

Appointed: 3 March 2015



Alan Salomon (74)

BSc Hons (University of
 London), CA(SA)

Chief Financial Officer

Appointed: 3 March 2015



Michael Shapiro (51)

BSc Hons in Electrical
 Engineering (Wits)

**Executive director and
 Head of the Software Division**

Appointed: 12 June 2019



*** Michael (Motty) Sacks (80) retired
 as Non-Executive Chairman on
 28 February 2023**

** Note: Michael (Motty) Sacks was Chairman of
 the Board for 11 of the 12 months.*

Board of Directors (continued)

Non-Executive directors



Bukelwa Bulo (45)
BBusSc, PGDA (UCT),
CA(SA)
Independent non-executive director
Appointed: 15 September 2015



Kuseni Dlamini (54)
BA (Hons) (UKZN),
MPhil (Oxford)
Lead Independent non-executive director
Appointed: 9 May 2018



Errol Kruger (66)
BCom (UP)
Independent non-executive director
Appointed: 9 May 2018



Rorisang (Roxy) Maqache (48)
BBA (Schiller),
AS (Schiller), CM SA
Non-executive director
Appointed: 4 December 2020



Victor Sekese (57)
BComm (Wits),
BAcc (Wits), CA(SA)
Independent non-executive director
Appointed: 15 September 2015

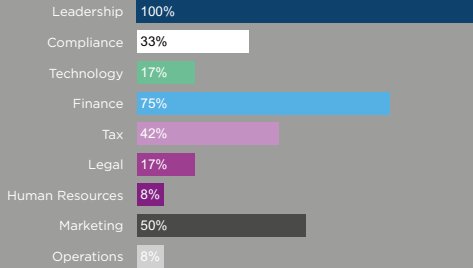


Charles Valkin (89)
BComm LLB (Wits),
H Dip Tax (Wits)
Independent non-executive director
Appointed: 15 September 2015

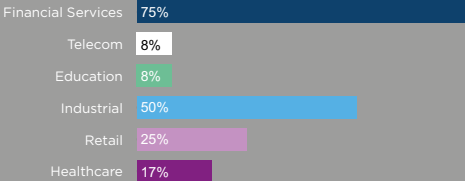
A diverse and transformed Board

The Board of the Group is diverse, in terms of race, gender, business expertise, experience and tenure. This diversity engenders robust debate and supports decisions that appropriately reflect the strategic objectives and resources of the Group, as well as the establishment, measurement and management of appropriate financial and operational targets.

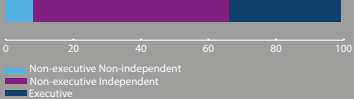
Board expertise



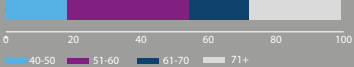
Board sector experience



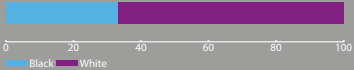
Structure



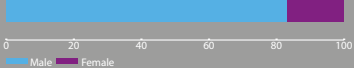
Age



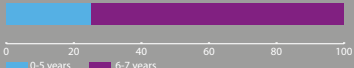
Race



Gender



Tenure

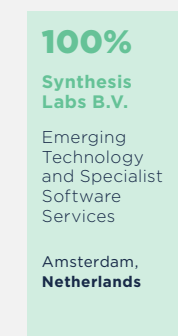
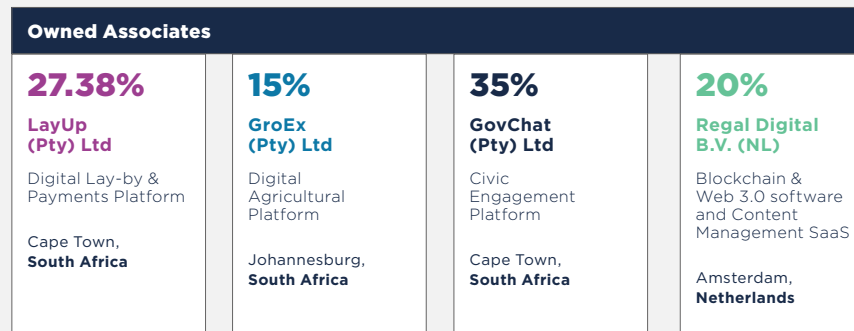
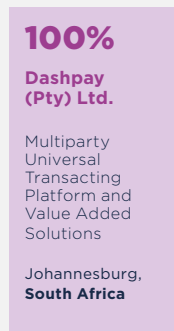
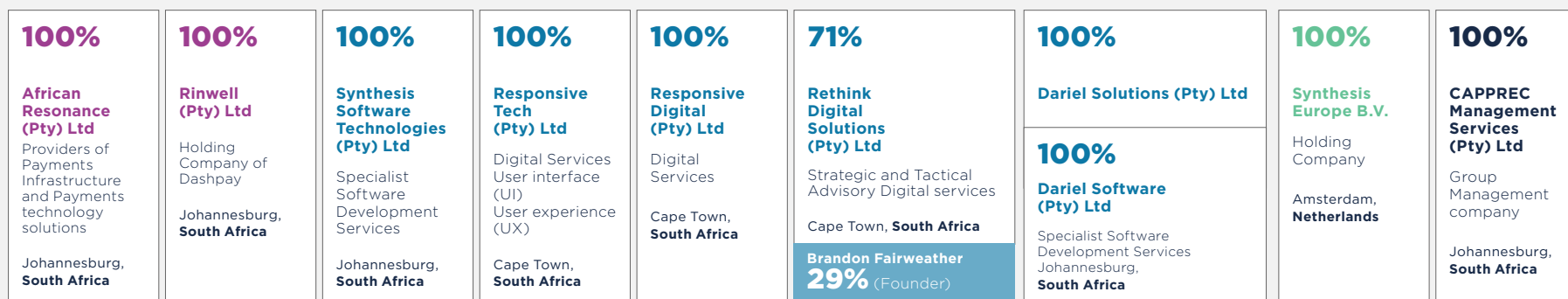


- Investment Committee
- Audit Committee
- Risk and Opportunity
- Nominations and Remuneration Committee
- Social and Ethics Committee
- Executive Committee (EXCO)

Biographies of the directors appear on the Capital Appreciation website: www.capitalappreciation.co.za

Group structure at a glance

Capital Appreciation Limited JOHANNESBURG, SOUTH AFRICA



- PAYMENTS DIVISION
- SOFTWARE DIVISION
- INTERNATIONAL DIVISION
- CORPORATE

Corporate governance

The role of governance in value creation

Capital Appreciation adheres to a governance philosophy that promotes high standards of leadership, ethics, integrity, accountability, transparency and responsibility. The Group's values, purpose, and vision serve as the foundation for its governance philosophy.

Capital Appreciation believes that the Group's governance, ethical framework and supporting structures reinforce both its overall culture and value-creation objectives. The structure of the Board, the governance framework, and the duties and responsibilities of the committees are not merely focused on compliance with the relevant laws and regulations but add value by promoting actions that advance the mission of the Group.

Governance practices are continuously evolving. The Group has made substantial progress in establishing the necessary systems, processes and oversight to comply with the regulatory, legal, and governance requirements of the various jurisdictions within which it operates. The aim is to advance and mature the Group's governance processes beyond simple legislative compliance. This is particularly evident in the new acquisitions and Capital Appreciation management's direct involvement in its investments in associates.

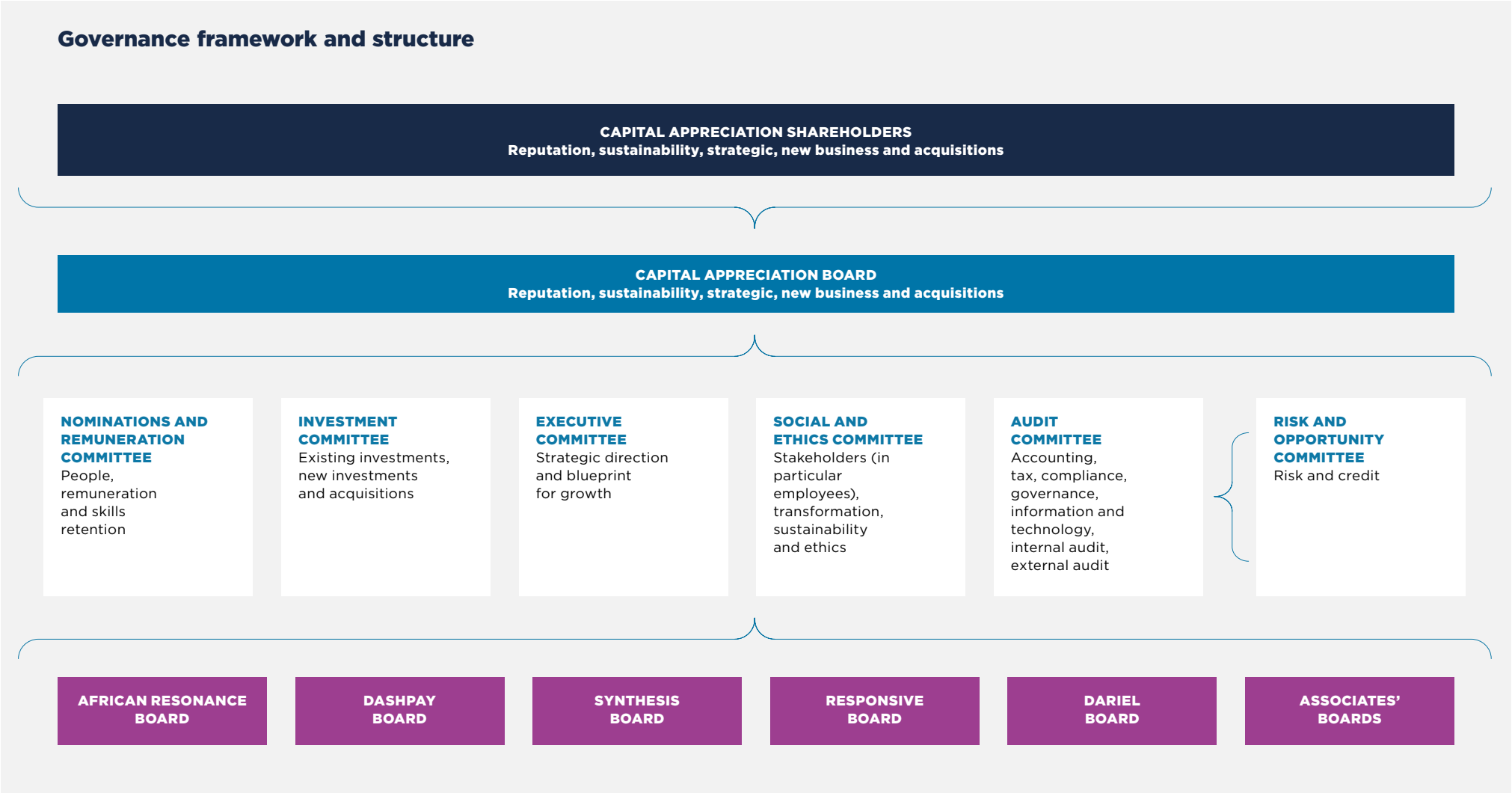
Capital Appreciation's governance will advance and change as the Group as a whole continues to expand. Short-term changes to the corporate structure include measures to simplify it, right-size its governing structures, and harmonise its procedures and policies. The Group's value philosophy continues to serve as the cornerstone of governance, offering a solid base upon which to expand.

The Board has, in addition, adopted the recommendations on good corporate governance contained in the King IV™ report. The King IV principles are entrenched in internal controls, policies and procedures, and governing corporate conduct.

The governance structure of Capital Appreciation dictates that all decisions and actions be made with due consideration for the legal and regulatory environment in which it works. The Board of Directors provides effective leadership, ensuring that clear strategic direction and appropriate management structures are in place.



Corporate governance (continued)



Corporate governance (continued)

Board of Directors

Changes to the Board

Michael Pimstein was elected as Executive Chairman of Capital Appreciation on 30 March 2023, following the retirement of a fellow founder, Michael (Motty) Sacks on 28 February 2023. Motty served in the capacity of Non-Executive Chairman since the Company's listing on 16 October 2015. Motty also retired as a member of the Board Committees on which he served at the same time.

The Board has appointed Ms Rorisang (Roxy) Thokozile Maqache to the nominations and remuneration committee from 30 March 2023.

Composition of the Board

At the date of this report, the Board comprises 10 directors, six non-executive directors and four executive directors. The roles and responsibilities of the Chairman and Group Chief Executive Officer are clearly defined and separate. Five of the six non-executive directors are considered independent. The Chairman is one of the founders of Capital Appreciation and is the Executive Chairman. Given that the Chairman is not independent, the Company has nominated and appointed an independent director to act as the Lead Independent Director.

The Board applied the direction provided by King IV in its determination of a director's independence, taking cognisance of the independence definition and recommended practices. Advised by the nominations and remuneration committee, the Board ensures that independent directors are recognised and reputable persons with well-established competence and experience, who are willing to devote the necessary time to the business of the Group.

No one director has unfettered powers of decision-making.

The position of Lead Independent Director is held by Mr Kuseni Dlamini. The Lead Independent Director oversees matters discussed by the Board when the Chairman may or is seen to, have a conflict of interest. A majority of independent non-executive directors ensures that independent thinking is brought to the Board and committee deliberations. All directors continue to exercise objective judgement. All Board committees are chaired by non-executive directors. The independence of non-executive directors is reviewed at each Board meeting and thereafter, annually by the nominations and remuneration committee.

At the end of the 2023 financial year, the Board consisted of 40% (2022:33%) directors from previously disadvantaged groups, with two being female. Having due regard for the benefits of diversity in the widest sense, the Board has adopted a broad diversity policy and voluntary targets aimed at the promotion of diversity and inclusiveness at the Board level. The Board's diversity policy and targets are reviewed annually and a voluntary target of 50% directors from previously disadvantaged groups of which three are female, has been set for the 2024 financial year.

To ensure a rigorous and transparent procedure, any new director appointment is considered by the Board as a whole, on the recommendation of the nominations and remuneration committee. The selection process involves consideration of the existing balance of skills and experience and a continual process of assessing the needs of the Group.

In terms of Capital Appreciation's Memorandum of Incorporation (MOI), three directors will retire at the forthcoming AGM. All retiring directors are eligible for re-election.

Executive directors are subject to a maximum notice period of six months and are discouraged from holding significant directorships outside the Group.

 *Biographies of the directors appear on the Capital Appreciation website: www.capitalappreciation.co.za*

The Board is satisfied that the delegation of authority framework contributes to role clarity and the effective exercise of authority and responsibilities for all directors

Board mandate

- The Board steers the business and determines the Group's strategic direction.
- The Board is responsible to shareholders and stakeholders for the sustainable performance of the Group.
- The Board examines and approves the strategy developed by management and considers the policies and plans which give effect to the strategy.
- The Board oversees and monitors implementation and execution by management in terms of the delegation of authority.

Corporate governance (continued)

Strong strategic oversight and direction

The Group Executive Committee (Exco) and the Board have been instrumental in setting the strategic direction for the Group and the blueprint for growth.

Exco consists of the following members:

- Bradley Sacks (CEO)
- Alan Salomon (CFO)
- Michael Shapiro (Head of the Software Division)
- Donn Engelbrecht (Head of the Payments Division)
- Benjamin Powell (MD Dashpay)
- Aimee McNamara (Group Executive: Human Capital)
- Tom Wells (Group Disruption Officer)
- Barry Kruger (Group Financial Executive)

Exco directs the company's daily operations and positions the Group to successfully carry out its strategic ambitions. All of the Exco members have a wealth of prior expertise and a track record of success in the commercial world.

100% Board and committee attendance in 2023

An engaged and committed Board

Board and committee meetings must be attended and actively participated in, for a governance system to be effective. The high attendance record for all Board and committee meetings attests to Capital Appreciation's belief that it has committed directors. During the intervals between Board and committee sessions, regular, productive interaction continues between the executive and non-executive directors.

Meeting attendance

 Refer to the details on page 84 and 87 in the Directors' Report.

An effective Board process

Capital Appreciation promotes and facilitates the growth and excellent performance of highly successful, innovative, and well-structured businesses and teams, all while adhering to the highest standards of business integrity, ethical behaviour, professionalism and leadership. Its business philosophy recognises that good governance, committed and honest effort, transparency, effective control, accountability and responsibility create the firm foundation from which Capital Appreciation conducts its activities.

Focused and informed deliberations

The Board met five times during the year. Meetings of the respective Board committees were convened to allow members to debate and engage on individual committees' specific areas of oversight within the business. Members of each committee have been chosen for their appropriate abilities, competence, and diversity. Certain directors serve on more than one committee, allowing for the best possible counsel and direction from the diverse knowledge within its membership. Senior management makes regular presentations at Board meetings, allowing directors to question executives about the topics under consideration.

- Reviewed monthly operational, financial and trading performance reports, performance matrixes and targets.
- Reviewed competitor activity.
- Implemented recommendations from the audit committee and the risk and opportunity committee on its activities.
- Reviewed and approved risk management, Group capital and liquidity.
- Reviewed and approved the Group's insurance policies and risk exposures.
- In line with the Companies Act, reviewed the Group's solvency, liquidity and going concern status.
- Assessed executive directors' engagement with all stakeholders and participation in investor roadshows and other communication initiatives.
- Evaluated acquisition opportunities.

The following actions have been implemented in the financial reporting period:

- Voluntary targets were set on gender and race diversity at Capital Appreciation Board and subsidiary Board levels. New appointments at subsidiary Boards and management level were made during the year that reflects increased diversity.
- The Group's policies, aligned with King IV, were reviewed within each of the divisions.
- The nominations and remuneration committee is responsible for formulating the formal succession plans of the Capital Appreciation executive directors and non-executive directors and the subsidiary company Boards of Directors. The committee reviewed these succession plans, taking cognisance of the growth in the Group's activities. Succession planning at the respective Group and subsidiary company Board level is important to ensure the Group has the right balance of skills, continuity, and experience.
- The nominations and remuneration committee and the Board also considered and approved the change of Chairman and separation of duties with the CEO and CFO.

Corporate governance (continued)

The Board's priorities for 2024 are, *inter alia*:

- Continue to build lasting partnerships and alliances with all stakeholders, including government, businesses, communities, and labour.
- Continue to drive B-BBEE and transformation on an inclusive, substantive, and sustainable basis.
- Inform and build investor confidence by continually profiling the Group's products and services and by seeking solutions that strengthen Capital Appreciation's position and attractiveness in the market it serves.
- Pursue acquisition opportunities.
- Explore expansionary opportunities internationally.

The Board reviewed and confirmed the performance of the Group's executive directors for the year ended 31 March 2023 and was satisfied that all the financial and non-financial objectives were met, as well as key individual performance metrics as set by the Board before the start of the reporting period.

Performance evaluation

Performance evaluation of individual directors takes place on an ongoing basis. A formal review by the Chairman is conducted annually and is carried out by the lead independent director. The performance review of executive directors is carried out by the Board Chairman, insofar as their Board performance is concerned.

 Refer to the 2022 Integrated report for details of the above mentioned performance metrics.

Performance reviews of subsidiary executives are carried out by the Group CEO and the CFO as part of management's performance appraisal process and are overseen by the REMCO. The performance, remuneration and reward reviews of the Group CEO and CFO are conducted by the nominations and remuneration committee, insofar as their remuneration is concerned.

The REMCO and the Board approved the remuneration and long-term incentive rewards for the executive directors during the 2023 financial year.

 For information on the directors' interests, refer to the remuneration report on page 66.

Corporate citizenship

Capital Appreciation endorses the shift in King IV™ towards wider stakeholder inclusivity and enhanced corporate citizenship. The Group subscribes to the notion that doing business is about creating shared values and meeting responsibilities to contribute toward economic development, society, communities and the environment, for the benefit of a wider stakeholder group. This belief is corroborated by the Group's reporting and engagement approach to a wider group of stakeholders. Capital Appreciation actively communicates and engages with its stakeholders, including the investment community, by providing updates on strategic developments, operating and financial performance and issues of relevant interest.

 For information about Capital Appreciation's Stakeholder relationships, refer to the ESG Report at www.capitalappreciation.co.za

Ethics and governance policies

It is critical to sustain ethics and good governance within the business, notwithstanding ongoing transition and growth. Group subsidiaries are expected to operate within Capital Appreciation's philosophy and policies, which supports high levels of integrity in decision-making processes, from recruitment and training to contracting with suppliers and clients. This conduct forms a significant component of each executive's performance evaluation. The Group continues to enhance and standardise important aspects of governance, particularly related to conflicts of interest, gifts, entertainment, insider trading and price-sensitive information.

Employees are expected to strictly adhere to the Group's Code of Ethics which addresses standards of business practice and a firm stance on bribery and corruption. There is no tolerance for fraud, theft, corruption or any illegal behaviour. The Group also has an Anonymous Reporting Policy which addresses anti-corruption and reporting. In this regard, Capital Appreciation has procured the services of an independent agency, Whistle Blowers (Pty) Ltd to manage the whistle-blowing mechanism. Employees are trained on how to use the mechanism and posters to promote whistle-blowing are placed throughout the offices of Capital Appreciation and its subsidiaries. No instances have been reported in the past financial period. Policies are revised as and when necessary.

Capital Appreciation continues to reinforce matters of governance and business ethics throughout its operations and its value chain.

Corporate governance (continued)

Company Secretary

PKF Octagon acts as Company Secretary and Mr Peter Katz (CASA), a consultant to PKF Octagon, is independent and acts as Secretary to the Company. The Board has unrestricted access to the advice and services of the Company Secretary. The Board is satisfied that the Company Secretary has the appropriate qualification and experience required by the Group and as detailed in the Companies Act 2008, JSE Listings Requirements and the King IV Code, to competently carry out the duties and responsibilities of the Company Secretary.

IT governance

IT governance in the Group has increased its level of maturity, operating in a decentralised environment, resulting in each division being responsible for monitoring and managing IT risk. The Group continues to invest in IT infrastructure, business continuity plans and backup systems and maintains its disaster recovery centre. Data governance is a strong focus and is the subject of rigorous in-house and external audit tests.

 Refer to the risk report on page 49 for further detail.

Codes, regulations and compliance

The Board is responsible for ensuring that the Group complies with applicable laws, codes and regulatory standards. Compliance is an integral part of the Company's culture and critical in achieving its strategy. Management has been tasked by the Board with implementing an effective compliance structure. The audit and risk and opportunity committee, which reviews and monitors compliance, is in charge of compliance risk management.

The Company complied with various codes and regulations such as the Companies Act, the JSE Listings Requirements and King IV™. Internal audits are conducted to assess compliance with legal and industry requirements.

Monitor the effectiveness of compliance management

Failure to comply with statutory and regulatory standards is one of the identified risks and is assessed and addressed on an ongoing basis. At each meeting, the audit and risk and opportunity committee evaluates the compliance report, and any areas of partial or non-compliance are reported to the Board.

The committee examined the effectiveness of the systems for monitoring compliance with laws and regulations and concluded that the information sources and processes were adequate.

Penalties, sanctions or fines

There were no fines or censures for non-compliance with legislative and regulatory requirements during the year under review. There were no fines imposed for noncompliance with environmental laws and regulations. The Company was not involved in any legal action for anti-competitive behaviour and no requests for information were received or denied under the Promotion of Access to Information Act.

Roles and membership of the Board and committees

The Board functions per the requirements of King IV and within the context of the Companies Act, the Listings Requirements of the JSE in compliance with the Company's Memorandum of Incorporation (MOI), rules and codes of governance and other applicable laws.

The Board is the Group's custodian of corporate governance and sets the tone at the top. A Board charter guides the Board's deliberations, and the Board committees are mandated by their various committee terms of reference. Annually, the charters and terms of reference are reviewed and revised to reflect best practices and to contain necessary and specific statutory requirements.

The material issues addressed by the Board are determined by assessing critical external commercial, economic and environmental matters, as well as the demands and expectations of Capital Appreciation's main stakeholders. The discussions at the various Board committee meetings are centred on strategic and committee-related matters. The composition and membership of the various Board committees disclosed in this report are those at the date of the integrated report and were in effect during fiscal 2023.

Corporate governance (continued)

AUDIT AND RISK AND OPPORTUNITY COMMITTEE

Members: V. Sekese (Chairman), B Bulu and K Dlamini

Group executives, subsidiary executive directors and the Chairman also attend meetings by invitation. Due to the growth in the size of the Group, the audit and risk and opportunity committees are now operating as two standalone committees, focusing on their specialised areas of responsibility.

The Group reviews its insurance coverage annually. The committee is satisfied that all material risks are adequately insured. Where necessary, due to acquisitions and significant changes in circumstances, *ad hoc* changes to insurance coverage are made between annual revisions.

 Refer to the Report of the audit and risk and opportunity committee which appears on page 80 in this integrated report.

- Due to the growth in the size of the Group, the risk and opportunity committee in future will have separate meetings and will report directly to the audit committee and the Board.

The audit and risk and opportunity committee is satisfied that it has fulfilled its responsibilities per its terms of reference for the reporting period.

NOMINATIONS AND REMUNERATION COMMITTEE

Members: K Dlamini (Chairman), RT Maqache, V Sekese

The Board determines the remuneration payable to non-executive and executive directors, based on recommendations made by the REMCO. The recommendations are formulated in accordance with the Group's remuneration policy, considering market conditions.

The committee is primarily responsible for formulating remuneration and recruitment policies as well as the remuneration philosophy for the Group. It determines appropriate remuneration packages and incentive rewards for executive directors and senior executives, applying industry standards and market conditions, in the interests of the parties concerned.

The objective is to determine that remuneration is fair and appropriate to attract, retain and motivate high-calibre individuals to manage the Group successfully; this is to ensure that all executives are fairly rewarded for their effort and contribution to the growth and success of the Group operations.

The committee also assists the Board by way of the selection and nomination of prospective executive and non-executive directors to ensure an optimal mix of skills and diversity for Board and committee appointments. In addition, the committee considers appropriate succession planning for the Chairman, executive and non-executive directors.

Key activities for 2023:

The committee reviewed the appointment of Michael Pimstein as Executive Chairman and recommended this appointment to the Board.

During the year, committee matters were considered within the broader agenda of the Group's Board meetings. The committee considered and proposed the executive directors' and non-executive directors' remuneration for the 2023 year. The non-executive directors' remuneration was approved at the 2022 Annual General Meeting. The committee also considered and proposed the non-executive directors' remuneration for the 2024 financial year, which will be voted on by shareholders at the 2023 Annual General Meeting.

 The committee has reviewed and approved the Group's remuneration policy and implementation report which appears on pages 53 to 70 in this integrated report.

The remuneration policy and implementation report will be an agenda item for a non-binding shareholder advisory vote at the 2023 Annual General Meeting.

Key focus areas for 2024:

- Succession planning, aligned with the Board's diversity policy and targets will receive priority attention in the next reporting period.
- Ensure the Group retains and rewards its employees with competitive financial packages in the high-demand technology skills employment market.

The committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period.

Corporate governance (continued)

INVESTMENT COMMITTEE

Members: E Kruger, B Bulu, B Sacks, M Pimstein and A Salomon

The primary purpose of the committee is to discuss, consider and, if appropriate, approve:

- Potential acquisitions and disposals.
- Due diligence reports for proposed transactions.
- Review work from external advisors where appropriate.
- Conclusion of acquisition terms as required.

Key activities for 2023:

- The committee did not meet separately during the year. Its scope of activity was conducted at the Group's Board and audit committee meetings.
- Consideration and evaluation of the viability of proposed investments and expansion opportunities.
- A review of the commercial merits of proposed acquisition targets during the reporting period.
- The Board approved the acquisition of the Dariel group on 24 April 2023.

Key focus areas for 2024:

- The Group has substantial cash on hand. It will continue to invest in organic growth opportunities within its existing business and acquire companies that meet the Group's investment criteria.

The committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period.

SOCIAL AND ETHICS COMMITTEE

Members: K Dlamini (Chairman), V Sekese and R Maqache

The role of the social and ethics committee is to ensure that the Group's activities are aligned with being a responsible corporate citizen. The committee further assists the Board in setting an ethical organisational culture by overseeing that the Group's conduct and approach to business have due regard to value creation in society. To achieve this, the committee also addresses relevant statutory requirements and assesses trends in commerce and industry that focus on and promote good governance.

Key activities for 2023:

- Due to the growth in the size of the Group, the social and ethics committee had separate meetings to expand and focus its activities in its core area of expertise to drive the Group's ESG framework.
- Progress the alignment of the Group's practices to satisfy the requirements of the B-BBEE codes.
- Promote the code of ethics and drive ethical behaviour.
- Consider preferential procurement sources and promote socio-economic development and enterprise development.
- Promote and protect the environment and the health and safety of employees and visitors.
- Prevent and combat bribery and corruption.
- Ensure good corporate citizenship, particularly efforts in protecting and advancing human rights, and equality and preventing unfair discrimination.
- Continue ongoing stakeholder engagement.
- Review King IV assessments, the identification of relevant recommendations and the alignment to such terms of reference.

Key focus areas for 2024:

- Continue to expand and further develop the key ESG initiatives that were implemented in previous financial years.

The committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period.

Risk report

There are certain material areas and related risks that might disrupt and interrupt Capital Appreciation's ability to continue creating value for its stakeholders. Our cash-generative, asset-light business model and businesses, which provide essential products and services are the Group's most effective risk management tool.

The Group has a control process to mitigate against unforeseen risks, driven by the Board's risk committee, divisional risk forums and internal audit.

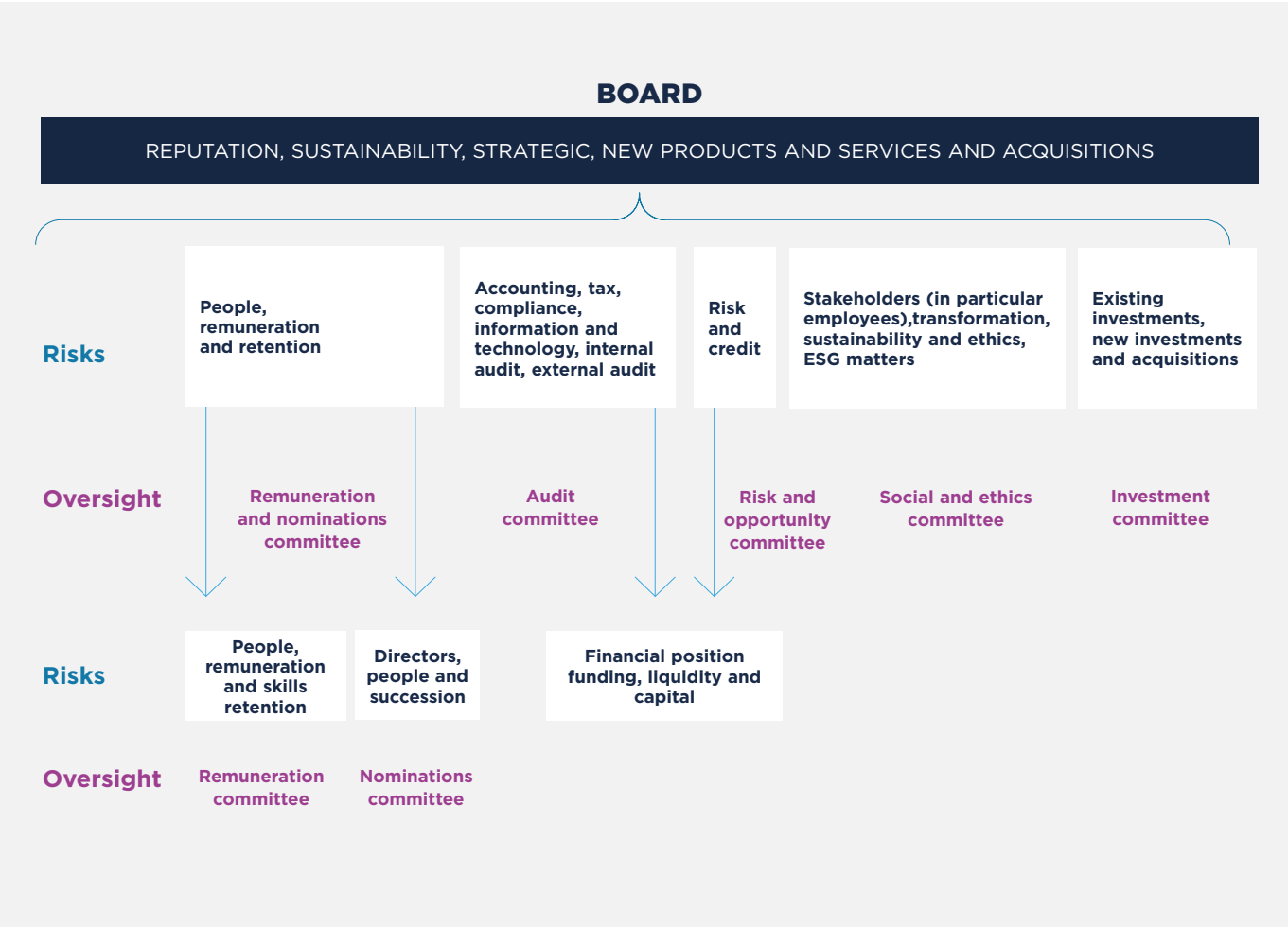
Before focusing on material Group risk areas, we need to carefully evaluate macro socio-economic scenarios, which unfortunately are beyond the Group's control, both globally and in South Africa. There have been serious shocks globally over the past year, which have materially weakened the South African economy, and were exacerbated by the recent Covid-19 pandemic. South Africa is experiencing many serious setbacks which include low economic growth, declining business confidence, high inflation, deteriorating infrastructure, unprecedented rolling electricity black-outs, water shortages and a volatile political environment. All these factors have the ability to create material systemic and operating risk, while at the same time, potentially providing strong opportunities in the future.

Risk and compliance management

The risk framework specifically identifies the categories that comprise the Group's risk universe.

Group risk universe and oversight responsibilities

Risk universe



Risk report (continued)

Risk materiality

The Board and risk and opportunity committee regularly review the Group's risk materiality level and the financial impact of a single decision or investment or event, which individually or in aggregate could be material in the context of the Group as a whole. The Board determines the risk appetite of the Group, and considers the value of any decision, and its financial impact on either the Group's consolidated profits or gross assets. If any of these criteria exceeds 10%, it is considered as individually material.

In all cases the Group must comply with JSE risk compliance rules and regulations.

Effectiveness of the risk management process

Capital Appreciation's management of risk involves identifying risks and assessing each one's materiality and the impact it could have on the Company's ability to achieve its objectives. Plans and controls are implemented to minimise any negative impact to tolerable levels. Risk tolerances on key strategic initiatives are determined on a divisional level and then approved and monitored by the Board's risk and opportunity committee.

