CAPITAL APPRECIATION

2024 INTEGRATED REPORT

FOR THE YEAR ENDED 31 MARCH

2024 reporting suite

The 2024 integrated 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 is supplemented by the publications below and complements further information provided on the Company's website.

www.capitalappreciation.co.za.

FS **The financial statements ("FS")** provide information relating to the Group's financial position and performance.

ESG **The ESG report** discloses how Capital Appreciation creates positive economic, societal and environmental impacts in alignment with the United Nations Sustainability Development Goals adopted by the Group.

Basis of preparation

Introduction

Capital Appreciation Limited ("Capital Appreciation", "the Company", "the Group") is pleased to present shareholders with its 2024 suite of reports, aimed at communicating how the Group generates and protects value for its stakeholders over the long term.

Scope and boundary

The report covers all the operations of Capital Appreciation for the year ended 31 March 2024. There have been no significant changes in the scope and boundary of this report compared to the 2023 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.

For further information, please visit
www.capitalappreciation.co.za

Frameworks and assurance

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

Regulatory/reporting frameworks	Integrated Report	ESG Report	Financial Statements
INTERNATIONAL REPORTING FRAMEWORK	✓		
COMPANIES ACT, 71 OF 2008 AS AMENDED	✓		✓
JSE LIMITED LISTINGS REQUIREMENTS	✓		✓
KING IV REPORT ON CORPORATE GOVERNANCE™ IN SOUTH AFRICA, 2016 ("King IV")	✓		✓
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, African Resonance and Dashpay, and by JS BEE Solutions for Synthesis.

This icon signifies related information elsewhere in this report

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

FS This icon signifies related information available in the 2024 Financial Statements

ESG This icon signifies related information available in the 2024 ESG report

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 and risk and opportunity 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 2024 integrated report for publication.

On behalf of the Board

Michael Pimstein
Executive Chairman

Bradley Sacks
Chief Executive Officer

Alan Salomon
Chief Financial Officer

17 July 2024

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Organisational overview

Digitalisation is not just about technology; it's about reconnecting people, reimagining processes, and reinventing business models.

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About Capital Appreciation

Capital Appreciation is a financial technology company that facilitates the provision of FinTech platforms and delivers contemporary and innovative solutions to its clients. The Company seeks to serve and partner with financial institutions and clients in other sectors in need of these services.

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.

About Capital Appreciation continued

An unwavering focus on acquiring companies where the Group can leverage its capital and strategic capability to expand and generate meaningful scale within a reasonable timeframe and, in addition, can provide satisfactory organic growth and shareholder returns.

CAPITAL APPRECIATION'S INVESTMENT CASE

A leading position in an industry with a **strong secular growth trajectory**

Large market opportunity – domestic and international

A trusted partner to blue-chip clients

Highly talented, skilled and dedicated team

Demonstrated leadership and **a track record of delivery**

Deliberate focus on and **investment in the future**

Cash-generative, resilient business model with substantial annuity income

Healthy, debt-free balance sheet

A large cash arsenal to pursue growth

Criteria for investment

The Group seeks to identify compatible enterprises for potential acquisition in the technology sector. Finding sustainable, growing and reasonably priced businesses in the sector is challenging. However, interesting opportunities continue to present themselves in an environment where business valuations are continuously being repriced, both in South Africa and globally.

In Capital Appreciation's quest 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

An extremely strong foundation from which to grow

About Capital Appreciation continued

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

CAPITAL APPRECIATION

SUBSIDIARIES

ASSOCIATES

PAYMENTS

The Payments segment comprises three businesses:

- **African Resonance** and **Dashpay** are leading direct and indirect providers of embedded payment software and infrastructure, technical call centre support, Point of sale ("POS") terminal maintenance and repairs, bespoke software development and payment technology solutions.
- **Dashpay Glass** is a **SoftPOS** solution built for merchants and merchant acquirers as a Software-as-a-Service ("SaaS") solution.
- **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.

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**, 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.

INTERNATIONAL

The International division:

- **The International division**, located in the Netherlands, was started 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 B.V., Capital Appreciation owns 20% of Regal Digital B.V. that comprises TetraLabs, a Web3 consulting business, Layer 4, a SaaS blockchain integration platform and Flamelink, a SaaS content management solution.

For more detail, please refer to the Divisional reviews on page 34

LayUp*
REGAL DIGITAL B.V.**
ASSETPOOL***

Included in the Payment segment
** *Included in the Software segment*
*** *Refer to note 35 for detailed Group information*

AssetPool is a SaaS B2B platform to manage, track and maintain key infrastructure and other assets. Capital Appreciation participates in AssetPool through a R15 million convertible loan facility. Once converted into equity, the Group will own 33% of AssetPool.

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 in multiple form factors, including as a software development kit ("SDK") for integration into others' apps or as an app on a white-label basis.

2024 dashboard

Continued strong demand for Capital Appreciation's products and services. Multiple new clients acquired and market share gained.

- ▲ **19%** REVENUE
- ▲ **53%** EBITDA
- ▲ **12%** OPERATING PROFIT
- ▲ **84%** EPS
- ▲ **83%** HEPS
- ▲ **21%** ANNUAL DIVIDEND
- ▲ **4%** NET ASSET VALUE

SOFTWARE DIVISION

▲ **31%** REVENUE

▼ **11%** EBITDA

New customers acquired and several software projects delivered. Unexpected project delays caused over-capacity of resources

PAYMENT DIVISION

▲ **7%** REVENUE

▲ **20%** EBITDA

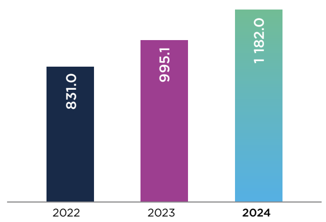
Market share gained in point-of-sales terminals, software solution tenders secured and new customers acquired

Financial results benefited from improved operational performance, higher finance income and a reduced expected credit loss raised for GovChat

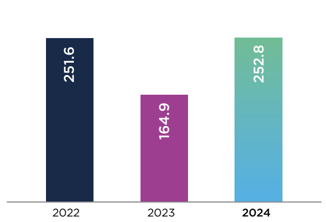
- Revenue **R1.182 billion**, up 19%
- Strong progress arising from new and diversified revenue streams
- Continued growth in terminal estate, up 9% to **357 000**
- Payments division annuity revenue up **28%**
- **Successful** integration of the Dariel group acquisition
- **R123 million** investment in the future through spend on acquisitions, rental assets and development of new software solutions and intellectual property
- **R320 million** cash generated from operations, up 75%
- Compelling business pipeline across all businesses and material terminal tenders awarded post-year-end
- Cash available for investment of **R467 million** translating into cash per share of 37 cents
- Improved BEE ratings – both Synthesis and Dashpay now **Level 1**
- GovChat exits Business Rescue (July 2024)

3-YEAR PERFORMANCE

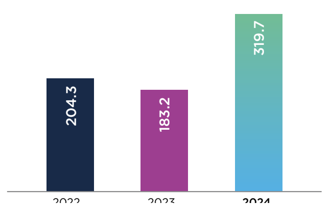
GROUP REVENUE (Rm)



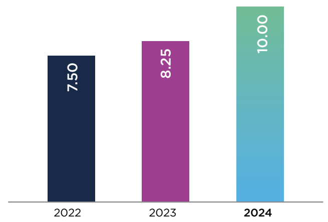
GROUP EBITDA (Rm)



CASH FLOW FROM OPERATIONS (Rm)



DIVIDENDS (CENTS PER SHARE)



Capital Appreciation's value-creation ecosystem

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

Hospitality
Mining
Logistics
Telecoms
Healthcare
Retail
Financial Services
Fast Moving Consumer Goods ("FMCG")

Continuing to penetrate new sectors with Mining, Hospitality and FMCG clients added in 2024

Representative clients

absa
FNB
NEDBANK
Investec
CAPITEC BANK
TymeBank
grobank
RMB
Standard Bank
MoneyGram.
AFRASIA corporate finance
Sanlam
BANKSERVAFRICA
ASTRON ENERGY
OLDMUTUAL
Southern Sun
Vitality
Discovery
CHEP A Brambles Company
momentum
AFGRI
bp
illy
W WOOLWORTHS FINANCIAL SERVICES
THE CROSS TRAINER
experian.
PAYMENT24
LAVAZZA TORINO, ITALIA, 1895
LEGACY LIFESTYLE
HARLEY-DAVIDSON MOTOR CYCLES
ATTACQ
X-PRESS FEEDERS
sasol reaching new frontiers
Tiger Brands
CITY LODGE HOTEL
Life Healthcare
AVI
we are one Sibanye Stillwater
Coca-Cola

Capital Appreciation's value-creation ecosystem continued

Valued strategic partner to global technology providers

Strategic partnerships with principals and suppliers are both a cornerstone and a key strength of the Group's operations. These relationships are established after a thorough due diligence process and are nurtured by continuously exploring mutually beneficial opportunities. The Group's preferred status with many of these suppliers demonstrates the value that Capital Appreciation adds to this important stakeholder group.

Maintaining the strictest compliance to local and international protocols and accreditations.

Recognition

Synthesis – **The Preferred Software Development Company in South Africa for large business projects** – My Broadband – 2024

Synthesis – **Intelligent Software Partner of the Year** – ICT Awards Africa

Synthesis – **Prize for Excellence** – Cutting-edge Generative AI solution – AWS

LayUp – **one of Africa's Fastest Growing Companies 2024** – FT

Synthesis – **Customer Appreciation Award** for PayShap Rapid Payments Programme

Significant partners

ingenico
Newland
aws certified AWS PARTNER NETWORK
THALES Building a future we can all trust
MTN
CONFLUENT
vodacom
CLOUDFLARE
HashiCorp
ACI Worldwide
Microsoft Azure
Google Cloud Partner

Payment accreditations

AMERICAN EXPRESS
PASA
Diners Club International
BankservAfrica
UnionPay International
VISA
PCI Security Standards Council
PCI DSS Compliant
ISO 8583

Capital Appreciation's journey

2015

October 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.

2017

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

2019

May Agreement concluded for exclusive distribution of Newland technology payment devices.

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

2021

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

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

June International division established in Amsterdam, Netherlands.

2022

March Acquired the Responsive technology group.

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

2023

June Provided convertible loan to AssetPool.

July Acquired Dariel group.

2024

March **Exceeded R1 billion in revenue.**

The business model

We Partner

Activities

Capital Appreciation

- Discovers, invests in, manages and partners with emerging and established FinTech enterprises
- Utilises financial capital, strong networks and established relationships to promote our subsidiaries

Payments

Operates and manages large terminal estates and infrastructure, and develops tailor-made payment platforms

Software

Embedded Payment Application development as well as bespoke software development

We innovate

Growth
Organic
Acquisitive

A foundation of ethical leadership and strong governance

We execute

Output

Capital Appreciation

A portfolio of high growth, high performing subsidiaries that provide comprehensive client solutions and generate strong shareholder value

Payments

Utilising a dual-vendor strategy to offer innovative and bespoke solutions that match client needs

Software

Delivering products and services that are targeted at mission-critical applications

Innovation

Commercial applications in machine learning, artificial intelligence, big data, payment platforms and blockchain technology

Focus areas in creating stakeholder value

Maintaining necessary skills in the business	Investment for growth	Ongoing innovation to benefit clients	Broadening financial inclusion	Transformation	Judicious capital allocation

The business model continued

	FC Financial Capital	DC Developed Capital	IC Intellectual Capital	HC Human Capital	SC Social And Relationship Capital	NC Natural Capital
OUR INPUTS	Equity and funding from our shareholders and debt providers Cash on hand • Equity of R1.6 billion (2023: R1.5 billion) • No Debt (2023: Nil) • Available cash R467 million (2023: R495 million)	Our platforms, proprietary applications and code • Development of specialised proprietary software • Building of prototypes and commercial products	Our brands, experience and know-how, as well as our proprietary technology and licences, including Halo Dot, Dashpay Glass and Synthesis Labs • Continuous innovation • Strong brands and reputation, reinforced by industry and supplier accolades • Investment R&D – R27.8 million	Our employees' competencies and capabilities • Employees 757 (2023: 524) • Development and training expenditure of R2.1 million • Experienced management teams	• Trusted relationships with clients • Strategic partnerships with suppliers • Caring outreach programmes for communities	Water, energy and waste Low impact, mainly through minimising already low usage of water and energy, as well as responsible disposal of electronic and office waste
THE CAPITAL ALLOCATION DECISIONS AND TRADE-OFFS WE MAKE	• **Holding cash** – The Group consistently trades off risk and return by holding future investment reserves in cash, as opposed to higher-risk, potentially higher-return instruments • **Acquisitions** – The Group continuously weighs up the pace at which acquisitions are concluded relative to their price, strategic fit and long-term return profile	• Asset-light businesses – The Group's investment model is predicated on acquiring asset-light, cash-generative businesses	• Investment – The Group has a strong focus on developing proprietary commercial software to broaden its annuity income base. This requires consistent investment with benefits mainly derived over the longer term	• Talent management – In building the talent pool, the Group constantly has to navigate the country's skills shortage against its growth aspirations and bench capacity considerations. This year, Software had to make tough trade-offs between skills retention and profitability and chose to retain skills, at the expense of profitability	• Shareholder returns versus stakeholder needs – Capital Appreciation constantly balances all stakeholder interests	Infrastructural dependencies – Unstable water and electricity supply affects business continuity

The business model continued

⊕ Value created ● Value preserved ⊖ Value conceded

Outputs and outcomes for stakeholders

Capital	Outputs	Outcomes	Clients	Shareholders	Employees	Commercial principals and suppliers	Communities and socio-economic development partners
Financial Capital	⊕ A well-managed and well-capitalised balance sheet ⊕ Highly cash-generative subsidiaries ⊕ Headline earnings R171 million ⊕ Annual dividends R104 million	⊕ R58.1 million share repurchases ⊕ R467.4 million cash available ⊖ Govchat impairment of R13.0 million ⊖ Share price declined by 24%	⊕	⊕ / ● / ⊖	⊕	●	⊕
Developed Capital	⊕ Proprietary licensed software developed ⊕ Halo Dot successfully implemented at a leading SA mobile operator	⊕ Payments software development for clients	⊕	⊕	⊕	●	●
Intellectual Capital	⊕ Well-established FinTech subsidiaries and new acquisitions	⊕ Brand reputation enhanced by accolades received	⊕	⊕	⊕	⊕	●
Human Capital	⊕ High employee retention, strong skills base, continuous development and learning culture	⊕ 459 AWS, Azure and Google cloud accreditations ⊕ Employee base increased by 233 (incl Dariel)	⊕	⊖	⊕	⊕	⊕
Social and Relationship Capital	⊕ A growing client base empowered to compete effectively by catering for customers' emerging needs ⊕ 21% dividend growth	⊕ R3.5 million CSI spend ⊕ Increased development and employment in our communities ⊕ Group Level 2 B-BBEE rating and improvement to Level 1 in subsidiary ratings	⊕	⊕	⊕	⊕	⊕
Environmental Capital	⊕ A low environmental impact ⊕ Minimum waste	⊕ Redundant computers donated to charities ⊕ ISO-compliant vendors manage hardware recycling	●	⊕	●	⊕	⊕

R467 million
CASH AVAILABLE TO INVEST

R75 million
TAXATION PAID TO GOVERNMENT

R104 million
DISTRIBUTION TO SHAREHOLDERS

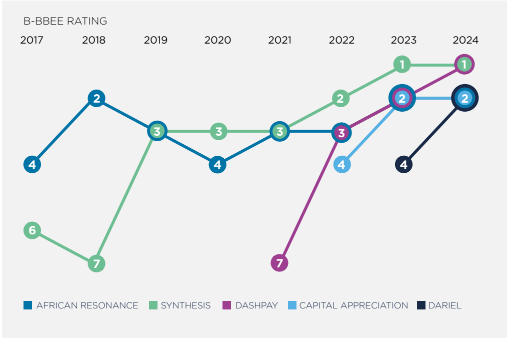
R477 million
PAID TO EMPLOYEES

R603 million
PAID IN DIVIDENDS OVER 7 YEARS

Capital Appreciation's ESG Framework

This is an extract of the comprehensive 2024 ESG report available on the website.

Capital Appreciation acknowledges the social impact of its operations. The Group is dedicated to conducting business in an ethical manner while balancing the demands of the social, environmental and economic spheres.



SOCIAL IMPACT

From inception, Capital Appreciation has made a significant commitment to enhancing socioeconomic development and transforming the communities in 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.

In recent years, Capital Appreciation has taken initiatives to strengthen its B-BBEE certification. The ratings of the Group and its subsidiary companies have consistently improved as a result. A highlight in 2024 was Dashpay's attainment of a Level 1 rating, the second company in the Group to have achieved this milestone.

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

Enterprise and supplier development

The Group provided interest-free loans to a total value of R15.7 million to a number of its Black-owned business suppliers. This comprised R10.3 million in Enterprise Development spend and R5.4 million in Supplier Development spend.

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

Corporate Social investment ("CSI")

The Group actively participates in several social programmes, emphasising the upskilling and education of the communities it serves. The long-term objective is to contribute 1.5% of the Group's net profit after taxes to CSI initiatives.

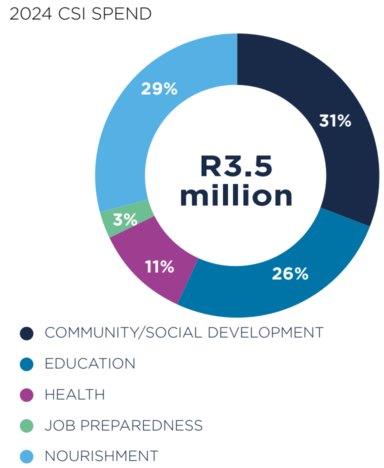
Some of the initiatives that the Group participated in during the 2024 financial year:

Mandela Day

The Group took up the task of sharing warmth and filling tummies on Mandela Day. The Payments and Software teams provided lunch for the children at Thuthuzela Aid Community Centre and the ECD at Afrika Tikkun Braampark Uthando Centre respectively. They also donated blankets and socks at these events.

Masterclasses

Various masterclasses were presented to learners at the Faith Mangope Technology and Leadership Institute ("FMTALI") during the year. Topics discussed include time management, emotional intelligence, artificial intelligence, networking and career planning.



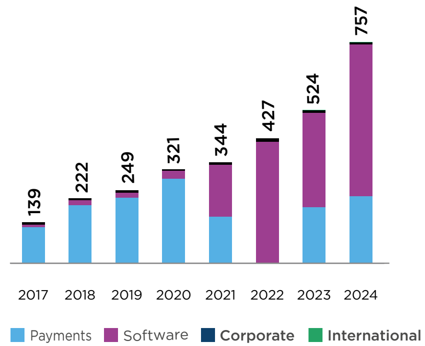
HUMAN CAPITAL

The Group's employees are seen as an essential asset to the business. Their knowledge, commitment, and drive are essential to fulfilling the Group's strategic objectives and maintaining its relationships 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 to share in the value creation of the Group
- Long-term share incentives

TOTAL NUMBER OF EMPLOYEES



88% of employees are permanently employed,
90% of non-permanent employees comprise interns and learners

616 new jobs
proudly created since May 2017

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

44% increase in headcount
in FY204 (including Dariel)
Excluding Dariel, headcount grew by 8%

7%*
STAFF TURNOVER

0%
LOST TIME INCIDENT RATE

92 learnerships and intern programmes
(2023: 85)

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

34% FEMALE EMPLOYEES

15% FEMALE MANAGEMENT

59% BLACK EMPLOYEES

26% BLACK MANAGEMENT

A diverse workforce

The Group remains committed to the promotion of diversity and inclusion in the workplace through recruitment endeavours and ongoing skills development in order to create employment and promotional opportunities.

Skills development

Training and development are an ongoing strategic commitment and there are multiple initiatives offered across the Group fostering a culture of continuous learning and growth, essential to long-term success. R22.8 million was spent on training in 2024.

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.

ESG 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.

The Group companies take great care to destroy and dispose of electronic waste, as stipulated by the Extended Producer Responsibility ("EPR"), which requires manufacturers to develop products that are recyclable and biodegradable.

The Payments division is a member of eWASA ("EPR Waste Association of South Africa"), a registered Producer Responsibility Organisation which controls the sustainable management of e-waste and, since joining, the Group's recycling programme and reporting of such has improved significantly.

The Group's efforts to manage and reduce its environmental impact also entail:

- minimising the use of hazardous materials, energy and other natural resources;
- 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; and
- repurposing technologies through resale, recycling or reinvestment into the community.

Performance and outlook

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

Operating context and strategy

The environment we operate in

Technology has become indispensable for its ability to enhance efficiency and convenience but also in its capacity to revolutionise industries, spark innovation and address global challenges. This has never been more evident than in recent times, with the power of AI and related technologies presenting almost unlimited potential. Capital Appreciation's clients are well-versed in the opportunities for efficiency, customer acquisition and innovation that technology offers. This has supported strong and ongoing demand for the Group's products and services, only tempered in recent times by challenging economic conditions and aggressive cost-cutting efforts. As a result, sales cycles have become notably more protracted.

Consistent macro strategy and execution

Capital Appreciation has followed a consistent execution strategy since acquiring its first businesses in 2017. This strategy aims not only to deliver substantial growth but also to continue attracting and solidifying relationships with the Group's clients.

Capital Appreciation operates in a sector with numerous growth opportunities. It is the Group's responsibility to fully leverage these positive trends, as the business model's growth potential is only limited by the Group's creativity. Capital Appreciation possesses the necessary skills and financial resources to capitalise on these opportunities and sustain strong organic growth in the medium to long term.

Each business unit has a comprehensive and detailed growth plan, referenced where appropriate against the emerging trends below and also outlined in the divisional reports from pages 34 to 39.

Capital Appreciation has the resources, capability and appetite to pursue further acquisitions, with a focus on opportunities in the Payments and Software divisions. The Group is also open to acquisitions to expand its geographic presence in the rest of Africa, the UK, and Europe. In evaluating potential deals, the Group is careful to only enter transactions with the right risk-reward balance.

With the financial resources in place and significant opportunities ahead, Capital Appreciation intends to leverage the experience, skills, and creativity of its teams to grow shareholder value and maximise its positive impact on stakeholders.

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

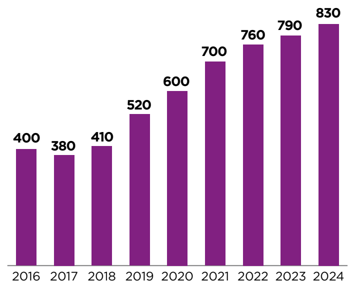
Operating context and strategy continued

Capitals: FC – Financial Capital IC – Intellectual Capital HC – Human Capital DC – Development Capital NC – Natural Capital SC – Social and Relationship Capital

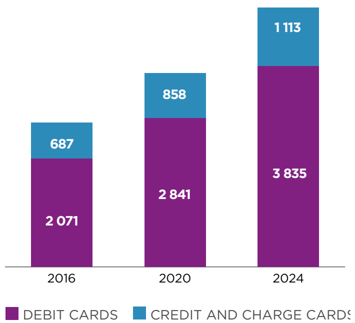
Key medium- to long-term trends

1 Rapidly growing digital payments replacing a shrinking cash economy

NUMBER OF POS TERMINALS (000S)



TRANSACTION VOLUME (MILLIONS)



Source: GlobalData's South Africa Cards & Payments, May 2021

The rise in global cashless payment volumes is expected to increase by over 80% in the period between 2020 and 2025, with the fastest growth in the Asia-Pacific region, followed by Africa and Europe[1]. South African banks confirm a steady march towards a cashless society as more customers adopt digital and card payment methods. The banks expect the shift from cash to digital to continue growing materially. This growth goes hand in hand with a proliferation of alternative methods of payment such as digital wallets and Buy Now Pay Later.[2]

Market opportunity of more than 800 000 payment acceptance devices in South Africa alone, with many more across Africa.

Tap on Phone Payment Solution

For Renowned Mobile Operator group

Fully branded Tap on Phone App, Available on Google Play!

Payment transactions are made easy by Halo Dot. It provides an innovative solution for existing and new merchants that generates new revenue streams and reduces operational expenses since the merchant is using its own Android device.

Solution

A major South African and African mobile operator launched a new "Tap on Phone" payment acceptance solution for small- and medium-sized enterprises allowing them to start accepting card payments immediately.

Benefits

The Telco is able to quickly offer cost effective, secure financial inclusion services to its customers, particularly underserved markets, with no capital cost (using existing handsets).

Results

The Halo "Tap on Phone" App has been successfully launched to the market and rolled out to new merchants. New features and functionality is planned as part of a phased approach to increase market penetration.

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, and market-leading digital payment innovations through its Halo Dot and Dashpay Glass platforms.

The application for a large South African telecommunications carrier demonstrates the sophistication of the Halo Dot solution set.

Refer to the Payments division on page 34 and the Software division on page 37.

Strategies employed:

Payments

- Grow the market for devices
- Take market share
- Grow SA client base
- Refresh legacy terminal estates
- Follow clients across Africa
- Introduce new payment services products and solutions
- Take solutions into international markets – Europe, Asia, Americas
- Continue to innovate

Software

- Grow licence revenue – from proprietary software solutions
- Lead with innovation
- Broaden solution set and product offerings

Principal risks & opportunities:

- R5 Inability to adapt to technological advancements
- R6 Deteriorating strategic partnerships
- R10 Cyber security
- R15 Increasing compliance
- R12 IP protection

Capitals utilised:

FC, IC, HC, DC

Refer to the risk report on page 53 for more information

[1] *PwC Payments 2025 & beyond* | [2] *Moneyweb – People-want-less-cash-in-their-hands*

Operating context and strategy continued

Capitals: **FC – Financial Capital IC – Intellectual Capital HC – Human Capital DC – Development Capital NC – Natural Capital SC – Social and Relationship Capital**

2 The exponential expansion of use cases for Applied and Generative AI

With AI, the world stands at the threshold of a transformative era, where machines can augment human capabilities, streamline processes, and unlock new frontiers of innovation. From revolutionising healthcare to optimising industry and customer experiences through predictive analytics and automation, AI presents an unprecedented opportunity for economic growth, innovation and societal advancement. The use of customer data analytics and AI is becoming vital to facilitate the customer journey, with businesses needing to consider adopting new service channels, focusing more on leveraging innovative AI technology and investing in automation.

Capital Appreciation's positioning

Capital Appreciation has a track record of early adoption and investment in the commercial application of emerging technologies. The Group has focused on Generative AI, Real-time AI and Web3 as the most important of these in recent years and has developed a strong competency as a result. In the current year, Software's Intelligent Data business unit secured the "Excellence Prize" award from AWS for its cutting-edge Generative AI solution. The unit has expanded its marketing efforts in the GenAI arena and is a recognised industry expert in South Africa. With the launch of the Google cloud Data Centre in South Africa, Synthesis has introduced GCP services to its expansive cloud offering.

According to McKinsey & Company, AI adoption today is 2.5x higher than it was in 2017 — about 50% of organisations have adopted AI for at least one business function.

Strategies employed:

- Leverage partnerships to grow domestically and internationally, specifically UK and Europe
- Grow licence revenue – from proprietary software solutions; deliver operational leverage
- Invest in emerging tech, currently Generative AI, Real-time AI and Web3
- Lead with innovation
- Leverage AI for growth
- Broaden solution set and product offerings

Principal risks & opportunities:

R5 Inability to adapt to technological advancements

R6 Deteriorating strategic partnerships

R10 Cyber security

R11 Risk from people and succession planning

Capitals utilised:

IC, HC, DC, SC

According to a PwC survey, the top goals of business leaders who are adopting AI are increasing productivity through automation, improving decision-making, and boosting the customer experience.

Operating context and strategy continued

Capitals: **FC – Financial Capital IC – Intellectual Capital HC – Human Capital DC – Development Capital NC – Natural Capital SC – Social and Relationship Capital**

3 The physical convergence is reshaping our lives

Phygital convergence refers to the integration of physical and digital experiences. Technology is breaking down barriers between the physical world and the digital domains where more and more time is spent. Online collaboration takes place remotely through platforms like Zoom and Microsoft Teams, and online gaming, e-sports and social apps create virtual spaces to socialise. Building infrastructure to participate in or allow customers to participate in the digitalising of the physical world is essential for companies to stay competitive and enhance the customer journey.

Capital Appreciation's positioning

Capital Appreciation's skills in digitalisation and designing delightful experiences for complex digital products provide an exceptional platform from which to add value to its client base and its customers.

The latest Accenture survey found that 96% of executives agree that the convergence of digital and physical worlds over the next decade will be critical to their organisation's success.

Capitec Bank

Leading the Digital Banking Experience Revolution

Capitec triumphs with Optimizely's content platform by improving user experience and decreasing website load speed

CAPITEC BANK

RESPONSIVE

Optimizely's platform, Capitec's innovative technological outlook, and Responsive's strategic guidance and expert implementation have transformed the bank's website into a world-class digital experience.

Solution

Responsive and Capitec successfully delivered an intuitive and well-built solution that improves service delivery, fosters brand loyalty, expands client reach, and delights clients.

Benefits

The bank has achieved remarkable platform uptime, maintaining near 100% availability since inception. This enhanced reliability has re-instilled client trust and ensures uninterrupted access to banking services. Additionally, the bank achieves better outcomes from marketing campaigns.

Results

- **75% decrease in load speed**
- **25% increase in page views and 5.74% increase in Organic search**
- **33.18% increase in users and 40.35% increase in new users**
- **23% decrease in total cost of ownership - content can now be published in minutes**

Strategies employed:

- Leverage partnerships to grow domestically and internationally
- Lead with innovation
- Invest in emerging tech, currently Generative AI, Real-time AI and Web3
- Leverage AI for growth
- Broaden solution set and product offerings

Principal risks & opportunities:

R5 Inability to adapt to technological advancements
R6 Deteriorating strategic partnerships
R10 Cyber security
R11 People risk

Capitals utilised:

IC, HC, DC, SC

Operating context and strategy continued

Capitals: **FC – Financial Capital** **IC – Intellectual Capital** **HC – Human Capital** **DC – Development Capital** **NC – Natural Capital** **SC – Social and Relationship Capital**

4 The accelerating use of customer data analytics to tailor customer offerings

Customer data analytics is transforming the way businesses tailor their offerings to meet customer needs. By leveraging data insights, companies can gain a deeper understanding of their target audience and tailor their products and services to specific customer segments. This personalised approach enables businesses to provide targeted recommendations, optimise user experiences, and deliver tailored marketing campaigns. By analysing customer behaviour, purchase history, and demographic information, businesses can identify patterns and trends that inform their offerings, leading to enhanced customer engagement and loyalty.

Capital Appreciation's positioning

Capital Appreciation's skills in competencies in cloud, intelligent and real-time data, AI and designing delightful experiences provide a powerful base from which to provide innovative solutions that add value to our clients. This year the Group broadened its focus and services offering to include the FMCG sector and gained several clients as a result.

Africa's Biggest Insurer

Generate Revenue

Harnesses insights to better understand customers needs

Uses real-time data for cross-selling of new products

synthesis

Intelligent Data & Labs

The insurance company wanted a way to service its clients better having a deep understanding and insight into what products could be cross-sold to its clients.

Solution

Synthesis put in place the Confluent Platform which allowed the connecting of the two applications and enabled the company to gain real-time insights that provide significant benefits.

Benefits

- Cross-selling and a universal understanding of clients
- In-depth understanding of what Confluent does and how it works
- Manage real-time data in motion and accelerate modernisation

Results

- Access to real-time client data
- Data governance
- Connected environments that were previously separated
- Ability to act with immediacy
- Well-architected claims system

Strategies employed:

- Grow licence revenue – from proprietary software solutions; deliver operational leverage
- Invest in emerging tech, currently Generative AI, Real-time AI and Web3
- Lead with innovation
- Leverage AI for growth

Principal risks & opportunities:

R5 Inability to adapt to technological advancements

R6 Deteriorating strategic partnerships

R10 Cyber security

Capitals utilised:

FC, IC, HC, DC

Operating context and strategy continued

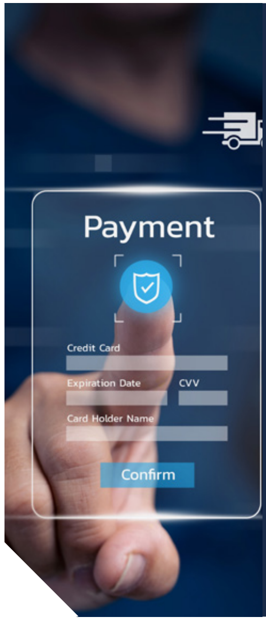
Capitals: **FC – Financial Capital IC – Intellectual Capital HC – Human Capital DC – Development Capital NC – Natural Capital SC – Social and Relationship Capital**

5 Digitalisation has resulted in a larger surface area that must be protected against fraud

Digital payments-related fraud has accelerated drastically. Innovative security measures are crucial for reducing fraud in the financial sector. Financial institutions and payment providers are investing in advanced fraud detection and prevention technologies, enhancing transaction security, and exploring partnerships with FinTech companies to provide innovative payment solutions.

Capital Appreciation's positioning

The Group has been assisting banks, insurers and FinTech companies with digital payments software and services for more than 20 years and has a deep technical know-how and experience in payments security and compliance. This is further leveraged through extensive use of the latest emerging technologies to maximise the benefits for clients.



Standard Bank

Combating fraudsters in real time

Combating financial crime and fraud with Confluent Data Streaming

Standard Bank

synthesis

Synthesis Intelligent Data Division

Fraud prevention is an unrelenting challenge for banks and many other industries. SA Banking Fraud statistics continuously increase, both in number and severity, with a 46% increase in digital banking crimes. Time spent preventing fraud is significant.

Solution & Results

Standard Bank commissioned Synthesis to implement data streaming technologies for fraud detection and prevention purposes. The solution enables "real-time" alerts which allows Standard Bank to reduce fraud significantly.

Benefits

The newly-designed data streaming application is easy to maintain and allows the creation of rules that can be monitored in real-time. This provides a more efficient way to detect fraud in a cost-effective manner. It is a scalable, automated, highly performant and reliable solution.

Results

It is 450x faster in detecting fraud.

Standard Bank has achieved 3x ROI on its investment in just three months in production.

Strategies employed:

- Grow licence revenue – from proprietary software solutions; deliver operational leverage
- Invest in emerging tech, currently Generative AI, Real-time AI and Web3
- Lead with innovation
- Leverage AI for growth
- Broaden solution set and product offerings

Principal risks & opportunities:

R4 Risk from the fast-changing FinTech industry

R5 Inability to adapt to technological advancements

R6 Deteriorating strategic partnerships

R10 Cyber security

Capitals utilised:

IC, HC, DC, SC

Operating context and strategy continued

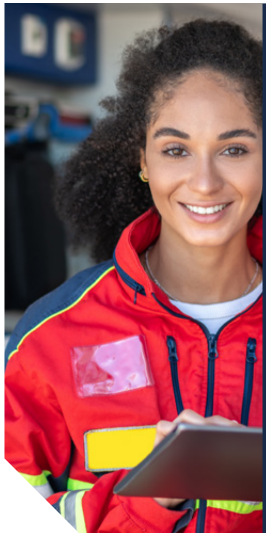
Capitals: FC – Financial Capital IC – Intellectual Capital HC – Human Capital DC – Development Capital NC – Natural Capital SC – Social and Relationship Capital

6 Use of IoT expands exponentially

Internet of Things ("IoT") was listed as one of the top five most impactful technologies of 2023, according to a survey conducted by the Institute of Electrical and Electronic Engineers in 2022. It is expected that the number of global IoT connections will reach 27 billion by 2025. In the United States, 35% of manufacturers are already using IoT devices to collect and analyse data to improve efficiency, reduce waste, and predict maintenance needs. By installing sensors on machinery, data is collected and wirelessly transferred to machine-learning platforms that analyse the data and determine if any human intervention is required.

Capital Appreciation's positioning

Capital Appreciation's competencies in cloud, intelligent data and AI position it perfectly to delight customers with its solutions in this field. The Labs team has worked closely with a leading IoT telematics and vehicle tracking solutions company managing over a million vehicles on a next-generation AI-enabled real-time events tracking platform. In less than six months, the team implemented machine-learning technologies that enhanced the company's response to life-threatening vehicle events, resulting in a twenty-fold improvement in emergency contact centre operational efficiency. The project's success sets the stage for the Group to explore and implement this technology across a wider array of applications and businesses with opportunities in insurance, transactions, logistics, and others.



Global Telematics Partner

Optimise Operations

Streamline Emergency Response

Using Machine Learning and Data Streaming to optimise emergency contact centre operations

synthesis

Intelligent Data & Labs

More than 2 million connected devices update locations and transmit data as they move all over the world.

These updates are made as frequently as once per second or as infrequently as four times an hour.

Discerning the nature, legitimacy and urgency of signal can be costly, time consuming and error prone.

Solution & Results

Synthesis deployed a self-learning AI agent to analyse, filter, characterise and route the signals.

Models and behaviours were discovered automatically.

Only 1% of alarms signals were determined to be live actual danger cases requiring an immediate response.

Response times were improved as Emergency Contact staff could focus on priority events.

Strategies employed:

- Grow licence revenue – from proprietary software solutions; deliver operational leverage
- Invest into emerging tech, currently Generative AI and Web3
- Lead with innovation
- Leverage AI for growth – uplift our people, offerings and operations (applicable to both Payments and Software divisions)
- Broaden solution set and product offerings

Principal risks & opportunities:

R5 Inability to adapt to technological advancements

R10 Cyber security

R15 Intellectual Property Protection

Capitals utilised:

IC, HC, DC

Chairman's letter

Michael Pimstein
Executive Chairman

Dear Capital Appreciation Investors and Stakeholders

The year just passed presented a period of immense challenges in the South African business environment. Fiscal 2024 was marked by poor economic growth and ongoing unstable and weak performance of State-controlled resources critical to economic activity through power supply and an effective and efficient transport infrastructure. This was further exacerbated by geopolitical tensions, increased unemployment, an unstable currency, and weak and negative business and consumer confidence, all of which resulted in an extremely challenging business environment.

Together with the hiatus resulting from the recent national elections, these conditions compounded an already stagnant economy by further impacting commercial activity, hindering new investment, and causing uncertainty, which directly influenced Capital Appreciation's performance.

While our clients generally demonstrated pleasing turnarounds in their financial results post-COVID-19, these were primarily influenced by the benefit of much higher interest rates, internally generated improvements, vigorous expense management and a significant hold-back of intended capital expenditure and investment. This resulted in delaying the commencement of several projects for the Group. Against this backdrop, it is both satisfying and encouraging to note the Group's resilience, with positive earnings momentum and a commitment to continued future investment throughout the period.

Chairman's letter continued

Building an enterprise to be proud of for the long term

While some investors may initially view us as a private equity-like firm with diverse assets, this is not the case. Capital Appreciation has, since its establishment, developed into a Group with divisions focused on providing expertise and knowledge in FinTech to institutions and organisations. The portfolio of expertise we have assembled is one that we can all take pride in. Our Group operates with clear industrial logic and a healthy interconnectedness among our divisions. We have over 450 software engineers distributed across the Group, sharing technical skills and experience and collaborating on client opportunities across entity and divisional boundaries.

Capital Appreciation is building a business for the long term, continually balancing present operations and short-term financial results with deliberate investment in future growth opportunities. The Group again invested in growth-related initiatives this year, laying out R123 million in this regard. While in the short term, the market may not necessarily recognise the value of bold calls to protect the long-term interests of the Group, we believe that investing for tomorrow is in the interest of all our stakeholders and we will continue on that path. Holding on to rare, talented people in a market downturn is a crucial example of the trade-offs we chose to make in the current year.

The Group's share price performance has been disappointing, raising concerns that we need to address. Capital Appreciation's position needs to be improved to create the shareholder returns we aim for and to enhance the utility of our equity for acquisitions. There are several reasons for the share price performance, including, rather worryingly, a lack of interest in small caps on the Exchange. We are actively addressing this by focusing on growing our business and track record. We are also improving the visibility and reliability of our earnings and maintaining extensive engagement with current and potential shareholders. A further initiative under consideration is more aggressive share repurchases to create value for all our stakeholders.

Unleashing AI to power our clients' businesses

The disruption potential of AI is undeniable. The critical issue is not just about AI itself but rather how to utilise AI to create business value. It is crucial to be discerning when selecting AI initiatives and assembling them to deliver that value. The Group's deep expertise in AI, demonstrated through several successful projects undertaken by our Software division, coupled with its leadership position in the South African payments ecosystem, gives Capital Appreciation a leading position in the market. Notably, the adoption of this technology is closely tied to cloud solutions, making our expertise in cloud technology another enviable strength of the Group.

As AI reshapes industries, introduces new business models, and shifts consumer behaviours, companies will be forced to adapt if they are going to continue to thrive in this new future. Capital Appreciation, with its dual focus on Payments and Software, is uniquely positioned to navigate this evolution and advance the benefits of AI for our clients.

While the exact trajectory of the convergence between Payments and AI remains uncertain, Capital Appreciation is committed to leading the charge in this transformative era. Some applications, like AI-enhanced fraud detection and AI-driven predictions of consumer behaviour, are already becoming industry standards due to their clear benefits. However, the potential for innovation extends far beyond these familiar uses, and the Group is exploring a range of sophisticated opportunities that have the potential to become critical strategic assets for our clients. This demonstrates the Group's pioneering core and underscores our dedication to harnessing AI's full potential to enhance customer convenience and redefine the payments marketplace. We are extremely well-positioned and committed to this opportunity.

Adding value through governance

The Board of Directors considers it crucial for the Group's leadership to build and maintain a robust value system and ethical culture within the organisation. We believe these are vital catalysts for creating sustainable value for all our stakeholders and should be practiced daily.

Capital Appreciation is consistently progressing on its Environmental, Social, and Governance ("ESG") journey.

ESG Readers are invited to view our 2024 ESG report at **www.capitalappreciation.co.za.**

The Group's sustainability ambitions are rooted in a firm belief in our broader societal responsibilities as a corporate citizen and are core to our DNA. The Group has continued to focus on advancing its proud transformation heritage this year. Synthesis and Dashpay are now rated Level-1 B-BBEE participants, with a Group-wide Level-2 rating maintained. The Group strives to make a difference through commercial transformation initiatives, upskilling and job creation. It is the core of who we are, and we will continue to invest

Chairman's letter continued

to pursue improved performance. As a technology company, it is imperative to manage electronic waste responsibly. Capital Appreciation is a proud member of the e-Waste Association, and all products and technologies are either repurposed or dismantled, destroyed and recycled in a compliant and environmentally friendly way.

Board matters

Charles Valkin retired in October 2023 and sadly passed away in December. He served as a non-executive director of Capital Appreciation from the date of the Company's listing on 16 October 2015 until his retirement. We acknowledge Charles for eight years of excellent business and legal guidance and for his commitment, guidance, and support to the Group.

Seasoned technology expert Amanda Dambuza was appointed to the Company's Board of Directors as a non-executive director from 4 December 2023. She has also been appointed to the social and ethics committee and the investment committee. We welcome Amanda to the Board and look forward to her contribution in the years ahead.

An unbroken dividend record

Capital Appreciation is proud to declare a total dividend of 10 cents per share in its seventh consecutive year of dividend growth. The dividend marks a 21% increase year-on-year. This reflects the Board's confidence in the company's balance sheet strength and the cash-generation capabilities of Capital Appreciation's businesses. In the past seven years, the Group has returned R603 million, equivalent to 44.50 cents per share, to shareholders as dividends.

Our Group has chosen not to have a set dividend policy as an enterprise focused on growth. Instead, the Board evaluates dividends at the end of each reporting period, considering earnings, affordability, and the funds set aside for future expansion or potential acquisitions.

Prospects

The South African economy continues to face significant pressures, demanding prompt and effective leadership to instil confidence among consumers and businesses. We are encouraged by our peaceful recent national elections and the formation of a Government of National Unity ("GNU"). We hope a new political dispensation will accelerate the essential collaboration between government and business. The GNU focus on inclusive growth, job creation, poverty alleviation and infrastructure investments should create a more favourable business climate, benefiting our clients, stimulating private-sector investment and fostering long-term economic stability. The right decisions will lead to incredible opportunities, but it will also require bravery and determination from our political and business leaders and support from all South Africans.

The use of technology in both business and everyday life continues to proliferate. Foundational technological features like cloud services, digital payments, and AI remain in the early stages of adoption and offer significant growth opportunities. Capital Appreciation has particular strengths in these areas, supporting our belief in sustained positive growth in the coming years despite the economic and social challenges faced by South Africa. Our people, products, and services are well poised to enjoy continued growth in a market upturn because of the positioning we have.

With substantial cash resources and no debt, the Group actively pursues strategic acquisitions that complement our core businesses and expansion goals. Strategic alignment and cultural fit are paramount, and these endeavours will be approached with great care, as we have done in the past. Capital Appreciation's businesses are well-led, appropriately structured and motivated to outperform their targets. We believe that our enviable track record of deep domain expertise, demonstrated innovation, and exemplary delivery positions the Group strongly to meet future demand and the prospects for the year ahead are very promising.

Appreciation

I want to use this opportunity to express my sincere appreciation to my fellow Board members for their invaluable advice and assistance. My heartfelt gratitude extends to the Capital Appreciation leaders, management teams, and staff for their enthusiasm, commitment, knowledge, and diligence. This year, our collective efforts have again transformed challenges into opportunities for growth and innovation. Finally, I would like to express the Group's gratitude to our shareholders and clients for their ongoing support and interest in the Group. Together, we will persist in driving this Company to even greater heights.

Chief Executive's report

"Perhaps the most important highlight of the year occurred after the year-end when the Payments division won two separate multi-year tenders to update the terminal estates of ABSA and Nedbank. These contracts are the culmination of lengthy negotiations and an adjudication process. The outcome is multiple contracts that, by themselves, can potentially increase our existing terminal estate by another 50% over the next 3-5 years. We were also successful in a vital fuel tender. These contracts will have a marked impact on the financial performance of the Payments division, and we are delighted to have ultimately been successful."

Bradley Sacks
Chief Executive Officer

Chief Executive's report continued

Accelerating momentum across all fronts

We are thrilled to share this year's financial results and discuss the Company's current position and prospects. The build-up to this moment has been exciting, and I am proud to share it with you. Despite starting with zero revenue in 2017, the Group generated revenue of R1.2 billion in the current financial year. We believe that this important milestone is a testament to our resilience and adaptability, and something worth celebrating. The economic and political backdrop against which this happened, with its unique challenges, makes the achievement even more noteworthy.

The Company's divisions have established a solid client base in the banking, financial, retail, healthcare, telecommunications and logistics sectors, and more recently, the FMCG sector too. The Payments and Software divisions have expanded their market share in the rapidly growing technology sector in South Africa, and collectively serve clients in over 20 countries.

This year has also seen several significant milestones in the execution of the Group's strategy. The divisions have developed new and diversified products and services, leading to the evolution of the Group's revenue mix. It is worth noting that the Payments division has grown annuity revenue to 61% of its total revenue, improving the predictability of its income flow. Capital Appreciation has also made substantial investments to enable both divisions to grow into the future.

The Group has been recognised for excellence in delivery and execution by its customers, suppliers and the popular press. The Software division has successfully integrated the Dariel acquisition. The Group also continued to improve its transformation credentials, exited the business rescue process for GovChat and built business pipelines for both divisions.

Perhaps the most important highlight of the year occurred after the year-end when the Payments division won two separate multi-year tenders to update the terminal estates of ABSA and Nedbank. These contracts are the culmination of lengthy negotiations and an adjudication process that faced repeated delays. The outcome, however, is multiple contracts that, by themselves, can potentially increase our existing terminal estate by another 50% over the next 3-5 years. We were also successful in a vital fuel tender. These contracts will have a marked impact on the financial performance of the Payments division, and we are delighted to have ultimately been successful.

Pleasing financial and operational results

Like our competitors and participants in other industries, we found the economic environment in which we operated very tough, with uncertainty contributing to instability. We are pleased to report that the Group generated a credible financial result for the year under review, despite these challenges.

The Group's 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, resulting in robust top-line growth. The Payments division achieved encouraging gains in market share in the point-of-sale terminal market, entered new market sectors, secured payments software solutions tenders and acquired new clients. Terminal sales recovered meaningfully in the second half of the financial year, and with the benefit of the two tenders, that momentum is carrying through to FY25. The tenders awarded post-year-end extend over a three- to five-year period. In addition to new terminal sales and growth in the rental fleet, these tenders will also increase estate management fees, maintenance and support services fees and transaction-related income from terminals.

The Payments division has deployed its first multi-lane installation within Clicks in partnership with First National Bank. The successful multi-lane deployment opens a market opportunity of c.100,000 additional devices that was previously not addressed by the Group. The division is also doubling down on the Payments software initiative with ACI Worldwide, which will take the Group into African and international markets. Payments has also identified a real competence in terminal repair and is working to convert this cost centre into a revenue-generating independent business initiative.

In leading with innovation, the Payments division developed a business-in-a-box solution, MicroPOS. The solution is licensed to bank clients giving them a solution targeted at small merchants. Payments has also embarked on initiatives in the vending machine space and continues to make progress with Halo Dot prospects, including a white-label implementation of Dashpay Glass. All of this leads to the prospect of a positive financial performance from the Payments division for the 2025 fiscal year.

The demand for the Software division's products and services continues to be strong. However, we are seeing the sales cycles being more protracted, which has resulted in some excess capacity in this financial year. The delays experienced in the Software division are not unique, as reflected in market commentary from Capital Appreciation's peer group and the repeated delays experienced in the Payment division's contracts. The delay in projects has resulted in the Group having to incur costs against which it could not recognise revenue, which has impacted the profitability of the Software division. We have implemented a series of remedial

Chief Executive's report continued

measures, one of which is to moderate hiring. However, finding talented resources is challenging, and we have elected to keep all our existing people on board. With respect to the delayed projects, it is important to note that those contracts have not been cancelled, nor have they gone to competitors. The excess capacity is also productively employed in innovation, research and development initiatives while the resources await deployment onto new projects.