Certain material risks have remained unchanged from year to year in the context of delivering long-term value, while others may increase in prevalence and severity, depending on the operating environment and industry dynamics. Effective risk management is fundamental and embedded in every facet of the Group's business activities resulting in comprehensive and well-considered mitigating strategies.

The Board views the Group's current risk appetite to be appropriate for its risk/return profile and against the background of the financial, human and technology resources at its disposal. The Board believes that the risk management processes within the Capital Appreciation Group are effective to identify, quantify and manage key risks and opportunities within its risk universe.

Material activities for 2023

As the Group evolves, both organically and through acquisition, Capital Appreciation has continued to update its risk management processes for the whole Group over the past year, with a series of risk workshops, which have been aligned with the regular reviews of the Group's insurance policies and cover.

Focus areas for 2024:

- The Board will continue to further enhance its integrated combined assurance model and processes to provide comfort to stakeholders that the risks and opportunities are appropriately managed in a dynamic Group and a fast-changing business environment. Capital Appreciation will continue to refrain from engaging in activities that expose it to unknown, unexpected or unusual risks, which is consistent with the practices in the 2023 and previous financial years.

Overview of material risks and opportunities

The material risks identified below have emerged from the analysis and understanding of the strategic direction of each of the underlying Group entities and the environment in which the Group operates. The Group has revisited the historical risks it faced, dating back to 2017 to date and has recorded below the material risks. We have purposefully not ranked or prioritised any particular risk, as each is assessed singularly and collectively with respect to its impact on the Group's financial performance, reputation and sustainability.

Key risks

- **Risk of losing key people or inability to attract and retain talent**
 This risk is very relevant given the competitive nature of the FinTech industry. Mitigating actions include the ability to offer challenging work at the forefront of technological advances and ongoing professional development, a strong employee proposition, industry competitive remuneration and long-term equity incentives in appropriate cases.

Risk report (continued)

Key risks continued

- **Risk from underperforming investments**

A relevant risk, as it affects the financial stability of the Group. Mitigation involves pre-defined and agreed investment parameters, rigorous due diligence processes, stringent risk assessment procedures before investment decisions, critical performance milestones, as well as the diversification of the investment portfolio.

- **Risk from underperforming in client service**

Customer service is a key differentiator in any industry. The risk is managed through delivering innovative and effective technological solutions and regular engagement and management of client expectations.

- **Risk from a fast-changing FinTech industry**

Risk mitigation involves the encouragement of a culture of continuous learning within the organisation, as well as continuous investment in research and development to ensure products and services align with broad market trends.

- **Inability to adapt to technological advancements and changing digital needs to stay competitive**

A key competitive differentiator for the Group is its expertise in new and emerging technologies. The Group encourages innovative solutions and embraces the ability to adapt quickly and proactively to changing customer requirements and market conditions. The Group explores nascent technologies and the potential ability to commercialise these as new offerings to current and prospective clients.

- **Risk from prolonged financial underperformance**

This risk may lead to value destruction for shareholders. The risk is mitigated through rigorous financial budgeting, planning and review processes, robust transparency, and continuous monitoring of cost structures and incremental marginal revenue gains.

- **Risk from maintaining competitive remuneration and incentives**

Employee costs are the Group's largest cost component and have the potential to affect profitability. Mitigation of this risk includes maintaining and monitoring performance-based metrics, supported by incentives and considering non-financial rewards to boost employee satisfaction.

- **Risk from deteriorating strategic partnerships and relationships**

The Group relies on strategic partnerships in its supply chain which, if cancelled, can impact operations. Mitigation of this risk involves retaining, nurturing and growing long-term relationships with strategic suppliers and principals, monitoring service-level agreements and adhering to contractual obligations such as anti-bribery and corruption clauses. Further mitigation is achieved by enhancing the vendor management process, diversifying the supplier base where possible, and negotiating favourable terms with multiple suppliers.

- **Challenging economic outlook in South Africa**

Capital Appreciation focuses on remaining relevant and competitive by having the ability to rapidly react and adapt to changing conditions and the emerging needs of clients, and the country as a whole. The Group proved its resilience, stamina and adaptability during the tough 2023 financial year, post the catastrophic impact of Covid-19 and is in a very strong position financially and infrastructurally with great businesses to maximise its opportunities in the future.

- **Escalating IT costs and cyber security**

This risk is managed through robust cyber security infrastructure, a strict control environment, regular training in respect of the latest cyber security protocols, maintaining stringent compliance and security to safeguard the integrity of the platform and regular security audits. In addition to physical security, key interventions implemented include state-of-the-art firewalls enabled for deep packet inspection, encryption technology, rigorous scanning processes to detect viruses and malware, and ongoing external vulnerability testing.

- **Risk from people, culture, diversity, and succession planning**

This affects the overall health and sustainability of the organisation. The risk is managed through the implementation of comprehensive succession planning by each division, fostering a diverse and inclusive work environment and maintaining a strong company culture.

Risk report (continued)

- **Risk from revenue concentration and/or credit risk**

The risk is mitigated through continuous diversification of the portfolio of customers served, new products and services offered and wider geographic areas the Group operates in, to reduce reliance on any one customer, product or region. The divisions perform comprehensive due diligence on all customers before engaging with them. Strict credit assessment procedures are maintained. Credit risk is also mitigated through the nature of the customer base, being large well-established enterprises. During the 2023 financial year, the Group had no bad debts.

- **Risk from exchange rate fluctuations**

The severe depreciation of the Rand has caused serious inflationary pressures on Capital Appreciation and its customers. The replacement cost of clients' terminal fleets, which are all imported, has increased considerably and clients are currently exercising caution and a "wait-and-see" approach before going into a new phase of expansion. The Group does not take foreign currency risk when procuring products and services internationally and takes out forward cover on all foreign payables on the date that the order is placed.

- **Risk from increasing compliance requirements and regulations applicable to clients**

Management ensures continuous compliance with all relevant legislation and regulations. Group entities apply Payment Card Industry (PCI) and other standards where applicable. Dedicated resources have been appointed to monitor and implement new regulations and ensure business continuity.

- **Intellectual property (IP) protection**

IP protection in South Africa is challenging as enforcement may not be as robust as in other jurisdictions. To manage the risk the Group maintains stringent cyber security and in some areas of the business, has imposed restraint of trade clauses in employee contracts to protect its intellectual property and investments.

Opportunity created out of risk

All businesses have inherent risks in their day-to-day operations as they grow. All expansion and new initiatives come with risk, particularly in the sphere of new tech and business start-ups. To protect the Group from losing its relevance and becoming obsolete in a fast-changing world, it is essential to take well-considered risks, however, to do so while minimising the downside and maximising the upside. Risks to pursue should also be appropriately selected to protect the Group against a material impact on the Group.

Mitigation of risks often translates into new opportunities which Capital Appreciation actively identifies and pursues. Some prime examples of these are:

- Cyber security has created a revenue stream to be capitalised on by offering customers Hardware Security Models (HSM) and other similar product offerings.
- In the fight to remain competitive, new technologies such as cloud and big data provide substantial opportunities to enhance operating performance, reduce costs and improve clients' ability to attract and better serve their customers.
- The ability to service clients remotely is opening up the international tech talent pool as potential hires to cover local skills shortages.
- The constant, proactive communication and monitoring of demand with suppliers and customers have generated mutually beneficial financial outcomes for all parties involved in the terminal sales cycle.
- The submission of a tender is always a risky endeavour, however, the actual loss of a tender to a competitor has ultimately led to the acquisition of the Responsive Group.

Remuneration report

KEY PRINCIPLES OF CAPITAL APPRECIATION'S REMUNERATION PHILOSOPHY

The key principles that shape our policy are:

- A critical success factor of the Group is its ability to attract, retain and motivate the entrepreneurial talent required to achieve positive operational outcomes and strategic objectives while adhering to an ethical culture and good corporate citizenship.
- A delivery-specific short-term incentive (STI) is viewed as a strong driver of performance, while always aligned with shareholder interests.
- Allowing appropriate flexibility as a consequence of the group's dynamic development and fast-moving nature.
- Long-term incentive (LTI) awards that align the objectives of management, shareholders and other stakeholders for a sustainable period.
- The Group is committed to a sustainable, fair and responsible remuneration policy.

2023 PERFORMANCE

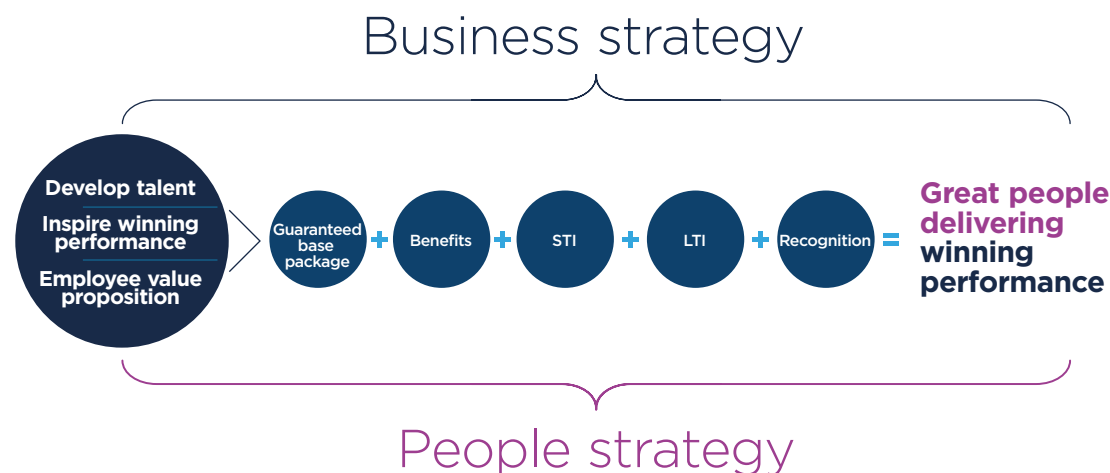
Capital Appreciation performed satisfactorily over the past year, reporting resilient operating and financial results while also actively investing in growth-related strategies which will benefit the Group in future periods.

This is indicative of the financial strength of the Group, a reflection of the dedication and commitment of all Capital Appreciation's employees, whilst simultaneously recognising the Group's responsibility to the societies in which it operates.

Capital Appreciation's remuneration philosophy is aimed at driving exceptional and sustainable long-term performance for all stakeholders, and to support the well-entrenched innovative and entrepreneurial culture of the Group.

It is with pride that the Group has met these objectives during the financial year ended 31 March 2023, and stimulated its 524 employees to deliver, notwithstanding economic challenges faced in South Africa.

REMUNERATION FRAMEWORK



GOVERNANCE OF COMPENSATION

Principle 14 of the King IV report states:

“The governing body should ensure that the organisation remunerates fairly, responsibly and transparently to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.”

To provide stakeholders with insight into Capital Appreciation's remuneration policies and structures, the Group continues to refine the remuneration report in line with King IV™ and the JSE Listings Requirements.

The Board of Directors approved the remuneration report and believe that the performance criteria used to measure and determine short-term and long-term incentive awards are appropriately aligned with Capital Appreciation's goals, strategies and outcomes, and responsive to the requirements of all stakeholders.

Remuneration report (continued)

NOMINATIONS AND REMUNERATION COMMITTEE: COMPOSITION AND MANDATE

The Board of Directors has ultimate responsibility for the appropriateness of remuneration policies and executive remuneration. The Board delegated oversight of this responsibility to the Group's nominations and remuneration committee, which comprises the following non-executive directors, the majority of whom are independent:

- **K DLAMINI** – Chairperson, lead independent, non-executive director
- **V SEKESE** – independent non-executive director
- **R MAQACHE** – non-independent director (appointed 30 March 2023)

Changes during the year:

- **JM KAHN** – Chairperson, lead independent, non-executive director (deceased 2 June 2022)
- **M SACKS** – non-executive director (retired 28 February 2023)

Nomination and remuneration committee mandate

To ensure that the Group's remuneration policies:

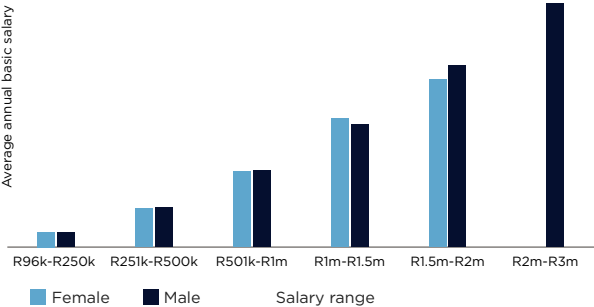
- Are fair, responsible and transparent.
- Attract, motivate, reward and retain human capital.
- Promote the achievement of strategic objectives within the organisation's risk appetite.
- Promote positive outcomes.
- Promote an ethical culture and responsible corporate citizenship.

Within this mandate, the remuneration committee believes that a well-designed remuneration policy strikes a balance between the interests of shareholders and executives and the principles of good governance. The remuneration committee assesses the mix of fixed remuneration, short-term and long-term incentives to meet the Group's needs and strategic objectives, in addition to reviewing the merits of incentive schemes in ensuring continued contribution to shareholder value.

It is the responsibility of the remuneration committee to oversee that the implementation and execution of the remuneration policy achieve its objectives.

The committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period.

EQUITABLE COMPENSATION - GENDER



The committee is satisfied that the remuneration benchmarking tests and research undertaken during the year were independent and objective.

EQUITABLE COMPENSATION - RACE



Remuneration report (continued)

PRINCIPLES OF REMUNERATION

The following overarching principles are applied to remuneration:

- Remuneration policies are approved by the nominations and remuneration committee and the Board.
- Capital Appreciation seeks to eliminate differential compensation related to gender, race and location and applies the principle of equal pay for equal work.
- Base compensation is defined on a total cost-to-company basis (CTC), with all benefits included and fully taxed.
- Formal and informal research and benchmarking tests are regularly performed to determine market norms for similar positions.
- Remuneration is aligned to individual financial and non-financial outputs, measured through performance management systems that focus on goals achieved and exceeded. Performance incentives are used to drive specific behaviours that support group, divisional or departmental performance and their ability to contribute as a responsible corporate citizen. Incentives and bonuses at the executive level are aligned to profit growth and relevant returns metrics, key non-financial measures, and additional key outputs and personal performance. A portion of these incentives may be deferred or delivered in the form of conditional share plan awards.
- Any change to the compensation of any individual at every level must be approved through an independent process by a duly authorised Group executive, with the remuneration committee approving the compensation of all executive directors, including the Executive Chairman, Chief Executive Officer, the Chief Financial Officer and Managing Directors of each business subsidiary.
- Executive directors receive no fringe benefits from the Group.
- No employees or directors have employment terms that exceed six months' notice.
- The Company is not under any obligation to make exit payments for executives leaving the Group.

Remuneration report (continued)

PART 1

OVERVIEW OF REMUNERATION POLICY

The success of Capital Appreciation and its subsidiaries relies on a wide range of leadership, managerial, functional and technical skills. Given the nature of Capital Appreciation's businesses, human capital is a daily focus of the business. In addition to recruiting and training, retaining the team is always front of mind. Many of the skills sought by the Group are unique to specific sectors, divisions, departments or organisational levels. The entrepreneurial spirit of the Group requires that the remuneration policy remains competitive and flexible while encouraging positive outcomes and promoting an ethical culture and good corporate citizenship. These policies are also linked with our training and development efforts for worthy candidates that may not yet have the necessary skills or experience.

GENERAL STAFF

Throughout Capital Appreciation, fixed and variable compensation policies and practices are structured to attract, motivate and retain the specific talent and skills required at each level for the progress of the Group and its subsidiaries. For the most part, these policies are determined by and according to sectors, divisional or departmental requirements within the governance guidelines described previously.

LEADERSHIP

Capital Appreciation regards the individual and collective intellectual acuity, education, experience and industry knowledge of its most senior leaders and talent pool as a core capability and a source of competitive advantage. As such, the compensation, recruitment, performance, development and succession of the Group's top executives are monitored directly by the Executive Chairman, CEO and the CFO, with oversight by the nominations and remuneration committee and the Board.

Executive directors are required to retire by rotation of their directorship on the third anniversary of their appointment and may offer themselves for re-election. As appropriate, the Board, through the nominations and remuneration committee, proposes their re-election to shareholders.

Executive compensation strives to attract, reward and retain the highest calibre of individuals in terms of qualifications, education, expertise and experience while aligning executive remuneration with stakeholder priorities.

The Group operates on a total cost to company (CTC) philosophy, where base package and benefits form part of the employees' fixed CTC remuneration. Employees also participate in short-term variable cash incentive bonus schemes of subsidiary companies.

Executives participate in long-term incentives in the form of performance-driven equity share incentive schemes. The Executive Chairman, CEO and CFO may attend REMCO meetings by invitation, to assist the nominations and remuneration committee with the execution of its mandate. Divisional executives are invited where appropriate. No executive participates in the voting process or is present at meetings of the nominations and remuneration committee when his/her own remuneration is discussed or considered.

The Chairman of the nominations and remuneration committee or, in his absence, another member of the nominations and remuneration committee, is required to attend the AGM to answer questions on remuneration.

From fiscal 2020, a reward package was approved for the founding executive directors of Capital Appreciation, who have been actively involved in all aspects of the businesses since the Company was incorporated in 2014 and the listing in October 2015, adding considerable value for shareholders.

The remuneration paid to the Executive Chairman, CEO and CFO is included in Part 2. The details of Capital Appreciation's Share Incentive Scheme (SIS) and Conditional Share Plan (CSP), which are long-term equity-based incentive plans, are recorded in Part 2.

The remuneration policy for executive directors requires that their remuneration received be dependent on Group performance. This is achieved through an annual cash bonus and long-term equity share incentives.

The different components of remuneration, the policy that governs remuneration and the strategic intent and drivers are summarised in the table on the following page.

Remuneration report (continued)

REMUNERATION COMPONENT	REMUNERATION POLICY	STRATEGIC INTENT AND DRIVERS
Basic salary	Total guaranteed package (TGP) Level of skill and experience, the scope of responsibilities and competitiveness of the total remuneration package are considered when determining TGP.	The TGP is market-related, provides employees with a competitive, stable income and provides a standard of living consistent with the demands of a specific position. The fixed portion represents a sufficient portion of the total remuneration to avoid overdependence on the variable components. Basic salaries are reviewed annually, consistent with prior years.
Benefits	The Group provides employees with risk benefits, which include life cover, income continuation, severe illness and funeral benefits. This is a new benefit to many of the Group's employees who previously did not have access to such a scheme.	The cost of risk benefits insurance is paid for by the employees. This insurance provides security to the dependents of all employees.

Remuneration report (continued)

REMUNERATION COMPONENT	REMUNERATION POLICY	STRATEGIC INTENT AND DRIVERS
Short-term financial incentives (STI)	Variable quarterly and annual cash incentives based on achieving divisional/Group quantitative objectives, with a qualitative portion of the bonus awarded based on non-financial measures as well as individual performance (where appropriate). A portion of the STI may be deferred to future years. STIs for each executive are designed to address the requirements of the Group, division and function, as the case may be, and are specifically designed with individualised qualitative objectives to promote performance and/or achieve predefined performance requirements (which include financial objectives and other return metrics where appropriate). Financial objectives include: • Headline earnings per share (HEPS) growth • Return on shareholders' equity • Revenue growth • Generation of positive cash flows • Acquisitions • Creating employment opportunities and jobs Non-financial objectives include achieving: • Employment equity targets • Maintaining or improving B-BBEE scorecards • Implementing our ESG framework • Executing strategy and business enhancements. Individual performance objectives include: • Achieving strategic objectives • Acquisitions, expansion and innovation, leadership • Personal effort and teamwork and significant events. Additional qualitative STIs may be awarded for superior performance, a portion of which may be deferred to future years or paid in the form of SIS and CSP awards. Although the nominations and remuneration committee reserves its discretion, the quantitative element of an STI award will range between three and twelve months of an executive's base monthly salary with the qualitative element approximating three months of an executive's base monthly salary.	STIs reward specific behaviour and promote retention. Employees are assessed on their performance as well as the performance of the business. In defining an individual's performance, the nominations and remuneration committee considers financial and non-financial performance. Bonus levels and the appropriateness of measures and weighting are reviewed and budgeted for annually to ensure that these continue to support the Group's strategy. The annual bonus is paid in cash once a year.

Remuneration report (continued)

REMUNERATION COMPONENT	REMUNERATION POLICY	STRATEGIC INTENT AND DRIVERS
Long-term incentives (LTI) – Share Incentive Scheme (SIS) and the Conditional Share Plan (CSP)	Executives participate in the LTI schemes to the extent to which their decisions or behaviour are likely to have an impact on shareholder value. These schemes serve to harmonise the required attributes of shareholder alignment, retention of key talent and long-term sustained performance. LTI schemes relate to the valuation of the Group or its divisions, realisable over the medium to long term. Share incentive scheme awards (SIS) consist of conditional rights to purchase shares at a pre-agreed price, subject to performance conditions over a five-year performance period and continued employment for the duration of the vesting periods of three years (20% of the award), four years (50% of the award) and five years (100% of the award). Conditional share awards (CSP) consist of the conditional right to receive shares, subject to performance criteria over a three-year performance period and continued employment for the duration of the vesting period. Although the nominations and remuneration committee reserves its discretion, the quantitative element of an LTI award will range between 50% and 100% of an executive's base salary with the qualitative element ranging up to 50% of the quantitative amount.	LTIs reward executives for achieving strategic objectives and positive outcomes in the medium to long term while aligning objectives with shareholder interests. Market-related long-term reward and retention for executives and key talent provides an opportunity to accumulate wealth based on continued employment, and company performance and valuation.
Total reward	Providing a competitive and attractive total compensation with a portion paid over the medium to long term.	

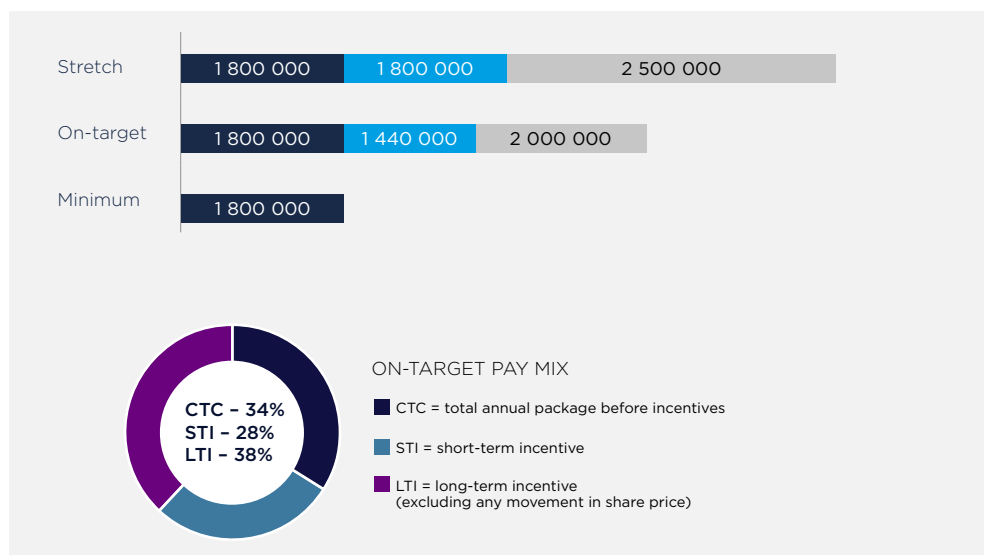
Remuneration report (continued)

TOTAL REMUNERATION RANGES

Below is an indication of the range of outcomes achievable by the executive directors based on awards made in fiscal 2023.

M Pimstein, B Sacks, A Salomon (Group founding executive directors)

	Minimum		On-target		Stretch	
Guaranteed pay ¹	1 800 000	100%	1 800 000	100%	1 800 000	100%
Short-term incentives	-	0%	1 440 000	80%	1 800 000	100%
Long-term incentives ²	-	0%	2 000 000	80%	2 500 000	100%
Total remuneration	1 800 000		5 240 000		6 100 000	



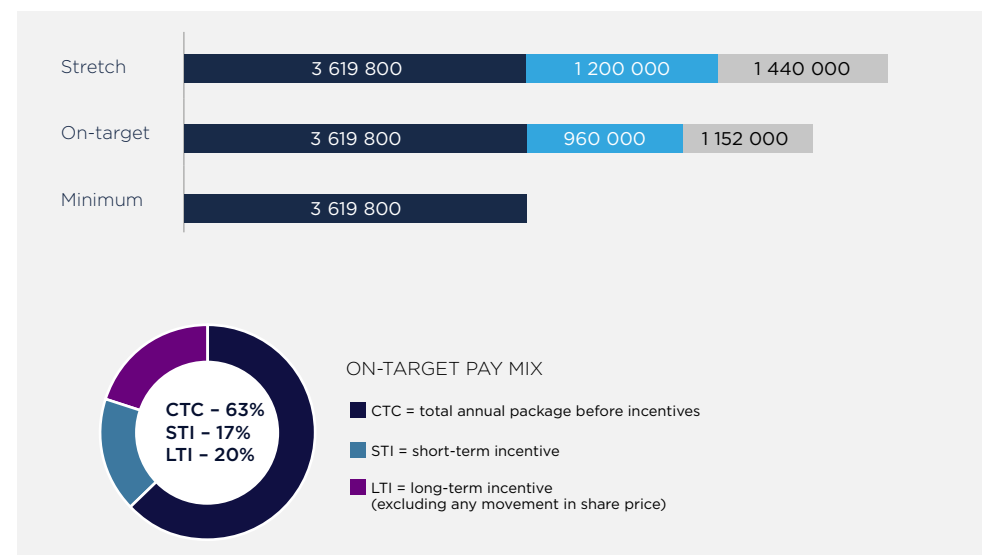
¹ The Group executive directors have retained a relatively low level of cash remuneration compared to market benchmarks and their reward is focused on long-term equity-based remuneration which is strongly aligned with shareholder value creation. The Group executive directors' base remuneration has remained unchanged for financial years from 2020 to 2023.

² This is the value of share awards that will vest in three years' time, on the basis of on-target (80%) and stretch (100%) performance. This excludes any movement in the share price.

Capital Appreciation is still in its development stage and during fiscal years 2014 to 2019, Group executive directors received no remuneration. During fiscal 2022 and 2023 Group executive directors, each received an unchanged base salary and a STI and a LTI award.

M Shapiro (Head of the Software division)

	Minimum		On-target		Stretch	
Guaranteed pay	3 619 800	100%	3 619 800	100%	3 619 800	100%
Short-term incentives	-	0%	960 000	80%	1 200 000	100%
Long-term incentives	-	0%	1 152 000	80%	1 440 000	100%
Total remuneration	3 619 800		5 731 800		6 259 800	



Remuneration report (continued)

CAPITAL APPRECIATION GROUP LONG-TERM SHARE INCENTIVE SCHEMES

THE SHARE INCENTIVE SCHEME (SIS)

The SIS allows executives and senior managers to participate in the appreciation of Capital Appreciation’s share price over time, subject to predefined performance criteria.

The SIS is an option-type plan (at no cost to the participant), with share options awarded being equity-settled subsequent to the exercise thereof. The SIS awards a conditional right for a participant to receive a number of shares, the value of which is equal to the difference between the market value of Capital Appreciation’s share on the date of exercise and the date of grant. In other words, the participant is able to enjoy any increase in Capital Appreciation’s share price from the date of grant until the date on which the conditional rights are vested and thereafter exercised.

The share price growth over the SIS period is settled in Capital Appreciation ordinary shares, with the gain subject to income tax. To the extent that the SIS grant price exceeds Capital Appreciation’s share price at the time of exercise, no gain or cost is realised by participants.

The SIS plan has been a successful retention mechanism since listing. This is in line with international trends towards less volatile and lower-gearred LTIs, which have proved to provide good alignment with shareholder interests and are likely to avoid extreme payouts. The nominations and remuneration committee will assess the future use of share options periodically, as required.

THE CONDITIONAL SHARE PLAN (CSP)

The CSP has the following objectives:

- It motivates and rewards senior executive participants for creating long-term value through the opportunity to earn a significant reward for superior performance.
- It creates a direct line of sight between the performance of each division and the incentive earned.
- Participants receive a right to the full share value as opposed to the increase in value above the price of the share option.
- The CSP directly aligns the interests of the participants with those of shareholders.
- The awards under the CSP will vest after three years subject to performance and employment conditions based on the following annual weighting:

- achievement of financial objectives	70%
- achievement of non-financial targets	10%
- individual performance analysis	20%

The CSP terms and conditions require the Company to settle the obligations under the plan (when the award becomes unconditional) through open market purchases through the JSE.

At the upcoming Annual General Meeting (AGM) shareholders will be asked to allow the Company to settle awards under the plan from treasury shares or the issue of new shares.

The value of the shares, at the date the award becomes unconditional, is subject to income tax.

The CSP, like the SIS, is in line with international trends towards less volatile and lower-gearred LTIs, which have proved to provide better alignment with shareholder interests and are more likely to avoid extreme payouts.

FOUNDERS

Michael Pimstein (Executive Chairman), Bradley Sacks (CEO) and Alan Salomon (CFO) are executive directors of the Group. Michael (Motty) Sacks was a non-executive director and Group Chairman and retired on 28 February 2023. Michael Pimstein was appointed as Executive Chairman on 30 March 2023.

NON-EXECUTIVE DIRECTORS

The annual fees paid to non-executive directors of the Company for their services as directors and as members of the various Board committees are determined on a market-related basis and are benchmarked against industry norms. The fees are approved by the nominations and remuneration committee and the Board, before being presented to shareholders for approval at the company’s AGM.

At every AGM, one-third of the Board of Directors retire from office, but where eligible, are entitled to offer themselves for re-election. Those directors required to retire at subsequent AGMs shall be those longest in office since their last election. Non-executive directors do not participate in any of the Group’s STI and LTI plans.

Directors’ interests in contracts

During the financial year, none of the executive and non-executive directors had any interest in any contract to which the Company or any of its subsidiaries were party.

Remuneration report (continued)

PART 2

IMPLEMENTATION OF REMUNERATION REPORT

2023 Performance
Capital Appreciation’s operations performed well, notwithstanding declining economic conditions.

 The material matters impacting the Group’s results are reflected in the Chief Executives’ report on page 22 and the Report from the Chief Financial Officer on page 25

PERFORMANCE METRICS/CONDITIONS (Key Performance Indicators (KPI))

Executive and senior management remuneration is based on achieving divisional/Group quantitative objectives, with a quantitative portion of the award based on:

	Weighting
Financial objectives	70%
Non-financial objectives	10%
Key individual performance/metrics, where appropriate	20%
Total	100%

The Group is still in its development stages, the Company remains in a transitory phase with business units in varying stages of development. Some units have more progressive and predictable business models with attendant revenue streams while others are in an embryonic phase requiring additional investment and may even need to alter their business model in response to market circumstances. This range of development, together with the Group’s plans for acquisitive growth, requires the nominations and remuneration committee to exercise its judgement based on a portfolio of evidence when establishing thresholds for any specific award, also taking into account the executive’s specific role and responsibility.

The factors the nominations and remuneration committee considered in concluding the achievement of the objectives above are indicated below.

With respect to the financial objectives, each of the factors will have an approximate equal weighting with a bias for revenue growth for more embryonic businesses and a return on equity bias for more established businesses.

Financial objectives (all measured against budget and prior year):

- Growth in headline earnings per share (HEPS)
- Return on shareholders’ equity
- Achieving strategic objectives
- Acquisition objectives
- Protecting balance sheet strength and liquidity
- Making the Group an employer of choice and creating jobs

Total	70%
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Non-financial objectives:

- Achieving employment equity targets
- Maintaining or improving B-BBEE scorecards
- Driving Group’s ESG Framework
- Executing subsidiary and or Group strategy

Total	10%
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Individual performance:

- Expansion and innovation initiatives
- Leadership
- Personal effort and teamwork
- Significant, exceptional event outcome

Total	20%
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Remuneration report (continued)

Executive and management remuneration

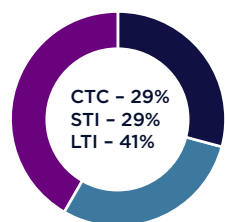
Directors' remuneration

Figures in R'000

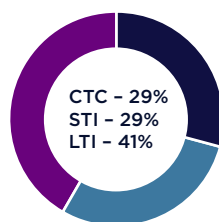
Executive directors	2023				2022			
	Basic salary	STI	LTI	Total	Basic salary	STI	LTI	Total
M Pimstein (Executive Chairman)	1 800	1 800	2 537	6 137	1 800	–	1 951	3 751
B Sacks (CEO)	1 800	1 800	2 537	6 137	1 800	–	1 951	3 751
A Salomon (CFO)	1 800	1 800	2 537	6 137	1 800	–	1 951	3 751
M Shapiro (Head of Software division)	3 619	1 200	1 033	5 852	3 286	900	777	4 963
Total	9 019	6 600	8 644	24 263	8 686	900	6 630	16 216

There has been no cash flow impact on long-term incentives (LTIs) to any directors during the 2023 and 2022 financial years, as no LTIs vested.

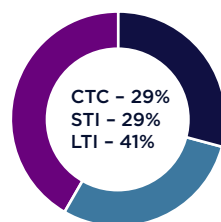
EXECUTIVE CHAIRMAN



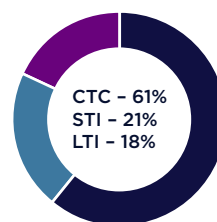
CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



HEAD OF SOFTWARE DIVISION



■ CTC = total annual package before incentives
■ STI = short-term incentive
■ LTI = long-term incentive (excluding any movement in share price)

Guaranteed pay – base pay

During fiscal 2020 the Board elected to start remunerating the founding executive directors with modest basic salaries. The founding executive directors previously indicated a desire to forego annual salary increases and the annual STI for which they were eligible and rather receive a more substantial LTI award, this being favourably aligned to shareholder value creation. In fiscal 2023 the founding executive directors again elected to forego an increase in basic salary and (ii) received for the first time an STI cash award. The guaranteed base pay salary of the founding executive directors is materially below market benchmarks, as is their total remuneration and this will be reviewed during the 2024 financial year.

In determining the CTC increases for other executives and management, the nominations and remuneration committee considered the average increases for general staff and used relevant market data. Benchmarks were selected based on several factors, including, but not limited to, Company size and complexity of comparable listed and unlisted companies by reference to market capitalisation, turnover, profitability, number of employees and sector.

Remuneration report (continued)

Short-term incentives (2023)

The performance measures and targets generating the awards are reflected in the performance metrics/conditions and KPIs in the table disclosed in this report. Executive directors, M Pimstein, B Sacks and A Salomon each received a cash bonus of R1 800 000 during the 2023 financial year (2022: RNil) and M Shapiro received a cash bonus of R1 200 000 during the year (2022: R900 000).