On a positive note, the Software division had robust demand in the cloud and digital areas this year, resulting in the acquisition of several new customers and the successful completion of a variety of projects. The team can be exceptionally proud of the recognition that it has received from independent parties this year. They, amongst others, won a prize from AWS for excellence related to Generative AI and were voted "*the Preferred Software Development Company for large business projects*" by MyBroadband. This is, for us, a truly meaningful measure of what clients think about the Group and the work that we do.

GovChat has now exited business rescue. The Group has terminated operations and agreed with other shareholders to split costs in the outstanding litigation against Meta and the Competition Commission's prosecution of them in front of the Competition Tribunal. We look forward to being successful in that endeavour.

Investing in a strong opportunity set

Capital Appreciation is enthusiastic about the prospects for the Group, having recently secured notable new contracts. With Capital Appreciation's talented team, exceptional skills and capabilities and unique proprietary technologies, we can provide innovative solutions that will continue to delight our customers. While mindful of external challenges, the Group is optimistic that political stability will lead to improved economic growth.

Capital Appreciation operates in an area with strong secular growth trends supporting the Group's trajectory. Technological advancements are transforming how businesses interact with their customers, employees, and partners. Capital Appreciation's primary investments in cloud computing, artificial intelligence, digitalisation, and payments are at the forefront of technological innovation. These investments generate significant demand for our products and services, presenting substantial organic growth opportunities for the Group. Capital Appreciation's businesses are cash-generative, allowing the Group to invest in the future, with R123 million investment in organic growth-related initiatives this year. The Group's strong, unencumbered balance sheet and cash resources of c.R467 million also enable the pursuit of attractive investment and acquisition opportunities in both the Payments and Software divisions. These acquisitions must, however, align strategically as well as culturally. Capital Appreciation will be careful and deliberate in these endeavours as it has done in the past.

In FY2025, the Payments division is expected to benefit from several factors, including the increasing demand for payment-related software solutions and the necessity to update currently deployed terminal estates. This ensures that the devices no longer rely on the 2G and 3G communication networks, which are planned to be decommissioned by December 2027. The division aims to expand the device market, introduce new payment services and products (Payment Software as a Service), and develop hardware-agnostic solutions. Payments, in addition, intends to collaborate with local clients to provide them with hardware and software support across Africa while also expanding into other international markets.

The Software division will continue to leverage its partnerships with international suppliers, including Confluent, AWS, and, more recently, a growing relationship with Google cloud Platform and Azure. Software has expanded its cloud initiatives and is increasing its licence revenue from proprietary software. The division invests resources into new products and technologies, mainly focusing on cutting-edge capabilities in Generative AI, Real-time AI and Web3. Another important aspect is that the adoption of this technology is closely linked to the cloud and, therefore, aligns with embracing cloud solutions, which is a notable strength of the Group. The division's bench resources are strategically utilised, with the full expectation that the Software division's performance will recover to its previous levels in the years ahead.

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, being based in South Africa, has a distinct pricing advantage.

Appreciation

Capital Appreciation has once again demonstrated significant momentum in FY2024 and is looking forward to the potential for FY2025. I want to thank all our teams for their hard work throughout the year. I sincerely thank our clients and the Board for their valuable support. Thank you to our shareholders for your continued backing. We eagerly look forward to another year of operational excellence and the financial performance that this should accompany.

Report from the Chief Financial Officer

Alan Salomon
Chief Financial Officer

Capital Appreciation has, in the past seven difficult years, exacerbated by the severe consequences of Covid-19, generated R1.5 billion in operating cash flow and paid dividends to shareholders of R603 million, or 44.5 cents per share.

A strong financial performance

Capital Appreciation is pleased to present a solid set of annual financial results, as well as compelling evidence of an even stronger operational performance, which will translate into revenue and profits in the coming years. The Group is proud to have achieved and exceeded a landmark R1 billion in revenue, particularly against the background of a tough, high-interest rate environment locally and globally, and with low economic growth in South Africa. We are encouraged by the progress made in diversifying and broadening the revenue base and by the new products and services developed over the past year. The Group has continued to invest consistently and meaningfully in future revenue streams. We are particularly pleased with the very strong cash generation in the 2024 financial year, again underlining the highly cash-generative nature of the Group's businesses.

The financial results benefited from improved operational performance, higher finance income, a substantially reduced expected credit loss raised for GovChat, and the Dariel Group's nine-month contribution, acquired in July 2023. Also of significance to the results is the acceleration of new business that has been generated in Payments and project delays in the Software division that have had a severe impact on this division's profitability.

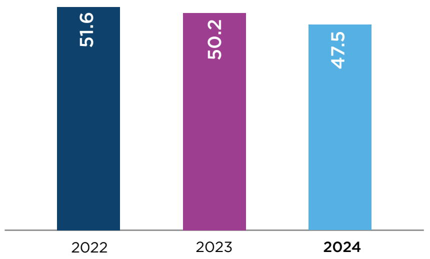
Report from the Chief Financial Officer continued

Capital Appreciation generated **revenue** growth of 19% for the period, to R1.2 billion.

In terms of IFRS, the EBITDA calculation now includes the GovChat Expected Credit Loss ("ECL") raised. **EBITDA** increased by 53% to R252.8 million.

Group gross margin contracted by 280 basis points from 50.2% to 47.5%, mainly due to bench over-capacity in the Software division where the commencement of some large client projects was delayed during the year.

GROSS MARGIN DOWN 140BPS



Operating expenses were well managed notwithstanding the Software resources challenge, with expense increases moderating to 12.6%. Operating expenses amounted to R352.5 million (2023: R313.2 million) and included Dariel's costs of R29.6 million. If the Dariel operating expenses are excluded, Group operating expense growth was a low 3%, benefiting mainly from increased scale and efficiencies in the Payments division.

Finance income earned on the Group's significant cash balances increased by 38%, mainly due to higher average cash balances during the year.

The 2024 **ECL** of R13.0 million raised on the GovChat loan was considerably lower than the R70.8 million raised in the prior year. This benefited EBITDA, EPS and HEPS but had no material impact on cash resources or net asset value. Operating losses in GovChat have come to an end with the only remaining costs emanating from ongoing legal expenses related to the Competition Commission prosecuting Meta for abuse of market dominance. The cost of the litigation will be shared equally by Capital Appreciation and certain other GovChat shareholders.

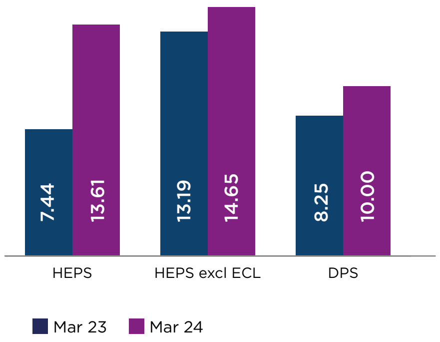
Headline earnings increased by 87% to R171.0 million. Basic EPS and HEPS increased by 84% and 83% to 13.59 cents and 13.61 cents per share, respectively. If the ECL raised is excluded, the normalised **Basic EPS and HEPS** for the year increased by 11.3% and 11.1% to 14.63 cents and 14.65 cents respectively.

Balance sheet strength and strong cash generation remain fundamental attributes of our business model

Capital Appreciation consists of asset-light businesses that are highly cash-generative, delivering an outstanding R319.7 million of cash generated from operations this year, 75% higher than the prior year.

Capital Appreciation continued to invest extensively in future **growth initiatives**, with R123 million spent in the past year on acquisitions, rental assets, the development of intellectual property and new software solutions, as well as further funding to its associates. Capital Appreciation paid R40 million for the initial cash consideration for the Dariel acquisition and R6.6 million for the cash settlement of the warranty consideration for the 2022 Responsive acquisition. The Group granted LayUp Technologies a further R6.5 million convertible loan, bringing total loans to the associate, inclusive of interest, to R20.6 million. The Group also recently invested in AssetPool via an R11 million convertible loan, as part of a R15 million draw-down facility. After these investments, higher dividend payouts and share repurchases, the Group still maintains a strong and unencumbered balance sheet with R467.4 million in cash available for future opportunities.

HEPS UP 83%, DPS UP 21%
EXCLUDING ECL, HEPS UP 11%



In terms of its **capital allocation**, the Group remains strongly focused on 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.

Report from the Chief Financial Officer continued

Net asset value (net of treasury shares) increased by 4% in the past year to 125.7 cents per share, of which 37 cents is represented in cash.

Share repurchases

During the year, Capital Appreciation repurchased 44 771 999 shares, costing R58.1 million, at an average cost price of 130 cents per share.

As of 31 March 2024, the Group had a total of 51 961 828 million treasury shares, down from 77 096 541 mainly due to the allotment out of treasury shares for the acquisition of Dariel. Given the appropriate circumstances, the Group will consider future repurchases of shares in the market.

Divisional performance

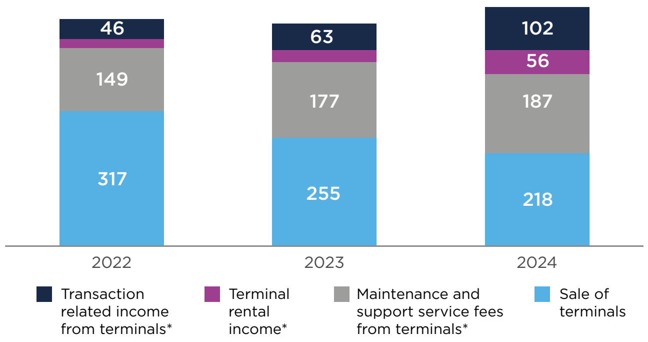
Payments

The Payments division delivered revenue of R562.8 million, an increase of 7% on the prior year. The division exhibited excellent expense management, successfully reducing its operating expenses year-on-year. This benefited EBITDA, which grew by 20% to R248.0 million and generated a strong improvement in EBITDA margins from 39% to 44%. Payments continues to be a strong cash generator. The division has been successful in several meaningful tenders that were awarded post-year-end.

The terminal estate increased by 9% to 357 000 terminals in the hands of customers. Certain customers are electing to rent terminals, rather than an outright purchase, a trend that is changing the Payments revenue mix in favour of more annuity-based income. The size of the rental estate has doubled as a result, while increasing terminal rental income by 95% at the same time. Notably, the future minimum terminal rental income from existing rental contracts as at 31 March 2024 will yield R49.1 million in the 2025 year before any of the new rental contracts concluded post-year-end. In addition to generating additional supplementary income over multiple years, these rental contracts will also reduce the cyclicality of terminal sales in future.

For more detail refer to the Divisional reviews

PAYMENTS REVENUE SOURCES
(Rm)

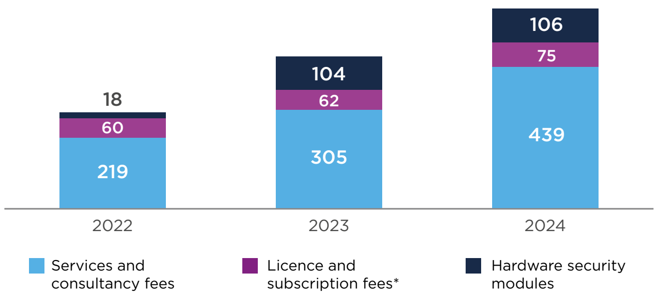


* Annuity-based

Software

The Software division had a challenging year caused by delays in the commencement of several large projects. Software successfully integrated Dariel into the Group and concluded several new projects this year, as well as introducing new clients, sectors and products. This, however, proved insufficient to compensate for the fixed cost bench resource over-capacity resulting from the abovementioned project delays. While Software revenue increased by 31% to R619.2 million, EBITDA decreased by 11% to R79.4 million. Dariel contributed R145.9 million in revenue and R26.0 million in profit before taxation for the nine months from 1 July 2023.

SOFTWARE REVENUE SOURCES
(Rm)



* Annuity-based

Annuity-based revenue now comprises >61% of the revenue in the Payments division, up from 51% a year ago.

The consistent demand in the market for Software's skills is evident in the growth in its diversified revenue streams. Services and consultancy fees accelerated by 44% due to the increased demand for cloud and digital projects, licence and subscription fees increased by 20%, and security hardware and third-party licence fees were marginally up year-on-year from the elevated base of 2023.

Report from the Chief Financial Officer continued

The division has implemented remedial plans to improve its financial performance and anticipates that this will be reflected in the FY25 and FY26 financial years. The strong bench capability built in the first half of FY24 has positioned the division well to take advantage of anticipated improved market conditions. Going forward, the combination of Synthesis and Dariel's resources will also provide opportunities for more efficient resource allocation.

For more detail refer to the Divisional reviews

International

The International division remains in the early stages of its development and incurs moderate and well-managed development and set-up costs, which are expensed. Non-South African revenue continues to make an important contribution to the diversification of the Group's revenue streams, currently comprising 12% of Group revenue. Currently, the majority of this hard currency revenue is managed, transacted and executed directly from South Africa in foreign currencies.

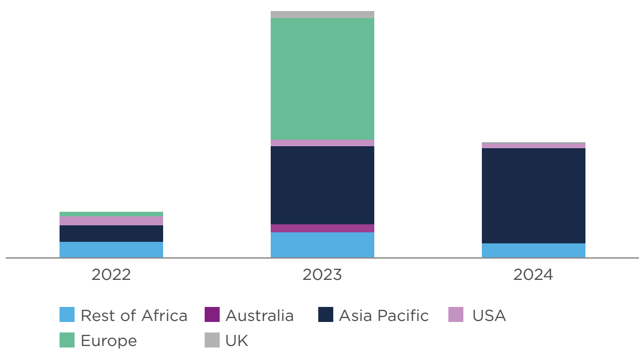
International revenue decreased slightly to R137.0 million year-on-year, after growing 277% the year before, as global clients found themselves similarly confronted with tough, uncertain economic conditions.

For more detail refer to the Divisional reviews

Our strong dividend-paying credentials persist

The Group has maintained its unbroken, year-on-year growth in dividends for the seventh consecutive year, well covered by cash flow from operations. A final dividend of 5.75 cents per ordinary share was declared for the 2024 financial year (2023: 4.00 cents per ordinary share), bringing the total dividend for the year to 10.00 cents per ordinary share (2023: 8.25 cents per ordinary share), an increase of 21% on the prior year.

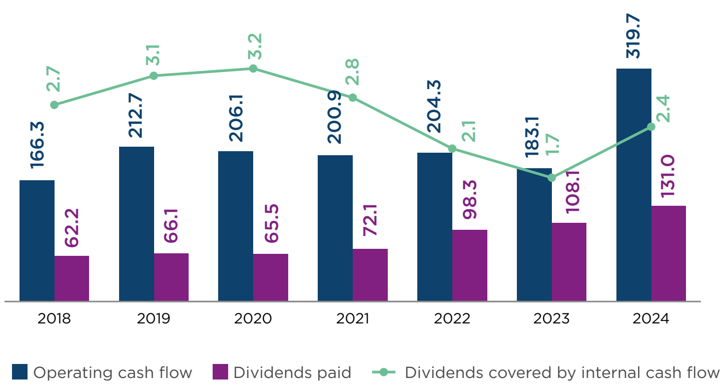
INTERNATIONAL REVENUE



Looking to the future

The Group is in a strong position to benefit from the exciting opportunities in the growing markets it serves. While the outlook remains dependent on several micro and macroeconomic factors, we are optimistic over the medium term given the strong opportunity set for the Group's underlying businesses. Looking forward, the businesses have a good pipeline of projects and are expecting positive growth in the years ahead.

DIVIDEND CASH COVER



Divisional review

PAYMENTS DIVISION

The Payments division comprises three businesses:

- **African Resonance** and **Dashpay** are leading direct and indirect providers of embedded payment software and infrastructure, technical call centre support, POS terminal maintenance and repairs, bespoke software development and payment technology solutions.
- **Dashpay Glass** is a SoftPOS solution built for merchant acquirers and merchants as a SaaS solution.
- **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 **357 000** terminals in the hands of clients

First Multi-lane Pin-Entry Device ("PED") solution deployed

Two new Payment software contracts awarded

Annuity-based **revenue up 28%**, now comprising 61% of total revenue

Rental estate doubled

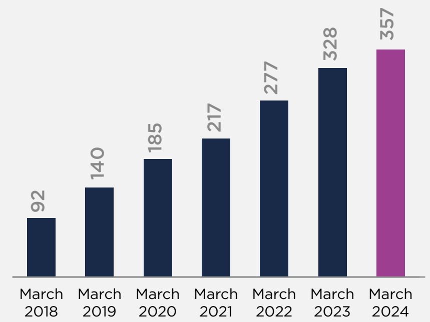
Strong growth in Value Added and transaction-related software solutions

The Payments division continues to be the preeminent POS terminal estate management provider in South Africa.

The Payments division is one of the leading POS terminal suppliers in South Africa with strategic partnerships with two of the world's leading terminal providers, Ingenico and Newland Payment Technology. African Resonance's prime differentiation is its turnkey terminal estate management solution, which consists of an end-to-end POS terminal maintenance and support solution, a secure data encryption key injection facility, 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, whilst also providing Payment Software as a Service ("PSaaS").

TERMINAL ESTATE (THOUSANDS)

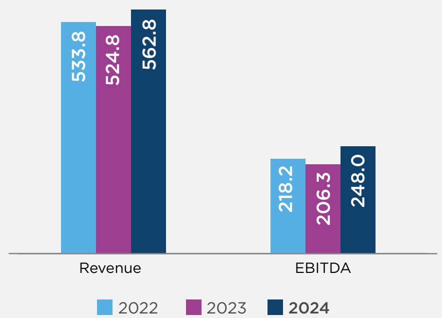


The number of terminals in clients' hands grew by 9% yoy in 2024.

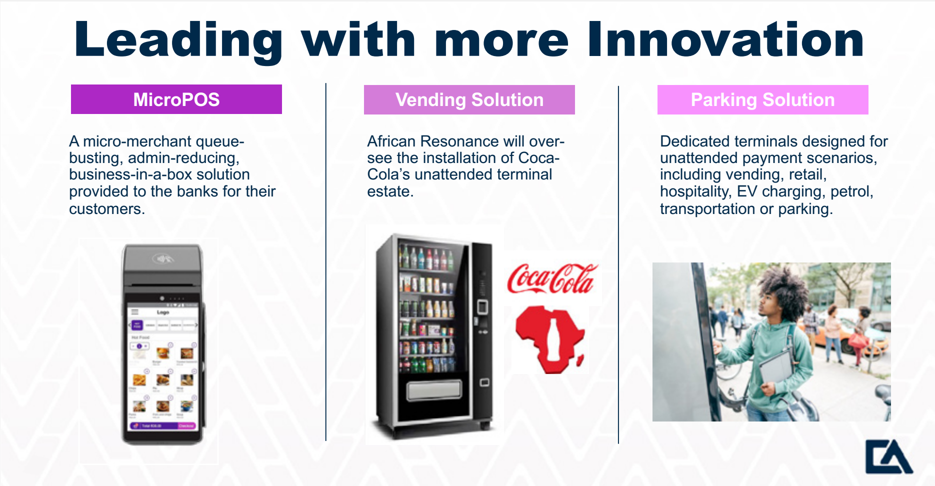
Financial performance

Key statistics	2024	2023	2022
Revenue, Rm	**562.8**	524.8	533.8
EBITDA, Rm	**248.0**	206.3	218.2
Operating profit, Rm	**218.4**	185.5	201.1
Cash generated from operations, Rm	**283.2**	127.8	176.1
Terminals in the hands of customers	**357 000**	328 000	277 000
Number of employees	**228**	192	174

PAYMENTS FINANCIAL RESULTS (Rm)



Divisional review continued



Operational performance

The Payments division made pleasing progress in the past financial year by gaining market share in the point-of-sale terminal market, entering new market sectors, securing payments software solutions tenders and acquiring new clients. Terminal sales recovered meaningfully in the second half of the financial year and that momentum is carrying through to FY25 with Payments being successful in several meaningful tenders that were awarded post-year-end. These contracts extend over a three to five-year period.

Strategic and operational highlights

- Point of sale ("POS") terminals in the hands of customers **increased by 9% to 357 000** in a very depressed economy.
- Payments-related annuity revenue streams continued to experience strong growth, as the division rolled out proprietary Value Added and transaction-related software solutions.
- The division was awarded a new Android Payment software contract by one of South Africa's leading banks, as well as at a prominent FinTech group in South Africa. Payment software solutions are also being rolled out for other end markets.
- The strategic software development partnership with ACI Worldwide, targeted at multi-lane retailers in South Africa and globally, is progressing well and will open new market segments and generate licensing revenue in new geographies, resulting in further growth in annuity income.
- The multi-lane PED solution deployment this year will open up opportunities with other major retailers.

Divisional review continued

- The Payments division signed a contract with a retail bank for a turnkey merchant acquiring solution which will include a white-label implementation of Dashpay Glass, powered by Halo Dot.
- Payments initiated a live pilot on vending machines (unattended kiosks) with the world's leading soft drinks manufacturer.
- The division has expanded into Africa, providing software services and payment software as a service to clients remotely from South Africa.
- Payments commenced projects to extend its terminal repair facilities and production areas into revenue generators and expand these services into Africa. A pilot to repair terminals for an international Payments technology provider commenced during the latter part of the financial year.
- The division launched MicroPOS – an Android product allowing banks to offer a "Business-in-a-Box" solution to small/micro-merchants – and secured its first banking client.

The Department of Communications and Digital Transformation has extended the deadline for decommissioning South Africa's 2G and 3G networks to 31 December 2027. The shutdown of these networks presents further medium-term growth opportunities for the Payment division as the vast majority of POS terminals in the South African market are 3G compatible terminals.

LayUp

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 started as a digitised lay-by solution provider but has evolved to be a digitalised collector of recurring payments with a capability of accepting funds at more than 276 000 points of presence across the country. LayUp has acquired c. 2 000 merchants, up more than 100% in the current financial year. The number of Payments Plans initiated grew by 70% and merchant order value by 80% in the current year. Completion rates exceeded 80% with payment plans ranging from as small as R80 up to R550 000. The business remains in its formative stage, and the Group is pleased with its performance to date.

Voted one of **Africa's Fastest Growing Companies** 2024 by the *Financial Times*

MTN **Business App of the year** 2022

Payments' growth strategy

Organic growth opportunities are abundant for a business with such a well-established installed base, extensive industry knowledge and deep technical expertise. The Payment division's growth strategy focuses on expanding the market for devices and gaining a larger share in established segments while capitalising on the growing demand for payment software solutions.

Strategic initiatives

- Grow the market for devices
- Continue to take market share in established segments
- Grow South African client base
- Introduce new payment services products and solutions with a focus on Software
  - PSaaS – hardware agnostic
- Refresh industry's legacy terminal estates – 2G and 3G devices
- Follow clients across Africa (hardware and software)
- Take solutions into international markets – Europe, Asia, Americas
- Continue to innovate
- Develop and enhance Enterprise ecosystems
  - Multi-lane retail software

Outlook

The medium-term outlook for the Payments division is positive due to the recent multi-year sales and good pipeline, the technological advances in the industry that promote continuous upgrades of the hardware and the South African Government's recent announcement of the 2027 2G and 3G networks shutdown, which will require extensive bank merchant estate re-investment.

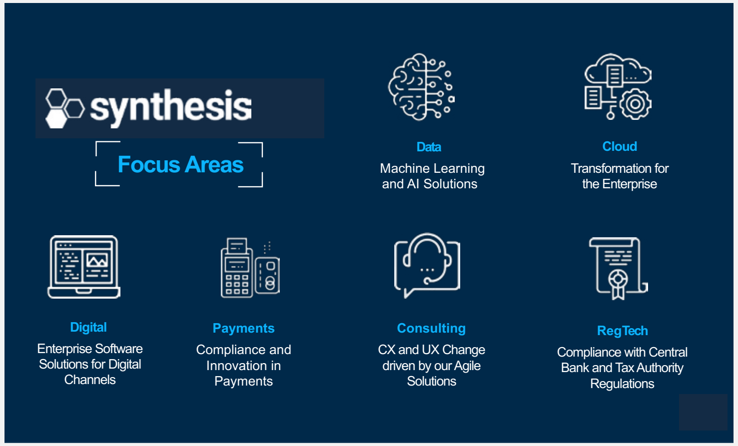
Divisional review continued

SOFTWARE DIVISION

The Software segment comprises three businesses:

- **Synthesis** is a strategic technology partner and highly specialised software and systems developer, offering consulting, innovative software solutions, and technology-based products.
- **Responsive Group** designs and develops web and mobile digital applications with clients in South Africa, the USA, Europe, Australia and the United Kingdom.
- **Dariel** is an engineering-focused IT architecture and software development group focused on developing complex business applications.

synthesis
RESPONSIVE
halo.
dariel
ASSETPOOL



Financial performance

Key statistics	2024	2023	2022
Revenue, Rm	**619.2**	471.4	297.2
EBITDA, Rm	**79.4**	89.7	70.1
Operating profit, Rm	**56.5**	79.5	61.4
Cash generated from operations, Rm	**67.6**	81.8	52.7
Number of employees	**520**	322	242

Synthesis was voted **"The preferred software development company in South Africa for large business projects"**, based on a survey of over 1 500 IT executives – My Broadband – 2024.