Long-term incentives (2023)

In line with the new disclosure format recommended by King IV™, the following information relating to long-term incentives is disclosed:

- Long-term incentives awarded in 2023.
- Long-term incentives vested during the year.
- Outstanding long-term incentives.



Further details pertaining to the above are contained in the section titled Long-term incentives See page 65.

The long-term SIS and the CSP allow eligible participants to share in the appreciation of the Group's share price over time, subject to predefined performance criteria.

Performance conditions and weighting	Detail of performance conditions	Vesting profile
Financial targets (70%)	Three-year compound growth of HEPS and revenue • Threshold – CPI • Target – CPI +2% growth • Stretch – CPI + 4% growth Return on shareholders' equity • *Target – Bonds +3% • *Stretch – Bonds +6%	At 50% – 69% of threshold – 35% vesting At threshold – 70% vesting At target – 80% vesting At stretch – 100% vesting
Non-financial targets (10% and individual performance (20%))	As per set objectives, stated in the performance metrics/conditions	At 50% – 69% of threshold – 35% vesting At threshold – 70% vesting At target – 80% vesting At stretch – 100% vesting

Remuneration report (continued)

Share-based payments reserve

The Group has two Incentive Schemes:

The Group's Share Incentive Scheme ("Scheme"), which was introduced on the date the Company was listed on 16 October 2015, grants share options to employees of the Group. The Scheme has been classified as an equity-settled scheme and therefore, an equity-settled share-based payment reserve has been recognised in terms of IFRS 2.

The Group's Conditional Share Plan ("CSP") was introduced on 11 March 2020, and grants share awards to Executive directors and senior management of the Group. The CSP has been classified as an equity-settled scheme and therefore, an equity-settled share-based payment reserve has been recognised in terms of IFRS 2.

Figures in R'000

	2023	2022
Group share incentive scheme reserve	6 959	6 505
Group conditional share plan reserve	26 393	13 950
Total share-based payment reserve	33 352	20 455

Group's Share Incentive Scheme

	2023	
	Number of share options	Exercise price
The number and fair value of the share options are:		
Beginning of the year	62 525 000	92 cents
Forfeited	(1 790 000)	105 cents
Exercised	(4 015 000)	81 cents
Granted	21 530 000	144 cents
End of the year	78 250 000	107 cents

These share options are exercisable over the period 1 September 2020 to 5 December 2027.

The weighted average remaining contractual life for share options outstanding was 34 months (2022: 32 months).

The weighted average fair value of share options granted during the year was 44 cents per share (2022: 35 cents per share).

The range of exercise prices for share options outstanding at the end of the year was 75 cents to 144 cents per share (2022: 75 cents to 119 cents per share).

The weighted average share price for the year ending 31 March 2023 was 149 cents per share (2022: 139 cents per share).

The Group recognised an expense of R3 543 700 (2022: R2 889 100) for the share options granted.

	2022	
	Number of share options	Exercise price
Beginning of the year	50 930 000	83 cents
Forfeited	(2 715 000)	88 cents
Exercised	(1 480 000)	80 cents
Granted	15 790 000	119 cents
End of the year	62 525 000	92 cents

	2023	2022
Number of share options		
Details of directors outstanding share options		
M Shapiro	2 300 000	2 300 000

Vesting conditions

The terms and conditions of the share options are the following:

Share option holders are entitled to exercise their share options if they are in the employment of the Group in accordance with the terms hereafter.

Remuneration report (continued)

Share option holders in the scheme may exercise their share options at such times as the share option holder deems fit, but not to result in the following proportions of the holders total number of instruments being purchased prior to:

- 20% of the total number of instruments at the expiry of three years;
- 50% of the total number of instruments at the expiry of four years; and
- 100% of the total number of instruments at the expiry of five years.

All share options must be exercised no later than the 15th anniversary from the date they were granted.

The fair value of services received in return for shares allotted is determined with use of an option-pricing model.

The model is based on the standard binomial option-pricing model.

	2023	2022
1. Fair value at measurement date (cents)	44.00	35.00
2. Exercise price at end of period (cents)	106.77	92.27
3. Expected volatility (%)	34.57	33.04
4. Option life (years)	5.00	5.00
5. Distribution yield (%)	5.00	5.00
6. Risk-free rate (based on National Bond Curve) (%)	9.47	7.49

The volatility is based on historic volatility which is not expected to differ materially from the expected volatility.

Group's Conditional Share Plan

	2023	
	Number of share awards	Exercise price
The number and fair value of share awards are:		
Beginning of the year	44 374 439	89 cents
Granted	9 992 411	144 cents
End of the year	54 366 850	99 cents

These share awards are exercisable between 25 March 2023 and 5 December 2025.

The weighted average remaining contractual life for share awards outstanding was 12 months (2022: 19 months).

The weighted average fair value of share awards granted during the year was 120 cents per share (2022: 103 cents per share).

The range of exercise prices for the conditional share awards outstanding at the end of the year was 57 cents to 144 cents per share (2022: 57 cents to 119 cents per share).

The weighted average share price for the year ending 31 March 2023 was 149 cents per share (2022: 139 cents per share).

The Group recognised an expense of R12 443 000 (2022: R9 125 800) for the share awards granted.

	2022	
	Number of share awards	Exercise price
The number and fair value of share awards are:		
Beginning of the year	30 511 940	75 cents
Granted	13 862 499	119 cents
End of the year	44 374 439	89 cents

Details of directors outstanding conditional share plan awards

	Number of share awards	
	2023	2022
M Pimstein	11 086 364	9 486 364
B Sacks	11 086 364	9 486 364
A Salomon	11 086 364	9 486 364
M Shapiro	4 059 259	3 259 259
	37 318 351	31 718 351

Remuneration report (continued)

Vesting conditions

The terms and conditions of the Conditional Share Plan are based on share awards, which have a three-year vesting period, subject to performance and employment vesting conditions.

The performance metrics consist of financial objectives, non-financial objectives and key individual performance indicators, details of which are disclosed in the Remuneration Report in the Group 2022 Integrated Report.

All share awards will be exercised on the vesting date, being the third anniversary of the date upon which the awards were granted.

The fair value of service received in return for shares allotted is determined with use of an option-pricing model.

The model is based on standard binomial option-pricing model.

	2023	2022
1. Fair value at measurement date (cents)	120.00	103.00
2. Exercise price at end of period (cents)	98.90	88.65
3. Expected volatility (%)	37.92	33.50
4. Option life (years)	3.00	3.00
5. Distribution yield (%)	5.00	5.00
6. Risk-free rate (based on National Bond Curve) (%)	8.41	5.86

The volatility is based on historic volatility which is not expected to differ materially from the expected volatility.

Directors' long-term incentives

Share-based payment expense (R'000)	2023	2022
M Pimstein	2 537	1 951
B Sacks	2 537	1 951
A Salomon	2 537	1 951
M Shapiro	1 033	777
Total	8 644	6 630

Remuneration report (continued)

	Opening balance 1 April 2019	Share awards in fiscal 2020 ¹	Share awards in fiscal 2021 ²	Share awards in fiscal 2022 ³	Share awards in fiscal 2023 ⁴	Closing balance 31 March 2023
Details of directors' outstanding share options						
M Shapiro ⁵	2 300 000	–	–	–	–	2 300 000
Details of directors' outstanding conditional shares						
M Pimstein*	–	3 600 000	2 886 364	3 000 000	1 600 000	11 086 364
B Sacks*	–	3 600 000	2 886 364	3 000 000	1 600 000	11 086 364
A Salomon*	–	3 600 000	2 886 364	3 000 000	1 600 000	11 086 364
M Shapiro	–	1 250 000	1 175 926	833 333	800 000	4 059 259
	–	12 050 000	9 835 018	9 833 333	5 600 000	37 318 351

Details of outstanding conditional share awards

Award date	Vesting date
1. 25 March 2020	6 June 2023
2. 21 September 2020	21 September 2023
3. 6 September 2021	6 September 2024
4. 5 December 2022	5 December 2025
5. Share options were granted to M. Shapiro on 1 March 2019 and will become fully vested on 1 March 2024.	

* Founding executive directors received no financial remuneration for services rendered for the fiscal years 2014 to 2019 and started receiving a salary and conditional share awards in the 2020 financial year and STI awards in the 2023 financial year.

Remuneration report (continued)

Malus and clawback provisions

With effect from 1 April 2020, the remuneration policy included malus (adjustments on payment/awards that have not been settled/vested) and clawback (recovery of post-tax payments that have already been made) provisions in both the STI and LTI, subject to trigger events. The main trigger events are material financial statement misstatements and proven dishonest or fraudulent conduct by a participant(s).

Cash flows

The cash flow impact on vested, exercised long-term incentives to management and employees amounted to R3 090 000 (2022: R1 486 000).

There has been no cash flow impact on long-term incentives (LTIs) to any directors during the 2023 and 2022 financial years, as no long-term incentives had vested.

Non-executive remuneration

The remuneration paid to non-executive directors while in the office of the Company during the year ended 31 March 2023 is as follows:

R'000	Fees	
	2023	2022
Non-executive directors		
B Bulu	453	240
KD Dlamini	560	165
E Kruger	264	137
R Maqache	258	137
V Sekese	566	274
C Valkin	225	137
R Morar (resigned 23 September 2021)	-	105
JM Kahn (deceased 2 June 2022)	47	170
M Sacks (retired 28 February 2023)	303	199
Total	2 676	1 564

The non-executive directors' remuneration relates to fees only and excludes VAT and was approved by a special resolution at the Annual General Meeting held on 7 September 2022.

Remuneration report (continued)

SHAREHOLDER ENGAGEMENT

Non-binding advisory vote

For the information of shareholders, set out below are the voting results at the Annual General Meeting held on 7 September 2022, for the following three remuneration-related resolutions:

	For	Against	Abstain	Total votes
Ordinary resolution number 6: Non-binding advisory vote on the remuneration policy	845 794 730 90.3%	90 674 626 9.7%	1 137 521 0.09%	937 606 877
Ordinary resolution number 7: Non-binding advisory vote on the remuneration report	872 863 023 93.2%	63 606 333 6.8%	1 137 521 0.09%	937 606 877
Special resolution number 1: Approval of Non-executive Directors' fees	928 471 842 99.1%	8 210 288 0.9%	924 747 0.07%	937 606 877

During the past year, the Company continued to engage with shareholders and advisors to align its remuneration policy and disclosures in terms of best practice. Shareholders are invited once again to cast their advisory vote on the remuneration policy and implementation report as provided for in the notice of AGM

 on page 191 of this integrated report.

Approval

This remuneration report was approved by the Capital Appreciation Board of Directors.

Signed on behalf of the Board of Directors

KD Dlamini
 Chairman

Financial Statements

73 Group and Company Audited Financial statements

Capital Appreciation emerged from a challenging 2023 financial year, financially strong and poised to capitalise on the significant opportunities at its disposal



Contents

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

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Approval of the financial statements

To the shareholders of Capital Appreciation Limited

Responsibility for and approval of the group and company financial statements

The Board of Capital Appreciation Limited accepts responsibility for the integrity, objectivity and reliability of the Group and Company financial statements of Capital Appreciation Limited. Adequate accounting records have been maintained. The Board endorses the principle of transparency in financial reporting.

The responsibility for the preparation and presentation of the financial statements has been delegated to management.

The responsibility of the external auditors is to express an independent opinion on the fair presentation of the financial statements based on their audit of Capital Appreciation Limited and its subsidiaries.

The Board has confirmed that adequate internal financial control systems are being maintained. There were no breakdowns in the functioning of the internal control systems during the year that had a material impact on the financial results. The Board is satisfied that the financial statements fairly present the financial position, the results of the operations and cash flows in accordance with relevant accounting policies, based on International Financial Reporting Standards (IFRS).

The Board is of the opinion that Capital Appreciation Limited is financially sound and operates as a going concern. The financial statements have accordingly been prepared on this basis.

The financial statements were authorised for issue and publication by the Board and signed on its behalf by:

M Pimstein

Executive Chairman

A Salomon

Chief Financial Officer

B Sacks

Chief Executive Officer

5 June 2023

Preparation and presentation of the financial statements

The preparation of the financial statements was supervised by the Chief Financial Officer of Capital Appreciation Limited, Mr A Salomon: BSc (Hons) (University of London), CA(SA), in conjunction with the Financial Manager, Mr B Kruger (CA(SA)).

Statement on internal financial controls

The directors, whose names are stated below, hereby confirm after due, careful and proper consideration, that:

- The financial statements, set out on pages 90 to 186, fairly present in all material respects the financial position, financial performance and cash flows of Capital Appreciation Limited in terms of IFRS;
- 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;
- Internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer;
- 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;
- There were no deficiencies in design and operational effectiveness of the internal financial controls; and
- We are not aware of any fraud involving directors.

A Salomon

Chief Financial Officer

B Sacks

Chief Executive Officer

5 June 2023

Company Secretary's certification

I, the Company Secretary, certify that the Company has lodged with the Registrar of Companies all such returns as are required of a public company, in terms of the Companies Act, No. 71 of 2008, as amended, and that all such returns are true, correct and up to date.



Peter Katz

Consultant

PKF Octagon Johannesburg

5 June 2023

Independent auditor's report

To the Shareholders of Capital Appreciation Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Capital Appreciation Limited and its subsidiaries ('the Group') and Company set out on pages 72 to 186 which comprise of the consolidated and separate statements of financial position as at 31 March 2023, the consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Group and Company as at 31 March 2023, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Opinion

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

Key Audit Matters

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

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and separate financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated and separate financial statements.

Independent auditor's report (continued)

The identified key audit matter relates only to the consolidated financial statements and not the separate financial statements.

Key Audit Matter	How the Matter was Addressed in the Audit
Business combination As described in note 6.2 to the group financial statements, in the prior financial year Capital Appreciation Limited acquired 100% of the issued share capital and control of Responsive Tech Proprietary Limited and Responsive Digital Proprietary Limited as well as 71% of the issued share capital and control of Rethink Digital Solutions Proprietary Limited for a total of R48.7 million that was settled through a combination of cash and allotment of shares out of the treasury shares. Accounting for the purchase is a key audit matter due to the size of the acquisition and the high level of judgement and complexity relating to the valuation and purchase price allocation ("PPA"). The Group engaged an independent valuation expert to advise on the identification and measurement of acquired assets and liabilities, in particular determining the allocation of purchase consideration to goodwill and separately identifiable intangible assets. These conditions and associated complexity in accounting for the acquisition and disclosures required by accounting standards required significant audit effort and involvement of senior team members.	Our audit procedures included amongst others the following: • We evaluated the methodology used for the acquisition, including fair value accounting adjustments to the tangible assets and liabilities acquired, against the relevant accounting frameworks. • We worked with our strategies and transactions ("SaT") specialists to assess and challenge key assumptions used in the PPA to identify and value separate assets by: ○ Assessing the objectivity, competence and experience of the Group's independent valuation expert; ○ Comparing inputs used by the Group's independent valuation expert with the Group's strategic plans and approved business forecasts; and ○ Evaluating the Group's significant judgmental assumptions such as identification of separate identifiable intangible assets and the approach and methodology used for valuing the intangible assets. • We assessed the adequacy of the Group's disclosures of quantitative and qualitative considerations in relation to the business acquisition based on our understanding of the acquisition and the requirements with the applicable financial reporting framework.

Independent auditor's report (continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the 202-page document titled "Capital Appreciation 2023 Integrated Report for the year ended 31 March 2023", which includes the directors' report, the company secretary's certification and the audit and risk and opportunity committee report as required by the Companies Act of South Africa. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

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

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

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

Independent auditor's report (continued)

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and/or the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Independent auditor's report (continued)

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

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

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Ernst & Young Inc. has been the auditor of Capital Appreciation Limited for 9 years.

Ernst & Young Inc.

Director – Charles Trollope

Registered Auditor

Chartered Accountant (SA)

Date: 5 June 2023

102 Rivonia Road

Sandton

Johannesburg

Report of the Audit and Risk and Opportunity Committee (“the committee”)

Duties and Responsibilities

The committee is satisfied that it has executed its role and responsibilities in keeping with the requirements of the Companies Act, the requirements of the JSE Listings Requirements and the recommendations of King IV, as well as the responsibilities assigned to it as set out in the Audit and Risk and Opportunity Committee terms of reference, which has been endorsed by the Board of Directors.

Members of the Audit and Risk and Opportunity Committee

The committee members are all independent, non-executive directors of the Group:

Member	Appointment date	Qualifications
V Sekese (<i>Chairman</i>)	15 September 2015	BComm (Wits), BAcc (Wits), CA(SA)
B Bulu	15 September 2015	BBusSc (UCT), PGDA (UCT), CA(SA)
K Dlamini	11 April 2022	BA (Hons)(UKZN), Mphil (Oxford)

The Board is satisfied that the members of the committee have the required knowledge and experience as set out in section 94(5) of the Companies Act, 71 of 2008 and Regulation 42 of the Companies Regulation, 2011.

Attendance of meetings

The committee performs the duties set out in section 94(7) of the Companies Act, 71 of 2008, holding sufficient scheduled meetings to discharge its duties, subject to a minimum of two meetings per year. Four committee meetings were held during the year. Unrestricted access was granted to the external auditors.

The activities of the Risk Committee were incorporated in the Group's Audit and Risk and Opportunity Committee meetings. During the financial year, due to the growth in business activity, the board decided in March 2023 to hold standalone Risk committee meetings.

	Number of Audit committee meetings held	Number of Audit committee meetings attended	Number of Risk committee meetings held	Number of Risk committee meetings attended
Committee members				
V Sekese (<i>Chairman</i>)	4	4	1	1
B Bulu	4	4	1	1
K Dlamini	4	4	1	1
Directors attendance by invitation				
M Pimstein	4	4	1	-
B Sacks	4	4	1	-
A Salomon	4	4	1	1
M Shapiro	4	4	1	1

External audit and independence

The committee has satisfied itself through enquiry that the external auditors, Ernst & Young Inc., are independent as defined by the Companies Act, 71 of 2008 and as per the standards stipulated by the auditing profession. Requisite assurance was sought in terms of the Companies Act, 71 of 2008 that internal governance processes within the audit firm support and demonstrate their claim to independence.

The committee, in consultation with executive management, agreed to the terms of the engagement. The audit plan and budgeted audit fee for the external audit was considered and approved taking into consideration such factors as the audit risks, the timing of the audit and scope of the work required.

The committee ensured that there is a formal policy in place to govern the process whereby the external auditors of the Group are considered and appointed to provide non-audit services. The external auditors provided no non-audit services during the year.

Report of the Audit and Risk and Opportunity Committee

“the committee”(continued)

The designated Ernst & Young Inc partner is Mr Charles Trollope, whose appointment was approved by the Board and confirmed by the JSE. This is Mr Trollope's fourth year as designated partner.

Ernst & Young Inc. have been the external auditors of the Group for the past nine financial years, inclusive of the current financial year.

The committee is comfortable that the external auditors and the designated audit partner have not exceeded their mandatory rotation periods, which are set at ten and five years respectively.

The committee has assessed the accreditation documents including inspection documents from IRBA submitted by Ernst & Young for the purpose of conducting the suitability assessment of Ernst & Young and the designated partner in terms of the JSE Listings Requirements. On the basis of the assessment and the high quality of the 2023 audit, the committee has nominated for election at the Group's annual general meeting, the reappointment of Ernst & Young as the external auditors for the financial year ending 31 March 2024 and Mr Charles Trollope as the designated auditor.

Key audit matters

The committee has applied its mind to the key audit areas and key audit matters identified by the external auditors and is comfortable that they have been adequately addressed and disclosed. The key audit matter identified for this year is the business combination of the Responsive Group.

Statement of internal financial controls

The opinion of the Board on the effectiveness of the Group's internal control environment is informed by the conclusion reached by the Audit Committee. BDO South Africa Proprietary Limited (“BDO”) was appointed as the internal audit service provider for the 2023 financial year. The committee and board have approved the appointment of BDO as internal auditor for the financial year ending 31 March 2024.

The committee assessed the results of the internal audits conducted by BDO and other identified assurance providers in terms of the evolving combined assurance model of the Group's system of internal financial controls and risk management, including the design,

implementation and the effectiveness of the internal financial controls. The assessment, when considered with the information and explanations given by management and discussions with both the internal and external auditors on the results of their audits, led to the conclusion that nothing has come to the attention of the Board that caused it to believe that the Group's system of internal financial controls and risk management are not effective and that the internal financial controls do not form a sound basis for the preparation of reliable financial statements.

Governance of risk

The committee is responsible for reviewing the effectiveness of the system of internal controls, financial reporting and financial risk management and considering the major findings of any internal investigations into control weaknesses, fraud or misconduct and managements response thereto. We have considered and relied on the work of the committee, which also included the work of the social and ethics committee on the non-financial related risk areas.

Risks are identified, assessed and managed as part of the day-to-day operations across the divisions of the Group and various levels of management.

The committee, is responsible for ensuring that information technology (IT) forms an integral part of the Group's risk management.

IT governance in the Group has increased its level of maturity, operating in a decentralised environment, resulting in each division being responsible for monitoring and managing IT risk.

Regulatory Compliance and Code of Ethics

The committee monitored and reviewed the ongoing compliance with applicable legislation, requirements of regulatory authorities and the Group's code of ethics.

The committee has taken into account all of the comments from the JSE proactive monitoring review that was performed on the consolidated and company financial statements of previous years and considered the previously issued JSE report.

An anonymous ethics line is in place which is managed independently of the Group. All calls reported are in total anonymity and without fear of discrimination. Monthly reports are provided by the independent service provider. There were no incidents reported during the year.

Report of the Audit and Risk and Opportunity Committee

“the committee”(continued)

Insurance

The Group reviews its insurance coverage annually. The review is prepared by divisional and senior management and the Group chief financial officer (CFO). Where necessary, due to significant changes in circumstances *ad hoc* changes to insurance cover may be made between annual reviews.

Combined assurance

The committee is of the view that the framework in place for combined assurance is adequate and is achieving the objective of an effective, integrated approach across the disciplines of risk management, compliance and audit.

Expertise of the financial director and finance function

The committee has reviewed the current performance and future requirements for the financial management of the Group and concluded that the current team has the appropriate skills, experience and expertise required to fulfil the finance function. In compliance with the JSE Listings Requirements, the committee satisfied itself of the appropriateness of the expertise and experience of the Group CFO, Mr Alan Salomon, and the financial management team as a whole.

Going concern

The committee reviewed the documents prepared by management in which they assessed the going concern status of the Group and its subsidiaries at year-end and for the foreseeable future. Management has concluded that the Group is a going concern.

The projections and analyses for the Group have been prepared, covering its future performance, capital and liquidity for a period of 12 months from the reporting date.

Recommendation of the financial statements for approval by the board

The committee has assessed the Group and Company's accounting policies and the consolidated and separate financial statements for the year ended 31 March 2023 and is satisfied that they comply in all material aspects with International Financial Reporting Statements (IFRS), the requirements of the Companies Act and the JSE Listings Requirements.

The committee recommended the Group financial statements and the Company financial statements for approval by the Board.

Contingent liabilities

The Group has no contingent liabilities at year end, other than the Rozendal pending settlement, detailed below:

A general meeting of shareholders was held on 27 August 2019 where 97.8% of shareholders voted in favour of repurchasing 245 million shares from the relevant persons in terms of a circular posted to shareholders on 29 July 2019. One shareholder, First National Nominees Proprietary Limited and Nedbank Limited, on behalf of Rozendal Partners Proprietary Limited (Rozendal), who held 18 234 829 shares voted against the shareholders resolution and exercised their share appraisal rights in terms of the circular issued to shareholders. A dispute arose between the Company and Rozendal, which went to the Supreme Court upon which a judgement was made by the court requiring the Company to repurchase Rozendal's shares at a price to be determined by a valuation of an independent expert, appointed by the court. The independent expert has determined that the Company must repurchase Rozendal's shares at a price of R1.06 per share, which will amount to R19 328 919. The repurchased shares will be held in treasury shares. The costs relating to the matter amounted to R2 368 027 have been expensed in the 2023 financial results. It is anticipated that the court will finalise the matter by the end of July 2023.

Post-year-end events

The Group has not experienced any material operating and servicing disruptions or any material deterioration in trading performance for the period from the financial year-end, dated 31 March 2023, to the date of this report.

Acquisition of Dariel Solutions Proprietary Limited

The Group issued a SENS announcement on 24 April 2023, advising shareholders that sale agreements have been concluded with Malcolm Rabson, Gregory Vercellotti and Wayne Yan, the founders and directors of Dariel Solutions Proprietary Limited (Dariel) to acquire 100% of Dariel for a total consideration of R131.2 million, to be settled by a combination of cash and an allotment of ordinary shares out of treasury shares (the acquisition). Dariel is the holding company of Dariel Software Proprietary Limited (Dariel Software).

Dariel provides a variety of software engineering/developments and related activities, with a strong focus on software to financial institutions and others in the financial services and “FinTech” sectors.

Report of the Audit and Risk and Opportunity Committee

“the committee”(continued)

The Acquisition of Dariel is subject to the fulfillment of certain suspensive conditions, which include:

- The approval required by the Competition Act for the implementation of the Sale Agreements.
- The Company advising Dariel in writing that it is satisfied with the results of the Due Diligence.
- No material adverse change arises or occurs between the signature date of the Sale Agreements and the date upon which all the Suspensive Conditions are fulfilled.

The Group will acquire 100% of Dariel for an initial aggregate purchase consideration of R85.3 million to be settled by way of (i) a cash payment of R46.9 million and (ii) the allotment out of treasury shares of 25 243 779 shares at R1.52 per share amounting to R38.4 million.

Dariel has also provided the Group with a profit warranty of R62.2 million EBITDA for the 24-month period (a CAGR of 20%), 1 April 2023 to 31 March 2025, that, if achieved, will result in an aggregate warranty purchase consideration, which should not exceed R45.9 million. This profit warranty consideration will be settled by way of (i) cash payment of R25.2 million and (ii) allotment out of treasury shares of 13 592 804 shares.

The value of the net assets of Dariel was R39.2 million at 31 March 2022, being the date of the last independent reviewed annual financial statements, which were prepared in terms of International Financial Reporting Standards for Small and Medium-sized Entities. For the year ended 31 March 2023, the value of the net assets of Dariel, based on unaudited management accounts provided by the Sellers, was R47.8 million.

The EBITDA as per the unaudited management accounts and profits after tax attributable to the net assets (“PAT”) for the year ended 31 March 2023, were R23.8 million and R16.2 million respectively.

The founders and directors of Dariel will remain with the business and have entered into long-term executive employment agreement with Dariel Software.

LayUp Technologies Proprietary Limited

On 20 October 2021, a convertible loan was granted to LayUp Technologies Proprietary Limited. The loan bears interest at prime. The original 2021 convertible loan was repayable on 20 November 2023, which has been extended to 20 November 2025.

On 31 May 2023, the company entered into a new 2023 convertible loan agreement with LayUp, whereby the company will loan a further R9.2 million, which bears interest at prime and is repayable within 30 months from the date that the first advance is made to LayUp.

Both the 2021 and 2023 loan agreements provide that Capital Appreciation is entitled to convert the capital outstanding, plus any interest accrued thereon, into equity.

The significant estimates, judgments and assumptions made in preparing the Group's results have remained constant. The Group is currently not exposed to credit risk and at the time of reporting, no significant change in this credit risk position has been noted. Management will, however, continue to actively monitor this. At this stage, no significant impairments of the Group's assets are expected to arise. Further assessment of this will be conducted as the new financial year unfolds.

On behalf of the committee

Victor Sekese
Chairman

Johannesburg
 5 June 2023

Members of the Social and Ethics Committee

The members of the Social and Ethics Committee are all non-executive directors of the Group:

Members

K Dlamini (Chairman) – Independent

V Sekese – Independent

R Maqache (appointed 11 April 2022) – Non-independent

The activities of the Social and Ethics Committee were incorporated in the Group's Board meetings. During the financial year, due to the growth in business activity, the board decided in March 2023 to hold standalone Social and Ethics committee meetings.

Committee members	Number of Social and Ethics committee meetings held	Number of Social and Ethics committee meetings attended
K Dlamini (<i>Chairman</i>)	1	1
V Sekese	1	1
R Maqache	1	1
Directors attendance by invitation		
M Pimstein	1	–
B Sacks	1	–
A Salomon	1	1
M Shapiro	1	1

Members of the Nominations and Remuneration Committee

The members of the Nominations and Remuneration Committee are all non-executive directors of the Group:

Members

K Dlamini – Lead Independent director

V Sekese (appointed 19 July 2022) – Independent

R Maqache (appointed 30 March 2023) – Non-independent

M Kahn (Chairman) – Independent (deceased 2 June 2022)

M Sacks – Non-independent (retired 28 February 2023)

Committee members	Number of Nominations and Remuneration committee meetings held	Number of Nominations and Remuneration committee meetings attended
K Dlamini (<i>Chairman</i>)	2	2
V Sekese	2	2
R Maqache	2	2
M Kahn (deceased 2 June 2022)	–	–
M Sacks (retired 28 February 2023)	2	2
Directors attendance by invitation		
M Pimstein	2	2
B Sacks	2	2
A Salomon	2	2

Members of the Investment Committee

The members of the Investment Committee:

Members

E Kruger – Independent

B Bulu – Independent

B Sacks – Executive Director

M Pimstein – Executive Chairman

A Salomon – Executive Director

M Sacks (Chairman) – Non-independent (Retired 28 February 2023)

During the year, the activities of the Investment Committee were incorporated in the Group's Board meetings.

Directors' report

About Capital Appreciation Limited

Capital Appreciation Limited is a holding company with investments in businesses which operate in the FinTech and Financial Services Sector. The Group has three business segments – Payments and Payment Infrastructure and Services (“Payments”), Software and Services (“Software”) and an International segment. The Company maintains a listing on the Main Board of the JSE and a Secondary listing on the A2X market, in the Technology: Software and Computer Services.

Payments

The payments segment comprises two businesses. African Resonance and Dashpay are leading direct and indirect providers of payment infrastructure, technical support and payment technology solutions to established financial enterprises, emerging payment service providers and corporate customers in the retail, fuel, restaurant, hospitality and healthcare sectors. Dashpay’s multi-product, multi-party universal transacting platform and value-added services solutions complement existing payment services provided by the Group’s established banking and enterprise client base.

Software

The software segment comprises two businesses: Synthesis and the Responsive Group. Both businesses are highly specialised software and systems developers, offering consulting, integration services and technology-based product solutions to banking, financial services, retail, telecommunications, healthcare and other enterprises in South Africa and other emerging markets. Synthesis is uniquely positioned in Africa, given its Amazon Web Services (AWS) Advanced Consulting Partner Accreditation for a broad range of specialist competencies.

Authorised and issued share capital

At 31 March 2023, the authorised share capital of the Group comprises 10 000 000 000 ordinary shares of no par value and 4 000 constituent ordinary shares of no par value. The issued share capital of the Group comprises 1 310 000 000 ordinary shares of no par value (2022: 1 310 000 000) and nil constituent ordinary shares of no par value (2022: Nil).

Movement in treasury shares

In terms of the general authority granted to the Company to repurchase its ordinary shares, the latest being the shareholder authority obtained at the AGM of shareholders held on 7 September 2022, the Company purchased 200 000 treasury shares (2022: 13 377 540 treasury shares), costing R297 333 (2022: R16 396 140). The Company sold 4 015 054 treasury shares (2022: 1 380 000), realising R6 387 000 (2022: R2 611 183) relating to the settlement of vested share options in terms of the share option scheme. The total number of treasury shares at year-end amounted to 77 096 541 (2022: 80 911 595).

Acquisitions

The Group subscribed, on 13 May 2022 for 392 shares, being 20% of the issued share capital of Regal Digital B.V., which is a technology company, located in the Netherlands, for EUR6 178 (R105 551).

Change in Directorate

Mr M Pimstein was appointed as executive chairman on 30 March 2023.

Mr J Kahn, Lead independent non-executive director, deceased 2 June 2022.

Mr M Sacks retired as a Chairman and Director on 28 February 2023.

Directors' report

(continued)

Dividends

Dividends paid during the year

A dividend of 3.75 cents per ordinary share was declared on 2 June 2022 amounting to R49.1 million.

A dividend of 4.25 cents per ordinary share was declared on 29 November 2022 amounting to R55.7 million. The total dividends paid during the year amounted to R104.8 million (2022: R88.4 million).

Dividends declared

The Board has pleasure in announcing that a final dividend of 4.00 cents (2022: 3.75 cents) per ordinary share has been declared, bringing the total dividend for the year ended 31 March 2023 to 8.25 cents per ordinary share (2022: 7.50 cents per ordinary share).

We note the following:

- Dividends are subject to dividends withholding tax
- The payment date for the dividend is Monday, 3 July 2023
- Dividends have been declared out of profits available for distribution
- Local dividends withholding tax is 20%
- Gross dividend amount is 4.00 cents per ordinary share which is 3.20 cents net of withholding tax
- Capital Appreciation Limited has 1 310 000 000 ordinary shares in issue at the declaration date
- Capital Appreciation Limited's Income Tax Reference number is 9591281176

The salient dates relating to the dividend are as follows:

- Last day to trade *cum* dividend: Tuesday, 27 June 2023
- Shares commence trading *ex-dividend*: Wednesday, 28 June 2023
- Dividend record date: Friday, 30 June 2023
- Dividend payment date: Monday, 3 July 2023

Share certificates for ordinary shares may not be dematerialised or rematerialised between Wednesday, 28 June 2023 and Friday, 30 June 2023, both days inclusive.

Material resolutions

The following material resolutions were passed during the year:

Board ordinary resolutions

- 11 April 2022, K Dlamini appointed as a member of the Audit and Risk and Opportunity Committee.
- 11 April 2022, R Maqache appointed as a member of the Social and Ethics Committee.
- 2 June 2022, a dividend of 3.75 cents per share payable to shareholders on 27 June 2022.
- 19 July 2022, V Sekese appointed as a member of the Nominations and Remuneration Committee.
- 25 July 2022, approval of 2022 Integrated Report.
- 29 November 2022, a dividend of 4.25 cents per share payable to shareholders on 28 December 2022.
- 13 December 2022, approval of application to the Cape Town High Court to place GovChat Proprietary Limited into business rescue.
- 1 February 2023, approval to enter into a post commencement funding agreement with GovChat Proprietary Limited (in business rescue).
- 30 March 2023 R Maqache appointed as a member of the Nominations and Remuneration Committee.