Synthesis claimed the **"Intelligent Software Partner**" award at the Intelligent ICT Awards Africa.

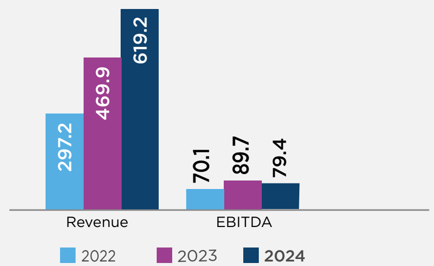
Synthesis has been named Confluent's Nordics, Europe, Middle East and Africa ("NEMEA") Focus partner.

Synthesis received the **"Customer Appreciation Award"** for the PayShap Rapid Payments programme.

Awarded the AWS Prize of **"Excellence for Generative AI"**.

The only AWS partner with Financial Services competency in the META region.

SOFTWARE FINANCIAL RESULTS (Rm)



Attracted **several new clients** and expanded to the Fast Moving Consumer Goods ("FMCG") sector

Channel partner **agreements concluded** in America and Africa for Halo Dot

Synthesis became one of only two SA companies to **achieve the acclaimed AWS Migration competency**

Dariel acquisition is **successfully integrated**

Expanded Generative AI capabilities and is recognised as the industry expert in SA

Responsive continues to see **good momentum** with new client engagements

Divisional review continued

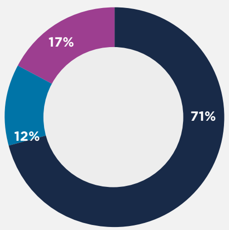
Exceptionally strong cloud credentials

Regional Launch Focus Partner
Google Cloud Partner

Digital App & Innovation Designation
Microsoft Azure

Advanced Consulting Partner
DevOps Competency
Financial Services Competency
Microsoft Workloads Competency
Security Competency
Well Architected Competency
Migration Competency

SOFTWARE REVENUE SOURCES



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

Operational performance

The Software division delivered several successful software projects, acquired new customers, and received numerous important accolades during the 2024 financial year. The Dariel Group was also successfully integrated into the division.
The division continued to build on its capabilities, investing further in its Generative AI capabilities and rounding out its cloud division by augmenting its AWS leadership position with the addition of leading skills in Azure (Microsoft) and GCP (Google cloud Platform). While the global market has seen some downturn in cloud expenditure, the Software cloud business unit has shown growth in its multi-cloud strategy, validating its approach to leveraging the cloud to create customer value.

The division also encountered some unexpected challenges this year, in the form of clients' decisions to delay or defer projects and the cost-cutting measures implemented by them. This impacted revenue generation and caused an over-capacity of bench resources, which affected profitability. Concurrent with the integration of the Dariel Group into the division, remedial plans have been implemented to address the over-capacity issues, with a strong focus on cost optimisation, scale and efficiency.

Strategic and operational highlights

- Synthesis was selected to deliver cloud migration in physical channels and branch networks for a major South African bank.
- Synthesis has become a key provider for customers adopting a multi-cloud strategy by augmenting its AWS leadership position, with meaningful Google cloud Platform and Microsoft Azure skills and competencies.
- The Intelligent Data unit added an FMCG capability, which attracted several listed FMCG companies as customers.
- With the launch of the Google cloud Data Centre in South Africa, the unit has expanded its Generative AI capabilities and is recognised as the industry expert in South Africa.
- Synthesis was announced by Confluent as a launch solution partner at the 2024 Kafka Summit in London.
- Synthesis has established itself as a respected thought leader in the industry, producing an impressive 246 published articles, and presenting at 10 industry conferences, both locally and internationally.
- The large multi-year contract with the shipping and logistics leader in Singapore was extended this year.
- Halo Dot completed its SoftPOS rollout for a large telecoms company and went live for a local insurer. The Group also concluded channel partner agreements focused on opportunities in North, Central and South America and Africa.
- Dariel is fully integrated into the Group and signed long-term service agreements with several large enterprises and insurance providers in South Africa.
- Research and development play a vital role in sustaining competitive advantage. The Software 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. Synthesis Labs recently developed a next-generation AI-enabled real-time events tracking platform in conjunction with a leading IoT tracking solutions company. The project has wide application in many different sectors. The application of AI-related solutions presents compelling opportunities for the Software division.

Divisional review continued

SOFTWARE'S GROWTH STRATEGY

The Software business is exceptionally well-positioned at the leading edge of technology, and with the skills, experience and established track record in innovation to be favoured by clients seeking trusted partners to support them in their adoption of the new technologies.

Strategic initiatives

- **Leverage partnerships** – New and existing – Confluent, AWS, GCP – to grow domestically and internationally
- **Grow licence revenue** – from proprietary software solutions, deliver operational leverage
- Continue with **measured international expansion** against ZAR-based cost structures
- **Invest in emerging tech**, currently Generative AI, Real-time AI and Web3
- **Lead with innovation**
- **Leverage AI for growth** – uplift our people, offerings and operations (applicable to both Payments and Software divisions)
- **Broaden solution set and product offerings**
- Use **bench resources** strategically

Outlook

Corrective actions to improve financial performance should have a positive impact in 2025 and 2026. The strong bench capability built in FY24 has positioned the division well to take advantage of improved market conditions. As evident from the accolades received this year, the Software division is recognised as a thought leader and trusted advisor. The medium-term outlook for the division remains positive, with its skills and intellectual property developed in high demand.

INTERNATIONAL DIVISION

- The International division is located in the Netherlands and aims to broaden the Group's geographic reach, expand the Group's client base, and increase 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 Web3 consulting business and Flamelink, a SaaS content management solution.

The Group's internationalisation strategy aims to unlock new revenue streams and diversify the Group's geographic footprint. The strategy is to advance sales initiatives for software services and the Halo Dot product globally through a specialised in-country team, while using South African resources to deliver those services to international clients. To accelerate the internationalisation drive and enjoy the enhanced access that a regional presence will provide, offices were established in Amsterdam, the hub for FinTech in Europe, in 2021. The Group is committed to investing appropriately in business development and marketing to realise benefits over the longer term.

After growing international revenue threefold in 2023, revenue generation in this financial year was slightly more muted, decreasing from R150.9 million to R137.0 million year-on-year. A highlight this year was the extension of the large multi-year contract with the shipping and logistics leader in Singapore.

Creating value through accountability

Accountability demonstrates trustworthiness and a commitment to achieving goals and upholding standards. It includes acknowledging mistakes, learning from them, and striving to improve.

Group structure at a glance

Capital Appreciation Limited
JOHANNESBURG, SOUTH AFRICA

- **100%** **African Resonance (Pty) Ltd** — Providers of Payments Infrastructure and Payments Technology Solutions — **Johannesburg, South Africa**
- **100%** **Rinwell (Pty) Ltd** — Holding Company of Dashpay — **Johannesburg, South Africa**
  - **100%** **Dashpay (Pty) Ltd** — Multiparty Universal Transacting Platform and Value Added Solutions — **Johannesburg, South Africa**
- **100%** **Synthesis Software Technologies (Pty) Ltd** — Specialist Software Development Services — **Johannesburg, South Africa**
- **100%** **Responsive Tech (Pty) Ltd** — Digital Services User Interface (“UI”) User Experience (“UX”) — **Cape Town, South Africa**
- **100%** **Responsive Digital (Pty) Ltd** — Digital Services — **Cape Town, South Africa**
- **71%** **Rethink Digital Solutions (Pty) Ltd** — Strategic and Tactical Advisory Digital Services — **Cape Town, South Africa**
  - Brandon Fairweather **29%** (Founder)
- **100%** **Dariel Solutions (Pty) Ltd** — Holding Company of Dariel Software (Pty) Ltd Johannesburg, **South Africa**
  - **100%** **Dariel Software (Pty) Ltd**
- **100%** **Synthesis Europe B.V.** — Holding Company — **Amsterdam, Netherlands**
  - **100%** **Synthesis Labs B.V.** — Emerging Technology and Specialist Software Services — **Amsterdam, Netherlands**
- **100%** **CAPPREC Management Services (Pty) Ltd** — Group Management Company — **Johannesburg, South Africa**

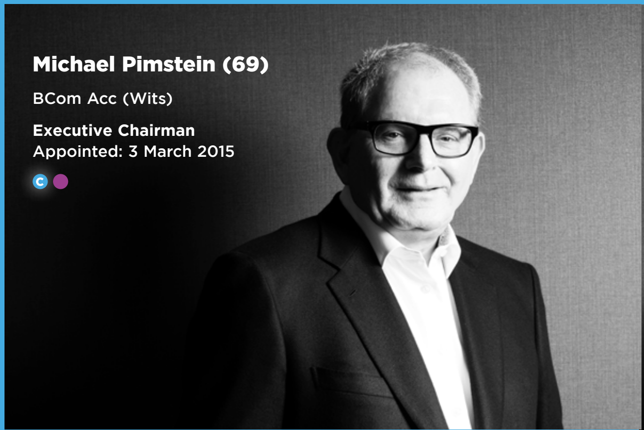
Associates

- **27.38%** **LayUp (Pty) Ltd** — Digital Lay-by & Payments Platform — **Cape Town, South Africa**
- **35%** **GovChat (Pty) Ltd** — Civic Engagement Platform — **Cape Town, South Africa**
- **20%** **Regal Digital B.V. (NL)** — Blockchain & Web3 Software and Content Management SaaS — **Amsterdam, Netherlands**

PAYMENTS DIVISION
SOFTWARE DIVISION
INTERNATIONAL DIVISION
CORPORATE

Leadership

Executive directors and divisional management



Michael Pimstein (69)
BCom Acc (Wits)
Executive Chairman
Appointed: 3 March 2015

Bradley Sacks (57)
BEconSc (Wits), MBA/JD Hons (Duke University School of Business and School of Law)
Chief Executive Officer
Appointed: 3 March 2015

Alan Salomon (75)
BSc Hons (University of London), CA(SA)
Chief Financial Officer
Appointed: 3 March 2015

Michael Shapiro (52)
BSc Hons in Electrical Engineering (Wits)
Head of Software Division and Executive director
Appointed: 12 June 2019

Donn Engelbrecht (56)
International Marketing and Management (IMM) and Executive Development (Wits Business School)
Head of Payments Division
Appointed: April 2016

Leadership continued

Non-executive directors

Bukelwa Bulo (46)

BBusSC (Business Finance Honours) UCT, PGDA (UCT), CA(SA)

Independent non-executive director
Appointed: 15 September 2015

Kuseni Dlamini (55)

BA (Hons) (UKZN), MPhil (Oxford)

Lead Independent non-executive director
Appointed: 9 May 2018

Errol Kruger (67)

BCom (UP)

Independent non-executive director
Appointed: 9 May 2018

Rorisang (Roxy) Maqache (49)

BBA (Schiller), AS (Schiller), CM SA

Non-independent non-executive director
Appointed: 4 December 2020

Victor Sekese (57)

BCom (Wits), BAcc (Wits), CA(SA)

Independent non-executive director
Appointed: 15 September 2015

Amanda Dambuza (46)

BA (Wits), (PMI), Organisational Leadership (Duke)

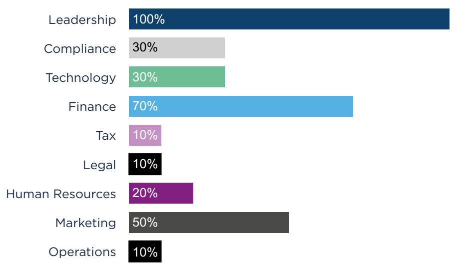
Independent non-executive director
Appointed: 4 December 2023

A diverse and transformed Board

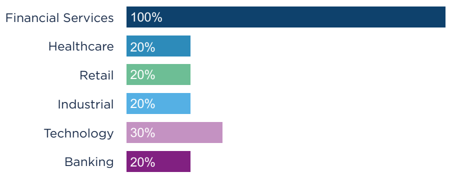
The Board of the Group is diverse, in terms of race, gender, business expertise, experience and tenure and is satisfied with its composition. This diversity engenders robust debate and supports decisions that appropriately reflect the strategic objectives and resources of the Group, as well as the establishment,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

Diversity analysis of the Board of Directors

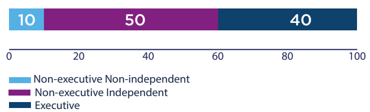
Board expertise



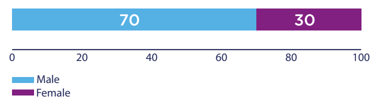
Board sector experience



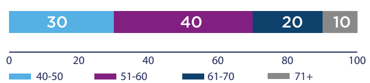
Structure (%)



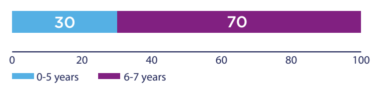
Gender (%)



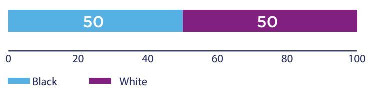
Age (%)



Tenure (%)



Race (%)



- Investment committee
- Audit committee
- Risk and opportunity committee
- 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

Corporate Governance

The role of governance in value creation

Capital Appreciation upholds a governance philosophy that supports high standards of leadership, ethics, integrity, accountability, transparency and responsibility. The Group's governance philosophy is aligned with its values, mission, and vision.

Capital Appreciation believes that the Group's culture and value-creation goals are reinforced by its ethical framework, supporting structures and governance. In addition to complying with the relevant rules and regulations, the Board's structure, the governance framework and the roles and responsibilities of the committees also contribute to the organisation by promoting actions that advance the Group's mission.

Governance practices are continuously evolving. The Group has made significant strides toward putting in place the systems, procedures, and oversight required to abide by the legal, regulatory, and governance requirements within which it conducts business. The aim is to advance and mature the Group's governance processes beyond simple legislative compliance. This is particularly evident in the recent acquisitions and the active participation of Capital Appreciation management in its associate ventures.

Capital Appreciation's governance will advance and change as the Group continues to expand. The corporate structure will undergo short-term adjustments, such as simplification, proper sizing of its governing institutions, and harmonisation of its protocols and rules. The Group's value philosophy remains the cornerstone of governance, providing a strong foundation for growth.

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 are 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

Governance framework and structure

CAPITAL APPRECIATION SHAREHOLDERS
Reputation, sustainability, strategic, new business and acquisitions

CAPITAL APPRECIATION BOARD
Reputation, sustainability, strategic, new business and acquisitions

NOMINATIONS AND REMUNERATION COMMITTEE
People, remuneration and skills retention

INVESTMENT COMMITTEE
Existing investments, new investments and acquisitions

EXECUTIVE COMMITTEE
Strategic direction and blueprint for growth

SOCIAL AND ETHICS COMMITTEE
Stakeholders (in particular employees), transformation, sustainability and ethics

AUDIT COMMITTEE
Accounting, tax, compliance, governance, information and technology, internal audit, external audit

RISK AND OPPORTUNITY COMMITTEE
Risk and credit control management

AFRICAN RESONANCE BOARD

DASHPAY BOARD

SYNTHESIS BOARD

RESPONSIVE BOARD

DARIEL BOARD

ASSOCIATES' BOARDS

Corporate Governance continued

Board of Directors

Changes to the Board

Charles Valkin retired as a non-executive director of the Company on 31 October 2023. Charles has been a non-executive director from the date of the Company's listing on 16 October 2015 and the Board thanks Charles for his eight years of excellent business and legal guidance and commitment to the Group. Amanda Dambuza was appointed to the Company Board of Directors as a non-executive director on 4 December 2023.

Composition of the Board

At the date of this report, the Board comprises ten 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 Executive Chairman is one of the four founders of Capital Appreciation and, given that he is not independent, the Company has an independent non-executive 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 distinguished 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 and declaration of interests are reviewed at each Board meeting and thereafter annually by the nominations and remuneration committee.

We are proud to report that, at the end of the 2024 financial year, the Board consisted of 50% (2023: 40%) directors from previously disadvantaged groups, with three 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, was set for the 2024 financial year. These targets were met in 2024.

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 Annual General Meeting ("AGM"). All retiring directors are eligible for re-election. The appointment of Ms A Dambuza on 4 December 2023 as a non-executive director will be ratified and confirmed at the forthcoming AGM.

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

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.

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

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:

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

Corporate Governance continued

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

An engaged and committed Board

A governance system cannot function effectively unless members actively participate in and attend Board and committee meetings. Capital Appreciation believes it has committed directors, as evidenced by the high attendance record for all Board and committee meetings. The executive and non-executive directors continue to engage in regular and productive communication during the periods between Board and committee meetings.

An effective Board process

Capital Appreciation upholds the greatest standards of professionalism, ethics, corporate integrity, and leadership while fostering and facilitating the expansion and superior performance of highly successful, inventive, and well-structured teams and enterprises. According to its corporate philosophy, Capital Appreciation's operations are firmly based on excellent governance, sincere and dedicated work, transparency, efficient control, accountability, and responsibility.

Focused and informed deliberations

The Board met four 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. The members of the committees 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.

Refer to pages 50 to 52 for the meeting attendance.

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.

The Board reviewed and confirmed the performance of the Group's executive directors for the year ended 31 March 2024 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.

Refer to the remuneration report in the 2023 integrated report for details of the abovementioned 2024 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 basic salary and short-term and long-term incentive rewards for the executive directors during the 2024 financial year.

For information on the directors' remuneration, refer to the remuneration report on page 58

Corporate citizenship

Capital Appreciation supports King IV's shift towards wider stakeholder inclusivity and enhanced corporate citizenship. The Group subscribes to the concept 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. The Group's reporting and interaction strategy with a wider range of stakeholders supports this belief. By offering updates on strategic advancements, operational and financial performance, and topics of pertinent interest, Capital Appreciation actively engages and communicates with its stakeholders, including the investment community.

ESG For information about Capital Appreciation's Stakeholder relationships, refer to the ESG report.

Ethics and governance policies

Maintaining ethics and sound governance in the Company is essential, even in the face of constant change and expansion. Group companies must adhere to Capital Appreciation's principles and philosophy, which promote high standards of honesty in all decision-making processes, from hiring and training staff to entering into agreements with clients and suppliers. This conduct forms a significant component of each executive's performance evaluation.

Corporate Governance continued

The Group continues to focus and standardise key areas of governance, like insider trading, gifts, entertainment, conflicts of interest 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.

The Group continued with successful governance and responsibility operational training programmes and beneficial interaction for all divisional executives and divisional leadership in the reporting period.

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

Succession planning

The Capital Appreciation leadership continues to review succession planning throughout the Group. The Payments division was reorganised under the leadership of Donn Engelbrecht, and Mike Shapiro was appointed as the Head of the Software division in the past year. The services of an external service provider have been obtained to assist on a Group level with succession planning initiatives.

Company Secretary

PKF Octagon acts as Company Secretary and Mr Peter Katz CA(SA), a consultant to PKF Octagon, acts as Secretary to the Company and is independent. 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 to competently carry out the duties and responsibilities required by the Group and as detailed in the Companies Act 2008, JSE Listings Requirements and the King IV Code.

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 53 for more information.

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.

Penalties, sanctions or fines

There were no material fines for non-compliance with legislative and regulatory requirements or for environmental laws and regulations during the year under review. The Company was also 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.

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.

Corporate Governance continued

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.

Roles and membership of the Board and committees

The Board functions in accordance with the requirements of King IV, within the context of the Companies Act and the Listings Requirements of the JSE, and in compliance with the Company's MOI, governance rules and codes 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. The charters and terms of reference are reviewed annually 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 2024. No external advisors attend the committee meetings.

The Group receives assistance from its sponsor, Investec Bank Limited, and its lawyers on matters relating to King IV disclosure and complies with the Company's Act and JSE regulations.

Board committees reviewed the duties set out in their respective committee terms of reference and are satisfied that all responsibilities have been carried out.

Corporate Governance continued

Board	**Chairman:** M Pimstein[1] **Members:** B Sacks[1], A Salomon[1], M Shapiro[1], B Bulo[2], K Dlamini[2], V Sekese[2], E Kruger[2], R Maqache[2], A Dambuza[2] [1] *Executive* [2] *Non-executive*	**Number of meetings: 4** **Attendance:** 100% (excluding C Valkin who retired in October 2023 and A Dambuza who joined the Board in December 2023)

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.

Key activities for 2024

- Reviewed monthly operational, financial and trading performance reports, performance matrixes and targets.
- Reviewed competitor activity.
- Implemented recommendations from the audit 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 coverage.
- 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.
- Voluntary targets were set on gender and race diversity at the Capital Appreciation Board and subsidiary Board levels. New appointments at subsidiary Boards and management levels were made during the year that reflect 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.
- Appointment of a new auditor for Capital Appreciation Limited for the year ended 31 March 2025, who will replace Ernst & Young who retire by rotation, after ten years of service.

Key focus areas for 2025

- 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.
- Following the conclusion of a tender process Deloitte & Touche has been appointed auditor for the year ended 31 March 2025. The appointment of Deloitte & Touche will be ratified and confirmed at the forthcoming AGM.

Corporate Governance continued

Audit and risk and opportunity committee	**Chairman:** V Sekese **Members:** K Dlamini, B Bulo	**Number of meetings: 4** (1 stand-alone meeting for the risk committee) **Attendance:** 100%

Mandate

- Group executive directors, subsidiary company executive directors and the Group Executive Chairman also attend meetings by invitation. Due to the growth in the size of the Group, the audit and risk committees are now operating as two stand-alone 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 cover are made between annual revisions.

Refer to the Report of the audit and risk and opportunity committee on page 80 for more information.

Nominations and remuneration committee	**Chairman:** K Dlamini **Members:** RT Maqache, V Sekese	**Number of meetings: 2** **Attendance:** 100%

Mandate

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 Executive Chairman, CEO, CFO and non-executive directors.

Key activities for 2024

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 2024 year. The non-executive directors' remuneration was approved at the 2023 Annual General Meeting.
- The committee considered and proposed the non-executive directors' remuneration for the 2025 financial year, which will be voted on by shareholders at the 2024 Annual General Meeting.
- The committee reviewed and approved the Group's remuneration policy and implementation report which appears on pages 58 to 73 in this integrated report.

The remuneration policy and implementation report will be an agenda item for a non-binding advisory vote at the 2024 Annual General Meeting.

Key focus areas for 2025

- 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.

Corporate Governance continued

Investment committee	Chairman: M Pimstein (appointed 8 May 2024) Members: E Kruger, B Bulo, B Sacks, A Salomon, A Dambuza (Appointed 12 June 2024)	Number of meetings: 3 Attendance: 100%

Mandate

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 2024

- Reviewed the approved the acquisition of Dariel Solutions and Dariel Software.
- 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.

Key focus areas for 2025

- 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.

Social and ethics committee	Chairman: K Dlamini Members: V Sekese, R Maqache, A Dambuza (appointed 12 June 2024)	Number of meetings: 2 Attendance: 100%

Mandate

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 2024

- 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 socioeconomic 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, 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 2025

- Continue to expand and further develop the key ESG initiatives that were successfully implemented in 2024.

Risk report

Risk management is not just a process; it is a mindset that guides judicious decision-making and fosters resilience in adversity.

The capacity of Capital Appreciation to generate value for its stakeholders may be hampered by a few significant areas and associated risks. The Group's most efficient instrument for risk management is its cash-generative, asset-light business strategy and businesses that provide essential products and services.

Internal audit, divisional risk forums, and the Board's audit and risk and opportunity committee oversee the Group's control mechanism for mitigating unforeseen risks.

Before focusing on material Group risk areas, macro socioeconomic scenarios falling outside of the Group's control are carefully evaluated in South Africa and globally. The South African economy remained weak with low growth, high inflation, high interest rates and deteriorating infrastructure. The tough operating conditions as well as political uncertainty in the run-up to the national elections served to delay capital allocation decisions by large corporates. All these factors can 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.

Refer to the audit, risk and opportunity committee discussion on page 80 for more information.

Group risk universe and oversight responsibilities

Risk universe

Risk report continued

Risk materiality and mitigation

The Board establishes the Group's risk tolerance level and evaluates each decision's value in light of its potential financial effects on the Group's gross assets, revenue and earnings. Each of these criteria is regarded as individually material if its value is greater than 10%. The financial impact of a single investment, decision, or event that, in the aggregate, may be important in the context of the Group as a whole, is also regularly reviewed by the Board and the audit and risk and opportunity committee.

Clients in the Software and Payments divisions are generally large, reputable and established businesses and well-capitalised. The Group, therefore, has a low-risk debtors book, although credit granted to customers is carefully and regularly managed. The Group had no bad debts in the 2024 financial year and prior years.

The Group holds low inventory levels. There was no write-down from cost to net realisable value and no impairment for obsolete inventory in 2024 and prior years.

The Group abides by JSE risk compliance guidelines at all times.

Effectiveness of the risk management process

The risk management process for Capital Appreciation entails identifying potential risks, evaluating their significance, and considering the potential impact on the Company's ability to meet its goals. Plans and controls are put in place to reduce any adverse effects to manageable levels. Divisions establish their risk tolerances for major strategic projects, which are then approved and overseen by the Board's audit and risk and opportunity committee.

In the context of creating long-term value, some material risks don't change from year to year, while others might become more common and severe based on the dynamics of the industry and the operational environment.

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 believes that, given the Group's available financial, human and technological resources, its present risk appetite is appropriate for its risk/return profile. The Board is satisfied that the Group's risk management procedures are effective in identifying, measuring, and controlling important risks and opportunities within its risk universe.

Material activities for 2024

As the Group grows, both organically and through acquisition, Capital Appreciation has continued to update its risk management processes for the Group over the past year, with a series of risk workshops and real-time operating risk assessment at subsidiary company risk meetings. These activities have been aligned with the regular reviews of the Group's insurance policies and cover.

Focus areas for 2025

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 growing Group, operating in 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 2024 and previous financial years.

Overview of material risks and opportunities

The strategic direction of each of the underlying businesses and the operating environment of the Group have been analysed and the main risks, listed below, have been determined. We have chosen not to rank or prioritise any specific risk because each is evaluated separately and also in the aggregate, depending on how the risk impacts on revenue, operating profit, cash flow and gross assets.

Risk report continued

Strategic pillars: Partner Innovate Engage

Capitals: FC – Financial Capital IC – Intellectual Capital HC – Human Capital DC – Development Capital NC – Natural Capital SC – Social and Relationship Capital

Key risks

R1 Risk of losing key people or inability to attract and retain talent

Strategic pillars:

Six capitals: **HC, SC, FC, IC**

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.

R2 Risk from underperforming investments

Strategic pillars:

Six capitals: **FC, RC**

A relevant risk, as it affects the financial stability of the Group. Mitigation involves predefined 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.

R3 Risk from underperforming in client services

Strategic pillars:

Six capitals: **HC, FC, RC**

Product and service diversity, as well as customer service, are key differentiators in any industry. The risk is managed through delivering innovative and effective technological solutions, regular engagement and meeting or exceeding client expectations.

R4 Risk from a fast-changing FinTech industry

Strategic pillars:

Six capitals: **HC, FC, IC**

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.

R5 Inability to adapt to technological advancements and changing digital needs to stay competitive

Strategic pillars:

Six capitals: **HC, FC, IC, RC**

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.

R6 Risk from deteriorating strategic partnerships and relationships

Strategic pillars:

Six capitals: **HC, SC, FC**

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 report continued

Strategic pillars: Partner Innovate Engage

Capitals: FC – Financial Capital IC – Intellectual Capital HC – Human Capital DC – Development Capital NC – Natural Capital SC – Social and Relationship Capital

R7 Risk from maintaining competitive remuneration and incentives

Strategic pillars:

Six capitals: **HC, FC,**

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.

R8 Risk from prolonged financial underperformance

Strategic pillars:

Six capitals: **HC, FC, RC**

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.

R9 Challenging economic outlook in South Africa

Strategic pillars:

Six capitals: **SR, FC, RC**

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 2022/2023 financial years, 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.

R10 Escalating IT costs and cyber security

Strategic pillars:

Six capitals: **HC, FC, RC**

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. Independent tests by experts on the Group's IT infrastructure, supported by adequate insurance cover.

R11 Risks from people, culture, diversity and succession planning

Strategic pillars:

Six capitals: **HC, FC**

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.

R12 Intellectual property ("IP") protection

Strategic pillars:

Six capitals: **FC, MC, RC**

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

Risk report continued

Strategic pillars: Partner Innovate Engage

Capitals: FC – Financial Capital IC – Intellectual Capital HC – Human Capital DC – Development Capital NC – Natural Capital SC – Social and Relationship Capital

R13 Risk from revenue concentration and/or credit risk

Strategic pillars:

Six capitals: **FC**

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 concentration reliance on any one customer, product or region. The divisions perform comprehensive due diligence on all customers before engaging with them. Strict credit control procedures are maintained. Credit risk is also mitigated through the nature of the customer base, being large well-established enterprises. During the 2024 financial year, the Group had no bad debts

R14 Risks from exchange rate fluctuations

Strategic pillars:

Six capitals: **MC, FC**

The severe depreciation of the Rand has weakened the South African economy, affected our customers' confidence and caused serious inflationary pressures for Capital Appreciation and its customers. The replacement cost of clients' terminal fleets, which are all imported, has increased considerably.

Clients are currently exercising caution and a "wait-and-see" approach before committing to new projects and phases 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.

R15 Risk from increasing compliance requirements and regulations applicable to clients

Strategic pillars:

Six capitals: **FC, SC, HC, RC**

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.

Opportunity created out of risk

There is always risk associated with growth and new initiatives, especially in the realm of technology and company start-ups. Taking calculated risks is necessary to keep the Group relevant and from being outdated in a world that is changing quickly, but it is also important to maximise the positive aspects of the risk and minimise any downside outcomes.

To safeguard the Group from a material impact, risks should be carefully chosen. Risk reduction frequently often results in fresh opportunities, which Capital Appreciation actively seeks out and seizes.

Among the best instances of this 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 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.

2024 PERFORMANCE

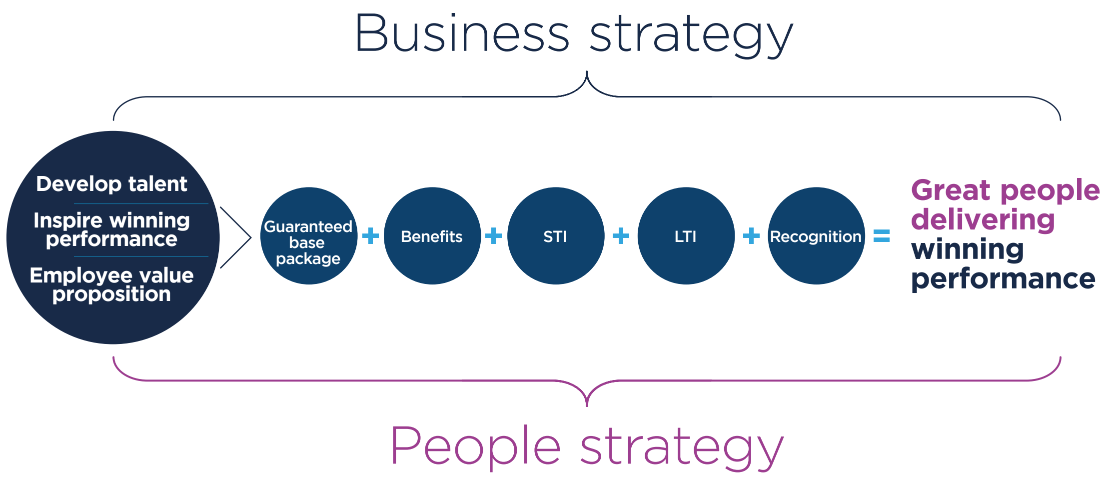
Capital Appreciation performed exceptionally well over this past year, reporting very strong operating and financial results and also invested in strategies which will benefit the Group in future periods.

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

Capital Appreciation's remuneration philosophy is to drive exceptional and sustainable long-term performance for all stakeholders, in support of 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 2024, and stimulated its 757 employees, notwithstanding the challenges faced and the low economic growth and business confidence 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 believes 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

Refer to the nominations and remuneration committee discussion on page 51 for more information.

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, non-executive director (appointed 30 March 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.

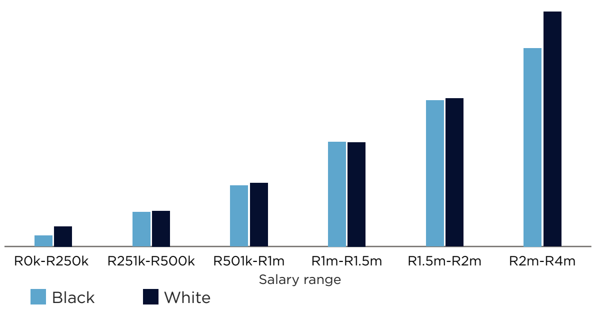
Within this mandate, the remuneration committee believes that a well-designed remuneration policy strikes a balance between the interests of shareholders and executives and the principles of good governance. The remuneration committee assesses the mix of fixed remuneration, and short-term and long-term 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.

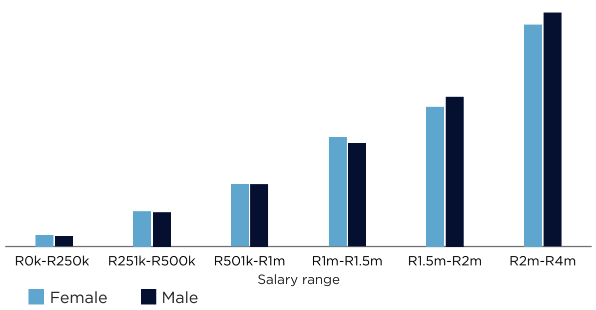
A GOOD BALANCE IN BASIC SALARY DISBURSEMENT

The graphs below represent the average basic salaries per salary band for female and male, and black and white employees, which demonstrate the equitable distribution between the different groups.

EQUITABLE COMPENSATION
Average annual basic salary per race group



EQUITABLE COMPENSATION
Average annual basic salary per gender group



Remuneration report continued

Number of employees per salary band

R0k-R250k		R251k-R500k		R501k-R1m		R1m-R1.5m		R1.5m-R2m		R2m-R4m	
Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
68	109	61	138	176	61	72	22	21	6	20	1

14 Learners are earning stipends, half of which are female.

R0k-R250k		R251k-R500k		R501k-R1m		R1m-R1.5m		R1.5m-R2m		R2m-R4m	
Black	White	Black	White	Black	White	Black	White	Black	White	Black	White
171	6	135	64	107	130	27	67	6	21	1	20

The committee is satisfied that the remuneration benchmarking research undertaken during the year was independent and objective. The committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period.

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. In particular, any racial and gender pay discrepancies in the above salary bands will remain a key focus in the years ahead.
- 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, the Chief Executive Officer, the Chief Financial Officer and the Heads of the Payments and Software divisions.
- 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 who 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's employees are employed 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 discretionary 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 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 and Conditional Share Plan, 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.

Remuneration report continued

REMUNERATION COMPONENTS

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

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 the following risk benefits: insurance, life cover, income continuation, severe illness and funeral benefits.	The cost of risk benefits insurance is paid for by the employees. This insurance provides security to the dependents of all employees.
Short-term financial incentives ("STI")	Variable discretionary quarterly and annual 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 growth • Return on shareholders' equity • Revenue growth • Generation of positive cash flows • Acquisitions • Protecting balance sheet strength and liquidity	STIs reward specific behaviour and promote retention. Employees are assessed on their personal 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
Short-term financial incentives ("STI") continued	**Non-financial objectives include achieving:** • Creating employment opportunities and jobs • 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, 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 CSP awards.	
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. 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). 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.	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.	

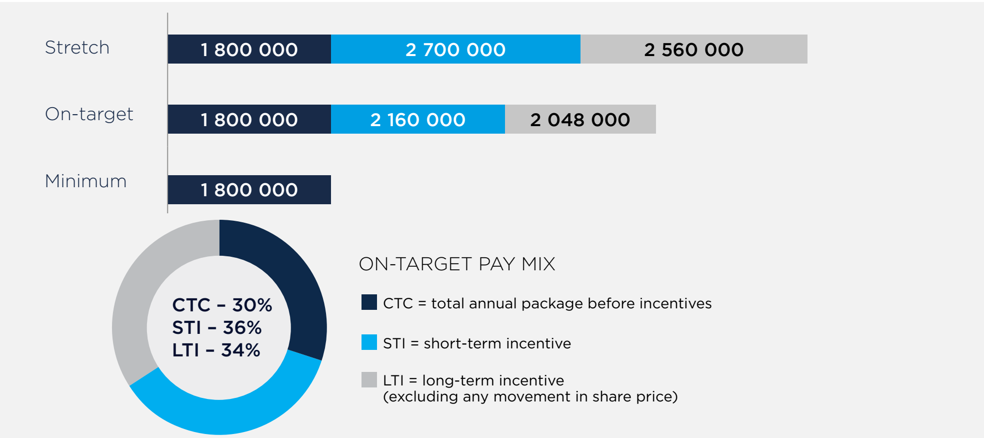
Remuneration report continued

TOTAL REMUNERATION RANGES

Below is an indication of the range of outcomes achievable by the executive directors based on guaranteed pay and short-term and long-term awards made in fiscal 2024.

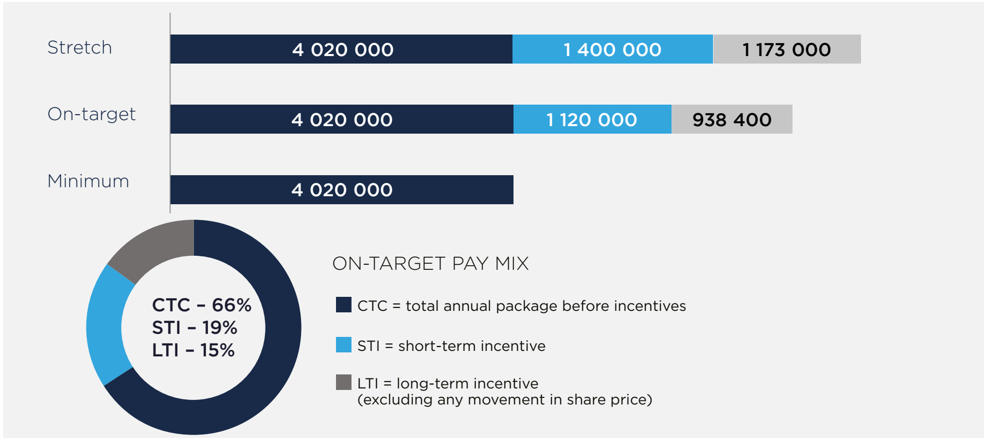
M Pimstein, B Sacks, A Salomon (Group founding executive directors)

	Minimum		On-target		Stretch	
Guaranteed pay[1]	1 800 000	100%	1 800 000	100%	1 800 000	100%
Short-term incentives[2]	–	0%	2 160 000	80%	2 700 000	100%
Long-term incentives[3]	–	0%	2 048 000	80%	2 560 000	100%
Total remuneration	1 800 000		6 008 000		7 060 000	



M Shapiro (Executive director and Head of Software division)

	Minimum		On-target		Stretch	
Guaranteed pay[1]	4 020 000	100%	4 020 000	100%	4 020 000	100%
Short-term incentives[2]	–	0%	1 120 000	80%	1 400 000	100%
Long-term incentives[3]	–	0%	938 400	80%	1 173 000	100%
Total remuneration	4 020 000		6 078 400		6 593 000	



1 *The Group's founding executive directors have retained a low annual guaranteed pay of R1 800 000, compared to market benchmarks.*
2 *The Group's founding executive directors' base guaranteed pay has remained unchanged for five consecutive financial years, 2020 to 2024. Part of their remuneration is focused on short-term cash incentives and long-term equity-based incentives, which are strongly aligned with shareholder value creation.*
3 *This is the value of share awards on the date of the award, that will vest in three years, based on on-target (80%) and stretch (100%) performance. This excludes movement in the share price.*

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-geared 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

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 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-geared 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, and were the original founders of the Group, together with Motty (Michael) Sacks, who retired in February 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

2024 Performance

Capital Appreciation's operations performed exceptionally well, notwithstanding declining economic conditions.

The material matters impacting the Group's results are reflected in the Chief Executive's review on page 28 and the report from the Chief Financial Officer on page 30.

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

Executive and senior management remuneration is based on achieving Group/Divisional 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 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
- Revenue growth
- Generation of positive cash flows
- Return on shareholders' equity
- Achieving strategic objectives
- Acquisition objectives
- Protecting balance sheet strength and liquidity

Total	**70%**

Non-financial objectives:

- Achieving employment equity targets
- Maintaining or improving B-BBEE scorecards
- Driving Group's ESG Framework
- Executing subsidiary and or Group strategy
- Making the Group an employer of choice and creating jobs

Total	**10%**

Individual performance:

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

Total	**20%**

Remuneration report continued

Executive directors' emoluments

	Salary		Bonus***		Vested conditional shares exercised**		Total	
Figures in R'000	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Directors' emoluments								
M Pimstein (Executive Chairman)	1 800	1 800	2 700	1 800	10 432	-	14 932	3 600
B Sacks (CEO)	1 800	1 800	2 700	1 800	10 569	-	15 069	3 600
A Salomon (CFO)	1 800	1 800	2 700	1 800	10 432	-	14 932	3 600
M Shapiro (Head of Software division)*	4 020	3 619	1 400	1 200	3 877	-	9 297	4 819
Total	9 420	9 019	9 500	6 600	35 310	-	54 230	15 619

* *Emoluments paid to M Shapiro through Synthesis Software Solutions.*

** *Included in directors' emoluments are the value on the vesting date of conditional share awards, which were granted to executive directors on 25 March 2020 and 21 September 2020 and which vested on 22 June 2023 and 6 February 2024 respectively. There were no vested conditional share awards in prior years.*

*** *Bonuses paid to executive directors in 2024, related to the 2023 financial year performance.*

Directors receive no fringe benefits from the Group.

Remuneration report continued

Guaranteed pay – base pay

The Group's founding executive directors earned a low basic salary compared to market benchmarks. The Group executive directors' base remuneration has remained unchanged for the five consecutive financial years, 2020 to 2024, inclusive. Their main reward is focused on an annual STI cash bonus and on long-term equity-based conditional share awards, which are strongly aligned with shareholder value creation.

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, revenue, profitability, number of employees and sector.

Short-term incentives (2024)

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 R2 700 000 during the 2024 financial year (2023: R1 800 000). M Shapiro received a cash bonus of R1 400 000 during the year (2023: R1 200 000).

Long-term incentives (2024)

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 2024.
- Long-term incentives vested during the year.
- Outstanding long-term incentives.

Further details on the above are contained in the section titled Long-term incentives on page 71.

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

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 the 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	2024	2023
Group share incentive scheme reserve	9 231	6 959
Group conditional share plan reserve	17 558	26 393
Total share-based payment reserve	**26789**	**33 352**

Group's Share Incentive Scheme

	2024	
	Number of share awards	Exercise price
The number of fair value of the share awards are:		
Beginning of the year	78 250 000	107 cents
Forfeited	(6 876 000)	130 cents
Exercised	3 486 000	80 cents
Granted	17 085 000	145 cents
End of the year	**84 972 500**	**114 cents**

These share options are exercisable over the period 1 September 2020 to 31 August 2028.

The weighted average remaining contractual life for share options outstanding was 35 months (2023: 34 months).

The weighted average fair value of share options granted during the year was 47 cents per share (2023: 44 cents per share).

The range of exercise prices for share options outstanding at the end of the year was 75 cents to 145 cents per share (2023: 75 cents to 144 cents per share).

The weighted average share price for the year ending 31 March 2024 was 132 cents per share (2023: 149 cents per share).

The Group recognised an expense of R4 466 800 (2023: R3 543 700) for the share options granted.

	2023	
	Number of share awards	Exercise price
The number of fair value of the share awards 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	**78 250 500**	**107 cents**

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 before:

- 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 the use of an option-pricing model.

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

	2024	2023
1. Fair value at measurement date (cents)	47.00	44.00
2. Exercise price at end of period (cents)	113.66	106.77
3. Expected volatility (%)	34.55	34.57
4. Option life (years)	5.00	5.00
5. Distribution yield (%)	5.00	5.00
6. Risk-free rate (based on national Bond Curve) (%)	9.65	9.47

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

Group's Conditional Share Plan

	2024	
	Number of share options	Exercise price
The number of fair value of the share options are:		
Beginning of the year	**54 366 850**	**99 cents**
Exercised	**(30 511 940)**	**75 cents**
Granted	**9 900 000**	**150 cents**
End of the year	**33 754 910**	**135 cents**

These share awards are exercisable between 6 September 2024 and 8 June 2026.

The weighted average remaining contractual life for share awards outstanding was 16 months (2023: 12 months).

The weighted average fair value of share awards granted during the year was 134 cents per share (2023: 120 cents per share).

The range of exercise prices for the conditional share awards outstanding at the end of the year was 119 cents to 150 cents per share (2023: 57 cents to 144 cents per share).

The weighted average share price for the year ending 31 March 2024 was 132 cents per share (2023: 149 cents per share).

The Company recognised an expense of R8 069 381 (2023: R7 847 234) for the share awards granted.

Remuneration report continued

	2023	
	Number of share options	Exercise price
The number of fair value of the share options are:		
Beginning of the year	44 374 439	899 cents
Granted	9 992 411	144 cents
End of the year	54 366 850	99 cents

Details of directors' outstanding conditional share plan

	Number of share awards	
Share-based payment expense (R'000)	**2024**	**2023**
M Pimstein	6 163	11 086
B Sacks	6 163	11 086
A Salomon	6 163	11 086
M Shapiro	2 533	4 059
	21 022	37 317

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 on page 66.

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 the use of an option-pricing model.

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

	2024	2023
1. Fair value at measurement date (cents)	134.00	120.00
2. Exercise price at end of period (cents)	135.49	98.90
3. Expected volatility (%)	33.63	37.92
4. Option life (years)	3.00	3.00
5. Distribution yield (%)	5.00	5.00
6. Risk-free rate (based on national Bond Curve) (%)	9.11	8.41

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

Directors' long-term incentives

(R'000)	2024	2023
M Pimstein	2 560	2 537
B Sacks	2 560	2 537
A Salomon	2 560	2 537
M Shapiro	1 173	1 033
	8 853	8 644

Remuneration report continued

	Opening balance 1 April 2019	Share awards in fiscal 2022[1]	Share awards in fiscal 2023[2]	Share awards in fiscal 2024[3]	Closing balance 31 March 2024
Details of directors' outstanding share options					
M Shapiro[4]	2 300 000	–	–	–	**2 300 000**
Details of directors' outstanding conditional share plan awards					
M Pimstein*	–	3 000 000	1 600 000	1 562 500	**6 162 500**
B Sacks*	–	3 000 000	1 600 000	1 562 500	**6 162 500**
A Salomon*	–	3 000 000	1 600 000	1 562 500	**6 162 500**
M Shapiro	–	833 333	800 000	900 000	**2 533 333**
	–	9 833 333	5 600 000	5 587 500	**21 020 833**

Award date	Vesting date	Award price per share
1. 6 September 2021	6 September 2024	R1.19
2. 5 December 2022	5 December 2025	R1.44
3. 8 June 2023	8 June 2026	R1.21

4. Share options were granted to M Shapiro on 1 March 2019 and became fully vested, but not yet exercised, on 1 March 2024.

* *Founding executive directors received no financial remuneration for services rendered for the fiscal years 2014 to 2019 inclusive, 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 share options to management and employees amounted to R3 090 000 (2022: R1 486 000).

Non-executive remuneration

The remuneration paid to non-executive directors while in the office of the Company during the year ended 31 March 2024 is as follows:

R'000	2024	2023
Non-executive directors		
B Bulo	269	453
K Dlamini	308	560
E Kruger	154	264
R Maqache	187	258
V Sekese	340	566
A Dambuza (appointed 4 December 2023)	51	–
C Valkin (retired 31 October 2023)	51	225
M Sacks (retired 28 February 2023)	–	303
M Kahn (deceased 2 June 2022)	–	47
	1 360	2 676

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 6 September 2023.

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 6 September 2023, for the following three remuneration-related resolutions:

Resolution proposed	For	Against	Abstain	Total votes
Ordinary resolution number 6:	916 725 236	68 527 876	1 278 429	985 253 112
Non-binding advisory vote on the remuneration policy	93.0%	6.9%	0.1%	
Ordinary resolution number 7:	917 701 636	67 551 476	1 278 429	985 253 112
Non-binding advisory vote on the remuneration implementation report	93.1%	6.8%	0.1%	
Special resolution number 1:	980 436 938	4 816 174	1 278 429	985 253 112
Approval of non-executive directors' fees	99.5%	0.4%	0.1	

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 178 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.

K DLAMINI
Chairman

Group and Company audited financial statements

FOR THE YEAR ENDED 31 MARCH 2024

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

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 IFRS® Accounting Standards as issued by the International Accounting Standards Board.

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

4 June 2024

Preparation and presentation of the financial statements

The financial statements have been prepared by Financial Executive Mr B Kruger CA(SA) and supervised by Mr A Salomon BSc (Hons) (University of London), CA(SA), the Chief Financial Officer of Capital Appreciation Limited.

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 74 to 174, fairly present in all material respects the financial position, financial performance and cash flows of Capital Appreciation Limited in terms of IFRS Accounting Standards as issued by the International Accounting Standards Board;
- 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's involving directors.

A Salomon
Chief Financial Officer

B Sacks
Chief Executive Officer

4 June 2024

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.

PKF Octagon

Peter Katz
Consultant

PKF Octagon
Johannesburg

4 June 2024

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 74 to 174, which comprise of the consolidated and separate statements of financial position as at 31 March 2024, and 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 material accounting policy information.