Shareholders' ordinary resolutions

- 7 September 2022, acceptance of the Group financial statements for the year ended 31 March 2022.
- 7 September 2022, retirement, re-election and re-appointment as directors: M Sacks, B Bulu, M Shapiro and C Valkin.
- 7 September 2022, retirement, re-election and re-appointment as members of the Audit and Risk and Opportunity Committee: V Sekese, B Bulu and K Dlamini.
- 7 September 2022, reappointment of Ernst & Young Inc. as external auditors of the Group.
- 7 September 2022, approval of the general authority to issue shares for cash.
- 7 September 2022, approval of the remuneration policy.
- 7 September 2022, approval of the remuneration implementation report.
- Shareholders' special resolutions
- 7 September 2022, approval of non-executive directors' remuneration for the period from the 2022 AGM to the date of the 2023 Annual General Meeting.
- 7 September 2022, approval of the authority to the repurchase of the Company's ordinary shares.
- 7 September 2022, authority granted to provide financial assistance to subsidiaries and other related and interrelated entities.

Directors' report

(continued)

Directorate

The names of the directors and the number of meetings attended by each of the directors up until the date of this report, are as follows:

Directors	Appointment date	Number of Board meetings held	Number of Board meetings attended
Non-executive			
M Sacks (Chairman)			
(retired 28 February 2023) ¹	3 March 2015	3	3
B Bulu ²	15 September 2015	5	5
K Dlamini ³	9 May 2018	5	5
M Kahn (deceased 2 June 2022) ³	15 September 2015	1	1
E Kruger ²	9 May 2018	5	5
R Maqache ¹	4 December 2020	5	5
V Sekese ²	15 September 2015	5	5
C Valkin ²	15 September 2015	5	5
Executive			
M Pimstein	3 March 2015	5	5
B Sacks	19 March 2015	5	5
A Salomon	3 March 2015	5	5
M Shapiro	12 June 2019	5	5

¹ Non-independent

² Independent

³ Lead independent

The activities of the Social and Ethics Committee were incorporated in the Groups Board meetings. During the financial year, due to the growth in business activity, the board decided in March 2023 to hold standalone Social and Ethics committee meetings.

Directors' direct shareholding

The individual direct interests declared by the directors and officers held in the Group share capital as at 31 March 2023, are as follows:

	2023 Number of ordinary shares	2022 Number of ordinary shares
Beneficial directors		
M Kahn	3 600 000	3 600 000
M Pimstein	60 429 792	60 429 792
B Sacks*	70 833 333	70 833 333
M Sacks	45 500 000	45 500 000
A Salomon	57 064 336	57 263 776
M Shapiro	28 327 970	28 327 970
C Valkin	250 000	250 000
Total	266 005 431	266 204 871

* The shareholding held by B Sacks is held indirectly through Centric Capital Ventures LLC.

There have been no changes in the Director's shareholding held in the Group from 31 March 2023 to 5 June 2023, being the date that the Group's Financial Statements have been approved by the Board.

Directors' report

(continued)

Directors' remuneration

The remuneration paid to directors while in office in the Group during the year ended 31 March 2023 was as follows:

	2023 R	2022 R
Executive directors		
M Pimstein	3 600 000	1 800 000
B Sacks*	3 600 000	1 800 000
A Salomon	3 600 000	1 800 000
M Shapiro	4 819 800	4 186 181
Total	15 619 800	9 586 181
Non-executive directors fees		
B Bulu	452 900	240 000
D Dlamini	560 200	165 000
M Kahn (deceased 2 June 2022)	46 500	170 000
E Kruger	263 900	137 000
R Maqache	258 400	137 000
R Morar (resigned 23 September 2021)	-	105 000
M Sacks (retired 28 February 2023)	303 200	199 000
V Sekese	565 700	274 000
C Valkin	225 400	137 000
Total	2 676 200	1 564 000

* Remuneration paid to Centric Capital Ventures LLC.

Refer to note 29 for detailed analysis of executive directors remuneration and non-executive directors fees.

The non-executive directors remuneration was approved by special resolution at the Annual General Meeting held on 7 September 2022.

Directors' and officers' disclosure of interest in contracts

During the current and prior financial year, no contracts were entered into in which the directors and officers of the Group had an interest in and would significantly affect the business of the Group. The directors have no interest in any third-party contract or Company responsible for managing any of the business activities of the Group.

Shareholders

Shareholders with a holding greater than 5% in the Company share capital as at 31 March 2023 are as follows:

Shareholder	% held	
	2023	2022
Government Employees Pension Fund	26.41	25.45
Capital Appreciation Empowerment Trust	5.73	5.73
B Sacks (Held in Centric Capital Ventures LLC)	5.41	5.41

Share Option Plan and Conditional Share Plan

Share option plan

During the year, 21.5 million share options (2022: 15.8 million) were granted and 1.8 million share options (2022: 2.7 million) were forfeited under the Capital Appreciation Limited Share Option Scheme, bringing the total allocated share options to 78.3 million. (2022: 62.5 million). During the year, 4.0 million vested share options were exercised (2022: 1.4 million). These vested share options were sold out of treasury shares and realised R6.4 million (2022: R2.6 million).

Conditional share plan

During the current year, 10.0 million conditional share awards (2022: 13.9 million) were granted under the Capital Appreciation Limited Conditional Share Plan, bringing the total allocated conditional share awards to 54.4 million (2022: 44.4 million).

Directors' report

(continued)

Year-end

The Group's year-end is 31 March.

Going concern

The financial statements have been prepared on the basis of accounting policies applicable to a going concern.

Date of issue of Group Financial Statements

The audited Group financial statements were approved by the Board of directors on 5 June 2023.

Auditors

Ernst & Young Inc. will continue in office in accordance with section 90 of the Companies Act, 71 of 2008.

Forward-Looking Statements

This report contains forward-looking statements with respect to the economy and the results of the operations of the Company, which by their nature, involve risk and uncertainty on economic circumstances that may or may not occur in the future. Any forward-looking statements have not been audited or reviewed by our external auditors.

Group statement of financial position

AT 31 MARCH 2023

Figures in R'000	Notes	2023	Reclassified* 2022
ASSETS			
Property, plant and equipment	3	42 481	24 065
Intangible assets	4	68 371	68 196
Right-of-use assets	5	17 325	8 115
Goodwill	6	760 229	760 229
Investment in associates	7	2 792	4 842
Loans to associates	8	12 154	54 624
Deferred tax	9	3 600	3 680
Non-current assets		906 952	923 751
Inventories	10	47 008	12 180
Trade and other receivables	11	200 260	129 248
Taxation receivable		4 790	4 774
Loans to associates	8	9 526	-
Cash and cash equivalents	12	494 856	533 424
Current assets		756 440	679 626
Total assets		1 663 392	1 603 377
EQUITY AND LIABILITIES			
Capital and reserves		1 493 273	1 482 531
Share capital	13	1 014 729	1 008 639
Share-based payment reserve	14	33 352	20 455
Contingent consideration reserve	15	9 582	9 582
Foreign currency translation reserve		(709)	42
Retained income		436 319	443 813
Non-controlling		2 054	1 096
Total equity		1 495 327	1 483 627
Deferred revenue	16	5 788	5 902
Lease liability	17	13 932	1 503
Deferred tax	9	8 609	11 193
Contingent consideration	15	-	6 370
Non-current liabilities		28 329	24 968
Contingent consideration	15	6 646	-
Deferred revenue	16	14 051	10 513
Lease liability	17	4 041	9 135
Trade and other payables	18	114 717	74 233
Taxation payable		281	901
Current liabilities		139 736	94 782
Total equity and liabilities		1 663 392	1 603 377
Net asset value per ordinary share (cents)		121.1	120.6

* Retrospectively reclassified in terms of IFRS 3. Refer to note 6.

Group statement of comprehensive income

FOR THE YEAR ENDED 31 MARCH 2023

Figures in R'000	Notes	2023	Reclassified* 2022
Revenue	19	995 113	830 978
Cost of sales		(495 600)	(402 079)
Gross profit		499 513	428 899
Other income	20	6 617	749
Operating expenses	21	(313 173)	(217 832)
Operating profit	21	192 957	211 816
Finance income	22	36 943	23 227
Finance costs	23	(276)	(34)
Finance costs: lease liabilities	23	(448)	(1 124)
Equity accounted loss in associate	7	(2 156)	(1 185)
Expected credit loss raised	8 & 11	(70 785)	-
Profit before taxation		156 235	232 700
Taxation	24	(64 324)	(69 409)
Profit after taxation		91 911	163 291
Attributable to:			
Shareholders of the Company		90 953	163 230
Non-controlling interest		958	61
		91 911	163 291
Foreign currency translation reserve adjustments		(751)	42
Total comprehensive income for the year		91 160	163 333
Attributable to:			
Shareholders of the Company		90 202	163 272
Non-controlling interest		958	61
Total comprehensive income for the year		91 160	163 333
Basic earnings per share (cents)	31	7.39	13.37
Diluted earnings per share (cents)	31	6.87	12.71

* Operating expenses in 2022 have been reclassified in line with the presentation requirements of IAS 1 as part of continuous improvements in terms of IFRS. Depreciation of property, plant and equipment and depreciation of right-of-use assets and amortisation of intangible assets and transformation, share-based payments and acquisition costs were previously disaggregated on the face of the Statement of Comprehensive Income (SOC), but this has been aggregated in the current year to better present the SOC in line with the requirements of IFRS. Refer to note 21 for the breakdown of these items.

Group statement of cash flows

FOR THE YEAR ENDED 31 MARCH 2023

Figures in R'000	Notes	2023	2022
Cash generated from operations	25	183 182	204 291
Finance income received		33 112	22 042
Finance costs paid		(448)	(1 136)
Dividends paid		(98 447)	(82 124)
Taxation paid		(66 841)	(56 882)
Net cash inflow from operating activities		50 558	86 191
Cash flows from investing activities			
Acquisition of property, plant and equipment	3	(33 545)	(9 144)
Proceeds on disposal of property, plant and equipment and intangible assets		243	822
Capitalisation of intangible assets		(23 180)	(17 409)
Net cash paid on acquisition of subsidiaries in the Responsive Group	6	-	(8 674)
Acquisition of shares in associate	7	(106)	(170)
Loans to associates	8	(29 041)	(33 794)
Net cash outflow from investing activities		(85 629)	(68 369)
Cash flows from financing activities			
Repayment of lease liability	17	(9 683)	(8 917)
Proceeds from sale of 4 015 054 treasury shares in settlement of vested share options (2022: 1 380 000 treasury shares)		6 387	2 611
Purchase of 200 000 treasury shares (2022: 13 377 540)		(297)	(16 396)
Net cash outflow from financing activities		(3 593)	(22 702)
Net decrease in cash and cash equivalents		(38 664)	(4 880)
Cash and cash equivalents at beginning of year		533 424	538 316
Net foreign exchange difference		96	(12)
Cash and cash equivalents at end of year	12	494 856	533 424

Group statement of changes in equity

FOR THE YEAR ENDED 31 MARCH 2023

Figures in R'000	Ordinary share capital	Share-based payment reserve	Contingent consideration reserve	Foreign currency translation reserve	Retained income	Total equity attributable to shareholders of the company	Non-controlling interest	Total equity
Balance at 1 April 2021	1 003 261	9 926	-	-	362 707	1 375 894	-	1 375 894
Profit for the year	-	-	-	-	163 230	163 230	61	163 291
Other comprehensive income	-	-	-	42	-	42	-	42
Total comprehensive income	-	-	-	42	163 230	163 272	61	163 333
Share-based payment expense	-	12 015	-	-	-	12 015	-	12 015
Settlement of vested share options	-	(1 486)	-	-	-	(1 486)	-	(1 486)
Allotment of 11 077 080 shares out of treasury shares for the acquisition of the Responsive group	19 163	-	-	-	-	19 163	-	19 163
Purchase of treasury shares (13 377 540 shares)	(16 396)	-	-	-	-	(16 396)	-	(16 396)
Exercised share options out of treasury shares (1 380 000 shares)	2 611	-	-	-	-	2 611	-	2 611
Contingent consideration reserve	-	-	9 582	-	-	9 582	-	9 582
Cash dividends paid	-	-	-	-	(82 124)	(82 124)	-	(82 124)
Non-controlling interest arising on business combination	-	-	-	-	-	-	1 035	1 035
Balance at 31 March 2022	1 008 639	20 455	9 582	42	443 813	1 482 531	1 096	1 483 627
Profit for the year	-	-	-	-	90 953	90 953	958	91 911
Other comprehensive income	-	-	-	(751)	-	(751)	-	(751)
Total comprehensive income	-	-	-	(751)	90 953	90 202	958	91 160
Share-based payment expense	-	15 987	-	-	-	15 987	-	15 987
Settlement of vested share options	-	(3 090)	-	-	-	(3 090)	-	(3 090)
Purchase of treasury shares (200 000 shares)	(297)	-	-	-	-	(297)	-	(297)
Exercised share options out of treasury shares (4 015 054 shares)	6 387	-	-	-	-	6 387	-	6 387
Cash dividends paid	-	-	-	-	(98 447)	(98 447)	-	(98 447)
Balance at 31 March 2023	1 014 729	33 352	9 582	(709)	436 319	1 493 273	2 054	1 495 327

Group segment analysis

FOR THE YEAR ENDED 31 MARCH 2023

Figures in R'000

	Payments Segment		Software Segment		International Segment		Corporate		Group	
	2023	Reclassified* 2022	2023	Reclassified* 2022	2023	2022	2023	Reclassified* 2022	2023	Reclassified* 2022
Revenue received from all customers**	524 791	533 772	469 855	297 206	467	-	-	-	995 113	830 978
Revenue received from all customers	524 791	533 772	471 178	299 648	2 174	-	-	-	998 143	833 420
Less: Revenue received from inter segmental customers	-	-	(1 323)	(2 442)	(1 707)	-	-	-	(3 030)	(2 442)
EBITDA profit/(loss)	206 325	218 239	89 668	70 089	(7 220)	(3 594)	(53 060)	(33 153)	235 713	251 581
Operating profit/(loss)	185 477	201 019	79 430	61 360	(7 257)	(3 594)	(64 693)	(46 969)	192 957	211 816
Expected credit loss raised	(2 230)	-	(1 650)	-	-	-	(66 905)	-	(70 785)	-
Total assets	1 113 710	989 611	382 241	341 505	3 465	503	163 976	271 758	1 663 392	1 603 377
Total liabilities	72 343	31 487	74 226	68 709	699	111	20 797	19 443	168 065	119 750
Net assets	1 041 367	958 124	308 015	272 796	2 766	392	143 179	252 315	1 495 327	1 483 627
Geographical information										
Revenue	524 791	533 772	469 855	297 206	467	-	-	-	995 113	830 978
South Africa	519 133	529 565	325 062	246 911	-	-	-	-	844 195	776 476
Rest of Africa and Indian Ocean Islands	5 658	4 207	24 811	14 920	-	-	-	-	30 469	19 127
Asia Pacific	-	-	101 904	19 214	-	-	-	-	101 904	19 214
United States of America	-	-	7 924	11 229	-	-	-	-	7 924	11 229
United Kingdom	-	-	8 129	-	-	-	-	-	8 129	-
Europe	-	-	2 025	4 932	467	-	-	-	2 492	4 932
Total assets	1 113 710	989 611	382 241	341 505	3 465	503	163 976	271 758	1 663 392	1 603 377
South Africa	1 113 710	989 611	382 241	341 505	-	-	163 976	271 758	1 659 927	1 602 874
Europe	-	-	-	-	3 465	503	-	-	3 465	503
Total liabilities	72 343	31 487	74 226	68 709	699	111	20 797	19 443	168 065	116 229
South Africa	72 343	31 487	74 226	68 709	-	-	20 797	19 443	167 366	116 118
Europe	-	-	-	-	699	111	-	-	699	111

* Retrospectively reclassified in terms of IFRS 3. Refer to note 6.

** Refer to note 19 for a breakdown of the description of Revenue.

Group segment analysis (continued)

FOR THE YEAR ENDED 31 MARCH 2023

For management purposes, the Group is organised into business units based on its products and services and has three reportable segments, as follows:

- The Payments segment generates revenue from the sale of terminals, the rental of terminals, maintenance and service fees from terminals and transaction-related revenue from terminals.
The Payments segment is an aggregation of African Resonance and Dashpay as they both generate revenue from similar types of transactions.
- The Software segment generates revenue from services and consultancy fees, licence and subscription fees and sale of security hardware and third party license fees.
The Software segment is an aggregation of Synthesis and the Responsive Group as they both generate revenue from similar types of transactions.
- The international segment consists of an offshore company in the Netherlands, Synthesis Labs B.V, which is a wholly-owned subsidiary of Synthesis Europe B.V. The International segment has a similar transaction profile with the South African Software segment.

No reliance is placed on one major customer.

Corporate is not a reportable Segment. However it provides the Group with strategic direction; regulatory compliance and governance; administrative, financial and secretarial services; management of insurance; internal audit and Group treasury management.

Notes to the Group financial statements

FOR THE YEAR ENDED 31 MARCH 2023

Accounting policies

1. PRESENTATION OF FINANCIAL STATEMENTS

The Group financial statements for the year ended 31 March 2023 have been prepared in compliance with the Listings Requirements of the JSE Limited, the requirements of the International Financial Reporting Standards, and Financial Pronouncements, as issued by the Financial Reporting Standards Council and the Companies Act, No. 71 of 2008. These accounting policies are consistent with the previous period's accounting policies. The amounts presented are rounded to the nearest Rand thousands.

The Board of Directors takes full responsibility for the financial statements, which have been prepared by A Salomon CA(SA), Chief Financial Officer, who supervised the preparation thereof, in conjunction with the Financial Executive, B Kruger CA(SA).

Basis of consolidation

The Group financial statements comprise the financial statements of the Group and its subsidiaries as at 31 March 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption, and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement(s) with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the Group financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-Group assets and liabilities, equity, income, expenses and cash flows, relating to transactions between members of the Group, are eliminated in full on consolidation.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the Group financial statements, management is, from time to time, required to make certain estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement is used in the formation of estimates. Actual results in the future could differ from these estimates, which may be material to the Group financial statements.

Non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Unit's ("CGU's") fair value less costs of disposal and its value-in-use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's-length, for similar assets or observable market prices less incremental costs for disposing of the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The value-in-use calculation is based on a DCF model. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Group. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are further recorded below in this note.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, refer to note 3, 4, 5, 6 and 7 for further details.

Residual values and useful lives of tangible and intangible assets

Residual values and useful lives of tangible and intangible assets are assessed on an annual basis. Estimates and judgements in this regard are based on historical experience and expectations of the manner in which assets are to be used, together with expected proceeds likely to be realised when assets are disposed of at the end of their useful lives.

Such expectations could change over time and therefore impact both depreciation charges and carrying values of tangible and intangible assets in the future. Further details are given in notes 3, 4 and 5.

Deferred tax assets

Deferred tax assets are recognised to the extent that future taxable profits will be available against which temporary differences can be utilised. Future taxable profits are estimated based on business plans which include estimates and assumptions regarding economic growth, inflation, taxation rates and competitive forces. Refer to note 9 for details.

Fair value of share allocations

In calculating the amount to be expensed as a share-based payment, the Group was required to calculate the fair value of the equity instruments granted to participants.

This fair value was calculated by applying a valuation model which is in itself judgemental and takes into account certain inherently uncertain assumptions (detailed in note 14).

Investment in associates

The Group does not have any associates that are, in aggregate, material in the context of the Group and accordingly detailed disclosure in terms of IFRS 12 *Disclosure of Interests in Other Entities* is assessed on an annual basis. In determining whether or not any individual associate is material, the Group considers a combination of the share of the individual associate interest in the consolidated profits as well as total assets of the Group. If any of these contributions exceed 10%, it is concluded as individually material.

1.2 Property, plant and equipment

Property, plant and equipment are tangible assets which the Group holds for its own use and which are expected to be used for more than one period.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the Group, and the value of the item can be measured reliably.

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

Property, plant and equipment are initially measured at cost. Cost includes all of the expenditure that is directly attributable to the acquisition. They are subsequently measured at cost less accumulated depreciation and accumulated impairment. Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to reduce the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the Group. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of property, plant and equipment have been assessed as follows:

Item	Average useful life
Office equipment	3 - 5 years
Computer equipment	3 - 5 years
Furniture and fixtures	3 - 6 years
Motor vehicles	3 - 5 years
Leasehold improvements	5 years
Rental terminals	3 years

Such assets are depreciated using the straight-line method, with no residual value.

Impairment tests are performed on property, plant and equipment when there is an indication for such impairment. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable value, an impairment loss is recognised immediately in profit and loss to bring the carrying amount in line with the recoverable value.

Derecognition of property, plant and equipment

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

1.3 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the intangible asset will flow to the entity; and
- the cost of the intangible asset can be measured reliably.

Intangible assets are initially recognised at cost. Intangible assets are carried at cost less accumulated amortisation and/or any accumulated impairment losses. The amortisation period and the amortisation method for intangible assets are reviewed at the date of every reporting period.

Save for any need for impairment, amortisation applied to the intangible assets, on a straight-line basis, is as follows:

Item	Average useful life
Computer software	3 - 5 years
Customer web portal	3 years
Customer relationships	4 - 8 years

Derecognition of intangible assets

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

1.4 Impairment of non-financial assets

The Group assesses, at the end of each reporting period, whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable value of the asset.

If there is any indication that an asset may be impaired, the recoverable value is estimated for the individual asset. During the period, there were no indications for such impairments.

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

The Group assesses at each reporting date whether there is any indication that an impairment loss, recognised in prior periods for assets, may no longer exist or may have decreased. If any such indication exists, the recoverable values of those assets are estimated.

The increased carrying value of an asset arising from a reversal of an impairment loss does not exceed the carrying value that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss in assets carried at cost less accumulated depreciation is recognised immediately in profit and loss.

1.5 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree which is determined at either the fair value or at the proportionate share of the acquiree's identifiable net assets.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured, and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 - *Financial Instruments: Recognition and Measurement*, is measured at fair value with the changes in fair value recognised in profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all

of the assets acquired and all of the liabilities assumed, and reviews the procedures used to measure the value of the net assets to be recognised at the acquisition date.

If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit and loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Where goodwill has been allocated to a CGUs and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed of in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGUs.

1.6 Investment in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but with no control over those decisions.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associates are accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

The Statement of Comprehensive Income reflects the Group's share of the results of operations of the associate. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the Statement of Changes in Equity.

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

Unrealised gains and losses, resulting from transactions between the Group and the associate, are eliminated to the extent of the interest in the associate.

The aggregate of the Group's equity accounted profit/loss in associates is shown on the face of the Statement of Comprehensive Income, outside operating profit, and represents profit or loss after tax of the associate.

The financial statements of the associate are prepared for the same reporting period as the Group.

When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable value of the associate and its carrying value, and then recognises the loss in profit or loss.

1.7 Financial instruments

Initial recognition and measurement

Financial instruments held by the Group are classified in accordance with the provisions of IFRS 9 *Financial Instruments*.

Broadly, the classification possibilities, which are adopted by the Group, as applicable, are as follows:

Financial assets which are equity instruments:

Mandatorily at fair value through the Statement of Comprehensive Income.

Financial assets which are debt instruments:

Amortised cost. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on such principal amounts, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows).

Financial liabilities:

Amortised cost.

Note 32 Financial instruments and risk management presents the financial instruments held by the Group based on their specific classifications.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the Group are presented below:

Loans receivable at amortised cost

Classification

Loans to associates (note 8 and company note 4), and to employees (note 11) and to subsidiaries (company note 7) are classified as financial assets and subsequently measured at amortised cost.

Loans have been classified in this manner because the contractual terms of these loans give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding, and the Group's business model is to collect the contractual cash flows on these loans.

Recognition and measurement

Loans receivable are recognised when the Group becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the loan initially, minus principal repayments, plus cumulative amortisation (interest), using the effective interest rate method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Impairment

The Group recognises a loss allowance for expected credit losses on all loans receivable measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective loans, when there is no reasonable expectation of recovery.

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 11).

They have been classified in this manner because their contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding. The Group's business model is to collect the contractual cash flows on trade and other receivables.

Recognition and measurement

Trade and other receivables are recognised when the Group becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective rate method.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest), using the effective interest rate method of any difference between the initial amount and the maturity amount, adjusted for any estimated credit losses.

Impairment

The Group recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The amount of expected credit losses is updated at each reporting date.

Interest on financial assets

Interest income, calculated on the effective interest method, is included in profit and loss (note 22). They are subsequently measured at amortised cost using the effective interest rate method.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts

(including all fees and points received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or (where appropriate) a shorter period, to the amortised cost of a financial asset.

Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount, which is deemed to be fair value.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets are classified as FVTPL, when the financial asset is (i) held for trading, or (ii) it is designated as FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial statements that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit and loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the other income line item.

The Group's assets measured at FVTPL includes foreign exchange forward contracts which are derivative financial instruments. The Group does not apply hedge accounting in terms of IFRS 9 and IAS 39.

Trade and other payables

Classification

Trade and other payables (note 18), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

Recognition and measurement

Trade and other payables are recognised when the Group becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value less transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest rate method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating the interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in the profit and loss in finance costs (note 23).

Financial liabilities at FVTPL

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit and loss.

1.8 Tax

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Value added taxes

Revenues, expenses and assets are recognised net of the amount of value added tax except:

- When the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of value added tax included.

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

1.9 Leases

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- leases of low value assets; and
- leases with a term of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments with a discount rate determined by reference to the incremental borrowing rate (IBR) on commencement of the lease as the interest rate implicit in the lease cannot be readily determined. The Group utilised an IBR of 10.5% for offices premises. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Company, if it is reasonably certain to assess that option; and
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of the termination option being exercised.

The leases that have been entered into relate to rental of office premises.

Right-of-use assets are initially measured at the initial measurement amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

When the Company revises its estimate of the term of any lease, it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases, an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining lease term.

When the Company renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with a stand-alone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy;
- in all other cases where the renegotiation increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount; and
- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease, with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

Short-term leases or leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of the low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expenses on a straight-line basis over the lease term.

Operating leases – lessor

Operating lease income on rental terminals is recognised as an income on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Income for leases is disclosed under revenue in profit or loss.

1.10 Inventories

Inventories are stated at the lower of cost and estimated net realisable value in the ordinary course of business, on the first-in-first-out basis. The estimated net realisable value is the estimated selling price in the ordinary course of business.

1.11 Share capital and equity

All shares are classified as equity. Incremental costs directly attributable to the issue of shares are recognised as a deduction from equity, net of any tax effects, if applicable.

1.12 Treasury shares

Shares in the Company, held by its subsidiary, CAPPREC Management Services Proprietary Limited, are classified in the Group's shareholder interest as treasury shares. These treasury shares are treated as a deduction from the issued and weighted average number of shares. The cost price of the treasury shares is presented as a deduction from total equity. Distributions received on treasury shares are eliminated on consolidation.

1.13 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, which consists of salaries and wages, is recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

Share-based payments

Share incentive scheme

In terms of the Group's share incentive scheme, employees of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made, using an appropriate valuation model, further details of which are given in note 14.

The cost of equity-settled transactions is recognised in the employee benefits expense (note 21), together with a corresponding increase in the share-based payment reserve, over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense in the Statement of Comprehensive Income for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested, irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share (note 31).

Conditional share plan

In terms of the Group's conditional share plan scheme, a conditional right to a share is awarded to executive directors and senior management, subject to performance and vesting conditions. The fair value of services received in return for the conditional share awards has been determined by multiplying the number of conditional share awards expected to vest, by the share price of the award less discounted anticipated future distribution flows.

1.14 Provisions and contingencies

Provisions are recognised when:

- the Group has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that the reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

1.15 Revenue

Revenue recognition

The Group has no material revenue contracts for which they have contracted, but not satisfied the performance obligation.

There is no material or significant financing component to Group revenue and contracts with customers do not include material amounts of variable consideration.

Due to the standard nature of the Group's contracts with customers, there were no significant areas of judgement required to be applied by the Group.

The Group has no complex agent/principal arrangements.

The segmental revenue analysis presents the nature and amount of Group revenue streams and therefore, fulfils the disaggregation disclosure requirement of IFRS 15.

Revenue from contracts with customers

The Group is in the business of providing terminals, maintenance and software services.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Payments division

Terminal rental income

The Group recognises revenue from terminal rental contracts with customers, on a month-to-month basis. The rental contractual period is approximately three years.

Maintenance and support service fees from terminals

The Group recognises revenue from maintenance and support service fees over time, using an input method of estimated monthly costs to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Group.

The performance obligation is to maintain and support the customer's terminals on a month-to-month basis.

Sale of terminals

Revenue from the sale of terminals is recognised at the point in time when control of the asset is transferred to the customer, i.e. on delivery of the terminals. The normal credit term is 30 to 90 days upon delivery. The Group does not make any promises in the contract of sale with customers, that are separate performance obligations to which a portion of the transaction price needs to be allocated.

Transaction-related income from terminals

The Group recognises transaction-related income from terminals when the transaction is completed.

Software division

Service and consultancy fees

These contracts are time-based and the revenue recognition is based on the actual time spent on the provision of the relevant services to the customer and is recognised over time.

The performance obligation is based on the time allocated and expended on the software and consultancy project as delivered to the customer. The fees are based on a technical labour resource's role and experience.

There is no contractual obligation to provide an output that is deliverable in nature other than labour hours expended per month to a customer.

Licence and subscription fees

Fees earned from licensing internally developed software, installed on the customer premises, is recognised at the point that the licence is granted to the customer. This licence is granted for a period of 12 months and gives the customer the right to use the software as it exists at that date.

Fees earned from subscriptions to internally developed software, that is hosted on the Group's infrastructure, is recognised over the period that the licence is granted. This subscription gives the customer the right to access the entity's software as it exists throughout the licence period.

The performance obligation is the delivery and access to the software licence granted in an executable format to the customer.

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

Security hardware and third party licence fees

Revenue from the sale of Hardware Security Modules is recognised at the point in time when control of the asset is transferred to the customer, i.e. when the hardware is delivered.

Determination of cost of sales

The cost of sales of imported terminals, spare parts and accessories is determined from the landed cost of these products in our warehouse.

The cost of sales for maintenance services on terminals within the Payments division, services and consultancy fees within the Software division are determined from the cost of direct labour, other direct costs and include an appropriate portion of overheads, but excludes interest expenses.

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due).

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Refund liabilities

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Group ultimately expects it will have to refund to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

1.16 Related parties

Related parties are entities which have the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Key management is defined as individuals with the authority and responsibility for planning, directing and controlling the activities of the entity. All individuals from the level of executive management up to the Board of Directors are regarded as key management per the definition of the standard. Close family members of key management personnel are considered to be those family members who may be expected to influence, or be influenced by key management individuals in their dealings with the entity. Other related party transactions are also disclosed in terms of the requirements of IAS 24.

1.17 Foreign currencies

Transactions in foreign currencies are translated at the rates of exchange ruling at the transaction date. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the statement of financial position date. Translation differences are recognised in profit and loss.

2. NEW STANDARDS AND INTERPRETATIONS

2.1 Standards and interpretations effective and adopted in the current year

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

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

Onerous contracts – costs of fulfilling a contract – Amendments to IAS 37

The Group has adopted the amendment for the first time in the 2023 financial statements. The adoption of the amendment did not have any impact on the Group.

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

2.2 Standards and interpretations not yet effective

Standard/amendment	For the Group effective for years on or after	
		Impact
IFRS 17 Insurance Contracts	1 Apr 2023	The Group is currently assessing the impact and plans to adopt the new standard on the required effective date.
Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 Apr 2023	The Group is currently assessing the impact of the amendments and plans to adopt the new standard on the required effective date.
Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2	1 Apr 2023	The Group is currently assessing the impact of the amendments and plans to adopt the new standard on the required effective date.
Definition of Accounting Estimates – Amendments to IAS 8	1 Apr 2023	The Group is currently assessing the impact of the amendments and plans to adopt the new standard on the required effective date.
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	1 April 2023	The Group is currently assessing the impact of the amendments and plans to adopt the new standard on the required effective date.

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

3. PROPERTY, PLANT AND EQUIPMENT

	2023		
	Cost	Accumulated depreciation	Carrying value
Figures in R'000			
Office and IT equipment	28 687	(16 744)	11 943
Motor vehicles	411	(252)	159
Furniture and fixtures	3 680	(2 517)	1 163
Plant and machinery	1 679	(110)	1 569
Leasehold Improvements	8 356	(4 219)	4 137
Rental terminals	41 443	(17 933)	23 510
Total	84 256	(41 775)	42 481

Reconciliation of property plant and equipment

	2023					
	Opening balance	Additions	Disposals	Depreciation	Foreign currency translation	Carrying value
Office and IT equipment	8 301	8 818	(225)	(4 951)	-	11 943
Motor vehicles	199	-	-	(40)	-	159
Furniture and fixtures	878	759	-	(478)	4	1 163
Plant and machinery	-	1 679	-	(110)	-	1 569
Leasehold Improvements	1 421	3 876	-	(1 160)	-	4 137
Rental terminals	13 266	18 413	(809)	(7 360)	-	23 510
Total	24 065	33 545	(1 034)	(14 099)	4	42 481

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

3. PROPERTY, PLANT AND EQUIPMENT continued

Reconciliation of property plant and equipment

Figures in R'000	2022					
	Cost	Accumulated depreciation	Carrying value			
Office and IT equipment	20 094	(11 793)	8 301			
Motor vehicles	411	(212)	199			
Furniture and fixtures	2 917	(2 039)	878			
Leasehold improvements	4 480	(3 059)	1 421			
Rental terminals	23 839	(10 573)	13 266			
Total	51 741	(27 676)	24 065			

	2022					Carrying value
	Opening balance	Acquisition through business combinations	Additions	Disposals	Depreciation	
Office and IT equipment	7 626	129	4 816	(56)	(4 214)	8 301
Motor vehicles	15	-	202	-	(18)	199
Furniture and fixtures	1 271	5	39	-	(437)	878
Leasehold Improvements	2 429	-	-	-	(1 008)	1 421
Rental terminals	14 294	-	4 087	(720)	(4 395)	13 266
Total	25 635	134	9 144	(776)	(10 072)	24 065

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

4. INTANGIBLE ASSETS

Figures in R'000

	2023		
	Cost	Accumulated amortisation	Carrying value
Computer software	78 201	(28 824)	49 377
Trademark	75	(2)	73
Intangible asset recognised on acquisition of businesses	96 389	(77 468)	18 921
Customer relationships	80 859	(61 938)	18 921
Computer software	15 530	(15 530)	-
Total	174 751	(106 380)	68 371

Reconciliation of intangible assets

	2023			
	Opening balance	Additions	Amortisation	Carrying value
Computer software	37 041	23 105	(10 769)	49 377
Trademark	-	75	(2)	73
Intangible asset recognised on acquisition of businesses*	31 115	-	(12 234)	18 921
Customer relationships	31 115	-	(12 234)	18 921
Total	68 196	23 180	(23 005)	68 371

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

4. INTANGIBLE ASSETS continued

Reconciliation of intangible assets

Figures in R'000	2022*		
	Cost	Accumulated amortisation	Carrying value
Computer software	55 096	(18 055)	37 041
Customer web portal	86	(86)	-
Intangible asset recognised on acquisition of businesses	96 389	(65 234)	31 155
Customer relationships	80 859	(49 704)	31 155
Computer software	15 530	(15 530)	-
Total	151 571	(83 375)	68 196

	2022*				Carrying value
	Opening balance	Additions	Disposals	Amortisation	
Computer software	29 794	17 409	(697)	(9 465)	37 041
Customer web portal	50	-	-	(50)	-
Intangible asset recognised on acquisition of businesses	31 382	13 041	-	(13 268)	31 155
Customer relationships	28 718	13 041	-	(10 604)	31 155
Computer software	2 664	-	-	(2 664)	-
Total	61 226	30 450	(697)	(22 783)	68 196

The Group acquired the Responsive group on 1 March 2022 and an intangible asset was recognised on the acquired businesses amounting to R13.0 million. The additional intangible asset recognised on acquisition of businesses, amount to R13.0 million, relates to customer relationships and is being amortised over 8 years. See note 6.

* Retrospectively reclassified in terms of IFRS 3. Refer to note 6.

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

5. RIGHT-OF-USE ASSETS

	2023		
	Cost	Accumulated depreciation	Carrying value
Figures in R'000			
Right-of-use assets	29 216	(11 891)	17 325

Reconciliation of right-of-use assets

	2023			
	Opening balance	Additions*	Depreciation	Carrying value
Figures in R'000				
Office premises	8 115	17 018	(7 808)	17 325

	2022		
	Cost	Accumulated depreciation	Carrying value
Figures in R'000			
Office premises	32 401	(24 286)	8 115

	2022		
	Opening balance	Depreciation	Carrying value
Figures in R'000			
Office premises	16 210	(8 095)	8 115

* African Resonance, a subsidiary of the Group entered into a new five-year lease for the period 1 February 2023 to 31 January 2028 for premises measuring 5 573 m², which are located in Linbro Business Park, Johannesburg. The rented premises are used for the purpose of administration offices, warehousing and distribution and servicing of customers point of sale terminals. The lease contains standard terms and conditions normally found in a lease providing facilities to meet the purpose recorded above. The lease has an annual escalation of 7%. African Resonance has an option to renew the leased premises for a further two-year period after the expiry of the initial five-year period, subject to rental and other charges for the renewable period being agreed by both the lessor and lessee.

On 1 August 2022 the Responsive Group entered into a two-year lease, with a 8% annual escalation. The premises, which are administration offices, are located in Cape Town.

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

6. GOODWILL

Figures in R'000

	2023	2022*
Carrying value at the beginning of the year	760 229	728 578
Acquisition through business combination	-	31 651
Responsive Build	-	17 621
Rethink Digital Solutions	-	14 030
Carrying value at the end of the year	760 229	760 229
Reconciliation		
Payments division	603 604	603 604
Software division	156 625	156 625
Total	760 229	760 229

	Reconciliation 2022*				
	Opening balance	Acquisition through business combination	Allocation to intangible assets	Deferred tax	Closing balance
Carrying value at the beginning of the year	728 578	-	-	-	728 578
Acquisition through business combination	-	41 171	(13 041)	3 521	31 651
Responsive Build	-	24 974	(10 072)	2 719	17 621
Rethink Digital Solutions	-	16 197	(2 969)	802	14 030
Carrying value at the end of the year	728 578	41 171	(13 041)	3 521	760 229
Reconciliation					
Payments division	603 604	-	-	-	603 604
Software division	124 974	41 171	(13 041)	3 521	156 625
Total	728 578	41 171	(13 041)	3 521	760 229

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

6. GOODWILL continued

6.1 Acquisitions of businesses

On 5 May 2017, the Group acquired 100% of the shares in African Resonance Business Solutions Proprietary Limited (African Resonance), Rinwell Investments Proprietary Limited, which is 100% shareholder of Dashpay Proprietary Limited (Rinwell Group), and Synthesis Software Technologies Proprietary Limited (Synthesis).

The Group performed an annual test for impairment of the CGUs, which were acquired in May 2017, to which goodwill of R728.6 million is attributed. The recoverable amount of the businesses (CGUs) has been determined based on a value-in-use calculation. The calculations use cash flow projections based on financial budgets approved by management and a discount rate, calculated using a risk free rate adjusted for risk factors, of 19.2% (2022: 18.5%) for the Payments division and 20.3% (2022: 19.7%) for the Software business. Comparable pre-tax discount rates for purpose of impairment testing would be 25.1% and 26.2% for the Payments and Software CGUs respectively. Cash flows and trading forecasts have been projected for a period of five years.

The Payments division has forecasted compounded revenue growth of 10.0% over the next five-year period. Trading and operating margins have been assumed to remain consistent with the 2023 financial year results.

The Software division has forecasted compounded revenue growth of 16.6% over the next five-year period. Trading and operating margins have been assumed to remain consistent with the 2023 financial year results.

Management believes that no reasonable possible change in any of the above key assumptions would cause the carrying value of any CGU to exceed its recoverable amount.

The Group performed an annual test for impairment of the CGUs, which were acquired in March 2022, to which goodwill of R17.6 million and R14.0 million is attributed for Responsive Build and Rethink Digital Solutions respectively. The recoverable amount of the businesses (CGUs) has been determined based on a value-in-use calculation. The calculations use cash flow projections based on financial budgets approved by management and a discount rate, calculated using a risk free rate adjusted for risk factors, of 21.4% for Responsive Build and 21.4% for Rethink Digital Solutions. Comparable pre-tax discount rates for purpose of impairment testing would be 28.2% and 28.0% for Responsive Build and Rethink Digital Solutions CGUs respectively. Cash flows and trading forecasts have been projected for a period of five years.

Responsive Build has forecasted compounded revenue growth of 10.6% over the next five-year period. Trading and operating margins have been assumed to remain consistent with the 2023 financial year results.

Rethink Digital Solutions has forecasted compounded revenue growth of 16.2% over the next five-year period. Trading and operating margins have been assumed to remain consistent with the 2023 financial year results.

Management believes that no reasonable possible change in any of the above key assumptions would cause the carrying value of any CGU to exceed its recoverable amount.

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

6. GOODWILL continued

6.2 Acquisition of businesses during the prior year

On 1 March 2022, the Group acquired:

- 100% of the issued share capital of Responsive Tech Proprietary Limited and 100% of the issued share capital of Responsive Digital Proprietary Limited (collectively called “Responsive Build”);
- 71% of the issued share capital of Rethink Digital Solutions Proprietary Limited (Rethink Digital Solutions); and

The Group has elected to measure the non-controlling interest in the acquiree at the proportionate share of the acquiree's net identifiable assets.

Acquisition of 100% Responsive Build

Assets acquired and liabilities assumed:

The fair values of the identifiable assets and liabilities of Responsive Build as at the date of acquisition were:

Figures in R'000	Fair value recognised on acquisition
Assets	
Property, plant and equipment (refer note 3)	101
Deferred tax asset (refer note 9)	529
Trade and other receivables	12 263
Taxation receivable	379
Cash and cash equivalents	3 124
	16 396
Liabilities	
Trade and other payables	(9 623)
Deferred revenue	(2 092)
	(11 715)
Total identifiable net assets at fair value	4 681
Goodwill arising on acquisition	17 621
Intangible asset arising on acquisition	10 072
Deferred tax on intangible asset arising on acquisition	(2 719)
Purchase consideration transferred	29 655

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

6. GOODWILL continued

6.2 Acquisition of businesses during the prior year continued

The Responsive Build warranty consideration of R9 762 953 was included as part of the purchase consideration at the date of acquisition. The profit warranty for the 25 month period, 1 March 2021 to 31 March 2023 has been achieved.

The previous shareholders will receive R4 073 425 cash and an allotment of 3 394 520 shares out of treasury shares. The 3 394 520 shares are valued at the price of 173 cents per share, being the share price on the closing date and cash portion is present valued.

Cash: R4 073 425 at present value	4 073
Shares: 3 394 520 at 173 cents per share	5 873
Total	9 946

Acquisition of 71% Rethink Digital Solutions

Assets acquired and liabilities assumed:

The fair values of the identifiable assets and liabilities of Rethink Digital Solutions as at the date of acquisition were:

Figures in R'000	Fair value recognised on acquisition
Assets	
Property, plant and equipment (refer note 3)	33
Deferred tax asset (refer note 9)	74
Trade and other receivables	3 132
Cash and cash equivalents	1 494
	4 733
Liabilities	
Trade and other payables	(1 142)
Taxation payable	(23)
	(1 165)
Total identifiable net assets at fair value	3 568
Non-controlling interest measured at proportionate rate	(1 035)
Goodwill arising on acquisition	14 030
Intangible asset arising on acquisition	2 969
Deferred tax on intangible asset arising on acquisition	(802)
Purchase consideration transferred	18 730

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

6. GOODWILL continued

6.2 Acquisition of businesses during the prior year continued

The Rethink Digital Solutions profit warranty consideration of R6 166 392 was included as part of the purchase consideration at the date of acquisition. The profit warranty for the 25 month period, 1 March 2021 to 31 March 2023 has been achieved.

The previous shareholders will receive R2 572 824 cash and an allotment of 2 144 019 shares out of treasury shares. The 2 144 019 million shares are valued at the price of 173 cents per share, being the share price on the closing date and cash portion is present valued.

Cash: R2 572 824 at present value	2 573
Shares: 2 144 019 at 173 cents per share	3 709
Total	6 282

Cash flow on acquisition

Figures in R'000

Acquisition costs (included in cash flows from operating activities)	(2 168)
Net cash acquired with the subsidiary (included in cash flows from investing activities)	4 618
Cash paid (included in cash flows from investing activities)	(13 292)
Net cash flow on acquisition	(10 842)

* The above acquisitions are now finalised and have been completed within 12 months of the original transaction date. During the course of finalising, during the measurement period, customer relationships of R10.0 million and R3.0 million relating to Responsive Build and Rethink Digital respectively, have been transferred between goodwill and intangible assets. This has been retrospectively adjusted in line with IFRS 3. Refer to note 4.

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

7. INVESTMENTS IN ASSOCIATES

Unlisted investments

7.1 GovChat Proprietary Limited

The Group acquired a 35% interest in GovChat Proprietary Limited on 21 May 2019. GovChat operates a technology platform that connects people to government and government to people. The principal business is in Cape Town and the Company is incorporated in South Africa.

Figures in R'000

	2023	2022
54 shares at cost	*	*
Carrying and fair value	*	*

* Investments in associate in aggregate amounts to less than R1 000.

Refer to note 8.1 for further information on GovChat.

7.2 GroEx Proprietary Limited

Synthesis holds a 15% interest in GroEx Proprietary Limited, a subsidiary of Afgri Group Holdings Limited. GroEx provides digital services to the agricultural sector and provides financial services to commercial farmers and allied entities in the agricultural sector. The principal place of business is in Centurion and the Company is incorporated in South Africa. GroEx is accounted for as an associate because M Shapiro is a non-executive director of GroEx, which enables him to exercise significant influence.

Figures in R'000

	2023	2022
18 Shares at cost	*	*
Carrying and fair value	*	*

* Investments in associate in aggregate amounts to less than R1 000.

7.3 LayUp Technologies Proprietary Limited

The Group holds a 27.4% interest in LayUp. LayUp is a fully digital Lay-By and recurring payments business. The principal place of business is in Johannesburg and the Company is incorporated in South Africa.

Figures in R'000

	2023	2022
122 517 shares at cost	6 378	6 378
Carrying and fair value at beginning of year	4 842	5 857
Shares purchased	-	170
Share of equity accounted loss in associate	(2 111)	(1 185)
Carrying and fair value	2 731	4 842

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

7. INVESTMENTS IN ASSOCIATES continued

7.4 Regal Digital B.V.

The Group subscribed, on 13 May 2022, for 392 shares, being 20% of the issued share capital of Regal Digital B.V., which is a technology company, for a cash consideration of EUR6 178 (R105 551). The principal place of business is in Amsterdam, Netherlands, and the company is incorporated in the Netherlands.

Figures in R'000	2023	2022
392 shares at cost	106	-
Shares purchased	106	-
Share of equity accounted loss in associate	(45)	-
Carrying and fair value	61	-

8. LOANS TO ASSOCIATES

Figures in R'000	2023	2022
GovChat Proprietary Limited	1	49 528
LayUp Technologies Proprietary Limited	12 153	5 096
Regal Digital B.V.	9 526	-
	21 680	54 624
Non-current assets	12 154	54 624
Current assets	9 526	-
Total	21 680	54 624

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

8. LOANS TO ASSOCIATES continued

8.1 GovChat Proprietary Limited

Figures in R'000

	2023	2022
Opening balance	49 528	19 645
Loan granted during the year	14 337	28 794
Accretion of interest	3 041	1 089
Expected credit loss raised	(66 905)	-
Closing balance	1	49 528

In May 2019 an interest-free enterprise development loan was granted to GovChat Proprietary Limited and was repayable on demand. This loan was converted during the prior financial year to a long-term loan.

In April 2021, an additional enterprise development loan was granted, bearing interest at prime less 3%.

GovChat has pledged as a security for the loan from Capital Appreciation Limited, all its rights, title and interest in and to all of GovChat's intellectual property and specifically including all the software rights, trade mark rights and technology source codes.

GovChat went into business rescue on 22 December 2022. During February 2023, the Group engaged with the business rescue practitioner to provide post commencement funding to GovChat. Management is in regular communication with the business rescue practitioner and expects that further details of any amount recoverable will be clarified in the period after the reporting date. At year end, the full amount due has been recognised as an expected credit loss.

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

8. LOANS TO ASSOCIATES continued

8.2 LayUp Technologies Proprietary Limited

Figures in R'000	2023	2022
Opening balance	5 096	5 000
Loan granted during the year	6 267	-
Accretion of interest	790	96
Closing balance	12 153	5 096

On 20 October 2021, a convertible loan was granted to LayUp Technologies Proprietary Limited. The loan bears interest at prime. The original 2021 convertible loan was repayable on 20 November 2023, which has now been extended to 20 November 2025.

On 31 May 2023, the Group entered into a new 2023 convertible loan agreement with LayUp, whereby the Group will loan a further R9.2 million, which bears interest at prime and is repayable within 30 months from the date that the first advance is made to LayUp.

Both the 2021 and 2023 loan agreements provide that Capital Appreciation is entitled to convert the capital outstanding, plus any interest accrued thereon, into equity

8.3 Regal Digital B.V.

Figures in R'000	2023	2022
Loan granted during the year	8 437	-
Foreign exchange movement	1 089	-
Closing balance	9 526	-

The Company granted Regal Digital B.V. a long term-loan of EUR493 822 (R9.5 million), which is non-interest-bearing and has no fixed terms of repayment. The loan is mark to market at the foreign exchange rate of EUR1 = R19.29 at 31 March 2023.

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

9. DEFERRED TAX

Figures in R'000

	2023	2022*
Analysis of deferred taxation		
Accelerated allowances for tax purposes	-	587
Timing differences**	(3 810)	(3 577)
Amortisation of intangible assets	(5 109)	(8 412)
Deferred revenue	1 856	1 668
Recognition of deferred tax on assessed tax loss	2 054	2 221
	(5 009)	(7 513)
Reconciliation of deferred taxation		
At beginning of period	(7 513)	9 776
Acquisition through business combination	-	(2 918)
Accelerated allowances for tax purposes	(587)	414
Timing differences**	(233)	(4 143)
Amortisation of intangible assets	3 303	3 896
Deferred revenue	188	(308)
Recognition of deferred tax on assessed tax loss	(167)	(14 230)
At end of period	(5 009)	(7 513)
Disclosed in the statement of financial position as follows:		
Deferred tax asset	3 600	3 680
Deferred tax liability	(8 609)	(11 193)
	(5 009)	(7 513)

On 23 February 2022 the corporate tax rate was reduced from 28% to 27% for years of assessment ending on or after 31 March 2023.

Recognition of deferred tax asset

Deferred tax assets have been recognised in respect of temporary differences where there is a high probability that these assets will be recovered in the foreseeable future.

* Retrospectively reclassified in terms of IFRS 3. Refer to note 6.

** Included are timing differences relating to property, plant and equipment and provisions.

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

10. INVENTORIES

Figures in R'000	2023	2022
Prepaid airtime	30	39
Spare parts	11 495	4 648
Terminals	35 483	7 493
	47 008	12 180

Inventories are measured at the lower of cost and net realisable value in the ordinary course of business, on the first-in-first-out basis. The value of inventory that has been expensed to cost of sales represents the landed cost of goods sold. There has been no write-down from cost to net realisable value (2022: Nil). There has been no impairment for obsolete inventory (2022: Nil).

11. TRADE AND OTHER RECEIVABLES

Figures in R'000	2023	2022
Trade receivables	182 293	105 156
Staff loans	477	383
Deposits	151	902
B-BBEE enterprise development loans	5 740	9 443
B-BBEE enterprise development loans	9 620	9 443
Expected credit loss raised	(3 880)	-
B-BBEE supplier development loans	4 015	-
VAT receivable	256	390
Prepayments	7 328	12 974
Total trade and other receivables	200 260	129 248

The enterprise development loans were made in accordance with the Group's transformation programme and spend in terms of the B-BBEE codes.

The repayment terms for trade and other receivables are between 30 and 60 days and are interest-free.

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

11. TRADE AND OTHER RECEIVABLES continued

Categorisation of trade and other receivables

Trade and other receivables are categorised in accordance with IFRS 9: Financial Instruments as follows:

Figures in R'000

	2023	2022
At amortised cost	192 676	115 884
Non-financial instruments	7 584	13 364
	200 260	129 248

Fair value of trade and other receivables

Due to the short-term nature of trade and other receivables, the carrying value approximates fair value.

Expected credit loss

The expected credit loss relates to the B-BBEE enterprise developments loans to GovChat through K2017220477 (South Africa) NPC.

There are no estimated credit losses relating to trade receivables.

Exposure to currency risk

The majority of trade and other receivables are denominated in South African Rand and therefore, have no material exposure to foreign currency fluctuations.

The following net carrying amounts, in Rand, of trade and other receivables, which are exposed to foreign currency, have been presented in Rand by converting the foreign currency amount at the closing rate at the reporting date.

	2023	2022
Carrying amount in US Dollars ('000)	171	160
Carrying amount in SGD ('000)	1 296	612
Carrying amount in GBP ('000)	58	-
Carrying amount in Rand ('000)	21 620	8 950

US Dollar converted at USD1 = R17.79 (2022: USD1 = R14.64).

SGD converted at SGD1 = R13.37 (2022: R10.79).

GBP converted at GBP1 = R21.90 (2022: Nil).

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

12. CASH AND CASH EQUIVALENTS

Figures in R'000

	2023	2022
Cash and cash equivalents consist of:		
Bank balances	97 102	78 456
Bank call and notice deposits	397 754	454 968
	494 856	533 424

Cash and cash equivalents comprise call and notice deposits with banks maturing within three months. These attract interest at market-related rates. Cash and cash equivalents are measured at amortised cost. The maximum exposure to credit risk at the reporting date is the carrying amount. The Group only has deposits with major banks with high-quality ratings assigned by internationally recognised credit rating agencies. For this reason, the credit quality at year-end of cash and cash equivalents is considered to be high.

13. SHARE CAPITAL

Figures in R'000

	2023	2022
Ordinary shares of no par value	1 014 728	1 008 639

	Number of shares	Number of shares
Authorised shares		
Ordinary shares of no par value	10 000 000 000	10 000 000 000
Constituent ordinary shares of no par value	4 000	4 000
Issued shares		
Ordinary shares of no par value in issue at beginning of the year	1 310 000 000	1 310 000 000
Ordinary shares of no par value in issue at end of year	1 310 000 000	1 310 000 000
Ordinary shares of no par value repurchased (treasury shares)	(77 096 541)	(80 911 595)
Ordinary shares of no par value, net of treasury shares at the end of the year	1 232 903 459	1 229 088 405
Reconciliation of movement of issued ordinary shares		
Ordinary shares, net of treasury shares at the beginning of the year	1 229 088 405	1 230 008 865
Ordinary shares of no par value repurchased during the year (treasury shares)	(200 000)	(13 377 540)
Ordinary shares of no par value sold during the year from treasury shares to settle share options	4 015 054	1 380 000
Ordinary shares of no par value allotted during the year from treasury shares for settlement of acquisitions	-	11 077 080
Number of issued ordinary shares, net of treasury shares at end of the year	1 232 903 459	1 229 088 405

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

14. SHARE-BASED PAYMENTS RESERVE

The Group has two Incentive Schemes:

- 14.1 The Group's Share Incentive Scheme ("Scheme"), which was introduced on the date the Company was listed on 16 October 2015, grants share options to employees of the Group. The Scheme has been classified as an equity-settled scheme and therefore, an equity-settled share-based payment reserve has been recognised in terms of IFRS 2.
- 14.2 The Group's Conditional Share Plan ("CSP") was introduced on 11 March 2020, and grants share awards to Executive directors and senior management of the Group. The CSP has been classified as an equity-settled scheme and therefore, an equity-settled share-based payment reserve has been recognised in terms of IFRS 2.

Figures in R'000

	2023	2022
Group share incentive scheme reserve	6 959	6 505
Group conditional share plan reserve	26 393	13 950
Total share-based payment reserve	33 352	20 455

14.1 Group's Share Incentive Scheme

	2023	
	Number of share options	Exercise price
The number and fair value of the share options are:		
Beginning of the year	62 525 000	92 cents
Forfeited	(1 790 000)	105 cents
Exercised	(4 015 000)	81 cents
Granted	21 530 000	144 cents
End of the year	78 250 000	107 cents

These share options are exercisable over the period 1 September 2020 to 5 December 2027.

The weighted average remaining contractual life for share options outstanding was 34 months (2022: 32 months).

The weighted average fair value of share options granted during the year was 44 cents per share (2022: 35 cents per share).

The range of exercise prices for share options outstanding at the end of the year was 75 cents to 144 cents per share (2022: 75 cents to 119 cents per share).

The weighted average share price for the year ending 31 March 2023 was 149 cents per share (2022: 139 cents per share).

The Group recognised an expense of R3 543 700 (2022: R2 889 100) for the share options granted.

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

14. SHARE-BASED PAYMENTS RESERVE continued

14.1 Group's Share Incentive Scheme continued

	2022	
	Number of share options	Exercise price
Beginning of the year	50 930 000	83 cents
Forfeited	(2 715 000)	88 cents
Exercised	(1 480 000)	80 cents
Granted	15 790 000	119 cents
End of the year	62 525 000	92 cents
Number of share options		
Details of directors outstanding share options	2023	2022
M Shapiro	2 300 000	2 300 000

Vesting conditions

The terms and conditions of the share options are the following:

Share option holders are entitled to exercise their share options if they are in the employment of the Group in accordance with the terms hereafter.

Share option holders in the scheme may exercise their share options at such times as the share option holder deems fit, but not to result in the following proportions of the holders total number of instruments being purchased prior to:

- 20% of the total number of instruments at the expiry of three years;
- 50% of the total number of instruments at the expiry of four years; and
- 100% of the total number of instruments at the expiry of five years.

All share options must be exercised no later than the 15th anniversary from the date they were granted.

The fair value of services received in return for shares allotted is determined with use of an option-pricing model.

The model is based on the standard binomial option-pricing model.

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

14. SHARE-BASED PAYMENTS RESERVE continued

14.1 Group's Share Incentive Scheme continued

	2023	2022
1. Fair value at measurement date (cents)	44.00	35.00
2. Exercise price at end of period (cents)	106.77	92.27
3. Expected volatility (%)	34.57	33.04
4. Option life (years)	5.00	5.00
5. Distribution yield (%)	5.00	5.00
6. Risk-free rate (based on National Bond Curve) (%)	9.47	7.49

The volatility is based on historic volatility which is not expected to differ materially from the expected volatility.

14.2 Group's Conditional Share Plan

	2023	
	Number of share awards	Exercise price
The number and fair value of share awards are:		
Beginning of the year	44 374 439	89 cents
Granted	9 992 411	144 cents
End of the year	54 366 850	99 cents

These share awards are exercisable between 25 March 2023 and 5 December 2025.

The weighted average remaining contractual life for share awards outstanding was 12 months (2022: 19 months).

The weighted average fair value of share awards granted during the year was 120 cents per share (2022: 103 cents per share).

The range of exercise prices for the conditional share awards outstanding at the end of the year was 57 cents to 144 cents per share (2022: 57 cents to 119 cents per share).

The weighted average share price for the year ending 31 March 2023 was 149 cents per share (2022: 139 cents per share).

The Group recognised an expense of R12 443 000 (2022: R9 125 800) for the share awards granted.

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

14. SHARE-BASED PAYMENTS RESERVE continued

14.2 Group's Conditional Share Plan continued

	2022	
	Number of share awards	Exercise price
The number and fair value of share awards are:		
Beginning of the year	30 511 940	75 cents
Granted	13 862 499	119 cents
End of the year	44 374 439	89 cents
Details of directors outstanding conditional share plan awards	Number of share awards	
	2023	2022
M Pimstein	11 086 364	9 486 364
B Sacks	11 086 364	9 486 364
A Salomon	11 086 364	9 486 364
M Shapiro	4 059 259	3 259 259
	37 318 351	31 718 351

Vesting conditions

The terms and conditions of the Conditional Share Plan is based on share awards, which have a three-year vesting period, subject to performance and employment vesting conditions.

The performance metrics consists of financial objectives, non-financial objectives and key individual performance indicators, details of which are disclosed in the Remuneration Report in the Group 2022 Integrated Report.

All share awards will be exercised on the vesting date, being the third anniversary of the date upon which the awards were granted.

The fair value of service received in return for shares allotted is determined with use of an option-pricing model.

The model is based on standard binomial option-pricing model.

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

14. SHARE-BASED PAYMENTS RESERVE continued

14.2 Group's Conditional Share Plan continued

	2023	2022
1. Fair value at measurement date (cents)	120.00	103.00
2. Exercise price at end of period (cents)	98.90	88.65
3. Expected volatility (%)	37.92	33.50
4. Option life (years)	3.00	3.00
5. Distribution yield (%)	5.00	5.00
6. Risk-free rate (based on National Bond Curve) (%)	8.41	5.86

The volatility is based on historic volatility which is not expected to differ materially from the expected volatility.

15. CONTINGENT CONSIDERATION

Figures in R'000	2023	2022
Cash (present valued)	6 646	6 370
Responsive Build	4 073	3 904
Rethink Digital Solutions	2 573	2 466
Shares	9 582	9 582
Responsive Build	5 873	5 873
Rethink Digital Solutions	3 709	3 709
Total	16 228	15 952

The Responsive Build and Rethink Digital Solutions profit warranties consideration has been included as part of the purchase consideration. In aggregate Responsive Build and Rethink Digital Solutions have achieved their profit warranties and the previous shareholders will receive R6 646 249 in cash and an allotment out of treasury shares of 5 538 539 ordinary shares. The period of the profit warranties was for 25 months from 1 March 2021 to 31 March 2023. The payment of cash and allotment of shares will be completed by 31 July 2023.

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

16. DEFERRED REVENUE

Deferred revenue to be realised

Figures in R'000	Within one year	In second to fifth year	Total
2023	14 051	5 788	19 839
2022	10 513	5 902	16 415
Figures in R'000		2023	2022
Non-current liabilities		5 788	5 902
Current liabilities		14 051	10 513
		19 839	16 415

Deferred revenue arises from advanced payments from customers in respect of future professional services and licensed software and maintenance services. The amount of revenue recognised in the current year was R10.5 million (2022: R10.8 million). In the 2024 financial year, R14.1 million will be recognised in revenue.

17. LEASE LIABILITY

Set out below are the carrying amounts of lease liabilities and the movements during the period:

Figures in R'000	2023	2022
At 1 April	10 638	19 555
New lease*	17 018	-
Accretion of interest	448	1 124
Payments	(10 131)	(10 041)
Total	17 973	10 638
Non-current liabilities	13 932	1 503
Current liabilities	4 041	9 135
Total	17 973	10 638

The maturity analysis of lease liabilities is disclosed in note 32.

* African Resonance, a subsidiary of the Group entered into a new five-year lease for the period 1 February 2023 to 31 January 2028 for premises measuring 5 573 m², which are located in Linbro Business Park, Johannesburg. The rented premises are used for the purpose of administration offices, warehousing and distribution and servicing of customers point of sale terminals. The lease contains standard terms and conditions normally found in a lease providing facilities to meet the purpose recorded above. The lease has an annual escalation of 7%. African Resonance has an option to renew the leased premises for a further two-year period after the expiry of the initial five-year period, subject to rental and other charges for the renewable period being agreed by both the lessor and lessee.

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

On 1 August 2022 the Responsive Group entered into a two-year lease, with a 8% annual escalation. The premises, which are administration offices, are located in Cape Town.

18. TRADE AND OTHER PAYABLES

Figures in R'000

	2023	2022
Trade payables and accruals*	106 810	65 827
VAT	7 907	8 406
	114 717	74 233

Trade and other payables are non-interest-bearing and are normally settled on 30- to 90-day terms.

Fair value of trade and other payables

Due to the short-term nature of trade and other payables, the carrying value approximates fair value.

* Included in trade and other payables are foreign exchange contract liabilities of R619 176 (2022: R1 794 262) which are carried at fair value. Refer to note 34.

19. REVENUE

Figures in R'000

	2023	2022
Payment division		
Terminal rental income	28 630	21 581
Maintenance and support service fees from terminals	177 372	148 661
Sale of terminals	255 090	317 270
Transaction-related income from terminals	62 609	46 260
	523 701	533 772
Software division		
Services and consultancy fees	304 992	219 419
Licence and subscription fees	62 455	60 021
Security hardware and third-party license fees	103 965	17 766
	471 412	297 206
Total revenue	995 113	830 978

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

19. REVENUE continued

Disaggregation of revenue from contracts with customers

The Group disaggregates revenue from customers as follows:

Figures in R'000	2023	2022
Sale of goods	255 090	317 270
Sale of terminals	103 965	17 766
Security hardware and third-party license fees	359 055	335 036
Rendering of services	304 992	219 419
Services and consultancy fees	62 455	60 021
Licence and subscription fees	28 630	21 581
Terminal rental income	177 372	148 661
Maintenance and support service fees from terminals	62 609	46 260
Transaction related income from terminals	636 058	495 942
Total revenue	995 113	830 978

Group as a lessor

The Group has entered into operating leases on its rental terminals (refer note 3). These operating leases have terms of three years. Rental income recognised by the Group during the year is R28.6 million (2022: R21.6 million).

Future minimum rentals receivable under the operating leases as at 31 March 2023 are as follows:

Figures in R'000	2023	2022
Within year one	33 390	28 630
Within year two	61 517	33 390
Within year three	38 562	61 517
	133 559	123 537

There were no unsatisfied revenue obligations at year-end

* The payments division enters into merchant rental agreements for point of sale terminals with the following salient terms:

- The term for each rental agreement is three years
- Rental fees has an annual escalation, based on CPI
- At the end of the term, the lessee has a responsibility to return the terminal to the lessor in good, working condition, fair wear and tear accepted
- There is no residual value of the terminal at end of term

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

- The lessee is not allowed to acquire any title to the terminal, and the lessor will retain ownership of the terminal at all times.

20. OTHER INCOME

Figures in R'000	2023	2022
Insurance claim	292	78
Foreign exchange gains	4 445	-
Sundry income	1 280	300
Skills development levy refund	341	371
Bad debts recovered	259	-
	6 617	749

21. OPERATING PROFIT

Figures in R'000	2023	2022
The following items are charged within operating profit:		
Foreign exchange loss	-	2 879
Advertising and marketing expenses	6 908	2 639
Audit fees	3 262	2 375
Internal audit fees	997	979
International segment operating expenses	7 728	2 105
Employee costs relating to operating expenses	152 588	117 066
Employee costs	310 580	228 419
Employee costs reallocated to cost of sales	(157 992)	(111 353)
Share-based payment expense	15 987	12 015
Depreciation: property, plant and equipment	14 099	10 072
Depreciation: right-of-use assets	7 808	8 095
Amortisation of intangibles	23 005	22 783
Transformation costs	3 320	6 279
Acquisition costs	3 015	2 168
Legal fees	6 022	992
Loss on disposals of property, plant and equipment and intangibles	791	651
Executive directors emoluments	15 619	9 586
Non-executive directors emoluments	2 676	1 564

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

22. FINANCE INCOME

Figures in R'000	2023	2022
Bank	33 112	22 042
Loans to associates	3 831	1 185
	36 943	23 227

23. FINANCE COSTS

Figures in R'000	2023	2022
Bank	-	12
Present value of cash portion of the contingent consideration (note 15)	276	22
Lease liability (note 17)	448	1 124
	724	1 158

24. TAXATION

Figures in R'000	2023	2022
Major components of the tax expense		
Current		
Local income tax current year	63 307	55 645
Local income tax prior year	-	(4)
Deferred		
Originating and reversing temporary differences	850	(462)
Originating and reversing temporary differences on assessed tax loss	167	13 660
Originating and reversing temporary differences prior year	-	570
South African normal tax	64 324	69 409

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

24. TAXATION continued

	%	%
Reconciliation of rate of taxation		
South African normal tax	27.0	28.0
Adjusted for:		
- Permanent differences*	14.0	0.9
- Prior year over provision	-	0.2
- Change in tax rate	-	(0.1)
- Timing differences on assessed tax loss	-	0.5
- Foreign withholding tax	0.2	0.3
Effective tax rate	41.2	29.8

* Includes non-deductible expenses relating to share-based payments, acquisition costs, expected credit loss raised on loan to associate as well as Section 12H allowances and Section 11(d) allowances.