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 2024, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board 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, on 3 July 2023 Capital Appreciation Limited acquired 100% of the issued share capital and control of Dariel Solutions for a total of R151.1 million that will be 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 a 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.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the document titled Capital Appreciation integrated report for the year ended 31 March 2024" and the 92 page document titled "Capital Appreciation Limited Group and Company audited financial statements for the year ended 31 March 2024", which includes the Directors' Report, the Audit and Risk and Opportunity Committee's Report and the Company Secretary's Certification as required by the Companies Act of South Africa, which we obtained prior to the date of this report, and the integrated report, which is expected to be made available to us after that date. 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 identified above 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 on the other information obtained prior to the date of this auditor's report, 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 IFRS Accounting Standards as issued by the International Accounting Standards Board 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.

Independent auditor's report (continued)

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.

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.

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 10 years.

Ernst & Young Inc.

Ernst & Young Inc.
Director – Charles Trollope
Registered Auditor
Chartered Accountant (SA)

Date: 4 June 2024

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 (Chairman)	15 September 2015	BCom (Wits), BAcc (Wits), CA(SA)
B Bulo	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 from 1 April 2023 to the date of this report. Unrestricted access was granted to the external auditors.

Committee members	Number of Audit committee meetings held	Number of Audit committee meetings attended	Number of Risk committee meetings held	Number of Risk committee meetings attended
V Sekese *(Chairman)*	4	4	1	1
B Bulo	4	4	1	1
K Dlamini	4	4	1	1
Directors attendance by invitation				
M Pimstein	4	4	1	1
B Sacks	4	4	1	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. This is Mr Trollope's fifth year as designated partner.

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

The external auditors and designated audit partner at Ernst & Young completed their mandatory rotation periods and accordingly will retire by rotation.

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.

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 Dariel 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 2024 financial year. The committee and Board have approved the appointment of BDO as internal auditor for the financial year ending 31 March 2025.

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 management's 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.

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.

Report of the Audit and Risk and Opportunity Committee ("the committee") (continued)

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's and Company's accounting policies and the consolidated and separate financial statements for the year ended 31 March 2024 and is satisfied that they comply in all material aspects with IFRS Accounting Standards as issued by the International Accounting Standards Board, 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 000 057 have been expensed in the 2024 financial results. A court date has been set for 5 May 2025 to hear the matter.

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 2024, to the date of this report.

On behalf of the committee

Victor Sekese
Chairman

Johannesburg

4 June 2024

Report of the Audit and Risk and Opportunity Committee ("the committee") (continued)

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 (appointed 26 November 2020)

V Sekese – Independent (appointed 26 November 2020)

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

Committee members	Number of Social and Ethics Committee meetings held	Number of Social and Ethics Committee meetings attended
K Dlamini (*Chairman*)	1	1
V Sekese	1	1
R Maqache	1	1
Directors' attendance by invitation		
M Pimstein	1	1
B Sacks	1	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 (appointed 19 July 2022)

V Sekese – Independent (appointed 19 July 2022)

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

Committee members	Number of Nominations and Remuneration Committee meetings held	Number of Nominations and Remuneration Committee meetings attended
K Dlamini (*Chairman*)	1	1
V Sekese	1	1
R Maqache	1	1
Directors' attendance by invitation		
M Pimstein	1	1
B Sacks	1	1
A Salomon	1	1

MEMBERS OF THE INVESTMENT COMMITTEE

Members

E Kruger – Independent (appointed 9 May 2018)	1	1
B Bulo – Independent (appointed 15 September 2015)	1	1
M Pimstein – Executive Chairman (appointed 3 March 2015)	1	1
B Sacks – Executive Director (appointed 19 March 2015)	1	1
A Salomon – Executive Director (appointed 3 March 2015)	1	1

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 three businesses: Synthesis, the Responsive Group and Dariel Software. The 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. The Group acquired the Dariel group on 3 July 2024. Dariel provides similar products and services as Synthesis.

AUTHORISED AND ISSUED SHARE CAPITAL

At 31 March 2024, 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 compromises 1 310 000 000 ordinary shares of no par value (2023: 1 310 000 000) and nil constituent ordinary shares of no par value (2023: 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 6 September 2023, the Company purchased 44 771 999 treasury shares (2023: 200 000 treasury shares), costing R58 055 071 (2023: R297 333).

The Company sold 3 486 500 treasury shares (2023: 4 015 054), realising R4 833 252 (2023: R6 387 000) relating to the settlement of vested share options in terms of the share option scheme. During the year, the company allotted 25 243 779 shares for the purchase of the Dariel group allotted, 5 538 539 treasury shares for the settlement of the warranty consideration of the Responsive group and the allotment of 35 637 894 treasury shares for the vesting of conditional share awards to executives. The total number of treasury shares at year-end amounted to 51 961 828 (2023: 77 096 541).

PURCHASE OF TREASURY SHARES DURING THE CLOSED PERIOD

The Group received the approval from the JSE on 20 March 2024 to repurchase its own securities during the closed period. The number of shares repurchased from 1 April 2024 to the date of this report amounted to 9 431 267 shares, at a cost of R11 021 million, at an average cost of R1.1685 per share.

ACQUISITIONS

The Group acquired on 3 July 2023, 100% of Dariel Solutions Proprietary Limited ("Dariel") for a total consideration of R151.1 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 Group acquired 100% of Dariel for an initial aggregate purchase consideration of R84.0 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 R1.47 per share amounting to R37.1 million.

Dariel has also provided the Group with an EBITDA profit warranty of R62.2 million for the 24 month period, 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) an allotment out of treasury shares of 13 592 804 shares.

Directors' report (continued)

CHANGE IN DIRECTORATE

Mr C Valkin retired as a non-executive director on 31 October 2023.

Mrs A Dambuza was appointed as a non-executive director on 4 December 2023.

DIVIDENDS

Dividends paid during the year

A dividend of 4.00 cents per ordinary share was declared on 6 June 2023 amounting to R52.4 million.

A dividend of 4.25 cents per ordinary share was declared on 4 December 2023 amounting to R55.7 million. The total dividends paid during the year amounted to R108.1 million (2023: R104.8 million).

Dividends declared

The Board has pleasure in announcing that a final dividend of 5.75 cents (2023: 4.00 cents) per ordinary share has been declared, bringing the total dividend for the year ended 31 March 2024 to 10.00 cents per ordinary share (2023: 8.25 cents per ordinary share).

We note the following:

- Dividends are subject to dividends withholding tax
- The payment date for the dividend is Monday, 1 July 2024
- Dividends have been declared out of profits available for distribution
- Local dividends withholding tax is 20%
- Gross dividend amount is 5.75 cents per ordinary share which is 4.60 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, 25 June 2024
- Shares commence trading ex-dividend: Wednesday, 26 June 2024
- Dividend record date: Friday, 28 June 2024
- Dividend payment date: Monday, 1 July 2024

Share certificates for ordinary shares may not be dematerialised or rematerialised between Wednesday, 26 June 2024 and Friday, 28 June 2024, both days inclusive.

Material resolutions

The following material resolutions were passed during the year:

Board ordinary resolutions

- 21 April 2023, approval to enter into a written sale of shares and claims agreement with the vendors of the Dariel group.
- 6 June 2023, a dividend of 4.00 cents per share payable to shareholders on 3 July 2023.
- 30 June 2023, approval of the purchase of shares and claims agreement with the vendors of the Dariel group.
- 21 July 2023, approval of 2023 integrated report.
- 4 December 2023, a dividend of 4.25 cents per share payable to shareholders on 8 January 2024.

Shareholders' ordinary resolutions

- 6 September 2023, acceptance of the Group financial statements for the year ended 31 March 2023.
- 6 September 2023, retirement, re-election and re-appointment as directors: MR Pimstein, K Dlamini, AC Salomon.
- 6 September 2023, retirement, re-election and re-appointment as members of the Audit and Risk and Opportunity Committee: V Sekese, B Bulo and K Dlamini.
- 6 September 2023, reappointment of Ernst & Young Inc. as external auditors of the Group.
- 6 September 2023, approval of the general authority to issue shares for cash.
- 6 September 2023, approval of the remuneration policy.
- 6 September 2023, approval of the remuneration implementation report.

Shareholders' special resolutions

- 6 September 2023, approval of non-executive directors' remuneration for the period from the 2023 AGM to the date of the 2024 AGM.
- 6 September 2023, approval of the authority to the repurchase of the Company's ordinary shares.
- 6 September 2023, 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 from 1 April 2023 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			
B Bulo[2]	15 September 2015	4	4
K Dlamini[2, 3]	9 May 2018	4	4
E Kruger[2]	9 May 2018	4	4
R Maqache[1]	4 December 2020	4	4
V Sekese[2]	15 September 2015	4	4
C Valkin[2] (retired 31 October 2023)	15 September 2015	4	1
A Dambuza[2]	4 December 2023	4	2
Executive			
M Pimstein	3 March 2015	4	4
B Sacks	19 March 2015	4	4
A Salomon	3 March 2015	4	4
M Shapiro	12 June 2019	4	4

1 *Non-independent*
2 *Independent*
3 *Lead independent*

Directors' shareholding

The individual beneficial interests declared by the directors held in the Group's stated share capital as at 31 March, are as follows:

Beneficial directors	2024 Number of ordinary shares Direct	2024 Number of ordinary shares Indirect	2023 Number of ordinary shares Direct	2023 Number of ordinary shares Indirect
M Pimstein	**62 308 703**	**–**	60 429 792	–
B Sacks*	**6 126 132**	**70 833 333**	–	70 833 333
A Salomon	**58 943 247**	**–**	57 064 336	–
M Shapiro	**26 727 970**	**–**	28 327 970	–
C Valkin	**250 000**	**–**	250 000	–
Total	**154 356 052**	**70 833 333**	146 072 098	70 833 333

* *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 2024 to 4 June 2024, being the date that the Group's Financial Statements have been approved by the Board.

DIRECTORS' REMUNERATION

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

	2024 R	2023 R
Executive directors		
M Pimstein	**14 932 000**	3 600 000
B Sacks*	**15 069 000**	3 600 000
A Salomon	**14 932 000**	3 600 000
M Shapiro	**9 296 570**	4 819 800
Total	**54 229 570**	15 619 800
Non-executive directors' fees		
B Bulo	**269 100**	452 900
K Dlamini	**307 600**	560 200
E Kruger	**153 600**	263 900
R Maqache	**186 600**	258 400
V Sekese	**340 200**	565 700
A Dambuza (appointed 4 December 2023)	**51 200**	-
C Valkin (retired 31 October 2023)	**51 200**	225 400
M Sacks (retired 28 February 2023)	**–**	303 200
M Kahn (deceased 2 June 2022)	**–**	46 500
Total	**1 359 500**	2 676 200

* *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 6 September 2023.

Directors' report (continued)

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 2024 are as follows:

	% held	
Shareholder	**2024**	**2023**
Government Employees Pension Fund	**26.71**	26.41
Capital Appreciation Empowerment Trust	**5.73**	5.73
B Sacks	**5.87**	5.41

SHARE OPTION PLAN AND CONDITIONAL SHARE PLAN

Share option plan

During the year, 17.1 million share options (2023: 21.5 million) were granted and 6.9 million share options (2023: 1.8 million) were forfeited under the Capital Appreciation Limited Share Option Scheme, bringing the total allocated share options at year end to 85.0 million, (2023: 78.3 million). During the year, 3.5 million vested share options were exercised (2023: 4.0 million). These vested share options were sold out of treasury shares and realised R4.8 million (2023: R6.4 million).

Conditional share plan

During the current year, 9.9 million conditional share awards (2023: 10.0 million) were granted and 30.5 million vested share awards were exercised (2023: Nil) under the Capital Appreciation Limited Conditional Share Plan bringing the total allocated conditional share awards at year end to 33.8 million (2023: 54.4 million).

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 4 June 2024.

AUDITORS

Ernst & Young Inc. have completed their mandatory 10-year rotation period and accordingly will retire by rotation. The Board is currently undergoing a formal process to replace Ernst & Young as auditors after the 2024 audit and 2024 integrated report. It is anticipated that the appointment of new auditors will be completed and ratified at the Group's AGM in September 2024.

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 2024

Figures in R'000	Notes	2024	2023
ASSETS			
Property, plant and equipment	3	**71 711**	42 481
Intangible assets	4	**105 750**	68 371
Right-of-use assets	5	**27 746**	17 325
Goodwill	6	**840 252**	760 229
Investment in associates	7	*	2 792
Loans to associates	8	**20 617**	12 154
Other financial assets	9	**11 800**	–
Deferred tax	10	**6 074**	3 600
Non-current assets		**1 083 950**	906 952
Inventories	11	**18 625**	47 008
Trade and other receivables	12	**186 157**	200 260
Taxation receivable		**9 507**	4 790
Loans to associates	8	**10 064**	9 526
Cash and cash equivalents	13	**467 430**	494 856
Current assets		**691 783**	756 440
Total assets		**1 775 733**	1 663 392
EQUITY AND LIABILITIES			
Capital and reserves		**1 580 202**	1 493 273
Share capital	14	**1 054 503**	1 014 729
Share-based payment reserve	15	**26 789**	33 352
Contingent consideration reserve	16	**19 981**	9 582
Foreign currency translation reserve		**(1 053)**	(709)
Retained income		**479 982**	436 319
Non-controlling		**1 747**	2 054
Total equity		**1 581 949**	1 495 327
Deferred revenue	17	**4 201**	5 788
Lease liability	18	**26 496**	13 932
Deferred tax	10	**17 320**	8 609
Contingent consideration	16	**23 267**	–
Non-current liabilities		**71 284**	28 329
Contingent consideration	16	**–**	6 646
Deferred revenue	17	**16 149**	14 051
Lease liability	18	**6 403**	4 041
Trade and other payables	19	**99 076**	114 717
Taxation payable		**872**	281
Current liabilities		**122 500**	139 736
Total equity and liabilities		**1 775 733**	1 663 392
Net asset value per ordinary share (cents)		**125.7**	121.1

** Investments in associate in aggregate amounts to less than R1 000.*

Group statement of comprehensive income

FOR THE YEAR ENDED 31 MARCH 2024

Figures in R'000	Notes	2024	2023
Revenue	20	**1 181 989**	995 113
Cost of sales		**(621 153)**	(495 600)
Gross profit		**560 836**	499 513
Other income	21	**7 419**	6 617
Operating expenses	22	**(352 493)**	(313 173)
Operating profit	22	**215 762**	192 957
Finance income	23	**50 953**	36 943
Finance costs	24	**(1 391)**	(276)
Finance costs: lease liabilities	24	**(3 050)**	(448)
Equity accounted loss in associate	7	**(2 792)**	(2 156)
Expected credit loss raised	8 & 12	**(13 473)**	(70 785)
Profit before taxation		**246 009**	156 235
Taxation	25	**(75 083)**	(64 324)
Profit after taxation		**170 926**	91 911
Attributable to:			
Shareholders of the Company		**170 754**	90 953
Non-controlling interest		**172**	958
		170 926	91 911
Foreign currency translation reserve adjustments		**(344)**	(751)
Total comprehensive income for the year		**170 582**	91 160
Attributable to:			
Shareholders of the Company		**170 410**	90 202
Non-controlling interest		**172**	958
Total comprehensive income for the year		**170 582**	91 160
Basic earnings per share	32	**13.59**	7.39
Diluted earnings per share	32	**13.06**	6.87

Group statement of cash flows

FOR THE YEAR ENDED 31 MARCH 2024

Figures in R'000	Notes	2024	2023
Cash generated from operations	26	**319 722**	183 182
Finance income received		**39 622**	33 112
Finance costs paid		**(3 050)**	(448)
Dividends paid		**(104 273)**	(98 447)
Taxation paid		**(78 427)**	(66 841)
Net cash inflow from operating activities		**173 594**	50 558
Cash flows from investing activities			
Acquisition of property, plant and equipment	3	**(45 096)**	(33 545)
Proceeds on disposal of property, plant and equipment and intangible assets		**411**	243
Capitalisation of intangible assets		**(27 821)**	(23 180)
Contingent cash settlement Responsive transaction		**(6 646)**	-
Net cash paid on the acquisition of the Dariel Group (note 6.2)		**(39 773)**	-
Acquisition of shares in associate	7	**-**	(106)
Loans to associates	8	**(12 841)**	(29 041)
Loan with convertible rights into equity	9	**(11 000)**	-
Net cash outflow from investing activities		**(142 766)**	(85 629)
Cash flows from financing activities			
Repayment of lease liability	18	**(5 620)**	(9 683)
Purchase of 44 771 999 treasury shares (2023: 200 000 treasury shares)		**(58 055)**	(297)
Proceeds from sale of 3 486 500 treasury shares in settlement of vested share options (2023: 4 015 054 treasury shares)		**4 833**	6387
Net cash outflow from financing activities		**(58 842)**	(3 593)
Net decrease in cash and cash equivalents		**(28 014)**	(38 664)
Cash and cash equivalents at beginning of year		**494 856**	533 424
Net foreign exchange difference		**588**	96
Cash and cash equivalents at end of year	13	**467 430**	494 856

Group statement of changes in equity

FOR THE YEAR ENDED 31 MARCH 2024

Figures in R'000	Ordinary share capital	Share-based payment reserve	Contin-gent con-sideration reserve	Foreign currency translation reserve	Retained income	Total equity attributable to shareholders of the company	Non-controlling interest	Total equity
Balance at 1 April 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
Profit for the year	**–**	**–**	**–**	**–**	**170 754**	**170 754**	**172**	**170 926**
Other comprehensive income	**–**	**–**	**–**	**(344)**	**–**	**(344)**	**–**	**(344)**
Total comprehensive income	**–**	**–**	**–**	**(344)**	**170 754**	**170 410**	**172**	**170 582**
Share-based payment expense	**–**	**18 489**	**–**	**–**	**–**	**18 489**	**–**	**18 489**
Settlement of vested conditional share awards and share option awards		**(25 052)**	**–**	**–**	**–**	**(25 052)**	**–**	**(25 052)**
Contingent consideration reserve	**–**	**–**	**19 981**	**–**		**19 981**	**–**	**19 981**
Allotment of 5 538 539 shares to Responsive Group: warranty consideration	**7 089**	**–**	**(9 582)**	**–**	**2 493**	**–**	**–**	**–**
Allotment of conditional share awards 35 637 894 treasury shares	**48 799**	**–**	**–**	**–**	**(25 790)**	**23 009**	**–**	**23 009**
Purchase of treasury shares (44 771 999 shares)	**(58 055)**	**–**	**–**	**–**	**–**	**(58 055)**	**–**	**(58 055)**
Exercised share options out of treasury shares (3 486 500 shares)	**4 833**	**–**	**–**	**–**	**–**	**4 833**	**–**	**4 833**
Allotment of treasury shares for the acquisition of the Dariel Group (25 243 799 shares)	**37 108**	**–**	**–**	**–**	**–**	**37 108**	**–**	**37 108**
Cash dividends paid	**–**	**–**	**–**	**–**	**(103 794)**	**(103 794)**	**(479)**	**(104 273)**
Balance at 31 March 2024	**1 054 503**	**26 789**	**19 981**	**(1 053)**	**479 982**	**1 580 202**	**1 747**	**1 581 949**

Group segment analysis

FOR THE YEAR ENDED 31 MARCH 2024

	Payments Segment		Software Segment		International Segment		Corporate		Group	
Figures in R'000	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Revenue received from all customers*	562 756	524 791	618 766	469 855	467	467	–	–	1 181 989	995 113
Revenue received from all customers	562 756	524 791	624 656	471 178	7 037	2 174	–	–	1 194 449	998 143
Less: Revenue received from inter segmental customers	–	–	(5 890)	(1 323)	(6 570)	(1 707)	–	–	(12 460)	(3 030)
EBITDA profit/(loss)	248 036	206 325	79 376	89 668	(10 150)	(7 220)	(64 437)	(123 845)	252 825	164 928
Operating profit/(loss)	218 421	185 477	56 539	79 430	(10 206)	(7 257)	(48 992)	(64 693)	215 762	192 957
Expected credit loss raised	(488)	(2 230)	–	(1 650)	–	–	(12 985)	(66 905)	(13 473)	(70 785)
Total assets	808 237	1 113 710	545 880	382 241	4 819	3 465	416 797	163 976	1 775 733	1 663 392
Total liabilities	38 606	72 343	112 039	74 226	742	699	42 397	20 797	193 784	168 065
Net assets	769 631	1 041 367	433 841	308 015	4077	2 766	374 400	143 179	1 581 949	1 495 327
Geographical information										
Revenue	562 756	524 791	618 766	469 855	467	467	–	–	1 181 989	995 113
South Africa	557 939	519 133	487 079	325 062	–	–	–	–	1 045 018	844 195
Rest of Africa and Indian Ocean Islands	4 817	5 658	12 356	24 811	–	–	–	–	17 173	30 469
Asia Pacific	–	–	112 964	101 904	–	–	–	–	112 964	101 904
United States of America	–	–	6 004	7 924	–	–	–	–	6 004	7 924
United Kingdom	–	–	125	8 129	–	–	–	–	125	8 129
Europe	–	–	238	2 025	467	467	–	–	705	2 492
Total assets	808 237	1 113 710	545 880	382 241	4 819	3 465	416 797	163 976	1 775 733	1 663 392
South Africa	808 237	1 113 710	545 880	382 241	–	–	416 797	163 976	1 770 914	1 659 927
Europe	–	–	–	–	4 819	3 465	–	–	4 819	3 465
Total liabilities	38 606	72 343	112 039	74 226	742	699	42 397	20 797	193 784	168 065
South Africa	38 606	72 343	112 039	74 226	–	–	42 397	20 797	193 042	167 366
Europe	–	–	–	–	742	699	–	–	742	699

* *Refer to note 20 for a breakdown of the description of Revenue.*

Group segment analysis (continued)

FOR THE YEAR ENDED 31 MARCH 2024

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, the Responsive group and the Dariel group as they all 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 2024

Accounting policies

1. PRESENTATION OF FINANCIAL STATEMENTS

The Group financial statements for the year ended 31 March 2024 have been prepared in compliance with the Listings Requirements of the JSE Limited, the requirements of the IFRS Accounting Standards as issued by the International Accounting Standards Board 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 financial statements have been prepared by Financial executive Mr B Kruger CA(SA) and supervised by
Mr A Salomon BSc (Hons) (University of London), CA(SA) the Chief Financial Officer of Capital Appreciation Limited.

Basis of consolidation

The Group financial statements comprise the financial statements of the Group and its subsidiaries as at 31 March 2024. 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.

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.

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

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 notes 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 10 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 15).

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.

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.

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

Accounting policies (continued)

1. PRESENTATION OF FINANCIAL STATEMENTS (continued)

1.2 Property, plant and equipment (continued)

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	5 years

All assets, excluding rental terminals, are depreciated using the straight-line method, with no residual value. Rental terminals are depreciated based on the estimated useful life of 5 years, with a 15% residual value at the end of 5 years.

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 relationships	6–10 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.

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.

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

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 re-assesses 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.

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.

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

Accounting policies (continued)

1. PRESENTATION OF FINANCIAL STATEMENTS (continued)

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 33 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 12) and to subsidiaries (company note 7) as well as other financial assets (note 9) 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.

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 12).

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.

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

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 23). 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 19), excluding VAT are classified as financial liabilities subsequently measured at amortised cost.

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 24).

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.

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

Accounting policies (continued)

1. PRESENTATION OF FINANCIAL STATEMENTS (continued)

1.8 Tax (continued)

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.

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.

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

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 between 7.6% and 11.8% 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.

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.

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

Accounting policies (continued)

1. PRESENTATION OF FINANCIAL STATEMENTS (continued)

1.9 Lease (continued)

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.

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 15.

The cost of equity-settled transactions is recognised in the employee benefits expense (note 22), 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

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

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 32).

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.

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.

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

Accounting policies (continued)

1. PRESENTATION OF FINANCIAL STATEMENTS (continued)

1.15 Revenue (continued)

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.

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.