25. CASH GENERATED FROM OPERATIONS

Figures in R'000	2023	2022
Profit before taxation	156 235	232 700
Adjustments for:		
Share-based payment expense	12 897	10 529
Depreciation: property, plant and equipment	14 099	10 072
Depreciation: right-of-use assets	7 808	8 095
Amortisation of intangibles	23 005	22 783
Finance income	(36 943)	(23 227)
Finance costs	724	1 158
Equity accounted loss in associates	2 156	1 185
Unrealised foreign exchange (profit)/loss	(2 248)	119
Loss on disposals of property, plant and equipment and intangibles	791	651
Expected credit loss	70 785	-
Changes in working capital		
(Increase)/decrease in inventory	(34 828)	4 837
Increase in trade and other receivables	(74 892)	(66 244)
Increase in trade and other payables	40 484	4 105
Increase/(decrease) in deferred revenue	3 424	(1 969)
Increase in foreign taxation receivable	(315)	(503)
	183 182	204 291

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

26. CONTINGENT LIABILITIES

The Group has no contingent liabilities at year end, other than the Rozendal pending settlement, detailed below:

A general meeting of shareholders was held on 27 August 2019 where 97.77% of shareholders voted in favour of repurchasing 245 million shares from the relevant persons in terms of a circular posted to shareholders on 29 July 2019. One shareholder, First National Nominees Proprietary Limited and Nedbank Limited, on behalf of Rozendal Partners Proprietary Limited (Rozendal), who held 18 234 829 shares voted against the shareholders resolution and exercised their share appraisal rights in terms of the circular issued to shareholders. A dispute arose between the Company and Rozendal, which went to the Supreme Court upon which a judgement was made by the court requiring the Company to repurchase Rozendal's shares at a price to be determined by a valuation of an independent expert appointed by the court. The independent expert has determined that the Company must repurchase Rozendal's shares at a price of R1.06 per share, which will amount to R19 328 919. The repurchased shares will be held in treasury shares. The costs relating to the matter amounted to R2 368 027 have been expensed in the 2023 financial results. It is anticipated that the court will finalise the matter by the end of July 2023.

27. POST-RETIREMENT OBLIGATIONS

The Group provides no retirement benefits to its permanent employees and therefore, has no-post retirement obligations.

28. RELATED PARTIES

28.1 In terms of International Accounting Standards (IAS 24), the Group is obliged to disclose parties that directly or indirectly fall within the scope and definition of a related party.

28.2 The Group established the Capital Appreciation Empowerment Trust ("the Trust") with the object of facilitating economic empowerment of, and advancing the interests of Black Persons, by conferring vested interests in ordinary shares held by the Trust. The Trust initially subscribed for 50 000 000 ordinary shares and 25 000 000 founders initial ordinary shares in the Group. These shares are currently held by CAET Holdings Proprietary Limited of which the Trust is a 100% shareholder. The funding for the initial subscription was facilitated through loans granted to CAET Holdings Proprietary Limited of the Trust. The trust is included as a related party as the previous Chairman of the Group serves as one of the trustees of the trust

28.3 Given the 26.4% shareholding by the Government Employees Pension Fund in the Group, their interest is deemed to enable them to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the Group. Accordingly, the Government Employees Pension Fund falls within the definition of a related party.

28.4 Transactions with directors

The transactions with directors have been disclosed in the directors' report.

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

28. RELATED PARTIES continued

28.5 Relationships

Holding Company	Capital Appreciation Limited	2023	2022
Subsidiaries	African Resonance Business Solutions Proprietary Limited	100.0%	100.0%
	Rinwell Investments Proprietary Limited	100.0%	100.0%
	Dashpay Proprietary Limited	100.0%	100.0%
	Synthesis Software Technologies Proprietary Limited	100.0%	100.0%
	CAPPREC Management Services Proprietary Limited	100.0%	100.0%
	Synthesis Europe B.V.	100.0%	100.0%
	Synthesis Labs B.V.	100.0%	100.0%
	Responsive Tech Proprietary Limited	100.0%	100.0%
	Responsive Digital Proprietary Limited	100.0%	100.0%
	Rethink Digital Solutions Proprietary Limited	71.0%	71.0%
Associates	GovChat Proprietary Limited	35.0%	35.0%
	GroEx Proprietary Limited	15.0%	15.0%
	LayUp Technologies Proprietary Limited	27.4%	27.4%
	Regal Digital B.V.	20.0%	-

28.6 Directors

M Pimstein
B Sacks
A Salomon
M Shapiro
B Bullo
K Dlamini
E Kruger
R Maqache
V Sekese
C Valkin
M Kahn (Deceased 2 June 2022)
M Sacks (Retired 28 February 2023)

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

28. RELATED PARTIES CONTINUED

28.7 Companies with common directors

Centric Capital Ventures LLC is a company registered in the USA and is owned by B Sacks.

K2017220477 (South Africa) NPC¹.

GovChat Proprietary Limited, M Sacks retired 28 February 2023.

LayUp Technologies Proprietary Limited

Regal Digital B.V.

28.8 Transactions with related parties

Figures in R'000

	2023	2022
Loans to associates		
GovChat Proprietary Limited	1	49 528
Loan granted	66 906	49 528
Expected credit loss raised	(66 905)	-
LayUp Technologies Proprietary Limited	12 153	5 096
Regal Digital B.V.	9 526	-
Related-party transactions		
Enterprise Development loans by Synthesis and Dashpay to GovChat through K2017220477 (South Africa) NPC ¹	*	3 780
Loan granted	3 880	3 780
Expected credit loss raised	(3 880)	-
Revenue received by Synthesis from GovChat Proprietary Limited	6 456	12 630
Capital Appreciation Limited to Centric Capital Ventures LLC ²	5 151	2 420
Sundry income received from GovChat Proprietary Limited	300	300
Directors' emoluments to non-executive directors	2 676	1 564
Interest and platform fee received from GovChat Proprietary Limited	3 041	1 089
Interest received from LayUp Technologies Proprietary Limited	790	96

¹ K2017220477 (South Africa) NPC is regarded as a related party because an executive of one of the Group's subsidiaries is a non-executive director of the NPC, which enables him to exercise significant influence.

² Payments relate to emoluments and operating expenses paid to B Sacks.

* In aggregate amounts to less than R1 000.

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

29. DIRECTORS' EMOLUMENTS

Figures in R'000	Salary		Bonus		Total	
	2023	2022	2023	2022	2023	2022
Directors' emoluments						
M Pimstein	1 800	1 800	1 800	-	3 600	1 800
B Sacks*	1 800	1 800	1 800	-	3 600	1 800
A Salomon	1 800	1 800	1 800	-	3 600	1 800
M Shapiro	3 619	3 286	1 200	900	4 819	4 186
Total	9 019	8 686	6 600	900	15 619	9 586

* Emoluments paid to Centric Capital Ventures LLC.

Bonuses paid to executive directors in 2023, relate to the 2022 financial year performance.

Directors receive no fringe benefits from the Group.

Directors have long-term incentives which are reflected in note 14.

No directors have employment terms that exceed six months' notice. The Group is not under any obligation to make exit payments for directors leaving the Group.

Figures in R'000	Salary		Fees		Total	
	2023	2022	2023	2022	2023	2022
Non-executive directors						
B Bulo	-	-	453	240	453	240
D Dlamini	-	-	560	165	560	165
E Kruger	-	-	264	137	264	137
R Maqache	-	-	258	137	258	137
R Morar (resigned 23 September 2021)	-	-	-	105	-	105
V Sekese	-	-	566	274	566	274
C Valkin	-	-	225	137	225	137
M Kahn (deceased 2 June 2022)	-	-	47	170	47	170
M Sacks (retired 28 February 2023)	-	-	303	199	303	199
Total	-	-	2 676	1 564	2 676	1 564

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

29. DIRECTORS' EMOLUMENTS CONTINUED

The non-executive directors' remuneration excludes VAT and was approved by special resolution at the Annual General Meeting held on 7 September 2022.

Details of non-executive directors attendance at meetings is recorded in the Directors report.

Figures in R'000

	2023	2022
Share-based payment expense		
M Pimstein	2 537	1 951
B Sacks	2 537	1 951
A Salomon	2 537	1 951
M Shapiro	1 033	777
	8 644	6 630

Number	Opening balance 1 April 2022	New share awards 2023	Closing balance 31 March 2023
Details of directors' outstanding share options			
M Shapiro	2 300 000	–	2 300 000
Details of directors' outstanding conditional share plan awards			
M Pimstein	9 486 364	1 600 000	11 086 364
B Sacks	9 486 364	1 600 000	11 086 364
A Salomon	9 486 364	1 600 000	11 086 364
M Shapiro	3 259 259	800 000	4 059 259
	31 718 351	5 600 000	37 318 351

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

30. DIRECTORS' DIRECT SHAREHOLDING

The individual direct interests declared by the directors and officers held in the Group share capital as at 31 March, are as follows:

	2023	2022
	Number of ordinary shares	Number of ordinary shares
Beneficial directors		
M Pimstein	60 429 792	60 429 792
B Sacks*	70 833 333	70 833 333
A Salomon	57 064 336	57 263 776
M Shapiro	28 327 970	28 327 970
C Valkin	250 000	250 000
M Kahn (deceased 2 June 2022)	3 600 000	3 600 000
M Sacks (retired 28 February 2023)	45 500 000	45 500 000
Total	266 005 431	266 204 871

* The shareholding held by B Sacks is held indirectly through Centric Capital Ventures LLC.

There have been no changes in the Director's shareholding held in the Group from 31 March 2023 to 5 June 2023, being the date that the Group's Financial Statements have been approved by the Board.

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

31. EARNINGS PER SHARE

The following table reflects the information used in the calculation of the basic, headline and diluted earnings per share:

Figures in R'000	2023	2022
Profit for the year attributable to ordinary shareholders	90 953	163 230
Loss on disposal of property, plant and equipment and intangible assets	791	651
Tax on loss on disposal of property, plant and equipment and intangible assets	(214)	(182)
Headline earnings	91 530	163 699

	Number of shares	Number of shares
Number of ordinary shares in issue ('000)	1 310 000	1 310 000
Weighted average number of ordinary shares in issue ('000)	1 230 959	1 221 266
Diluted weighted average number of ordinary shares in issue ('000)	1 324 634	1 283 791

	Cents per share	Cents per share
Earnings per share		
Basic earnings per share	7.39	13.37
Headline earnings per share	7.44	13.40
Diluted earnings per share	6.87	12.71
Diluted headline earnings per share	6.91	12.75

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

32. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Categories of financial instruments

Figures in R'000

	Amortised cost	Fair value through profit and loss	Total	Fair value
Categories of financial assets				
2023				
Trade and other receivables	192 676	-	192 676	192 676
Loan to associates	21 680	-	21 680	21 680
Cash and cash equivalents	494 856	-	494 856	494 856
	709 212	-	709 212	709 212
2022				
Trade and other receivables	115 884	-	115 884	115 884
Loan to associates	54 624	-	54 624	54 624
Cash and cash equivalents	533 424	-	533 424	533 424
	703 932	-	703 932	703 932
Categories of financial liabilities				
2023				
Lease liability	17 973	-	17 973	17 973
Trade and other payables	106 191	619	106 810	106 810
	124 164	619	124 783	124 783
2022				
Lease liability	10 638	-	10 638	10 638
Trade and other payables	64 033	1 794	65 827	65 827
	74 671	1 794	76 465	76 465

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

32. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT CONTINUED

Pre-tax gains and losses on financial instruments

Figures in R'000

	Amortised cost	Total
Gains on financial assets		
2023		
Recognised in the statement of comprehensive income:		
Finance income	36 943	36 943
2022		
Recognised the statement of comprehensive income:		
Finance income	23 227	23 227
Losses on financial liabilities		
2023		
Recognised in the statement of comprehensive income:		
Finance costs	724	724
2022		
Recognised in the statement of comprehensive income:		
Finance costs	1 158	1 158

Capital risk management

For the purpose of the Group's capital management, capital includes issued share capital and all other equity reserves attributable to the equity shareholders of the parent. The primary objective of the Group's capital management is to maximise the shareholders' value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. Although the Group has no debt, should the need to raise debt, capital risk management will be monitored on a formula to be determined by the Board at the appropriate time.

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

32. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT CONTINUED

Figures in R'000

	2023	2022
Interest-bearing loans and borrowings	-	-
Lease liability	17 973	10 638
Less: Cash and cash equivalents	(494 856)	(533 424)
Net cash	(476 883)	(522 786)
Equity	1 493 273	1 482 531
Total capital	1 493 273	1 482 531
Net cash to capital (%)	(47%)	(54%)

In order to achieve this overall objective, the Group's capital management, among other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. The Group had no interest-bearing loans and borrowings during the reporting period and therefore have no breaches of any financial covenants in the reporting period.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2023 and 2022.

Financial risk management

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as, interest rate risk, credit risk and investment of excess liquidity.

Currency risk management

The Group is exposed to currency risk as a result of revenues and costs in United States Dollars, Euros and Singapore Dollars and British Pounds, which are currencies other than the Group's reporting currency. The Group enters into various types of foreign exchange contracts as part of the management of its foreign exchange exposure arising from its current and anticipated business activities.

It is estimated that a general increase of 25 cents in the value of the Rand against other foreign currencies would decrease the Group's profit before and after tax for the year by approximately R676 817 and R494 076 respectively (31 March 2022: R1 880 958 and R1 354 289 respectively). A decrease of 25 cents would have an equal, but opposite effect.

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

32. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT CONTINUED

Interest rate risk

Cash flow interest rate risk arises on cash balances held and loans receivables. Financial assets and liabilities affected by interest rate fluctuations include bank and cash deposits. At the reporting date, the Group cash deposits were accessible immediately or had maturity dates up to three months. The interest earned on these deposits closely approximate the market rates prevailing. The directors have determined that a fluctuation in an interest rate of 50 basis points is reasonably possible. An increase in 50 basis points in interest rates as at the reporting date would have increased the profit before and after tax for the year by approximately R2.5 million and R1.8 million respectively (31 March 2022: R2.7 million and R1.9 million respectively). A decrease of 50 basis points would have an equal, but opposite effect.

The analysis assumes that all other variables remain constant.

Liquidity risk

Liquidity risk is the risk where the Group fails to maintain adequate levels of financial resources to enable it to meet its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Group could be required to pay its liabilities earlier than expected or because of any inability to realise assets in order to meet obligations as they fall due or is only able to realise assets by suffering financial loss.

The Group's liquidity risk derives from the need to have sufficient funds available to cover future commitments. The Group manages liquidity risk through an ongoing review of future cash requirements.

Cash flow forecasts are compared to cash available.

The maturity profile of contractual cash flows of non-derivative financial liabilities, and financial assets held to mitigate the risk, are presented in the below table. The cash flows are undiscounted contractual amounts.

Figures in R'000	0 – 6 months	7 – 12 months	1 – 5 years	Finance costs	Carrying amount
2023					
Trade and other payables	114 717	-	-	-	114 717
Lease liability	3 354	2 280	16 949	(4 610)	17 973
Contingent consideration	6 646	-	-	-	6 646
	124 717	2 280	16 949	(4 610)	139 336
2022					
Trade and other payables	74 233	-	-	-	74 233
Lease liability	5 307	4 230	1 529	(428)	10 638
Contingent consideration	-	-	6 370	-	6 370
	79 540	4 230	7 899	(428)	91 241

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

32. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT CONTINUED

Credit risk

Credit risk relates to the secure and unfettered access to and recovery of cash deposits, cash equivalents and trade and other receivables. The Group limits its counterparty exposure arising from financial instruments by only dealing with well-established institutions with high-quality ratings assigned by internationally recognised credit ratings agencies.

The carrying amount of financial assets represents the Group's maximum exposure to credit risk. The maximum exposure of each class of financial asset are as follows:

Figures in R'000	Gross carrying amount	Expected credit loss allowance	Amortised cost/fair value
2023			
Trade and other receivables	192 676	-	192 676
Loans to associates	88 585	(66 905)	21 680
	281 261	(66 905)	214 356
2022			
Trade and other receivables	115 884	-	115 884
Loans to associates	54 624	-	54 624
	170 508	-	170 508

Where credit ratings are not available, the Group does not expect certain trade and other receivables counterparties to fail to meet their obligations.

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

32. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT CONTINUED

Trade and other receivables

The credit quality of trade and other receivables is assessed by reference to historical information about counterparty default rates. Historical levels of customers' defaults are minimal and, as a result, the credit quality of year-end trade and other receivables is considered to be high.

Loans to associates

The purpose of the loans is to allow the associates to utilise the funding for software and other development costs which will, in due course, be revenue generating and generate profitability and from this profitability, the loans will be repaid.

Cash and cash equivalents

The maximum exposure to credit risk at the reporting date is the carrying amount. The Group only deposits funds with major banks with high-quality credit ratings assigned by internationally recognised credit rating agencies. For this reason, the credit quality at year-end of cash and cash equivalents is considered to be high.

Expected credit loss allowance

The Group's definition of default are the amounts that will not be repaid in terms of the terms of all financial assets in future timing periods. The amounts are written-off as and when the amounts are not recoverable. The expected credit loss is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information, like for example, forecast economic conditions and other related micro and macro-economic factors. The Group calculates the expected credit loss allowance by comparing the year-end balance against the future expected amount receivable as per the terms of the agreements and recording the difference between the two.

The GovChat loan is secured by a pledge of all the associate's rights, title and interest in its intellectual property and specifically including all the software rights, trade mark rights and technology source codes. GovChat went into business rescue on 22 December 2022 and the Group has recognised an expected credit loss on the loan receivable at 31 March 2023.

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

33. GROUP INFORMATION

Subsidiaries	Principal Activities	% Equity interest
Capprec Management Services Proprietary Limited	Corporate administration	100
African Resonance Business Solutions Proprietary Limited	Payment solutions	100
Rinwell Investments Proprietary Limited	Payment solutions	100
Dashpay Proprietary Limited	Payment solutions	100
Synthesis Software Technologies Proprietary Limited	Software solutions	100
Synthesis Europe B.V.	Software solutions	100
Synthesis Labs B.V.	Software solutions	100
Responsive Tech Proprietary Limited	Software solutions	100
Responsive Digital Proprietary Limited	Software solutions	100
Rethink Digital Proprietary Limited	Software solutions	71
Associates		
GroEx Proprietary Limited	Software solutions	15
GovChat Proprietary Limited	Software solutions	35
Regal Digital B.V.	Software solutions	20
LayUp Technologies Proprietary Limited	Payment solutions	27

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

34. FAIR VALUE

Financial instruments are normally held by the Group until they close out in the normal course of business. The fair values of the Group's financial instruments, which principally comprise forward exchange contracts approximate their carrying value. The maturity profile of those financial instruments fall due within 12 months.

There are no significant differences between carrying fair value and fair value of financial assets and liabilities.

Loans to associates, trade and other receivables and trade and other payables carried on the statements of financial position approximate the fair values.

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

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

Level 2: Other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly.

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

The foreign exchange contract liabilities are recognised at fair value under level 2. The inputs into the valuation include the market interest rates and foreign exchange rates, as well as yield curves. There have been no transfers between the levels during the year.

Figures in R'000

	2023	Level 1	Level 2	Level 3
Financial instrument				
Foreign exchange forward contracts	(619)	-	(619)	-
	2022	Level 1	Level 2	Level 3
Financial instrument				
Foreign exchange forward contracts	(1 794)	-	(1 794)	-

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

35. DIVIDENDS

A final dividend for the year ended 31 March 2022 of 3.75 cents per ordinary share was declared on 2 June 2022 amounting to R49.1 million. An interim dividend for the year ended 31 March 2023 of 4.25 cents per ordinary share was declared on 29 November 2022 amounting to R55.7 million. The total dividends paid during the year amounted to R104.8 million (2022: R88.4 million).

36. GOING CONCERN

The financial statements have been prepared on the basis of accounting policies applicable to a going concern.

37. POST-YEAR-END EVENTS

37.1 The Group has not experienced any material operating and servicing disruptions or any material deterioration in trading performance for the period from the financial year-end, dated 31 March 2023, to the date of this report.

37.2 Acquisition of Dariel Solutions Proprietary Limited

The Group issued a SENS announcement on 24 April 2023, advising shareholders that sale agreements have been concluded with Malcolm Rabson, Gregory Vercellotti and Wayne Yan, the founders and directors of Dariel Solutions Proprietary Limited (Dariel) to acquire 100% of Dariel for a total consideration of R131.2 million, to be settled by a combination of cash and an allotment of ordinary shares out of treasury shares (the acquisition). Dariel is the holding company of Dariel Software Proprietary Limited (Dariel Software).

Dariel provides a variety of software engineering/developments and related activities, with a strong focus on software to financial institutions and others in the financial services and “FinTech” sectors.

The Acquisition of Dariel is subject to the fulfillment of certain suspensive conditions, which include:

- The approval required by the Competition Act for the implementation of the Sale Agreements.
- The Company advising Dariel in writing that it is satisfied with the results of the Due Diligence.
- No material adverse change arises or occurs between the signature date of the Sale Agreements and the date upon which all the Suspensive Conditions are fulfilled.

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

37. POST-YEAR-END EVENTS CONTINUED

37.2 Acquisition of Dariel Solutions Proprietary Limited continued

The Group will acquire 100% of Dariel for an initial aggregate purchase consideration of R85.3 million to be settled by way of (i) a cash payment of R46.9 million and (ii) the allotment out of treasury shares of 25 243 779 shares at R1.52 per share amounting to R38.4 million

Dariel has also provided the Group with a profit warranty of R62.2 million EBITDA for the 24-month period (a CAGR of 20%), 1 April 2023 to 31 March 2025, that, if achieved, will result in an aggregate warranty purchase consideration, which should not exceed R45.9 million. This profit warranty consideration will be settled by way of (i) cash payment of R25.2 million and (ii) allotment out of treasury shares of 13 592 804 shares.

The value of the net assets of Dariel was R39.2 million at 31 March 2022, being the date of the last independent reviewed annual financial statements, which were prepared in terms of International Financial Reporting Standards for Small and Medium-sized Entities. For the year ended 31 March 2023, the value of the net assets of Dariel, based on unaudited management accounts provided by the Sellers, was R47.8 million.

The EBITDA as per the unaudited management accounts and profits after tax attributable to the net assets ("PAT") for the year ended 31 March 2023, were R23.8 million and R16.2 million respectively.

The founders and directors of Dariel will remain with the business and have entered into long-term executive employment agreement with Dariel Software.

37.3 LayUp Technologies Proprietary Limited

On 20 October 2021, a convertible loan was granted to LayUp Technologies Proprietary Limited. The loan bears interest at prime. The original 2021 convertible loan was repayable on 20 November 2023, which has now been extended to 20 November 2025.

On 31 May 2023, the Group entered into a new 2023 convertible loan agreement with LayUp, whereby the Group will loan a further R9.2 million, which bears interest at prime and is repayable within 30 months from the date that the first advance is made to LayUp.

Both the 2021 and 2023 loan agreements provide that Capital Appreciation is entitled to convert the capital outstanding, plus any interest accrued thereon, into equity.

The significant estimates, judgments and assumptions made in preparing the Group's results have remained constant. The Group is currently not exposed to credit risk and at the time of reporting, no significant change in this credit risk position has been noted. Management will, however, continue to actively monitor this. At this stage, no significant impairments of the Group's assets are expected to arise. Further assessment of this will be conducted as the new financial year unfolds.

Company statement of financial position

AT 31 MARCH 2023

Figures in R'000

	Notes	2023	2022
At 31 March 2023			
Property, plant and equipment	1	427	622
Investment in subsidiaries	2	938 924	938 924
Investment in associates	3	2 792	4 842
Loans to associates	4	12 154	54 624
Deferred tax asset	5	107	1 874
Non-current assets		954 404	1 000 886
Other receivables	6	1 016	10 831
Other financial assets	7	27 253	34 154
Loans to associates	4	9 526	-
Taxation receivable		74	14
Cash and cash equivalents	8	395 610	441 600
Current assets		433 479	486 599
Total assets		1 387 883	1 487 485
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	9	1 058 981	1 058 981
Share-based payment reserve	10	17 224	9 546
Contingent consideration reserve	11	9 582	9 582
Retained income		(88 055)	22 138
Total equity		997 732	1 100 247
Contingent consideration		-	6 370
Non-current liabilities		-	6 370
Contingent consideration reserve	11	6 646	-
Trade and other payables	12	8 826	6 512
Other financial liabilities	13	374 679	374 356
Current liabilities		390 151	380 868
Total equity and liabilities		1 387 883	1 487 485

Company statement of comprehensive income

FOR THE YEAR ENDED 31 MARCH 2023

Figures in R'000	Notes	2023	Reclassified* 2022
Revenue		88 856	73 800
Dividends received		69 800	60 300
Other income	14	19 056	13 500
Operating expenses*	15	(55 807)	(36 428)
Operating profit	15	33 049	37 372
Finance income	16	33 806	21 240
Finance costs	17	(460)	(22)
Equity accounted loss in associate	3	(2 156)	(1 185)
Expected credit loss raised		(66 905)	-
(Loss)/Profit before taxation		(2 666)	57 405
Taxation	18	(2 727)	(1 747)
Profit after taxation		(5 393)	55 658
Other comprehensive income		-	-
Total comprehensive income for the year		(5 393)	55 658

* Operating expenses in 2022 have been reclassified in line with the presentation requirements of IAS 1 as part of continuous improvements in terms of IFRS. Depreciation of property, plant and equipment and transformation, share-based payments and acquisition costs were previously disaggregated on the face of the Statement of Comprehensive Income (SOCl), but this has been aggregated in the current year to better present the SOCl in line with the requirements of IFRS. Refer to note 21 for the breakdown of these items.

Company statement of cash flows

FOR THE YEAR ENDED 31 MARCH 2023

Figures in R'000

	Notes	2023	2022
Cash utilised from operations	19	(18 431)	(23 360)
Finance income received		29 975	20 055
Dividends received		69 800	60 300
Dividends paid		(104 800)	(88 425)
Income tax paid		(1 020)	-
Net cash outflow from operating activities		(24 476)	(31 430)
Cash flows from investing activities			
Cash paid on acquisition of subsidiaries in the Responsive Group		-	(13 292)
Acquisition of shares in associate	3	(106)	(170)
Acquisition of property, plant and equipment		(274)	-
Loans to associates	4	(29 041)	(33 794)
Other financial liabilities		7 907	(6 096)
Net cash outflow from investing activities		(21 514)	(53 352)
Cash flows from financing activities			
Funds received from subsidiaries		-	96 082
Net cash inflow from financing activities		-	96 082
Net (decrease)/increase in cash and cash equivalents		(45 990)	11 300
Cash and cash equivalents at beginning of year		441 600	430 300
Cash and cash equivalents at end of year	8	395 610	441 600

Company statement of changes in equity

FOR THE YEAR ENDED 31 MARCH 2023

Figures in R'000

	Ordinary share capital	Share-based payment reserve	Contingent consideration reserve	Retained income	Total equity
Balance at 31 March 2021	1 058 981	3 703	-	54 905	1 117 589
Share-based payment expense	-	6 090	-	-	6 090
Settlement of share options	-	(247)	-	-	(247)
Contingent consideration reserve	-	-	9 582	-	9 582
Cash dividends paid	-	-	-	(88 425)	(88 425)
Total comprehensive income for the year ended 31 March 2022	-	-	-	55 658	55 658
Balance at 31 March 2022	1 058 981	9 546	9 582	22 138	1 100 247
Share-based payment expense	-	7 967	-	-	7 967
Settlement of share options	-	(289)	-	-	(289)
Cash dividends paid	-	-	-	(104 800)	(104 800)
Total comprehensive loss for the year ended 31 March 2023	-	-	-	(5 393)	(5 393)
Balance at 31 March 2023	1 058 981	17 224	9 582	(88 055)	997 732

Notes to the company financial statements

FOR THE YEAR ENDED 31 MARCH 2023

Accounting policies

Refer to the Group accounting policies in Notes 1 and 2

1. PROPERTY, PLANT AND EQUIPMENT

Figures in R'000

	2023		
	Cost	Accumulated depreciation	Carrying value
Computer hardware	1 029	(937)	92
Computer software	15	(15)	-
Office equipment	182	(182)	-
Furniture and fixtures	1 037	(849)	188
Leasehold improvements	825	(678)	147
Total	3 088	(2 661)	427

Reconciliation of property, plant and equipment

	2023			
	Opening balance	Additions	Depreciation	Carrying value
Computer hardware	150	98	(156)	92
Computer software	-	-	-	-
Office equipment	-	-	-	-
Furniture and fixtures	323	41	(176)	188
Leasehold improvements	149	135	(137)	147
Total	622	274	(469)	427

Figures in R'000

	2022		Carrying value
	Cost	Accumulated depreciation	
Computer hardware	932	(782)	150
Computer software	15	(15)	-
Office equipment	182	(182)	-
Furniture and fixtures	996	(673)	323
Leasehold improvements	689	(540)	149
Total	2 814	(2 192)	622

Notes to the company financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

1. PROPERTY, PLANT AND EQUIPMENT CONTINUED

Reconciliation of property, plant and equipment

	2022		Carrying value
	Opening balance	Depreciation	
Computer hardware	301	(151)	150
Computer software	2	(2)	-
Office equipment	3	(3)	-
Furniture and fixtures	489	(166)	323
Leasehold improvements	287	(138)	149
Total	1 082	(460)	622

2. INVESTMENTS IN SUBSIDIARIES

Figures in R'000

	2023	2022
Balance at 31 March	938 924	938 924

The Company acquired on 5 May 2017, 100% of the shares in African Resonance Proprietary Limited, Rinwell Investments Proprietary Limited, Dashpay Proprietary Limited, Synthesis Software Technologies Proprietary Limited and CAPPREC Management Services Proprietary Limited. Investments in subsidiaries are valued at cost, which in aggregate amounts to R890.5 million.

The Company acquired on 21 June 2021, 100% of the shares in Synthesis Europe B.V., a company registered in the Netherlands. Synthesis Europe B.V. is the holding Company of Synthesis Labs B.V. which is an operating company in the Netherlands. The investment in the subsidiary is valued at cost of EUR 1 = (R17.00).

On 1 March 2022, the Company acquired:

- 100% of the issued share capital of Responsive Tech Proprietary Limited and 100% of the issued share capital of Responsive Digital Proprietary Limited (collectively called "Responsive Build"); and
- 71% of the issued share capital of Rethink Digital Solutions Proprietary Limited (Rethink Digital Solutions).

Investments in the Responsive Group are valued at cost which in aggregate amounts to R48.4 million.

Notes to the company financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

3. INVESTMENTS IN ASSOCIATES

Unlisted investments

3.1 GovChat Proprietary Limited

The Company acquired a 35% interest in GovChat Proprietary Limited on 21 May 2019. GovChat operates a technology platform that connects people to government and government to people. The principal place of business is in Cape Town and the company is incorporated in South Africa.

Figures in R'000

	2023	2022
54 shares at cost	*	*
Carrying and fair value	*	*

Refer to note 4.1 for further information on GovChat.

* Investments in associate in aggregate amounts to less than R1 000.

3.2 LayUp Technologies Proprietary Limited

The Company holds a 27.4% interest in LayUp. LayUp is a fully digital Lay-By and recurring payments business. The principal place of business is in Johannesburg and the Company is incorporated in South Africa.

Figures in R'000

	2023	2022
122 517 (2022: 122 517) shares at cost	6 378	6 378
Carrying and fair value at beginning of year	4 842	5 857
Shares purchased	-	170
Share of loss of associate	(2 111)	(1 185)
Carrying and fair value	2 731	4 842

3.3 Regal Digital B.V.

The Company subscribed, on 13 May 2022, for 392 shares, being 20% of the issued share capital of Regal Digital B.V., which is a technology company, for a cash consideration of EUR6 178 (R105 551). The principal place of business is in Amsterdam, Netherlands, and the company is incorporated in the Netherlands.

Figures in R'000

	2023	2022
392 shares at cost	106	-
Shares purchased	106	-
Share of loss of associate	(45)	-
Carrying and fair value	61	-

Notes to the company financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

4. LOANS TO ASSOCIATES

Figures in R'000

	2023	2022
GovChat Proprietary Limited	1	49 528
LayUp Technologies Proprietary Limited	12 153	5 096
Regal Digital B.V.	9 526	-
	21 680	54 624
Non-current assets	12 154	54 624
Current assets	9 526	-
Total	21 680	54 624

4.1 GovChat Proprietary Limited

Figures in R'000

	2023	2022
Opening balance	49 528	19 645
Loan granted during the year	14 337	28 794
Accretion of interest	3 041	1 089
Expected credit loss raised	(66 905)	-
Closing balance	1	49 528

In May 2019 an interest-free enterprise development loan was granted to GovChat Proprietary Limited and was repayable on demand. This loan was converted during the prior financial year to a long-term loan.

In April 2021, an additional enterprise development loan was granted, bearing interest at prime less 3%.

GovChat has pledged as a security for the loan from Capital Appreciation Limited, all its rights, title and interest in and to all of GovChat's intellectual property and specifically including all the software rights, trade mark rights and technology source codes.

GovChat went into business rescue on 22 December 2022. During February 2023, the Company engaged with the business rescue practitioner to provide post commencement funding to GovChat. Management is in regular communication with the business rescue practitioner and expects that further details of any amount recoverable will be clarified in the period after the reporting date. At year end, the full amount due has been recognised as an expected credit loss.

Notes to the company financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

4. LOANS TO ASSOCIATES CONTINUED

4.2 LayUp Technologies Proprietary Limited

Figures in R'000

	2023	2022
Opening balance	5 096	-
Convertible loan granted during the year	6 267	5 000
Accretion of interest	790	96
Closing balance	12 153	5 096

On 20 October 2021, a convertible loan was granted to LayUp Technologies Proprietary Limited. The loan bears interest at prime. The original 2021 convertible loan was repayable on 20 November 2023, which has now been extended to 20 November 2025.

On 31 May 2023, the company entered into a new 2023 convertible loan agreement with LayUp, whereby the company will loan a further R9.2 million, which bears interest at prime and is repayable within 30 months from the date that the first advance is made to LayUp.

Both the 2021 and 2023 loan agreements provide that Capital Appreciation is entitled to convert the capital outstanding, plus any interest accrued thereon, into equity.

4.3 Regal Digital B.V.

Figures in R'000

	2023	2022
Loan granted during the year	8 437	-
Foreign exchange movement	1 089	-
Closing balance	9 526	-

The Company granted Regal Digital B.V. a long term loan of EUR493 822 (R9.5 million), which is non-interest-bearing and has no fixed terms of repayment. The loan is mark to market at the foreign exchange rate of EUR1 = R19.29 at 31 March 2023.

Notes to the company financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

5. DEFERRED TAX

Figures in R'000

	2023	2022
Analysis of deferred taxation		
Timing differences*	107	103
Recognition of deferred tax on assessed tax loss	-	1 771
	107	1 874
Reconciliation of deferred tax		
At beginning of period	1 874	3 621
Timing differences*	4	12
Utilisation of deferred tax on assessed tax loss	(1 771)	(1 759)
At end of period	107	1 874

* Included are timing differences relating to provisions.

On 23 February 2022 the corporate tax rate was reduced from 28% to 27% for years of assessment ending on or after 31 March 2023.

Notes to the company financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

6. OTHER RECEIVABLES

Figures in R'000	2023	2022
Other receivables	760	2 118
VAT receivable	256	170
Prepayments	-	8 543
	1 016	10 831

* The repayment terms of other receivables are between 30 and 60 days and are interest-free.

Categorisation of other receivables

Other receivables are categorised in accordance with IFRS 9 *Financial Instruments* as follows:

Figures in R'000	2023	2022
At amortised cost	760	2 118
Non-financial instruments	256	8 713
	1 016	10 831

Fair value of other receivables

Due to the short-term nature of other receivables, the carrying value approximates fair value.

Estimated credit losses

There are no estimated credit losses relating to other receivables.

Exposure to currency risk

The other receivables are denominated in South African Rand and therefore have no material exposure to foreign currency.

Notes to the company financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

7. OTHER FINANCIAL ASSETS

Figures in R'000

	2023	2022
Loan to subsidiary: Capprec Management Services Proprietary Limited	18 323	32 688
Loan to subsidiary: Synthesis Labs B.V.	8 930	1 466
	27 253	34 154
Loan to subsidiary: Capprec Management Services Proprietary Limited		
Opening balance	32 688	47 221
Loan repaid during the year	(14 365)	(14 533)
Closing balance	18 323	32 688
Loan to subsidiary: Dashpay Proprietary Limited		
Opening balance	-	11 001
Loan repaid during the year	-	(11 001)
Closing balance	-	-
Loan to subsidiary: Synthesis Labs B.V.		
Opening balance	1 466	-
Loan granted during the year	6 597	1 466
Foreign exchange movement	867	-
Closing balance	8 930	1 466

All other financial assets are receivable, interest-free and are repayable on demand.

Notes to the company financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

8. CASH AND CASH EQUIVALENTS

Figures in R'000

	2023	2022
Cash and cash equivalents consist of:		
Bank balances	1 103	2 745
Bank call and notice deposits	394 507	438 855
	395 610	441 600

Cash and cash equivalents comprise call and notice deposits with banks maturing within three months.

These attract interest at market-related rates. Cash and cash equivalents are measured at amortised cost.

The maximum exposure to credit risk at the reporting date is the carrying amount. The Company only has deposits with major banks with high-quality ratings assigned by internationally recognised credit rating agencies. For this reason, the credit quality at year-end of cash and cash equivalents is considered to be high.

9. SHARE CAPITAL

Figures in R'000

	2023	2022
Ordinary shares of no par value	1 058 981	1 058 981
Number of shares	Number of shares	Number of shares
Authorised shares		
Ordinary shares of no par value	10 000 000 000	10 000 000 000
Constituent ordinary shares of no par value	4 000	4 000
Issued shares		
Ordinary shares of no par value at beginning of the year	1 310 000 000	1 310 000 000
Ordinary shares of no par value at end of year	1 310 000 000	1 310 000 000

Notes to the company financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

10. SHARE-BASED PAYMENTS RESERVES

The Company has two Incentive Schemes:

- 10.1 The Company's Share Incentive Scheme ("Scheme"), which was introduced on the date the Company was listed on 16 October 2015, grants share options to employees of the Company. The Scheme has been classified as an equity-settled scheme and therefore, an equity-settled share-based payment reserve has been recognised in terms of IFRS 2.
- 10.2 Company's Conditional Share Plan ("CSP") was introduced on 11 March 2020, and grants share awards to Executive directors and senior management of the Company. The CSP has been classified as an equity-settled scheme and therefore, an equity-settled share-based payment reserve has been recognised in terms of IFRS 2.

Figures in R'000

	2023	2022
Company share incentive scheme reserve	216	385
Company conditional share plan reserve	17 008	9 161
Total share-based payment reserve	17 224	9 546

10.1 Company's Share Incentive Scheme

	2023	
	Number of share options	Exercise price
The number and fair value of the share options are:		
Beginning of the year	62 525 000	92 cents
Forfeited	(1 790 000)	105 cents
Exercised	(4 015 000)	81 cents
Granted	21 530 000	144 cents
End of the year	78 250 000	107 cents

These share options are exercisable over the period 1 September 2020 to 5 December 2027.

The weighted average remaining contractual life for share options outstanding was 34 months (2022: 32 months).

The weighted average fair value of share options granted during the year was 44 cents per share (2022: 35 cents per share).

The range of exercise prices for share options outstanding at the end of the year was 75 cents to 144 cents per share (2022: 75 cents to 119 cents per share).

The weighted average share price for the year ending 31 March 2023 was 149 cents per share (2022: 139 cents per share).

The Company recognised an expense of R120 010 (2022: R87 794) for the share options granted.

Notes to the company financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

10. SHARE-BASED PAYMENTS RESERVE continued

	2022	
	Number of share options	Exercise price
The number and fair value of the share options are:		
Beginning of the year	50 930 000	83 cents
Forfeited	(2 715 000)	88 cents
Exercised	(1 480 000)	80 cents
Granted	15 790 000	119 cents
End of the year	62 525 000	92 cents
	Number of share options	
	2023	2022
Details of directors' outstanding share options		
M Shapiro	2 300 000	2 300 000

Vesting conditions:

The terms and conditions of the share options are the following:

Share option holders are entitled to exercise their share options if they are in the employment of the Company in accordance with the terms hereafter.

Share option holders in the scheme may exercise their share options at such times as the share option holder deems fit, but not to result in the following proportions of the holders total number of instruments being purchased prior to:

- 20% of the total number of instruments at the expiry of three years.
- 50% of the total number of instruments at the expiry of four years.
- 100% of the total number of instruments at the expiry of five years.

All share options must be exercised no later than the 15th anniversary from the date they were granted.

The fair value of services received in return for shares allotted is determined with use of an option-pricing model.

The model is based on the standard binomial option-pricing model.

Notes to the company financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

10. SHARE-BASED PAYMENTS RESERVE continued

	2023	2022
1. Fair value at measurement date (cents)	44.00	35.00
2. Exercise price at end of period (cents)	106.77	92.27
3. Expected volatility (%)	34.57	33.04
4. Option life (years)	5.00	5.00
5. Distribution yield (%)	5.00	5.00
6. Risk-free rate (based on National Bond Curve) (%)	9.47	7.49

The volatility is based on historic volatility which is not expected to differ materially from the expected volatility.

10.2 The Company's Conditional Share Plan

	2023	
	Number of share awards	Exercise price
The number and fair value of share awards are:		
Beginning of the year	44 374 439	89 cents
Granted	9 992 411	144 cents
End of the year	54 366 850	99 cents

These share awards are exercisable between 25 March 2023 and 5 December 2025.

The weighted average remaining contractual life for share awards outstanding was 12 months (2022: 19 months).

The weighted average fair value of share awards granted during the year was 120 cents per share (2022: 103 cents per share).

The range of exercise prices for the conditional share awards outstanding at the end of the year was 57 cents to 114 cents per share (2022: 57 cents to 119 cents per share).

The weighted average share price for the year ending 31 March 2023 was 149 cents per share (2022: 139 cents per share).

The Company recognised an expense of R7 847 234 (2022: R6 002 374) for the share awards granted.

Notes to the company financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

10. SHARE-BASED PAYMENTS RESERVE continued

	2022	
	Number of share awards	Exercise price
The number and fair value of share awards are:		
Beginning of the year	30 511 940	75 cents
Granted	13 862 499	119 cents
End of the year	44 374 439	89 cents

	Number of shares awards	
	2023	2022
Details of directors outstanding conditional share plan awards		
M Pimstein	11 086 364	9 486 364
B Sacks	11 086 364	9 486 364
A Salomon	11 086 364	9 486 364
M Shapiro	4 059 259	3 259 259
	37 318 351	31 718 351

Vesting conditions

The terms and conditions of the Conditional Share Plan is based on share awards, which have a three-year vesting period, subject to performance and employment vesting conditions. The performance metrics consists of financial objectives, non-financial objectives and key individual performance indicators, details of which are disclosed in the Remuneration Report in the Group 2022 Integrated Report.

All share awards will be exercised on the vesting date, being the third anniversary of the date upon which the awards were granted.

The fair value of service received in return for shares allotted is determined with use of an option-pricing model.

The model is based on standard binomial option-pricing model.

Notes to the company financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

10. SHARE-BASED PAYMENTS RESERVE continued

	2023	2022
1. Fair value at measurement date (cents)	120.00	103.00
2. Exercise price at end of period (cents)	98.90	88.65
3. Expected volatility (%)	37.92	33.50
4. Option life (years)	3.00	3.00
5. Distribution yield (%)	5.00	5.00
6. Risk-free rate (based on National Bond Curve) (%)	8.41	5.86

11. CONTINGENT CONSIDERATION

Figures in R'000	2023	2022
Cash (present valued)	6 646	6 370
Responsive Build	4 073	3 904
Rethink Digital Solutions	2 573	2 466
Shares	9 582	9 582
Responsive Build	5 873	5 873
Rethink Digital Solutions	3 709	3 709
Total	16 228	15 952

The Responsive Build and Rethink Digital Solutions profit warranties consideration has been included as part of the purchase consideration. In aggregate Responsive Build and Rethink Digital Solutions have achieved their profit warranties. The previous shareholders will receive R6 646 249 in cash and an allotment out of treasury shares of 5 538 539 ordinary shares. The period of the profit warranties was for 25 months from 1 March 2021 to 31 March 2023. The payment of cash and allotment of shares will be completed by 31 July 2023.

Notes to the company financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

12. TRADE AND OTHER PAYABLES

Figures in R'000	2023	2022
Trade payables and accruals	4 352	2 869
Accrued expenses*	4 077	3 272
Leave pay accrual	397	371
	8 826	6 512

Trade and other payables are non-interest-bearing and are normally settled on 30 to 90 days terms.

* Included in accrued expenses are accruals for audit fees and bonuses.

13. OTHER FINANCIAL LIABILITIES

Figures in R'000	2023	2022
African Resonance Business Solutions Proprietary Limited	300 049	343 197
Dashpay Proprietary Limited	26 487	-
ReThink Digital Solutions Proprietary Limited	5 484	-
Responsive Digital Proprietary Limited	4 750	-
Responsive Tech Proprietary Limited	2 050	-
Synthesis Software Technologies Proprietary Limited	35 859	31 159
	374 679	374 356

14. OTHER INCOME

Figures in R'000	2023	2022
Administration fees received from subsidiaries	16 800	13 200
Foreign exchange profit	1 956	-
Sundry income	300	300
	19 056	13 500

Notes to the company financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

15. OPERATING PROFIT

Figures in R'000	2023	2022
The following items are included within operating profit:		
Foreign exchange loss	-	141
Audit fees	1 404	1 095
Internal audit fees	997	979
International segment operating expenses	-	2 105
Employee costs	11 027	7 090
Share-based payment expense	7 967	6 090
Depreciation: property, plant and equipment	469	460
Acquisition costs	3 015	2 168
Transformation costs	24	-
Legal fees	5 889	567
JSE expense	368	347
Administration fees paid to subsidiary	2 700	2 400
Public relations	962	1 137
Executive directors' emoluments	10 800	5 400
Non-executive directors' emoluments	2 676	1 564

16. FINANCE INCOME

Figures in R'000	2023	2022
Bank	29 975	20 055
Loans to associates	3 831	1 185
	33 806	21 240

17. FINANCE COSTS

Figures in R'000	2023	2022
Present value of cash portion of the contingent consideration (note 11)	276	22
Interest paid to subsidiary companies from the company's treasury management	184	-
	460	22

Notes to the company financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

18. TAXATION

Figures in R'000

	2023	2022
Major components of the tax expense		
Current		
Local income tax current year	960	-
Deferred		
Originating and reversing temporary differences	(4)	(12)
Originating and reversing temporary differences on assessed tax loss	1 771	1 759
South African normal tax	2 727	1 747
	%	%
Reconciliation of rate of taxation		
South African normal tax	27.0	28.0
Adjusted for:		
- Permanent differences*	75.2	(24.8)
- Change in tax rate	-	(0.2)
Effective tax rate	102.2	3.0

* Includes exempt income of dividends received and non-deductible expenses relating to expected credit loss, share-based payments and acquisitions costs.

Notes to the company financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

19. CASH UTILISED FROM OPERATIONS

Figures in R'000

	2023	2022
(Loss)/Profit before taxation	(2 666)	57 405
Adjustments for:		
Dividends received	(69 800)	(60 300)
Share-based payment expense	7 678	5 843
Depreciation: property, plant and equipment	469	460
Finance income	(33 806)	(21 240)
Finance costs	460	22
Equity accounted loss in associate	2 156	1 185
Expected credit loss	66 905	-
Unrealised foreign exchange profit	(1 956)	-
Changes in working capital		
Decrease/(increase) in trade and other receivables	9 815	(8 427)
Increase in trade and other payables	2 314	1 692
	(18 431)	(23 360)

Notes to the company financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

20. DIRECTORS' EMOLUMENTS

Figures in R'000

	2023	2022
Executive directors		
M Pimstein	3 600	1 800
B Sacks*	3 600	1 800
A Salomon	3 600	1 800
Total	10 800	5 400

* Emoluments paid to Centric Capital Ventures LLC.

The remuneration for M Shapiro was paid by Synthesis for the year ended 31 March 2023 amounting to R4 819 800 (2022: R4 186 181).

Refer to note 29 in Group financial statements

Figures in R'000

	2023	2022
Non-executive directors' fees		
B Bulo	453	240
K Dlamini	560	165
E Kruger	264	137
R Maqache	258	137
V Sekese	566	274
C Valkin	225	137
R Morar (resigned 23 September 2021)	-	105
M Kahn (deceased 2 June 2022)	47	170
M Sacks (resigned 28 February 2023)	303	199
Total	2 676	1 564

Notes to the company financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

20. DIRECTORS' EMOLUMENTS CONTINUED

The non-executive directors' remuneration excludes VAT and was approved by special resolution at the Annual General Meeting held on 7 September 2022.

Directors' long-term incentives

Figures in R'000

	2023	2022
Share-based payment expense		
M Pimstein	2 537	1 951
B Sacks	2 537	1 951
A Salomon	2 537	1 951
M Shapiro	1 033	777
	8 644	6 630

Number	Opening balance 1 April 2022	New share awards	Closing balance at 31 March 2023
Details of directors' outstanding share options			
M Shapiro	2 300 000	-	2 300 000
Details of directors' outstanding conditional share plan awards			
M Pimstein	9 486 364	1 600 000	11 086 364
B Sacks	9 486 364	1 600 000	11 086 364
A Salomon	9 486 364	1 600 000	11 086 364
M Shapiro	3 259 259	800 000	4 059 259
	31 718 351	5 600 000	37 318 351

Notes to the company financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

21. RELATED PARTIES

Refer to the Group Related parties in Note 28

Figures in R'000

	2023	2022
Loans to associates		
GovChat Proprietary Limited	1	49 528
Loan granted	66 906	49 528
Expected credit loss raised	(66 905)	-
LayUp Technologies Proprietary Limited	12 153	5 096
Regal Digital B.V.	9 526	-
Loans to/(from) subsidiaries		
Capital Appreciation to Capprec Management Services	18 323	32 688
Capital Appreciation to Synthesis Labs B.V.	8 930	1 466
African Resonance Business Solutions to Capital Appreciation Limited	(300 049)	(343 197)
Dashpay to Capital Appreciation Limited	(26 487)	-
ReThink Digital Solutions to Capital Appreciation Limited	(5 484)	-
Responsive Digital Proprietary Limited to Capital Appreciation Limited	(4 750)	-
Responsive Tech Proprietary Limited to Capital Appreciation Limited	(2 050)	-
Synthesis Software Technologies to Capital Appreciation Limited	(35 859)	(31 159)
Group treasury management		
Interest received by ReThink Digital Solutions from Capital Appreciation Limited	184	-
Administration fees received and (costs paid) to related parties		
African Resonance Business Solutions to Capital Appreciation Limited	6 900	6 000
Synthesis Software Technologies to Capital Appreciation Limited	6 900	6 000
Dashpay to Capital Appreciation Limited	3 000	1 200
Sundry income received from GovChat Proprietary Limited	300	300
Capital Appreciation Limited to Capprec Management Services	(2 700)	(2 400)
Capital Appreciation Limited to Centric Capital Ventures LLC	(5 151)	(2 420)
Directors' fees paid to non-executive directors	2 676	1 564
Interest and platform fee received from GovChat Proprietary Limited	3 041	1 089
Interest received from LayUp Technologies Proprietary Limited	790	96
Interest paid to Rethink Digital Solutions Proprietary Limited	(184)	-

Notes to the company financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

22. FAIR VALUE

Financial instruments are normally held by the Company until they close out in the normal course of business. There are no significant differences between carrying values and fair values of financial assets and liabilities. Loans to associates, other financial assets, trade and other receivables, other financial liabilities and trade and other payables carried on the statement of financial position approximate the fair values.

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

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

There have been no transfers between the levels during the year.

As 31 March 2023 (2022: Nil) the Company did not hold any financial instruments measured at fair value through profit and loss.

Categories of financial instruments

Figures in R'000

	Amortised cost	Total	Fair value
2023			
Trade receivables	760	760	760
Other financial assets	27 253	27 253	27 253
Loans to associates	21 680	21 680	21 680
Cash and cash equivalents	395 610	395 610	395 610
	445 303	445 303	445 303
2022			
Trade receivables	2 118	2 118	2 118
Other financial assets	34 154	34 154	34 154
Loans to associates	54 624	54 624	54 624
Cash and cash equivalents	441 600	441 600	441 600
	532 496	532 496	532 496
Categories of financial liabilities			
2023			
Trade and other payables	8 826	8 826	8 826
Other financial liabilities	374 679	374 679	374 679
	383 505	383 505	383 505
2022			
Trade and other payables	6 512	6 512	6 512
Other financial liabilities	374 356	374 356	374 356
	380 868	380 868	380 868

Notes to the company financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

23. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Pre-tax gains on financial assets

Figures in R'000

	Amortised cost	Total
2023		
Recognised in the statement of comprehensive income:		
Finance income	33 806	33 806
2022		
Recognised in the statement of comprehensive income:		
Finance income	21 240	21 240

Capital risk management

For the purpose of the Company's capital management, capital includes issued share capital and all other equity reserves attributable to the equity shareholders of the parent. The primary objective of the Company's capital management is to maximise the shareholders' value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. Although the Company has no debt, should the need to raise debt arise, capital risk management will be monitored and measured on a formula to be determined by the Board at the appropriate time.

Figures in R'000

	2023	2022
Interest-bearing loans and borrowings	-	-
Less: cash and cash equivalents	(395 610)	(441 600)
Net cash	(395 610)	(441 600)
Equity	997 732	1 100 247
Total capital	997 732	1 100 247
Net cash to capital (%)	(66%)	(67%)

In order to achieve this overall objective, the Company's capital management, among other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. The Company had no interest-bearing loans and borrowings during the reporting period and therefore have no breaches of any financial covenants in the reporting period.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2023 and 2022.

Notes to the company financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

23. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

Financial risk management

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as, interest rate risk, credit risk, and investment of excess liquidity.

Currency risk management

The Company is exposed to currency risk as a result of revenues and costs in United States Dollars, Euros and Singapore Dollars, which are currencies other than the Company's reporting currency. The Company enters into various types of foreign exchange contracts as part of the management of its foreign exchange exposure arising from its current and anticipated business activities.

It is estimated that a general increase of 25 cents in the value of the Rand against other foreign currencies would decrease the Company's profit before and after tax for the year by approximately R115 733 and R83 328 respectively (31 March 2022: R22 540 and R16 230 respectfully). A decrease of 25 cents would have an equal, but opposite effect.

Interest rate risk

Cash flow interest rate risk arises on cash balances held and loans receivables. Financial assets and liabilities affected by interest rate fluctuations include bank and cash deposits. At the reporting date, the Company cash deposits were accessible immediately or had maturity dates up to three months.

The interest earned on these deposits closely approximate the market rates prevailing. The directors have determined that a fluctuation in an interest rate of 50 basis points is reasonably possible. An increase in 50 basis points in interest rates as at the reporting date would have increased the profit before and after tax for the year by approximately R2.0 million and R1.4 million respectively (31 March 2022: R2.2 million and R1.6 million, respectively), a decrease of 50 basis points would have an equal but opposite effect.

The analysis assumes that all other variables remain constant.

Liquidity risk

Liquidity risk is the risk where the Company fails to maintain adequate levels of financial resources to enable it to meet its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or because of any inability to realise assets in order to meet obligations as they fall due or is only able to realise assets by suffering financial loss.

The Company's liquidity risk derives from the need to have sufficient funds available to cover future commitments. The Company manages liquidity risk through an ongoing review of future cash requirements. Cash flow forecasts are compared to cash available. The financial liabilities of the Company are all due within the next 12 months.

Notes to the company financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

23. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

The maturity profile of contractual cash flows of non-derivative financial liabilities, and financial assets held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.

Figures in R'000	0 – 6 months	1 – 5 years	Finance charges	Carrying amount
2023				
Trade and other payables	8 826	-	-	8 826
Other financial liabilities	374 679	-	-	374 679
Contingent consideration	6 646	-	-	6 646
	390 151	-	-	390 151
2022				
Trade and other payables	6 512	-	-	6 512
Other financial liabilities	374 356	-	-	374 356
Contingent consideration	-	6 370	-	6 370
	380 868	6 370	-	387 238

Credit risk

Credit risk relates to the secure and unfettered access to and recovery of cash deposits, cash equivalents and trade and other receivables. The Company limits its counterparty exposure arising from financial instruments by only dealing with well-established institutions with high-quality ratings assigned by internationally recognised credit ratings agencies. The Company does not expect any counterparties to fail to meet their obligations given their high credit ratings.

Where credit ratings are not available, the Company does not expect certain trade and other receivables counterparties to fail to meet their obligations.

The carrying amount of financial assets represents the Company's maximum exposure to credit risk.

Notes to the company financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

23. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

The maximum exposure of each class of financial asset is as follows:

Figures in R'000	Gross carrying amount	Expected credit loss allowance	Amortised cost/fair value
2023			
Other receivables	760	-	760
Other financial assets	27 253		27 253
Loans to associates	88 585	(66 905)	21 680
	116 598	(66 905)	49 693
2022			
Other receivables	2 118	-	2 118
Other financial assets	34 154	-	34 154
Loans to associates	54 624	-	54 624
	90 896	-	90 896

Other receivables

The credit quality of trade and other receivables is assessed by reference to historical information about counter party default rates. Historical levels of customers' defaults are minimal and, as a result, the credit quality of year-end other receivables is considered to be high.

Other financial assets

The exposure to credit risk is not significant as the debtors have adequate resources to repay the loan.

Loans to associates

The purpose of the loans is to allow the associate to utilise the funding for software and other development costs which will, in due course, be revenue generating and generate profitability and from this profitability, the loan will be repaid.

Cash and cash equivalents

The maximum exposure to credit risk at the reporting date is the carrying amount. The Company only deposits funds with major banks with high-quality credit ratings assigned by internationally recognised credit rating agencies. For this reason, the credit quality at year-end of cash and cash equivalents is considered to be high.

Expected credit loss allowance

The Company's definition of default are the amounts that will not be repaid in terms of the terms of all financial assets in future timing periods. The amounts are written off as and when the amounts are not recoverable. The Company calculates the expected credit loss allowance by comparing the year-end balance against the future expected amount receivable as per the terms of the agreements and recording the difference between the two.

The loan to GovChat is secured by a pledge of all the associate's rights, title and interest in and to all intellectual property and specifically including all the software rights, trade mark rights and technology source codes. In the current year, an expected credit loss has been raised against the loan.

Notes to the company financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

24. DIVIDENDS

A final dividend for the year ended 31 March 2022 of 3.75 cents per ordinary share was declared on 2 June 2022 amounting to R49.1 million. An interim dividend for the year ended 31 March 2023 of 4.25 cents per ordinary share was declared on 29 November 2022 amounting to R55.7 million. The total dividends paid during the year amounted to R104.8 million (2022: R88.4 million).

25. GOING CONCERN

The financial statements have been prepared on the basis of accounting policies applicable to a going concern.

26. CONTINGENT LIABILITIES

The Group has no contingent liabilities at year end, other than the Rozendal pending settlement, detailed below:

A general meeting of shareholders was held on 27 August 2019 where 97.77% of shareholders voted in favour of repurchasing 245 million shares from the relevant persons in terms of a circular posted to shareholders on 29 July 2019. One shareholder, First National Nominees Proprietary Limited and Nedbank Limited, on behalf of Rozendal Partners Proprietary Limited (Rozendal), who held 18 234 829 shares voted against the shareholders resolution and exercised their share appraisal rights in terms of the circular issued to shareholders. A dispute arose between the Company and Rozendal, which went to the Supreme Court upon which a judgement was made by the court requiring the Company to repurchase Rozendal's shares at a price to be determined by a valuation of an independent expert appointed by the court. The independent expert has determined that the Company must repurchase Rozendal's shares at a price of R1.06 per share, which will amount to R19 328 919. The repurchased shares will be held in treasury shares. The costs relating to the matter amounted to R2 368 027 have been expensed in the 2023 financial results. It is anticipated that the court will finalise the matter by the end of July 2023.

27. POST-YEAR-END EVENTS

27.1 The Group has not experienced any material operating and servicing disruptions or any material deterioration in trading performance for the period from the financial year-end, dated 31 March 2023, to the date of this report.

27.2 Acquisition of Dariel Solutions Proprietary Limited

The Group issued a SENS announcement on 24 April 2023, advising shareholders that sale agreements have been concluded with Malcolm Rabson, Gregory Vercellotti and Wayne Yan, the founders and directors of Dariel Solutions Proprietary Limited (Dariel) to acquire 100% of Dariel for a total consideration of R131.2 million, to be settled by a combination of cash and an allotment of ordinary shares out of treasury shares (the acquisition). Dariel is the holding company of Dariel Software Proprietary Limited (Dariel Software).

Dariel provides a variety of software engineering/developments and related activities, with a strong focus on software to financial institutions and others in the financial services and "FinTech" sectors.

Notes to the company financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2023

27. POST-YEAR-END EVENTS continued

27.2 Acquisition of Dariel Solutions Proprietary Limited continued

The Acquisition of Dariel is subject to the fulfillment of certain suspensive conditions, which include:

- The approval required by the Competition Act for the implementation of the Sale Agreements.
- The Company advising Dariel in writing that it is satisfied with the results of the Due Diligence.
- No material adverse change arises or occurs between the signature date of the Sale Agreements and the date upon which all the Suspensive Conditions are fulfilled.

The Group will acquire 100% of Dariel for an initial aggregate purchase consideration of R85.3 million to be settled by way of (i) a cash payment of R46.9 million and (ii) the allotment out of treasury shares of 25 243 779 shares at R1.52 per share amounting to R38.4 million.

Dariel has also provided the Group with a profit warranty of R62.2 million EBITDA for the 24-month period (a CAGR of 20%), 1 April 2023 to 31 March 2025, that, if achieved, will result in an aggregate warranty purchase consideration, which should not exceed R45.9 million. This profit warranty consideration will be settled by way of (i) cash payment of R25.2 million and (ii) allotment out of treasury shares of 13 592 804 shares.

The value of the net assets of Dariel was R39.2 million at 31 March 2022, being the date of the last independent reviewed annual financial statements, which were prepared in terms of International Financial Reporting Standards for Small and Medium-sized Entities. For the year ended 31 March 2023, the value of the net assets of Dariel, based on unaudited management accounts provided by the Sellers, was R47.8 million.

The EBITDA as per the unaudited management accounts and profits after tax attributable to the net assets ("PAT") for the year ended 31 March 2023, were R23.8 million and R16.2 million respectively.

The founders and directors of Dariel will remain with the business and have entered into long-term executive employment agreement with Dariel Software.

27.3 LayUp Technologies Proprietary Limited

On 20 October 2021, a convertible loan was granted to LayUp Technologies Proprietary Limited. The loan bears interest at prime. The original 2021 convertible loan was repayable on 20 November 2023, which has now been extended to 20 November 2025.

On 31 May 2023, the company entered into a new 2023 convertible loan agreement with LayUp, whereby the company will loan a further R9.2 million, which bears interest at prime and is repayable within 30 months from the date that the first advance is made to LayUp.

Both the 2021 and 2023 loan agreements provide that Capital Appreciation is entitled to convert the capital outstanding, plus any interest accrued thereon, into equity.

The significant estimates, judgments and assumptions made in preparing the Group's results have remained constant. The company is currently not exposed to credit risk and at the time of reporting, no significant change in this credit risk position has been noted. Management will, however, continue to actively monitor this. At this stage, no significant impairments of the company's assets are expected to arise. Further assessment of this will be conducted as the new financial year unfolds.

Value-added statement

“Value-added” is the value which the Group has added to purchased materials and goods by process of manufacture and conversion and the sale of its products and services.

The statement below indicates how the value so added has been distributed.

	2023	% contribution	2022	% contribution
Revenue	995 113		830 978	
Net cost of raw materials, goods and services	406 586		259 329	
Wealth created by trading operations	588 527		571 649	
Finance income	36 943		23 227	
Total wealth created	625 470	100%	594 876	100%
Distributed as follows				
Employees				
Benefits and remuneration	326 200	52%	238 005	40%
Governments				
Taxation	64 324	10%	69 409	12%
Providers of capital	99 171	16%	83 282	14%
Finance charges	724	–	1 158	–
Distribution to shareholders	98 447	16%	82 124	14%
Retained for growth	135 775	22%	204 180	34%
Depreciation and amortisation of intangibles	44 822	7%	40 950	7%
Profit for the year attributable to shareholders of the company	90 953	15%	163 230	27%
	625 470	100%	594 876	100%

	2023	2022
Exchanges with governments <i>including amounts collected on their behalf</i>		
Employee taxes	92 697	67 270
Company taxes	64 324	69 409
Value added tax and sales tax	96 628	101 305
Customs and excise duty	36 793	33 505
Total taxes	290 442	271 489

Shareholders

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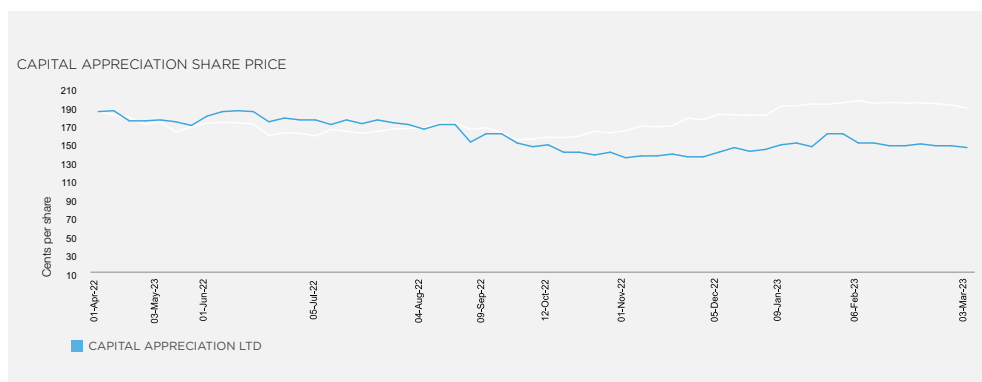
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We strive to create shareholder value through sustainable growth, responsible stewardship and cultivating a culture of continuous innovation



Shareholders' information

Capital Appreciation share price



DIVIDENDS DECLARED

Interim dividend 4.25 cents per share
 Final dividend 4.00 cents per share

LISTING INFORMATION

ISIN ZAE000208245
 JSE share code CTA
 A2X share code CTAJ
 JSE Sector Technology: Software and Computer Services

FINANCIAL YEAR END 31 MARCH

	31 March 2023 12 months	31 March 2022 12 months
Share price		
- lowest (cents)	116	96
- highest (cents)	190	209
- at period-end (cents)	157	185
Volume traded (millions)	157	143
Value traded (R millions)	236	199
No of shares in issue (millions)	1310	1310
No of shares traded %	11.98	10.92
PE ratio at year-end (times)	21.1	13.8
Market capitalisation (R billions)	2.06	2.40

SHAREHOLDERS' DIARY

2023 Full Year results release date	6 June 2023
2023 Annual General Meeting	6 September 2023
2023 Interim results release date	4 December 2023

Shareholders' information (continued)

SHAREHOLDERS' SPREAD	NO OF SHARE-HOLDINGS	%	NO OF SHARES	%
1 – 1 000 shares	5 075	64.42	681 460	0.05
1 001 – 10 000 shares	1 357	17.22	5 672 560	0.43
10 001 – 100 000 shares	1 015	12.88	39 804 334	3.04
100 001 – 1 000 000 shares	341	4.33	102 528 479	7.83
1 000 001 – 10 000 000 shares	72	0.91	204 608 942	15.62
10 000 001 shares and over	19	0.24	956 704 225	73.03
Totals	7 879	100.00	1 310 000 000	100.00

DISTRIBUTION OF SHAREHOLDERS	NO OF SHARE-HOLDINGS	%	NO OF SHARES	%
Banks/Brokers	19	0.22	115 348 633	8.80
Close Corporations	18	0.23	1 892 978	0.14
Endowment Funds	11	0.14	2 188 302	0.17
Individuals	7 231	91.78	341 768 310	26.09
Insurance Companies	30	0.38	5 122 653	0.39
Investment Companies	2	0.03	4 573 490	0.35
Mutual Funds	52	0.66	116 993 045	8.93
Other Corporations	32	0.41	503 537	0.04
Private Companies	133	1.69	147 734 254	11.28
Private Equity	1	0.01	700 000	0.05
Public Companies	1	0.01	5 000	0.00
Retirement Funds	207	2.63	412 891 131	31.52
Treasury Stock	2	0.03	77 096 541	5.89
Trusts	140	1.78	83 182 126	6.35
Totals	7 879	100.00	1 310 000 000	100.00

PUBLIC/NON – PUBLIC SHAREHOLDERS	NO OF SHARE-HOLDINGS	%	NO OF SHARES	%
Non-Public shareholders	14	0.18	764 016 633	58.32
Directors of the company	10	0.13	266 005 431	20.31
Company Related Holdings	1	0.01	75 000 000	5.73
Treasury Shares	2	0.03	77 096 541	5.89
Strategic Holdings (more than 10%)	1	0.01	345 914 661	26.39
Public shareholders	7 865	99.82	545 983 367	41.68
Totals	7 879	100.00	1 310 000 000	100.00

BENEFICIAL SHAREHOLDERS HOLDING 5% OR MORE	NO OF SHARES	%
Government Employees Pension Fund	345 914 661	26.41
Capprec Management Services (Pty) Ltd	77 096 541	5.89
Capital Appreciation Empowerment Trust	75 000 000	5.73
Centric Capital Ventures LLC	70 833 333	5.41
Totals	568 844 535	43.44

Notice of Annual General Meeting

Notice is hereby given that the annual general meeting of shareholders of Capital Appreciation Limited (the Company) will be held at 14:00 on Wednesday, 6 September 2023, by way of electronic communication on the lumiagm platform (www.web.lumiagm.com) to consider and, if deemed fit, adopt with or without modification, the ordinary and special resolutions as set out in this notice of annual general meeting and to deal with such other business as may be required to be dealt with at the annual general meeting in terms of the Companies Act, 71 of 2008 as amended (Companies Act).