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

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:

IFRS 17 Insurance Contracts

Classification of Liabilities as Current or Non-current – Amendments to IAS 1

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2

Definition of Accounting Estimates – Amendments to IAS 8

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

2.2 Standards and interpretations not yet effective

Standard/amendment	For the Group effective for years on or after	Impact
International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12	01-Apr-24	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 and Non-current Liabilities with Covenants – Amendments to IAS 1	01-Apr-24	The Group is currently assessing the impact of the amendments and plans to adopt the new standard on the required effective date.
Lease Liability in a sale and Leaseback – Amendments to IFRS 16	01-Apr-24	The Group is currently assessing the impact of the amendments and plans to adopt the new standard on the required effective date.
Disclosure: Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7	01-Apr-24	The Group is currently assessing the impact of the amendments and plans to adopt the new standard on the required effective date.
Lack of exchangeability – Amendments to IAS 21	01-Apr-25	The Group is currently assessing the impact of the amendments and plans to adopt the new standard on the required effective date.
Presentation and disclosure in financial statements – IFRS 18	01-Apr-27	The Group is currently assessing the impact of the amendments and plans to adopt the new standard on the required effective date.
Subsidiaries without public accountability – IFRS 19	01-Apr-27	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 2024

3. PROPERTY, PLANT AND EQUIPMENT

	2024		
Figures in R'000	Cost	Accumulated depreciation	Carrying value
Office and IT equipment	37 804	(23 734)	14 070
Motor vehicles	573	(294)	279
Furniture and fixtures	4 422	(3 137)	1 285
Plant and machinery	2 215	(381)	1 834
Leasehold Improvements	13 640	(5 751)	7 889
Rental terminals	72 209	(25 855)	46 354
Total	**130 863**	**(59 152)**	**71 711**

Reconciliation of property plant and equipment

	2024						
	Opening balance	Acquisition through business combination	Additions	Disposals	Depreciation	Foreign currency translation	Carrying value
Office and IT equipment	11 943	1 917	7 328	(133)	(6 990)	5	14 070
Motor vehicles	159	–	162	–	(42)	–	279
Furniture and fixtures	1 163	572	179	(10)	(620)	1	1 285
Plant and machinery	1 569	–	536	–	(271)	–	1 834
Leasehold Improvements	4 137	225	5 594	(44)	(2 023)	–	7 889
Rental terminals	23 510	–	31 297	(531)	(7 922)	–	46 354
Total	**42 481**	**2 714**	**45 096**	**(718)**	**(17 868)**	**6**	**71 711**

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

3. PROPERTY, PLANT AND EQUIPMENT (continued)

	2023		
Figures in R'000	Cost	Accumulated depreciation	Carrying value
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 2024

4. INTANGIBLE ASSETS

Figures in R'000	2024 Cost	2024 Accumulated amortisation	2024 Carrying value
Computer software	106 035	(44 064)	61 971
Trademark	86	(10)	76
Intangible assets recognised on acquisition of businesses	133 389	(89 686)	43 703
Customer relationships	112 159	(73 426)	38 733
Computer software	18 830	(16 080)	2 750
Brand	2 400	(180)	2 220
Total	239 510	(133 760)	105 750

Reconciliation of intangible assets

	2024 Opening balance	2024 Acquisition through business combination	2024 Additions	2024 Amortisation	2024 Carrying value
Computer software	49 377	24	27 810	(15 240)	61 971
Trademark	73	–	11	(8)	76
Intangible assets recognised on acquisition of businesses (refer to note 6.2)	18 921	37 000	–	(12 218)	43 703
Customer relationships	18 921	31 300	–	(11 488)	38 733
Computer software	–	3 300	–	(550)	2 750
Brand	–	2 400	–	(180)	2 220
Total	68 371	37 024	27 821	(27 466)	105 750

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

4. INTANGIBLE ASSETS (continued)

	2023		
Figures in R'000	Cost	Accumulated amortisation	Carrying value
Computer software	78 201	(28 824)	49 377
Trademark	75	(2)	73
Intangible assets 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	174 665	(106 294)	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 assets recognised on acquisition of businesses	31 155	–	(12 234)	18 921
Customer relationships	31 155	–	(12 234)	18 921
Total	68 196	23 180	(23 005)	68 371

The group acquired Dariel on 3 July 2023 and intangible assets were recognised on the acquired businesses amounting to R37.0 million. The additional intangible assets recognised on acquisition of business, consists of:

- *R31.3 million for customer relationships, which is being amortised over 10 years.*
- *R3.3 million for computer software, which is being amortised over 4.5 years.*
- *R2.4 million for the brand, which is being amortised over 10 years.*

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

5. RIGHT-OF-USE ASSETS

	2024		
Figures in R'000	Cost	Accumulated depreciation	Carrying value
Right-of-use assets	43 369	(15 623)	27 746

Reconciliation of right-of-use assets

	2024				
Figures in R'000	Opening balance	Acquisition through business combination	Additions[1, 2]	Depreciation	Carrying value
Office premises	17 325	3 763	14 653	(7 995)	27 746

	2023		
Figures in R'000	Cost	Accumulated depreciation	Carrying value
Office premises	29 216	(11 891)	17 325

Reconciliation of right-of-use assets

	2023			
Figures in R'000	Opening balance	Additions	Depreciation	Carrying value
Office premises	8 115	17 018	(7 808)	17 325

[1] *Synthesis entered into a new five-year lease for the period 1 August 2023 to 30 July 2028 for premises measuring 1 522 m^2, located in Melrose Arch, Johannesburg. The rented premises are used for the purpose of administration offices.*

The lease contains standard terms and conditions normally found in a lease providing facilities to meet the purpose of administration offices. The lease has an annual escalation of 7%.

The company has an option to renew the leased premises for a further three-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.

[2] *Dariel software entered into a new three-year lease for the period 1 February 2024 to 31 January 2027 for premises measuring 1 183 m^2, located in Bramley, Johannesburg.*

The lease contains standard terms and conditions normally found in a lease providing facilities to meet the purpose of administration offices. The lease has an annual escalation of 7%.

The company has an option to renew the leased premises for a further two-year period after the expiry of the initial three-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 2024

6. GOODWILL

Figures in R'000	2024	2023
Carrying value at the beginning of the year	760 229	760 229
Acquisition through business combination	80 023	–
Dariel Group	80 023	–
Carrying value at the end of the year	840 252	760 229
Reconciliation		
Payments division	603 604	603 604
Software division	236 648	156 625
Total	840 252	760 229

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 CGU's, which were acquired in May 2017, to which goodwill of R728.6 million is attributed. The recoverable amount of the CGU's 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 20.2% (2023: 19.2%) for the Payments division and 21.7% (2023: 20.3%) for the Software business. Comparable pre-tax discount rates for purpose of impairment testing would be 26.9% (2023: 25.1%) and 29.1% (2023: 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 9.7% over the next five-year period. Trading and operating margins have been assumed to remain consistent with the 2024 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 2024 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 CGU's, 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 CGU's 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 22.7% (2023: 21.4%) for Responsive Build and 22.5% (2023: 21.4%) for Rethink Digital Solutions. Comparable pre-tax discount rates for purpose of impairment testing would be 29.8% (2023: 28.2%) and 29.5% (2023: 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 2024 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 2024 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 2024

6. GOODWILL (continued)

6.2 Acquisition of businesses during the year

On 3 July 2023, the Group acquired 100% of the issued share capital of Dariel Solutions Proprietary Limited which holds 100% of the issued share capital of Dariel Software Proprietary Limited ("Dariel").

The rationale for the acquisition of Dariel is that the business fits with the Group's model of investing in established, asset-light companies, that deliver innovative and disruptive Fintech solutions to mainly institutional clients, with a culture and business ethos well aligned with the Software division of the Group.

The fair values of the identifiable assets and liabilities of Dariel as at the date of acquisition were:

Figures in R'000	Fair value recognised on acquisition
Assets	
Property, plant and equipment (refer note 3)	2 714
Intangible assets (refer note 4)	24
Right-of-use assets (refer note 5)	3 763
Deferred tax asset (refer note 10)	3 453
Trade and other receivables	24 932
Loans receivables	410
Taxation receivable	2
Cash and cash equivalents	32 406
	67 704
Liabilities	
Lease liabilities (refer note 18)	(5 892)
Trade and other payables	(17 611)
Current tax payable	(90)
	(23 593)
Total identifiable net assets at fair value	44 111
Goodwill arising on acquisition	80 023
Intangible asset arising on acquisition (refer note 4)	37 000
Deferred tax on intangible asset arising on acquisition	(9 990)
Purchase consideration transferred	151 144

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

Dariel has provided the Group with a profit warranty of R62,2 million EBITDA for the 24 month period, 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 260 716 and (ii) an allotment out of treasury shares of 13 592 804 shares.

Cash: R25 260 716 at present value (refer to note 16)	23 267
Shares: 13 592 804 at 147 cents per share (refer to note 16)	19 981
Total	43 248

Acquisition costs (included in cash flows from operating activities)	1 295
Net cash acquired with the subsidiary (included in cash flows from investing activities)	32 406
Cash paid (included in cash flows from investing activities)	(72 179)
Net cash flow on acquisition	(38 478)

From the date of acquisition 3 July 2023, Dariel contributed R145.9 million of revenue and R26.0 million of profit before tax to the Group. If the acquisition had taken place at the beginning of the financial year revenue would have been R193.3 million and R25.0 million of profit before tax to the Group.

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 provides 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. The business is currently under business rescue.

Figures in R'000	2024	2023
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

On 7 March 2024 Synthesis sold its 15% interest in GroEx Proprietary Limited, a subsidiary of Afgri Group Holdings Limited for a contribution of R100. M Shapiro resigned as a non-executive director of GroEx.

Figures in R'000	2024	2023
18 Shares at cost	*	*
Disposal of shares	*	–
Carrying and fair value	–	*

Investments in associate in aggregate amounts to less than R1 000.

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

7. INVESTMENTS IN ASSOCIATES (continued)

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	2024	2023
122 517 shares at cost	**6 378**	6 378
Carrying and fair value at beginning of year	**2 731**	4 842
Share of equity accounted loss in associate	**(2 731)**	(2 111)
Carrying and fair value	*	2 731

* *Investments in associate in aggregate amounts to less than R1 000.*

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	2024	2023
392 shares at cost	**106**	106
Carrying and fair value at beginning of year	**61**	–
Shares purchased	**–**	106
Share of equity accounted loss in associate	**(61)**	(45)
Carrying and fair value	*	61

* *Investments in associate in aggregate amounts to less than R1 000.*

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

8. LOANS TO ASSOCIATES

Figures in R'000	2024	2023
GovChat Proprietary Limited	*	1
LayUp Technologies Proprietary Limited	20 617	12 153
Regal Digital B.V.	10 064	9 526
	30 681	21 680
Non-current assets	20 617	12 154
Current assets	10 064	9 526
Total	30 681	21 680

8.1 GovChat Proprietary Limited

Figures in R'000	2024	2023
Opening balance	1	49 528
Loan granted during the year	6 373	14 337
Accretion of interest	6 611	3 041
Expected credit loss raised	(12 985)	(66 905)
Closing balance	*	1

* *Loans to associate in aggregate amounts to less than R1 000.*

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 2022 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 2024

8. LOANS TO ASSOCIATES (continued)

8.2 LayUp Technologies Proprietary Limited

Figures in R'000	2024	2023
Opening balance	12 153	5 096
Loan granted during the year	6 468	6 267
Accretion of interest	1 996	790
Closing balance	20 617	12 153

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 was 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 provide a further loan draw-down facility of 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	2024	2023
Opening balance	9 526	–
Loan granted during the year	–	8 437
Foreign exchange movement	538	1 089
Closing balance	10 064	9 526

The Group 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 = 20.38 (2023: 19.29) at 31 March 2024.

9. OTHER FINANCIAL ASSETS

Figures in R'000	2024	2023
Opening balance	–	–
Loan granted during the year	11 000	–
Accretion of interest	800	–
Closing balance	11 800	–

On 21 June 2023, a convertible loan was granted to Asset Pool Proprietary Limited with a total draw-down facility of R15 million. The loan bears interest at prime and is repayable on 6 April 2026. The loan agreement provides that Capital Appreciation is entitled to convert the capital outstanding, plus any interest accrued thereon, into equity.

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

10. DEFERRED TAX

Figures in R'000	2024	2023
Analysis of deferred taxation		
Timing differences*	(4 582)	(3 810)
Amortisation of intangible assets	(11 800)	(5 109)
Deferred revenue	1 928	1 856
Recognition of deferred tax on assessed tax loss	3 208	2 054
	(11 246)	(5 009)
Reconciliation of deferred taxation		
At beginning of period	(5 009)	(7 513)
Acquisition through business combination	3 454	–
Accelerated allowances for tax purposes	–	(587)
Timing differences*	(3 897)	(233)
Amortisation of intangible assets	(6 691)	3 303
Deferred revenue	72	188
Recognition/(utilisation) of deferred tax on assessed tax loss	825	(167)
At end of period	(11 246)	(5 009)
Disclosed in the statement of financial position as follows:		
Deferred tax asset	6 074	3 600
Deferred tax liability	(17 320)	(8 609)
	(11 246)	(5 009)

* *Included are timing differences relating to property, plant and equipment and provisions.*

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.

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

11. INVENTORIES

Figures in R'000	2024	2023
Prepaid airtime	30	30
Spare parts	13 663	11 495
Terminals	4 932	35 483
	18 625	47 008

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 (2023: Nil). There has been no impairment for obsolete inventory (2023: Nil).

12. TRADE AND OTHER RECEIVABLES

Figures in R'000	2024	2023
Trade receivables	163 401	182 293
Staff loans	282	477
Deposits	276	151
B-BBEE enterprise development loans	8 371	5 740
B-BBEE enterprise development loans	12 251	9 620
Expected credit loss raised[1]	(3 880)	(3 880)
B-BBEE supplier development loans	3 530	4 015
VAT receivable	315	256
VAT receivable	803	256
Expected credit loss raised[2]	(488)	–
Prepayments	9 982	7 328
	186 157	200 260

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 2024

12. 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	2024	2023
At amortised cost	**175 860**	192 676
Non-financial instruments	**10 297**	7 584
	186 157	200 260

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

[1] The expected credit loss relates to the B-BBEE enterprise developments loans to GovChat through K2017220477 (South Africa) NPC.

[2] The expected credit loss relates to VAT receivable from SARS.

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.

	2024	2023
Carrying amount in US Dollars ('000)	**98**	171
Carrying amount in SGD ('000)	**1 432**	1 296
Carrying amount in GBP ('000)	**-**	58
Carrying amount in Rand ('000)	**21 913**	21 620

US Dollar converted at USD1 = R19.15 (2023: R17.79). SGD converted at SGD1 = R14.00 (2023: R13.37).

GBP converted at GBP1 = 0 (2023: R21.90).

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

13. CASH AND CASH EQUIVALENTS

Figures in R'000	2024	2023
Cash and cash equivalents consist of:		
Bank balances	37 707	97 102
Bank call and notice deposits	429 723	397 754
	467 430	494 856

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 recognised credit rating agencies such as Fitch, Moodys and Standard and Poors Financial Services. For this reason, the credit quality at year-end of cash and cash equivalents is considered to be high.

14. SHARE CAPITAL

Figures in R'000	2024	2023
Ordinary shares of no par value	1 054 503	1 014 728

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 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)	(51 961 828)	(77 096 541)
Ordinary shares of no par value, net of treasury shares at the end of the year	1 258 038 172	1 232 903 459
Reconciliation of movement of issued ordinary shares		
Ordinary shares, net of treasury shares at the beginning of the year	1 232 903 459	1 229 088 405
Ordinary shares of no par value repurchased during the year (treasury shares)	(44 771 999)	(200 000)
Ordinary shares allotted for contingent consideration of Responsive group	5 538 539	–
Ordinary shares allotted for the purchase of Dariel	25 243 779	–
Ordinary shares of no par value sold during the year from treasury shares to settle vested share options	3 486 500	4 015 054
Ordinary shares of no par value sold during the year from treasury shares to settle vested conditional share awards	35 637 894	–
Number of issued ordinary shares, net of treasury shares at end of the year	1 258 038 172	1 232 903 459

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

15. SHARE-BASED PAYMENTS RESERVE

The Group has two Incentive Schemes:

15.1 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.

15.2 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	2024	2023
Group share incentive scheme reserve	9 231	6 959
Group conditional share plan reserve	17 558	26 393
Total share-based payment reserve	26 789	33 352

15.1 Group's Share Incentive Scheme

	2024	
	Number of share options	Exercise price
The number of share options are:		
Beginning of the year	78 250 000	107 cents
Forfeited	(6 876 000)	130 cents
Exercised	(3 486 500)	80 cents
Granted	17 085 000	145 cents
End of the year	84 972 500	114 cents

These share options are exercisable over the period 1 September 2020 to 31 August 2028.

The weighted average remaining contractual life for share options outstanding was 35 months (2023: 34 months).

The weighted average fair value of share options granted during the year was 47 cents per share (2023: 44 cents per share).

The range of exercise prices for share options outstanding at the end of the year was 75 cents to 145 cents per share (2023: 75 cents to 144 cents per share).

The weighted average share price for the year ending 31 March 2024 was 132 cents per share (2023: 149 cents per share).

The Group recognised an expense of R4 466 800 (2023: R3 543 700) for the share options granted.

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

15. SHARE-BASED PAYMENTS RESERVE (continued)

15.1 Lease (continued)

	2023	
	Number of share options	Exercise price
The number of 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

	Number of share options	
Details of directors outstanding share options	**2024**	**2023**
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 2024

15. SHARE-BASED PAYMENTS RESERVE (continued)

15.1 Lease (continued)

	2024	2023
1. Fair value at measurement date (cents)	**47.00**	44.00
2. Exercise price at end of period (cents)	**113.66**	106.77
3. Expected volatility (%)	**34.55**	34.57
4. Option life (years)	**5.00**	5.00
5. Distribution yield (%)	**5.00**	5.00
6. Risk-free rate (based on National Bond Curve) (%)	**9.65**	9.47

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

15.2 Group's Conditional Share Plan

	2024	
	Number of share awards	Exercise price
The number of share awards are:		
Beginning of the year	54 366 850	99 cents
Exercised	(30 511 940)	75 cents
Granted	9 900 000	150 cents
End of the year	33 754 910	135 cents

These share awards are exercisable between 25 March 2023 and 8 June 2026.

The weighted average remaining contractual life for share awards outstanding was 16 months (2023: 12 months).

The weighted average fair value of share awards granted during the year was 134 cents per share (2023: 120 cents per share).

The range of exercise prices for the conditional share awards outstanding at the end of the year was 119 cents to 150 cents per share (2023: 57 cents to 144 cents per share).

The weighted average share price for the year ending 31 March 2024 was 132 cents per share (2023: 149 cents per share).

The Group recognised an expense of R14 022 200 (2023: R12 443 000) for the share awards granted.

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

15. SHARE-BASED PAYMENTS RESERVE (continued)

15.2 Group's Conditional Share Plan (continued)

	2023	
	Number of share awards	Exercise price
The number 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

Details of directors outstanding conditional share plan awards:

	Number of share awards	
	2024	2023
M Pimstein	**6 162 500**	11 086 364
B Sacks	**6 162 500**	11 086 364
A Salomon	**6 162 500**	11 086 364
M Shapiro	**2 533 333**	4 059 259
	21 020 833	37 318 351

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 2023 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 2024

15. SHARE-BASED PAYMENTS RESERVE (continued)

15.2 Group's Conditional Share Plan (continued)

	2024	2023
1. Fair value at measurement date (cents)	**134.00**	120.00
2. Exercise price at end of period (cents)	**135.49**	98.90
3. Expected volatility (%)	**33.63**	37.92
4. Option life (years)	**3.00**	3.00
5. Distribution yield (%)	**5.00**	5.00
6. Risk-free rate (based on National Bond Curve) (%)	**9.11**	8.41

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

16. CONTINGENT CONSIDERATION

Figures in R'000	2024	2023
Cash (present valued)	**23 267**	6 646
Responsive Build	**–**	4 073
Rethink Digital Solutions	**–**	2 573
Dariel	**23 267**	–
Shares	**19 981**	9 582
Responsive Build	**–**	5 873
Rethink Digital Solutions	**–**	3 709
Dariel	**19 981**	–
Total	**43 248**	16 228

Responsive Build and Rethink Digital Solutions achieved their profit warranties and the previous shareholders received R6 646 249 in cash and an allotment out of treasury shares of 5 538 539 ordinary shares. The payment of cash and allotment of shares was completed in November 2023.

The Dariel profit warranties consideration has been included as part of the purchase consideration. In aggregate, should Dariel achieve their profit warranties, the previous shareholders will receive R25 260 716 in cash and an allotment out of treasury shares of 13 592 804 ordinary shares. The period of the warranties is 24 months from 1 April 2023 to 31 March 2025. It has been assumed that the profit warranties target will be met and the ordinary shares are valued at a price of 147 cents per ordinary share, being the share price on the closing date and the cash portion is present valued.

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

17. DEFERRED REVENUE

Deferred revenue to be realised:

Figures in R'000	Within one year	In second to fifth year	Total
2024	**16 149**	**4 201**	**20 350**
2023	14 051	5 788	19 839

Figures in R'000	2024	2023
Non-current liabilities	**4 201**	5 788
Current liabilities	**16 149**	14 051
	20 350	19 839

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 R14.1 million (2023: R10.5 million). In the 2025 financial year, R16.1 million will be recognised in revenue.

18. LEASE LIABILITY

Set out below are the carrying amounts of lease liabilities and the movements during the period:

Figures in R'000	2024	2023
At 1 April	**17 973**	10 638
New leases[1, 2]	**14 654**	17 018
Accretion of interest	**3 050**	448
Acquisition through business combinations	**5 892**	–
Payments	**(8 670)**	(10 131)
Total	**32 899**	17 973
Non-current liabilities	**26 496**	13 932
Current liabilities	**6 403**	4 041
Total	**32 899**	17 973

[1] *Synthesis entered into a new five-year lease for the period 1 August 2023 to 30 July 2028 for premises measuring 1 522 m^2, located in Melrose Arch, Johannesburg. The rented premises are used for the purpose of administration offices. The lease contains standard terms and conditions normally found in a lease providing facilities to meet the purpose of administration offices. The lease has an annual escalation of 7%.*

The company has an option to renew the leased premises for a further three-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.

[2] *Dariel software entered into a new three-year lease for the period 1 February 2024 to 31 January 2027 for premises measuring 1 183 m^2, located in Bramley, Johannesburg. The lease contains standard terms and conditions normally found in a lease providing facilities to meet the purpose of administration offices. The lease has an annual escalation of 7%. The company has an option to renew the leased premises for a further two-year period after the expiry of the initial three-year period, subject to rental and other charges for the renewable period being agreed by both the lessor and lessee.*

The maturity analysis of lease liabilities is disclosed in note 33.

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

19. TRADE AND OTHER PAYABLES

Figures in R'000	2024	2023
Trade payables and accruals*	**87 453**	106 810
VAT	**11 623**	7 907
	99 076	114 717

* *Included in trade and other payables are foreign exchange contract liabilities of R6 833 (2023: R619 176) which are carried at fair value. Refer to note 35.*

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.

20. REVENUE

Figures in R'000	2024	2023
Payment division		
Terminal rental income	**55 739**	28 630
Sale of terminals	**218 178**	255 090
Maintenance and support service fees from terminals	**186 853**	177 372
Transaction-related income from terminals	**101 986**	62 609
	562 756	523 701
Software division		
Services and consultancy fees	**438 670**	304 992
Licence and subscription fees	**74 712**	62 455
Security hardware and third-party licence fees	**105 851**	103 965
	619 233	471 412
Total revenue	**1 181 989**	995 113

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

20. REVENUE (continued)

Disaggregation of revenue from contracts with customers

The Group disaggregates revenue from customers as follows:

Figures in R'000	2024	2023
Sale of goods		
Sale of terminals	218 178	255 090
Security hardware and third-party licence fees	105 851	103 965
	324 029	359 055
Rendering of services		
Services and consultancy fees	438 670	304 992
Licence and subscription fees	74 712	62 455
Terminal rental income	55 739	28 630
Maintenance and support service fees from terminals	186 853	177 372
Transaction related income from terminals	101 986	62 609
	857 960	636 058
Total revenue	1 181 989	995 113

Group as a lessor

The Group has entered into operating leases on its rental terminals (refer note 3). Rental income recognised by the Group during the year is R55.7 million (2023: R28.6 million).

- *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 a 15% residual value of the terminal at end of term*
- *The lessee is not allowed to acquire any title to the terminal, and the lessor will retain ownership of the terminal at all times.*

Future minimum rentals receivable under the operating leases as at 31 March 2024 are as follows:

Figures in R'000	2024	2023
Within year one	49 056	24 889
Within year two	37 921	17 031
Within year three	11 434	8 289
	98 411	50 209

There were no unsatisfied revenue obligations at year-end.