The Company has elected to convene and hold its annual general meeting entirely by way of electronic communication in accordance with the provisions of section 63(2) of the Companies Act and the Listings Requirements of the JSE Limited (JSE) as read with clause 6.5 of the Company's Memorandum of Incorporation.

The Company has appointed Computershare Investor Services Proprietary Limited (Computershare) for purposes of hosting its annual general meeting and to provide its shareholders with access to its electronic communication platform (the Platform) for purpose of enabling all of the shareholders, who are present at the annual general meeting, to communicate concurrently with each other, without an intermediary, and to participate reasonably effectively in the annual general meeting and exercise their voting rights at the annual general meeting. Accordingly, references to "attend", "participate" "present" or similar words means being able to attend, or be present or participate by means of electronic participation.

The Board of Directors of the Company (Board) has determined that, in terms of section 62(3)(a), as read with section 59 of the Companies Act, the record date for the

purpose of determining which shareholders are entitled to participate in and vote at the annual general meeting is Friday, 1 September 2023. Accordingly, the last day to trade in the Company's shares in order to be recorded in the register to be entitled to vote at the annual general meeting will be Tuesday, 29 August 2023.

Shareholders are advised that, in terms of section 63(1) of the Companies Act, any person attending or participating in an annual general meeting of shareholders must present reasonably satisfactory identification before being entitled to participate in and vote at the annual general meeting. The person presiding at the annual general meeting must be reasonably satisfied that the right of any person to participate in and vote (whether as shareholder or proxy for a shareholder) has been reasonably verified. Forms of identification that will be accepted include original and valid identity documents, driver's licenses or valid passports. Accordingly, the Company has appointed Computershare to verify the identity of any shareholder who wishes to attend the annual general meeting and shareholders will only be granted access to the Platform once verified by Computershare.

Please also note that in order to attend and participate in the annual general meeting, shareholders are required to be granted access to the Platform by Computershare. Any shareholder who wishes to attend the annual general meeting is encouraged to contact Computershare on proxy@computershare.co.za as soon as possible, but not later than 14h00 on Tuesday, 5 September 2023 to enable Computershare to verify its/his/her identity and thereafter to grant that shareholder access to the Platform. Notwithstanding the foregoing, any shareholder who wishes to attend the annual general meeting is entitled to

contact Computershare at any time prior to the conclusion of the annual general meeting, in order to be verified and provided with access to the Platform by Computershare. In order to avoid any delays in being provided with access to the Platform by Computershare, shareholders are encouraged to contact Computershare at their earliest convenience.

Shareholders can also register to participate in the annual general meeting on the SmartAGM portal at www.smartagm.co.za.

Resolutions for consideration and adoption

Ordinary business

1. Ordinary resolution number 1

Acceptance of financial statements

"RESOLVED THAT the audited financial statements of the Company for the year ended 31 March 2023, including the directors' report, audit and risk and opportunity committee's report and Independent auditor's report as required in terms of section 30(3)(d) and 61(8)(a) of the Companies Act, be and is hereby received and accepted."

Additional information in relation to ordinary resolution number 1

 The complete audited financial statements of the Company for the year ended 31 March 2023, including the directors' report, audit and risk and opportunity committee's report and Independent auditor's report are included in the Integrated Report on pages 75 to 79 of which this notice of annual general meeting forms part.

Notice of Annual General Meeting (continued)

The shareholders are advised that the Company's complete audited financial statements for the year ended 31 March 2023 are available on the Company's website: www.capitalappreciation.co.za and will be available for a period of no less than 12 months from the date of this notice.

In order for ordinary resolution number 1 to be adopted, the resolution is required to be supported by more than 50% (fifty percent) of the voting rights exercised on the resolution by shareholders present or represented by proxy at the meeting.

2. Ordinary resolution number 2 (comprising ordinary resolution numbers 2.1 to 2.3, all inclusive)

Retirement, re-election and confirmation of appointment of directors

The following directors, comprising certain current directors of the Company, retire from office in accordance with the Company's Memorandum of Incorporation and, being eligible, offer themselves for re-election, each by way of separate resolution.

It is hereby resolved that:

- 2.1 MR Pimstein, be and is hereby elected as a director;
- 2.2 KD Dlamini, be and is hereby elected as a director;
- 2.3 AC Salomon, be and is hereby elected as a director.

Additional information in respect of ordinary resolution number 2

In terms of the Company's Memorandum of Incorporation, the JSE Listings Requirements and, to the extent applicable, the Companies Act, the Company's directors shall retire from office and may, being eligible, offer themselves for re-election. Accordingly, MR Pimstein, KD Dlamini and AC Salomon will retire from office at the annual general meeting, however, being eligible, have made themselves available for re-election.

The Company's nominations and remuneration committee has reviewed the composition of the Board against corporate governance, sustainability and transformation requirements and has recommended the election of the directors listed above. Accordingly, the Board recommends the election of MR Pimstein, KD Dlamini and AC Salomon to shareholders by way of a series of votes, each of which is on the candidacy of a single individual to fill a single vacancy, as required under section 68(2) of the Companies Act. A brief biography in respect of each retiring director standing for election is available on the company's website: www.capitalappreciation.co.za.

In order for ordinary resolutions numbers 2.1 – 2.3 to be adopted, each resolution is required to be supported by more than 50% (fifty percent) of the voting rights exercised on that resolution by shareholders present or represented by proxy at the meeting.

3. Ordinary resolution number 3 (comprising ordinary resolution numbers 3.1 to 3.3, all inclusive)

Re-election of the audit and risk and opportunity committee members and Chairman

"RESOLVED THAT, by way of separate ordinary resolutions:

- 3.1 VM Sekese be and is hereby re-elected as a member and Chairman of the Company's audit and risk and opportunity committee;
- 3.2 B Bulo be and is hereby re-elected as a member of the Company's audit and risk and opportunity committee; and
- 3.3 KD Dlamini be and is hereby re-elected as a member of the Company's audit and risk and opportunity committee,

in terms of section 94(2) of the Company's Act, to hold office until the next annual general meeting of the Company and to perform the duties and responsibilities stipulated in section 94(7) of the Companies Act and King Report on Governance for South Africa 2016 (King IV™) and to perform such other duties and responsibilities as may from time to time be delegated by the Board for the Company and all of its subsidiary companies."

Notice of Annual General Meeting (continued)

Additional information in respect of ordinary resolution number 3

In terms of section 94(2) of the Companies Act, a public company must, at each annual general meeting, elect an audit committee comprising at least three members who are directors and who meet the criteria of section 94(4) of the Companies Act. In terms of Regulation 42 of the Companies Regulations, 2011, one-third of the members of the audit committee must have appropriate academic qualifications or experience in economics, law, corporate governance, finance, accounting, commerce, industry, public affairs or human resources management.

A brief curriculum vitae of each of the independent non-executive directors mentioned in ordinary resolution number 3 is available on the company's website: www.capitalappreciation.co.za.

The Board is satisfied that the proposed members of the audit and risk and opportunity committee meet all requirements of section 94(4) of the Companies Act, and that they are independent according to King IV™ and that they possess the required qualifications and experience as prescribed in the Companies Regulations, 2011 and King IV™.

In order for ordinary resolutions numbers 3.1 – 3.3 to be adopted, each resolution is required to be supported by more than 50% (fifty percent) of the voting rights exercised on that resolution by shareholders present or represented by proxy at the meeting.

4. Ordinary resolution number 4

Reappointment of external auditors

“RESOLVED THAT, on recommendation of the audit and risk and opportunity committee, Ernst & Young Inc. (EY), with C. Trollope being the designated auditor, be and is hereby reappointed as the external auditors of the Company for the financial year ending 31 March 2024 and to hold office until the conclusion of the next annual general meeting of the Company, and that their remuneration for the financial year ending 31 March 2024 be determined by the audit and risk and opportunity committee.”

Additional information in respect of ordinary resolution number 4

In accordance with section 90(1) of the Companies Act, EY is proposed to be reappointed as the external auditors of the Company, as nominated by the Company's audit and risk and opportunity committee, until the conclusion of the Company's next annual general meeting. The audit and risk and opportunity committee conducted an assessment of the performance and the independence of the external auditors and considered whether or not the external auditors comply with the requirements of sections 90(2) and 90(3) of the Companies Act and section 22 of the JSE Listings Requirements, and the Board considered and accepted the findings.

The Board is satisfied that the proposed external auditors, being EY, and C Trollope, the individual registered auditor who will undertake the audit of the Company for the financial year ending 31 March 2024, comply with the relevant provisions of the Companies Act, and are duly accredited by the JSE.

In order for ordinary resolution number 4 to be adopted, the resolution is required to be supported by more than 50% (fifty percent) of the voting rights exercised on the resolution by shareholders present or represented by proxy at the meeting.

5. Ordinary resolution number 5

General authority to issue shares for cash

“RESOLVED THAT, subject to the provisions of the Companies Act, the JSE Listings Requirements, and the Company's Memorandum of Incorporation, as applicable, the Board be and is hereby authorised, by way of general authority, to allot and issue for cash any of the Company's unissued ordinary shares (including securities convertible into ordinary shares and/or grant options over ordinary shares) as and when the Board in its discretion (including as to terms and conditions) may deem fit, without restriction, provided that:

- the general authority shall be valid until the Company's next annual general meeting of its shareholders, or 15 (fifteen) months from the date of passing of this ordinary resolution, whichever period is shorter;
- the allotment and issue of the ordinary shares must be made to public shareholders, as such term is defined in the JSE Listings Requirements. Related parties may only participate with a maximum bid price at which they are prepared to take-up shares or at book close price in the event of a bookbuild process. In the event of a maximum bid price and the book closes at a higher price the relevant related party will be “out of the book” and not be allocated shares: and equity securities must be allocated equitable “in the book” through the bookbuild process and the measures to be applied must be disclosed in the SENS announcement launching the bookbuild;

Notice of Annual General Meeting (continued)

- the number of ordinary shares issued for cash in terms of this authority may not exceed 65 500 000 ordinary shares, being 5% (five percent) of the number of the listed equity securities of the Company as at the date of this notice of annual general meeting, provided that:
 - any ordinary shares issued under this authority during the period must be deducted from the number above;
 - in the event of a sub-division or consolidation of issued ordinary shares during the period contemplated above, the existing authority must be adjusted accordingly to represent the same allocation ratio;
 - any securities to be issued pursuant to a rights issue (announced, irrevocable or fully underwritten) or any acquisition issue shall not diminish the number of securities that are authorised to be issued in terms of this resolution;
 - the calculation of the listed ordinary shares is a factual assessment of the listed ordinary shares as at the date of the notice of annual general meeting;
 - in determining the price at which an issue of ordinary shares may be made in terms of this authority, the maximum discount at which the ordinary shares may be issued is 10% (ten percent) of the weighted average traded price of the Company's ordinary shares measured over the 30 (thirty) business days prior to the date that the price of the issue is determined or agreed by the directors of the Company and the party subscribing for the securities. The JSE should be consulted for a ruling if the Company's securities have not traded in such 30 (thirty) business day period; and
 - an announcement giving full details, will be published at the time of any issue representing, on a cumulative basis within the period of this authority, 5% (five percent) or more of the number of ordinary shares in issue prior to that issue, in terms of the JSE Listings Requirements."

Additional information in respect of ordinary resolution number 5

This resolution has been proposed to seek a general authority and approval for the directors to allot and issue ordinary shares in the authorised but unissued share capital of the Company (and/or any options/ convertible securities that are convertible into ordinary shares), up to 5% (five percent) of the number of ordinary shares of the Company in issue as at 6 September 2023 in order to enable the Company to take advantage of business opportunities which may arise in future. At present, the directors have no specific intention of using this authority, and the authority will thus only be used if circumstances are appropriate.

In order for ordinary resolution 5 to be adopted, the resolution is required to be supported by a 75% (seventy-five percent) majority of the voting rights exercised on the resolution by shareholders present or represented by proxy at the meeting.

6. Ordinary resolution number 6

Non-binding advisory vote on Remuneration Policy

"RESOLVED THAT, the Company's Remuneration Policy be and is hereby endorsed by way of a non-binding vote."

7. Ordinary resolution number 7

Non-binding advisory vote on Remuneration Implementation Report

"RESOLVED THAT, the Company's Remuneration Implementation Report be and is hereby endorsed by way of a non-binding advisory vote."

Explanation and effect of ordinary resolution numbers 6 and 7 – Non-binding advisory vote on Remuneration Policy and Remuneration Implementation Report

In accordance with the recommendations of the King IV™ as well as the JSE Listings Requirements, the Board (with assistance of the remuneration committee) has presented the Remuneration Policy and Implementation Report to shareholders in two separate non-binding advisory votes.

In order for ordinary resolution number 6 and ordinary resolution number 7 to be adopted, each resolution is required to be supported by more than 50% (fifty percent) of the voting rights exercised on the resolution by shareholders present or represented by proxy at the meeting.

In the event that 25% (twenty five percent) or more of the votes cast are recorded against either the Remuneration Policy resolution or the Remuneration Implementation Report resolution, or both, then pursuant to paragraph 3.91 of the JSE Listings Requirements, the Company will extend an invitation to dissenting shareholders to engage with the Company to discuss the reason for their dissenting votes.

 The complete Remuneration Policy and Implementation Report appears on pages 53 to 70 of the Integrated Report, of which this notice forms part.

Notice of Annual General Meeting (continued)

1. Special resolution number 1

Non-executive directors' fees

"RESOLVED THAT the Company be and is hereby authorised in terms of section 66(9) of the Companies Act to pay the following fees to its non-executive directors for their services as directors (which amounts are exclusive of VAT) from the date of this annual general meeting to the next annual general meeting, unless the non-executive directors' fees are amended by way of a special resolution of shareholders.

The fees have been determined by the Board through the Nominations and Remuneration committee on a market-related basis and is in accordance with the provisions set out below:"

Fees per meeting (excluding VAT)

Board of Directors

Member R55 500

Audit committee

Chairman R55 500

Member R42 000

Risk and opportunity committee

Chairman R55 500

Member R42 000

Nominations and remuneration committee

Chairman R42 000

Member R35 800

Investment committee

Chairman R55 500

Member R42 000

Social and ethics committee

Chairman R42 000

Member R35 800

Ad hoc meetings

R27 500

The amounts stated above have been recommended by the Board and the nominations and remuneration committee and are presented herein for approval.

Additional information in respect of special resolution number 1

In terms of sections 66(8) and 66(9) of the Companies Act, remuneration may only be paid to directors for their services as directors in accordance with a special resolution approved by the shareholders of the Company and if not prohibited in terms of the Company's Memorandum of Incorporation. Therefore, the reason for and the effect of special resolution number 1 is to approve the payment of and the remuneration payable by the Company to its non-executive directors for their services as directors of the Company in terms of section 66 of the Companies Act. The fees payable to the non-executive directors are detailed above.

2. Special resolution number 2

Repurchase of the Company's ordinary shares

"RESOLVED THAT the Company, and/or a subsidiary of the Company, be and is hereby authorised to repurchase or purchase, as the case may be, ordinary shares issued by the Company, from any person, upon such terms and conditions and in such number as the directors of the Company or the subsidiary may from time to time determine, subject to the applicable requirements of the Company's Memorandum of Incorporation, the Companies Act and the JSE Listings Requirements."

Additional information in respect of special resolution number 2

It is recorded that the Company or any subsidiary of the Company may only make a repurchase, or purchase, as the case may be, of the ordinary shares in the Company subject to the following:

- any repurchase in terms of the above authority must be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counterparty (reported trades are prohibited);
- this authority shall only be valid until the Company's next annual general meeting or for 15 (fifteen) months from the date of the resolution, whichever period is shorter;
- a resolution having been passed by the Board authorising the repurchase and confirming that the Company and its subsidiaries (Group) have passed the solvency and liquidity test and that, from the time the test was performed, there have been no material changes to the financial position of the Group;
- an announcement giving such details as may be required in terms of the JSE Listings Requirements must be published when the Company or its subsidiaries have cumulatively repurchased 3% (three percent) of the initial number of the relevant class of shares, and for each 3% (three percent) in aggregate of the initial number of that class acquired thereafter;
- the Company or its subsidiaries may not repurchase any of the Company's ordinary shares during a prohibited period as defined in the JSE Listings Requirements, unless they have in place a repurchase programme where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation) and the Company has submitted the repurchase

Notice of Annual General Meeting (continued)

programme to the JSE in writing prior to the commencement of a prohibited period. The Company will instruct an independent third party, which makes its investment decisions in relation to the Company's securities independently of, and uninfluenced by, the Company, prior to commencement of the prohibited period to execute the repurchase programme submitted to the JSE;

- general repurchases in terms of this authority may not in the aggregate in any one financial year exceed 20% (twenty percent) of the number of ordinary shares in the Company's issued ordinary share capital as at the beginning of the financial year, such 20% (twenty percent) threshold being equal to 262,000,000 ordinary shares in the Company;
- at any point in time the Company may only appoint one agent to effect any repurchases on the Company's behalf; and
- in determining the price at which ordinary shares may be repurchased in terms of this authority, the maximum premium permitted will be 10% (ten percent) above the weighted average traded price of the ordinary shares as determined over the 5 (five) business days immediately prior to the date of repurchase.

Additional information in respect of special resolution number 2

The directors are of the opinion that it would be in the best interests of the Company that special resolution number 2 be passed and thereby allow the Company or any subsidiary of the Company to be in a position to repurchase or purchase, as the case may be, the ordinary shares issued by the Company through the order book of

the JSE, should the market conditions and price justify such action. Should the opportunity arise and should the directors deem it to be advantageous to the Company, or any of its subsidiaries, to repurchase or purchase, as the case may be, such ordinary shares, it is considered appropriate that the directors (and relevant subsidiaries) be authorised to repurchase or purchase, as the case may be, the Company's ordinary shares.

The Board has considered the impact of a repurchase or purchase, as the case may be, of up to 20% (twenty percent) of the Company's ordinary shares in issue. After considering the effects of such maximum contemplated repurchase under the general authority, the directors are of the view that:

- the Company and Group will be able to, in the ordinary course of business, pay its debts for a period of 12 (twelve) months after the date of the notice of the annual general meeting;
- the assets of the Company and Group will be in excess of the liabilities of the Company and Group for a period of 12 (twelve) months after the date of the notice of the annual general meeting. For this purpose, the assets and liabilities should be recognised and measured in accordance with the accounting policies used in the latest audited financial statements;
- the share capital and reserves of the Company and Group will be adequate for ordinary business purposes for a period of 12 (twelve) months after the date of the notice of the annual general meeting; and
- the working capital of the Company and Group will be adequate for ordinary business purposes for a period of 12 (twelve) months after the date of the notice of the annual general meeting.



For the purpose of considering special resolution number 2 and in compliance with paragraph 11.26 of the JSE Listings Requirements, the following information has been included in the financial statements or the Integrated Report, which this notice of the annual general meeting forms part of, at the places indicated (i) major shareholders, refer to page 190 and (ii) share capital of the Company, refer to page 167.

The directors intend, should the proposed authority be granted to them under this resolution, to use such authority to, at appropriate times, repurchase and purchase, as the case may be, ordinary shares on the open market and thereby more efficiently utilise cash on hand. This authority includes an authority, by special resolution, to repurchase, through the JSE's order book, as contemplated in section 48(8)(a) of the Companies Act, ordinary shares disposed of by a director or prescribed officer of the Company or a person related to a director or prescribed officer of the Company.

3. Special resolution number 3

Financial assistance to subsidiaries and other related and interrelated entities

"RESOLVED THAT, to the extent required by the Companies Act, the Board may, subject to compliance with the requirements of the Company's Memorandum of Incorporation, the Companies Act, and the JSE Listings Requirements, to the extent applicable, authorise the Company to provide direct or indirect financial assistance, including by way of loan, guarantee, the provision of security or otherwise, to any of its present or future subsidiaries (wheresoever incorporated) and/or any other company or entity that is or becomes related or interrelated (as such term is defined in section 2 of the Companies Act) to the Company, on such terms and

Notice of Annual General Meeting (continued)

conditions as they may deem fit, for any purpose or in connection with any matter, including, but not limited to, the subscription for any option, or any securities issued or to be issued by the Company or a related or interrelated company, or for the purchase of any securities of the Company or a related or interrelated company, such authority to endure until the next annual general meeting of the Company.”

Additional information in respect of special resolution number 3

Notwithstanding the title of section 45 of the Companies Act, being “Loans or other financial assistance to directors”, on a proper interpretation, the body of the section may also apply to financial assistance provided by a company to related or interrelated companies and entities, including, *inter alia*, its subsidiaries, for any purpose.

Furthermore, section 44 of the Companies Act may also apply to the financial assistance so provided by a company to related or interrelated companies, in the event that the financial assistance is provided for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the Company or a related or interrelated company or for the purchase of any securities of the Company or a related or interrelated company.

Both sections 44 and 45 of the Companies Act provide, *inter alia*, that the particular financial assistance must be provided only pursuant to a special resolution of the shareholders, adopted within the previous two years, which approved such assistance either for the specific recipient, or generally for a category of potential recipients, and the specific recipient falls within that category and the Board must be satisfied that:

- immediately after providing the financial assistance, the Company would satisfy the solvency and liquidity test; and
- the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company.

The Company would like the ability to provide financial assistance, if necessary, also in other circumstances, in accordance with sections 44 and 45 of the Companies Act. In addition, it may be necessary or desirable for the Company to provide financial assistance to related or interrelated companies and entities to subscribe for options or securities or purchase securities.

In the circumstances and in order to, *inter alia*, ensure that the Company’s subsidiaries and other related and interrelated companies and entities have access to financing and/or financial backing from the Company, it is necessary to obtain the approval of the shareholders as set out in special resolution number 3.

The percentage of voting rights required for special resolution numbers 1, 2 and 3 to be adopted is at least a 75% (seventy-five percent) majority of the voting rights exercised on the resolution by shareholders present or represented by proxy at the meeting.

Material changes

There have been no material changes in the affairs or the financial position of the Company and its subsidiaries since the date of signature of the audit report and the date of this notice of annual general meeting.

Directors’ responsibility statement

 The directors, whose names are given on pages 38 and 39 of the integrated report collectively and individually accept full responsibility for the accuracy of the information and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made, and that in relation to special resolution 2 in particular, all information required by the JSE Listings Requirements is contained in the integrated report.

Proxies

An ordinary shareholder entitled to attend and vote at the annual general meeting is entitled to appoint a proxy or proxies to attend and act in his/her stead. A proxy need not be a member of the Company. For the convenience of registered members of the Company, a form of proxy is attached hereto. The attached form of proxy is only to be completed by those ordinary shareholders who:

- hold ordinary shares in certificated form; or
- are recorded on the sub-register in “own name” dematerialised form.

Notice of Annual General Meeting (continued)

Securities depository participant

Ordinary shareholders who have dematerialised their ordinary shares through a Central Securities Depository Participant (CSDP) or broker other than with “own-name” registration and who wish to attend the annual general meeting, must instruct their CSDP or broker to provide them with the relevant letter of representation to attend the annual general meeting in person or by proxy and vote. If they do not wish to attend in person or by proxy, they must provide the CSDP or broker with their voting instructions in terms of their custody agreement entered into between them and the CSDP or broker. These shareholders must not use a form of proxy. Unless you advise your CSDP or broker, in terms of your agreement, by the cut-off time stipulated therein, that you wish to attend the annual general meeting or send a proxy to represent you, your CSDP or broker will assume that you do not wish to attend the annual general meeting or send a proxy.

Voting

All voting at the annual general meeting will be conducted by way of polling. On a poll, every shareholder present in person or by proxy and, if the person is a body corporate, its representative, will have one vote for every share held or represented by him/her. If you are in any doubt as to what action you should take in respect of the resolutions provided for in this notice, please consult your CSDP, broker, banker, attorney, accountant or other professional adviser immediately.

Lodgement of forms of proxy

It is requested that the Company receives completed forms of proxy by no later than 14:00 (South African time) on Monday, 4 September 2023 by way of electronic mail to Computershare, at Proxy@Computershare.co.za. Any forms of proxy not lodged by this time may be sent to Computershare immediately prior to the proxy exercising any rights of the shareholder at the annual general meeting. Any shareholder who completes and lodges a form of proxy will nevertheless be entitled to attend, speak and vote at the annual general meeting should the shareholder decide to do so, provided that such shareholder has been provided with access to the Platform by Computershare.

A summary of the shareholders' rights in respect of proxy appointments as contained in section 58 of the Companies Act is set out on the attached proxy form.

Electronic participation

In compliance with the provisions of the Companies Act, the Company intends to conduct the annual general meeting entirely by electronic communication through the Platform. Through the use of the Platform, shareholders will be able to listen to the proceedings and raise questions should they wish to do so and exercise their voting rights at the annual general meeting.

Computershare will only provide access to the Platform to shareholders who have been verified.

Voting will be possible through the Platform but shareholders are encouraged to vote by way of proxy forms which will have been delivered to Computershare, at Proxy@Computershare.co.za.

The cost of procuring the services of Computershare and the use of the Platform will be for the account of the Company. However, the cost of the shareholders'/proxies' participation at the meeting through the Platform will be at their own expense. Any such charges will not be for the account of the company and/or Computershare.

Neither the Company nor Computershare can be held accountable in the case of loss of network connectivity or other network failure due to insufficient airtime, internet connectivity, internet bandwidth and/or power outages which prevents any shareholder from participating in and/or voting at the annual general meeting.

By order of the Board

Michael Pimstein
Chairman

Form of proxy

For use only by ordinary shareholders who:

- hold ordinary shares in certificated form (certificated ordinary shareholders); or
- have dematerialised their ordinary shares (dematerialised ordinary shareholders) and are registered with “own-name” registration, at the annual general meeting of shareholders of the Company to be held on Wednesday, 6 September 2023.

Dematerialised ordinary shareholders holding ordinary shares other than with “own-name” registration who wish to attend the annual general meeting must inform their Central Securities Depository Participant (CSDP) or broker of their intention to attend the annual general meeting and request their CSDP or broker to issue them with the relevant letter of representation to attend the annual general meeting in person or by proxy and vote. If they do not wish to attend the annual general meeting in person or by proxy, they must provide their CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker. These ordinary shareholders must not use this form of proxy.

I/We

of (address)

being the holder(s) of Capital Appreciation Limited ordinary shares,

Do hereby appoint (see note 2):

1. of failing him/her,
2. of failing him/her

3. the Chairman of the annual general meeting, as my/our proxy to act for me/us and on my/our behalf at the annual general meeting, which will be held for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at any adjournment thereof; and to vote for and/or against the resolutions and/or abstain from voting in respect of the Capital Appreciation ordinary shares registered in my/our name(s), in accordance with the following instructions (see note 3):

Number of ordinary shares	For	Against	Abstain
Ordinary resolution number 1: Acceptance of financial statements			
Ordinary resolution number 2.1: Retirement, re-election and confirmation of appointment of MR Pimstein as director			
Ordinary resolution number 2.2: Retirement, re-election and confirmation of appointment of KD Dlamini as director			
Ordinary resolution number 2.3: Retirement, re-election and confirmation of appointment of AC Salomon as director			
Ordinary resolution number 3.1: Re-election of VM Sekese as member and Chairman of the audit and risk and opportunity committee			
Ordinary resolution number 3.2: Re-election of B Bulo as a member of the audit and risk and opportunity committee			
Ordinary resolution number 3.3: Election of KD Dlamini as a member of the audit and risk and opportunity committee			
Ordinary resolution number 4: Reappointment of external auditors			
Ordinary resolution number 5: General authority to issue shares for cash			
Ordinary resolution number 6: Non-binding advisory vote on remuneration policy			
Ordinary resolution number 7: Non-binding advisory vote on remuneration implementation report			
Special resolution number 1: Approval of non-executive directors' fees			
Special resolution number 2: Repurchase of the Company's ordinary shares			
Special resolution number 3: Financial assistance to subsidiaries and other related and interrelated entities			

Please indicate with an “X” in the space provided above how you wish your votes to be cast.

Signed on 2023

Signature Assisted by (where applicable)

Notes

The person whose name stands first on the form of proxy and who is present at the annual general meeting will be entitled to act as a proxy to the exclusion of those whose names follow thereafter.

Each shareholder is entitled to appoint one or more proxies (who need not be a shareholder of the Company) to attend, speak and vote in place of that shareholder at the annual general meeting.

Summary of shareholders' rights

In respect of proxy appointments as contained in section 58 of the Companies Act, 71 of 2008, as amended (the Companies Act).

Please note that in terms of section 58 of the Companies Act:

This form of proxy must be dated and signed by the shareholder appointing the proxy.

- You may appoint an individual as a proxy, including an individual who is not a shareholder of the Company, to participate in, speak and vote at a shareholders' meeting on your behalf.
- Your proxy may delegate his/her authority to act on your behalf to another person, subject to any restriction set out in this form of proxy.
- This form of proxy must be delivered to the transfer secretaries of the Company, namely Computershare Investor Services Proprietary Limited, before your proxy exercises any of your rights as a shareholder at the annual general meeting.
- The appointment of your proxy or proxies will be suspended at any time to the extent that you choose to act directly and in person in the exercise of any of your rights as a shareholder at the annual general meeting.
- The appointment of your proxy is revocable unless you expressly state otherwise in this form of proxy.
- As the appointment of your proxy is revocable, you may revoke the proxy appointment by
 - cancelling it in writing, or making a later inconsistent appointment of a proxy; and
 - delivering a copy of the revocation instrument to the proxy and to the Company.

Please note the revocation of a proxy appointment constitutes a complete and final cancellation of your proxy's authority to act on your behalf as of the date stated in the revocation instrument, if any, or the date on which the revocation instrument was delivered to the Company and the proxy as aforesaid.

1. If this form of proxy has been delivered to the Company, as long as that appointment remains in effect, any notice that is required by the Companies Act, or the Company's Memorandum of Incorporation to be delivered by the Company to you will be delivered by the Company to you or your proxy or proxies, if you have directed the Company to do so, in writing and paid any reasonable fee charged by the Company for doing so.
2. A shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that shareholder in the appropriate box provided. If there is no clear indication as to the voting instructions to the proxy, the form of proxy will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting as he/ she deems fit in respect of all the shareholders' votes exercisable thereat.

3. If no proxy is inserted in the spaces provided, then the Chairman shall be deemed to be appointed as the proxy to vote or abstain as the Chairman deems fit.
4. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder or by his/her proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the shareholder or by his/her proxy. A proxy shall be entitled to demand that voting take place on a poll.
5. For administrative purposes only, forms of proxy should be sent by way of electronic mail to the Company's share registrars in South Africa, Computershare Investor Services, at Proxy@Computershare.co.za.) by no later than 14:00 on Monday, 4 September 2023, being no later than 48 (forty-eight) hours before the annual general meeting to be held at 14:00 on Wednesday, 6 September 2023, provided that the Chairman of the annual general meeting will accept proxies that have been delivered after the expiry of the aforementioned period up and until the time of commencement of the annual general meeting.
6. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the Company or waived by the Chairman of the annual general meeting. CSDPs or brokers registered in the Company's sub-register voting on instructions from beneficial owners of shares registered in the Company's sub-register, are requested that they identify the beneficial owner in the sub-register on whose behalf they are voting and return a copy of the instruction from such owner to the Company or to the Company's transfer secretaries, together with this form of proxy.
7. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies, but may not be accepted by the Chairman.
8. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the Company.

Registered address

Unit 2, 44 Saturn Crescent
 Linbro Business Park
 Sandton, 2090

Transfer secretaries

Computershare Investor Services
 Proprietary Limited
 Rosebank Towers
 15 Biermann Avenue
 Rosebank
 Johannesburg 2196
 Email: proxy@computershare.co.za

Glossary

AI	Artificial intelligence
AWS	Amazon Web Services
B2B	Business to business
B2B2C	Business to business to consumer
B-BBEE	Broad-Based Black Economic Empowerment
Bn	Billion
BNPL	Buy now, pay later
CAGR	Compound annual growth rate
CAPPREC	Capital Appreciation Limited
CRM	Customer relationship management
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
EPS	Earnings per share
FinTech	Financial technology
FY	Fiscal year
GTV	Gross transaction value
Headless CMS	Content management system that decouples content from the presentation layer
HEPS	Headline earnings per share
IaaS	Infrastructure as a Service
IaC	Infrastructure as Code
ISO	Independent sale organisation
IT	Information technology
M	Million

MPoC	Mobile payments on COTS
MSP	Managed Services Provider
N/A	Not available
NAV	Net asset value
NFC	Near field communication
NFT	Non-fungible token
NM	Not meaningful
POS	Point of sale
R	Rand
Remco	Remuneration committee
R&D	Research and development
SA	South Africa
SaaS	Software as a Service
SDK	Software Development Kit
SME	Small and medium enterprise
SSA	Sub-Saharan Africa
Tx	Transaction
UI	User interface
US\$	United States Dollar
UX	User experience
ZAR	South African Rands

Corporate information

Country of incorporation and domicile	Republic of South Africa	Company Secretary	PKF Octagon
Registration number	2014/253277/06		21 Scott Street
ISIN	ZAE000208245		Waverley
JSE share code	CTA		Johannesburg, 2090
A2X share code	CTAJ		Private Bag X02, Highlands North, 2037
FTSE Industrial Classification sector	Software and Computer Services	Auditor	Email: peterkatz@pkfoctagon.com
Directors	MR Pimstein (Chairman), BJ Sacks* (Chief Executive Officer), AC Salomon* (Chief Financial Officer), MB Shapiro*, B Buló#, KD Dlamini#, EM Kruger#, RT Maqache#, VM Sekese#, CL Valkin# * Executive, # Non-Executive	Sponsor	Ernst & Young Inc.
Registered office	Unit 2, 44 Saturn Crescent, Linbro Business Park, Sandton, Johannesburg, Gauteng, 2090		102 Rivonia Road
Telephone	+27 010 025 1000	Transfer secretary	Sandton 2196
Email	investor@capitalappreciation.co.za	Investor relations	Investec Bank Limited
Website	www.capitalappreciation.co.za		100 Grayston Drive
			Sandown
			Sandton 2196
			Computershare Investor Services Proprietary Limited
			Rosebank Towers
			15 Biermann Avenue
			Rosebank 2196
			Aprio Strategic Communications
			Telephone: +27 82 491 7583
			Email: lydia@aprio.co.za