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

21. OTHER INCOME

Figures in R'000	2024	2023
Insurance claim	297	292
Foreign exchange gains	3 308	4 445
Sundry income	3 151	1 280
Skills development levy refund	663	341
Bad debts recovered	–	259
	7 419	6 617

22. OPERATING PROFIT

Figures in R'000	2024	2023
The following items are charged within operating profit:		
Advertising and marketing expenses	4 810	6 908
Audit fees	3 531	3 262
Internal audit fees	1 115	997
International segment operating expenses	9 646	7 728
Employee costs relating to operating expenses	157 885	152 588
Employee costs excluding Dariel	372 841	310 580
Employee costs Dariel	104 056	–
Employee costs reallocated to cost of sales	(319 012)	(157 992)
Share-based payment expense	18 489	15 987
Depreciation: property, plant and equipment	17 868	14 099
Depreciation: right-of-use assets	7 995	7 808
Amortisation of intangibles	27 466	23 005
Transformation costs	4 637	3 320
Acquisition costs	1 295	3 015
Legal fees	3 632	6 022
Loss on disposals of property, plant and equipment and intangibles	307	791
Executive directors emoluments	18 920	15 619
Non-executive directors'' emoluments	1 360	2 676

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

23. FINANCE INCOME

Figures in R'000	2024	2023
Bank	39 622	33 112
Loans to associates (refer note 8)	8 607	3 831
Loan to other financial assets (refer note 9)	800	–
Other	1 924	–
	50 953	36 943

24. FINANCE COSTS

Figures in R'000	2024	2023
Present value of cash portion of the contingent consideration (note 16)	1 391	276
Lease liability (note 18)	3 050	448
	4 441	724

25. TAXATION

Figures in R'000	2024	2022
Major components of the tax expense		
Current		
Local income tax current year	68 846	63 307
Deferred		
Originating and reversing temporary differences	7 063	850
Originating and reversing temporary differences on assessed tax loss	(826)	167
South African normal tax	75 083	64 324

	%	%
Reconciliation of rate of taxation		
South African normal tax	27.0	27.0
Adjusted for:		
– Permanent differences*	3.5	14.0
– Foreign withholding tax	–	0.2
Effective tax rate	30.5	41.2

* *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.*

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

26. CASH GENERATED FROM OPERATIONS

Figures in R'000	2024	2023
Profit before taxation	**246 009**	156 235
Adjustments for:		
Share-based payment expense	**16 462**	12 897
Depreciation: property, plant and equipment	**17 868**	14 099
Depreciation: right-of-use assets	**7 995**	7 808
Amortisation of intangibles	**27 466**	23 005
Finance income	**(50 953)**	(36 943)
Finance costs	**4 441**	724
Equity accounted loss in associates	**2 792**	2 156
Unrealised foreign exchange profit	**(1 591)**	(2 248)
Loss on disposals of property, plant and equipment and intangibles	**307**	791
Expected credit loss	**13 473**	70 785
Changes in working capital		
Decrease/(increase) in inventory	**28 383**	(34 828)
Decrease/(increase) in trade and other receivables	**38 957**	(74 892)
(Decrease)/increase in trade and other payables	**(33 252)**	40 484
Increase in deferred revenue	**511**	3 424
Increase/(decrease) in foreign taxation receivable	**854**	(315)
	319 722	183 182

27. 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 which amounted to R2 000 057 have been expensed in the 2024 financial results. A court date has been set for 5 May 2025 to hear the matter.

28. POST-RETIREMENT OBLIGATIONS

The Group provides no retirement benefits to its permanent employees and therefore, has no-post retirement obligations.

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

29. RELATED PARTIES

29.1 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.

29.2 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.

29.3 Given the 26.7% 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.

29.4 Transactions with directors

The transactions with directors have been disclosed in the directors' report.

29.5 Relationships

		2024	2023
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%
	Dariel Solutions Proprietary Limited	100.0%	–
	Dariel Software Proprietary Limited	100.0%	–
Associates	GovChat Proprietary Limited	35.0%	35.0%
	GroEx Proprietary Limited (sold: 7 March 2024)	–	15.0%
	LayUp Technologies Proprietary Limited	27.4%	27.4%
	Regal Digital B.V.	20.0%	20.0%
Directors	M Pimstein		
	B Sacks		
	A Salomon		
	B Bulo		
	K Dlamini		
	E Kruger		
	R Maqache		
	V Sekese		
	C Valkin (retired 31 October 2023)		
	A Dambuza (appointed 4 December 2023)		

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

29. RELATED PARTIES (continued)

29.6 Companies with common directors

Centric Capital Ventures LLC is a company registered in the USA and is owned by B Sacks.

K2017220477 (South Africa) NPC[1]

LayUp Technologies Proprietary Limited

Regal Digital B.V.

29.7 Transactions with related parties

Figures in R'000	2024	2023
Loans to associates		
GovChat Proprietary Limited	*	1
Loan granted	79 890	66 906
Expected credit loss raised	(79 890)	(66 905)
LayUp Technologies Proprietary Limited	20 617	12 153
Regal Digital B.V.	10 064	9 526
Related-party transactions		
Enterprise Development loans by Synthesis and Dashpay to GovChat through K2017220477 (South Africa) NPC[1]	*	*
Loan granted	3 880	3 880
Expected credit loss raised	(3 880)	(3 880)
Revenue received by Synthesis from GovChat Proprietary Limited	3 434	6 456
Capital Appreciation Limited to Centric Capital Ventures LLC[2]	5 366	5 151
Sundry income received from GovChat Proprietary Limited	150	300
Directors' emoluments to non-executive directors'	1 360	2 676
Interest received from GovChat Proprietary Limited	6 611	3 041
Interest received from LayUp Technologies Proprietary Limited	1 996	790

[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 to B Sacks, relate to directors emoluments, amounting to R4 500 000 (2023: R3 600 000) and reimbursement of expenses, amounting to R866 000 (2023: R1 551 000).*
* *In aggregate amounts to less than R1 000.*

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

30. DIRECTORS' EMOLUMENTS

	Salary		Bonus		Vested conditional shares exercised***		Total	
Figures in R'000	2024	2023	2024	2023	2024	2023	2024	2023
Directors' emoluments								
M Pimstein	1 800	1 800	2 700	1 800	10 432	–	14 932	3 600
B Sacks*	1 800	1 800	2 700	1 800	10 569	–	15 069	3 600
A Salomon	1 800	1 800	2 700	1 800	10 432	–	14 932	3 600
M Shapiro**	4 020	3 619	1 400	1 200	3 877	–	9 297	4 819
Total	9 420	9 019	9 500	6 600	35 310	–	54 230	15 619

* *Emoluments paid to Centric Capital Ventures LLC.*

** *Emoluments paid to M Shapiro through Synthesis.*

*** *Included in directors' emoluments are the value on the vesting date of conditional share awards, which were granted to executive directors on 25 March 2020 and 21 September 2020 and which vested on 22 June 2023 and 6 February 2024 respectively. There were no vested conditional share awards in prior years.*

Bonuses paid to executive directors in 2024, relate to the 2023 financial year performance. Directors receive no fringe benefits from the Group.

Directors have long-term incentives which are reflected in note 15.

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.

	Salary		Fees		Total	
Figures in R'000	2024	2023	2024	2023	2024	2023
Non-executive directors						
B Bulo	–	–	269	453	269	453
K Dlamini	–	–	308	560	308	560
E Kruger	–	–	154	264	154	264
R Maqache	–	–	187	258	187	258
V Sekese	–	–	340	566	340	566
C Valkin (retired 31 October 2023)	–	–	51	225	51	225
A Dambuza (appointed 4 December 2023)	–	–	51	–	51	–
M Kahn (deceased 2 June 2022)	–	–	–	47	–	47
M Sacks (retired 28 February 2023)	–	–	–	303	–	303
Total	–	–	1 360	2 676	1 360	2 676

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

30. DIRECTORS' EMOLUMENTS (continued)

The non-executive directors' remuneration excludes VAT and was approved by special resolution at the Annual General Meeting held on 6 September 2023.

Details of non-executive directors' attendance at meetings is recorded in the Directors report.

Figures in R'000	2024	2023
Share-based payment expense		
M Pimstein	**2 560**	2 537
B Sacks	**2 560**	2 537
A Salomon	**2 560**	2 537
M Shapiro	**1 173**	1 033
	8 853	8 644

Number	Opening balance 1 April 2023	Exercised shares	New share awards	Closing balance 31 March 2024
Details of directors' outstanding share options				
M Shapiro	2 300 000	–	–	**2 300 000**
Details of directors' outstanding conditional share plan awards				
M Pimstein	11 086 364	(6 486 364)	1 562 500	**6 162 500**
B Sacks	11 086 364	(6 486 364)	1 562 500	**6 162 500**
A Salomon	11 086 364	(6 486 364)	1 562 500	**6 162 500**
M Shapiro	4 059 259	(2 425 926)	900 000	**2 533 333**
	37 318 351	(21 885 018)	5 587 500	**21 020 833**

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

31. DIRECTORS' SHAREHOLDING

The individual beneficial interests declared by the directors held in the Group's stated share capital as at 31 March, are as follows:

	2024		2023	
	Number of ordinary shares		Number of ordinary shares	
Beneficial directors	Direct	Indirect	Direct	Indirect
M Pimstein	**62 308 703**	**–**	60 429 792	–
B Sacks*	**6 126 132**	**70 833 333**	–	70 833 333
A Salomon	**58 943 247**	**–**	57 064 336	–
M Shapiro	**26 727 970**	**–**	28 327 970	–
C Valkin	**250 000**	**–**	250 000	–
Total	**154 356 052**	**70 833 333**	146 072 098	70 833 333

* *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 2024 to 4 June 2024, being the date that the Group's Financial Statements have been approved by the Board.

32. 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	2024	2023
Profit for the year attributable to ordinary shareholders	**170 754**	90 953
Loss on disposal of property, plant and equipment and intangible assets	**307**	791
Tax on loss on disposal of property, plant and equipment and intangible assets	**(83)**	(214)
Headline earnings	**170 978**	91 530
	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)	**1 256 113**	1 230 959
Diluted weighted average number of ordinary shares in issue ('000)	**1 307 253**	1 324 634

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

32. EARNINGS PER SHARE (continued)

	2024	2023
Calculation of weighted average number of shares		
Opening balance of weighted average number of ordinary shares in issue ('000)	**1 232 903**	1 229 088
Weighted number of ordinary shares repurchased ('000)	**(13 597)**	(113)
Weighted number of ordinary shares options and conditional share awards exercised ('000)	**7 730**	1 984
Weighted number of ordinary shares issued ('000)	**29 077**	–
Closing balance of weighted average number of ordinary shares in issue ('000)	**1 256 113**	1 230 959
Weighted average number of shares in issue ('000)	**1 256 113**	1 230 959
Dilutive number of shares ('000)	**51 140**	93 675
Diluted weighted average number of shares in issue ('000)	**1 307 253**	1 324 634

	2024	2023
Earnings per share	Cents per share	Cents per share
Basic earnings per share	**13.59**	7.39
Headline earnings per share	**13.61**	7.44
Diluted earnings per share	**13.06**	6.87
Diluted headline earnings per share	**13.08**	6.91

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

33. 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				
2024				
Trade and other receivables	**175 860**	**–**	**175 860**	**175 860**
Loan to associates	**30 681**	**–**	**30 681**	**30 681**
Other financial assets	**11 800**	**–**	**11 800**	**11 800**
Cash and cash equivalents	**467 430**	**–**	**467 430**	**467 430**
	685 771	**–**	**685 771**	**685 771**
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
Categories of financial liabilities				
2024				
Lease liability	**32 899**	**–**	**32 899**	**32 899**
Trade and other payables	**87 446**	**7**	**87 453**	**87 453**
	120 345	**7**	**120 352**	**120 352**
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

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

33. 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		
2024		
Recognised in the statement of comprehensive income:		
Finance income	50 953	50 953
Gains on financial assets		
2023		
Recognised in the statement of comprehensive income:		
Finance income	36 943	36 943
Losses on financial liabilities		
2024		
Recognised in the statement of comprehensive income:		
Finance costs	4 441	4 441
Losses on financial liabilities		
2023		
Recognised in the statement of comprehensive income:		
Finance costs	724	724

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 arise, capital risk management will be monitored and measured 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 2024

33. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Capital risk management (continued)

Figures in R'000	2024	2023
Interest-bearing loans and borrowings	–	–
Lease liability	32 899	17 973
Less: Cash and cash equivalents	(467 430)	(494 856)
Net cash	(434 531)	(476 883)
Equity	1 579 723	1 493 273
Total capital	1 579 723	1 493 273
Net cash to capital (%)	(38%)	(47%)

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 2024 and 2023.

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, 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 R586 647 and R428 253 respectively (31 March 2023: R676 817 and R494 076 respectively). 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 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 R2.3 million and R1.7 million respectively (31 March 2023: R2.5 million and R1.8 million respectively). A decrease of 50 basis points would have an equal, but opposite effect. The analysis assumes that all other variables remain constant.

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

33. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

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	Total	Finance costs	Carrying amount
2024						
Trade and other payables	**87 453**	**–**	**–**	**87 453**	**–**	**87 453**
Lease liability	**4 755**	**4 957**	**31 074**	**40 786**	**(7 887)**	**32 899**
Contingent consideration	**–**	**–**	**25 261**	**25 261**	**(1 994)**	**23 267**
	92 208	**4 957**	**56 335**	**153 500**	**(9 881)**	**143 619**
2023						
Trade and other payables	106 810	–	–	106 810	–	106 810
Lease liability	3 354	2 280	16 949	22 583	(4 610)	17 973
Contingent consideration	6 646	–	–	6 646	–	6 646
	116 810	2 280	16 949	136 039	(4 610)	131 429

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

33. 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 credit ratings agencies such as Fitch, Moody's and Standard and Poors Financial Services.

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
2024			
Trade and other receivables	**179 740**	**(3 880)**	**175 860**
Loans to associates	**110 571**	**(79 890)**	**30 681**
Other financial assets	**11 800**	**–**	**11 800**
	302 111	**(83 770)**	**218 341**
2023			
Trade and other receivables	196 556	(3 880)	192 676
Loans to associates	88 585	(66 905)	21 680
	285 141	(70 785)	214 356

Where credit ratings are not available, the Group does not expect certain trade and other receivables counterparties to fail to meet their obligations.

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 credit rating agencies such as Fitch, Moodys and Standard and Poors Financial Services. For this reason, the credit quality at year-end of cash and cash equivalents is considered to be high.

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

33. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

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.

Indicators that there are no reasonable expectations of recovery are assessed on a case by case basis considering discussions with debtors.

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. The value of which cannot be determined due to GovChat going into business rescue on 22 December 2022. The Group has recognised an expected credit loss on the loan receivable at 31 March 2024.

34. GROUP INFORMATION

Holding Company		**% Equity interest**
Capital Appreciation Limited	Holding Company	
Subsidiaries	**Principal Activities**	
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
Dariel Software Proprietary Limited	Software solutions	100
Dariel Solutions Proprietary Limited	Software solutions	100
Associates		
GovChat Proprietary Limited	Software solutions	35
Regal Digital B.V. (Netherlands)	Software solutions	20
LayUp Technologies Proprietary Limited	Payment solutions	27

Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

35. 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, other financial assets, trade and other receivables and trade and other payables carried on the statement 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	2024	Level 1	Level 2	Level 3
Financial instrument				
Foreign exchange forward contracts	(7)	–	(7)	–
	2023	Level 1	Level 2	Level 3
Financial instrument				
Foreign exchange forward contracts	(619)	–	(619)	–

36. DIVIDENDS

A final dividend for the year ended 31 March 2023 of 4.00 cents per ordinary share was declared on 6 June 2023 amounting to R52.4 million. An interim dividend for the year ended 31 March 2024 of 4.25 cents per ordinary share was declared on 4 December 2023 amounting to R55.7 million. The total dividends paid during the year amounted to R108.1 million (2023: R104.8 million).

37. GOING CONCERN

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

38. POST-YEAR-END EVENTS

38.1 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 2024, to the date of this report.

The significant estimates, judgements 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

AS AT 31 MARCH 2024

Figures in R'000	Notes	2024	2023
ASSETS			
Property, plant and equipment	1	**216**	427
Investment in subsidiaries	2	**1 090 068**	938 924
Investment in associates	3	*****	2 792
Loans to associates	4	**20 617**	12 154
Other financial assets	7	**11 800**	–
Deferred tax asset	5	**82**	107
Non-current assets		**1 122 783**	954 404
Other receivables	6	**746**	1 016
Other financial assets	7	**14 224**	27 253
Loans to associates	4	**10 064**	9 526
Taxation receivable		**448**	74
Cash and cash equivalents	8	**371 242**	395 610
Current assets		**396 724**	433 479
Total assets		**1 519 507**	1 387 883
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	9	**1 058 981**	1 058 981
Share-based payment reserve	10	**10 738**	17 224
Contingent consideration reserve	11	**19 981**	9 582
Retained income		**(151 264)**	(88 055)
Total equity		**938 436**	997 732
Contingent consideration reserve	11	**23 267**	–
Non-current liabilities		**23 267**	–
Contingent consideration reserve	11	**–**	6 646
Trade and other payables	12	**7 222**	8 826
Other financial liabilities	13	**550 582**	374 679
Current liabilities		**557 804**	390 151
Total equity and liabilities		**1 519 507**	1 387 883

* *Investments in associate in aggregate amounts to less than R1 000.*

Company statement of comprehensive income

FOR THE YEAR ENDED 31 MARCH 2024

Figures in R'000	Notes	2024	2023
Revenue		**91 046**	88 856
Dividends received		**71 272**	69 800
Other income	14	**19 774**	19 056
Operating expenses	15	**(50 643)**	(55 807)
Operating profit	15	**40 403**	33 049
Finance income	16	**43 554**	33 806
Finance costs	17	**(1 803)**	(460)
Equity accounted loss in associate	3	**(2 792)**	(2 156)
Expected credit loss raised	4	**(12 985)**	(66 905)
Profit/(loss) before taxation		**66 377**	(2 666)
Taxation	18	**(6 682)**	(2 727)
Profit/(loss) after taxation		**59 695**	(5 393)
Other comprehensive income		**–**	–
Total comprehensive income/(loss) for the year		**59 695**	(5 393)

Company statement of cash flows

FOR THE YEAR ENDED 31 MARCH 2024

Figures in R'000	Notes	2024	2023
Cash utilised from operations	19	**(24 791)**	(18 431)
Finance income received		**34 147**	29 975
Dividends received		**71 272**	69 800
Dividends paid		**(108 075)**	(104 800)
Income tax paid		**(7 029)**	(1 020)
Net cash outflow from operating activities		**(34 476)**	(24 476)
Cash flows from investing activities			
Acquisition of shares in associate	3	**-**	(106)
Acquisition of property, plant and equipment		**(32)**	(274)
Loans to associates	4	**(12 841)**	(29 041)
Contingent cash settlement Responsive transaction	11	**(6 646)**	-
Cash paid on the acquisition of the Dariel Group		**(72 179)**	-
Advances of other financial assets	7	**(11 000)**	-
Net cash outflow from investing activities		**(102 698)**	(29 421)
Cash flows from financing activities			
Proceeds from subsidiaries		**112 806**	7 907
Net cash outflow from financing activities		**112 806**	7 907
Net decrease in cash and cash equivalents		**(24 368)**	(45 990)
Cash and cash equivalents at beginning of year		**395 610**	441 600
Cash and cash equivalents at end of year	8	**371 242**	395 610

Company statement of changes in equity

FOR THE YEAR ENDED 31 MARCH 2024

Figures in R'000	Ordinary share capital	Share-based payment reserve	Contingent consideration reserve	Retained income	Total equity
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 vested share options	–	(289)	–	–	(289)
Cash dividends paid	–	–	–	(104 800)	(104 800)
Total comprehensive loss	–	–	–	(5 393)	(5 393)
Balance at 31 March 2023	1 058 981	17 224	9 582	(88 055)	997 732
Share-based payment expense	**–**	**8 253**	**–**	**–**	**8 253**
Settlement of vested conditional share awards	**–**	**(14 739)**	**–**	**–**	**(14 739)**
Contingent consideration reserve	**–**	**–**	**19 981**	**–**	**19 981**
Allotment of 5 538 539 shares to Responsive Group: warranty consideration	**–**	**–**	**(9 582)**	**2 493**	**(7 089)**
Allotment of conditional share awards	**–**	**–**	**–**	**(17 322)**	**(17 322)**
Cash dividends paid	**–**	**–**	**–**	**(108 075)**	**(108 075)**
Total comprehensive income	**–**	**–**	**–**	**59 695**	**59 695**
Balance at 31 March 2024	**1 058 981**	**10 738**	**19 981**	**(151 264)**	**938 436**

Notes to the Company financial statements

FOR THE YEAR ENDED 31 MARCH 2024

Accounting policies

Refer to the Group accounting policies in Notes 1 and 2

1. PROPERTY, PLANT AND EQUIPMENT

	2024		
Figures in R'000	Cost	Accumulated depreciation	Carrying value
Computer hardware	1 061	(988)	73
Computer software	15	(15)	–
Office equipment	182	(182)	–
Furniture and fixtures	1 037	(1 003)	34
Leasehold improvements	825	(716)	109
Total	**3 120**	**(2 904)**	**216**

Reconciliation of property, plant and equipment

	2024			
Figures in R'000	Opening balance	Additions	Depreciation	Carrying value
Computer hardware	92	32	(51)	73
Computer software	–	–	–	–
Office equipment	–	–	–	–
Furniture and fixtures	188	–	(154)	34
Leasehold improvements	147	–	(38)	109
Total	**427**	**32**	**(243)**	**216**

Notes to the Company financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

1. PROPERTY, PLANT AND EQUIPMENT (continued)

	2023		
Figures in R'000	Opening balance	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			
Figures in R'000	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**

Notes to the Company financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

2. INVESTMENTS IN SUBSIDIARIES

Figures in R'000	2024	2023
Opening balance	**938 924**	938 924
Investments during the year		
100% of Dariel	**151 144**	–
Balance at 31 March	**1 090 068**	938 924

2.1 On 5 May 2017, the Company acquired 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.

2.2 On 21 June 2021, the Company acquired 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).

2.3 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.

2.4 On 3 July 2023, the Company acquired:

- 100% of the issued share capital of Dariel Solutions Proprietary Limited, which holds 100% of the issued share capital in Dariel Software Proprietary Limited. Investments in Dariel are valued at cost which in aggregate amounts to R151,1 million. See note 6 of the group financial statements.

Dariel has also provided the Group with a profit warranty of R62,2 million EBITDA for the 24 month period, 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 260 716 and (ii) an allotment out of treasury shares of 13 592 804 shares at 147 cents per share.

Notes to the Company financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

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 provides 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. The business is currently under business rescue.

Figures in R'000	2024	2023
54 shares at cost	*	*
Carrying and fair value	*	*

** Investments in associate in aggregate amounts to less than R1 000. Refer to note 4.1 for further information on GovChat.*

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	2024	2023
122 517 shares at cost	6 378	6 378
Carrying and fair value at beginning of year	2 731	4 842
Share of loss of associate	(2 731)	(2 111)
Carrying and fair value	*	2 731

** Investments in associate in aggregate amounts to less than R1 000.*

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	2024	2023
392 shares at cost	106	106
Carrying and fair value at beginning of year	61	–
Shares purchased	–	106
Share of equity accounted loss in associate	(61)	(45)
Carrying and fair value	*	61

** Investments in associate in aggregate amounts to less than R1 000.*

Notes to the Company financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

4. LOANS TO ASSOCIATES

Figures in R'000	2024	2023
GovChat Proprietary Limited	*	1
LayUp Technologies Proprietary Limited	**20 617**	12 153
Regal Digital B.V.	**10 064**	9 526
	30 681	21 680
Non-current assets	**20 617**	12 154
Current assets	**10 064**	9 526
Total	**30 681**	21 680

4.1 GovChat Proprietary Limited

Figures in R'000	2024	2023
Opening balance	**1**	49 528
Loan granted during the year	**6 373**	14 337
Accretion of interest	**6 611**	3 041
Expected credit loss raised	**(12 985)**	(66 905)
Closing balance	*	1

* *Loans to associate in aggregate amounts to less than R1 000.*

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 2022 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 Company financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

4. LOANS TO ASSOCIATES (continued)

4.2 Layup Technologies Proprietary Limited

Figures in R'000	2024	2023
Opening balance	12 153	5 096
Convertible loan granted during the year	6 468	6 267
Accretion of interest	1 996	790
Closing balance	**20 617**	12 153

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 proved a further draw-down facility of 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	2024	2023
Opening balance	9 526	–
Loan granted during the year	–	8 437
Foreign exchange movement	538	1 089
Closing balance	**10 064**	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 = R20.38
(2023: R19.29) at 31 March 2024.

Notes to the Company financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

5. DEFERRED TAX

Figures in R'000	2024	2023
Analysis of deferred taxation		
Timing differences*	82	107
	82	107
Reconciliation of deferred tax		
At beginning of period	107	1 874
Timing differences*	(25)	4
Utilisation of deferred tax on assessed tax loss	–	(1 771)
At end of period	82	107

* *Included are timing differences relating to provisions.*

6. OTHER RECEIVABLES

Figures in R'000	2024	2023
Prepayments	534	554
B-BBEE Supplier development loans	206	206
Deposit	6	–
VAT receivable	–	256
	746	1 016

Categorisation of other receivables

Other receivables are categorised in accordance with IFRS 9: Financial Instruments as follows:

Figures in R'000	2024	2023
At amortised cost	212	206
Non-financial instruments	534	810
	746	1 016

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

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 2024

7. OTHER FINANCIAL ASSETS

	Figures in R'000	2024	2023
	Loan to subsidiary: Capprec Management Services Proprietary Limited	–	18 323
	Loan to subsidiary: Synthesis Labs B.V.	14 224	8 930
	Loan to Asset Pool Proprietary Limited	11 800	–
		26 024	27 253
7.1	**Loan to subsidiary: Capprec Management Services Proprietary Limited**		
	Opening balance	18 323	32 688
	Loan repaid during the year	(18 323)	(14 365)
	Closing balance	–	18 323
7.2	**Loan to subsidiary: Synthesis Labs B.V.**		
	Opening balance	8 930	1 466
	Loan granted during the year	4 748	6 597
	Foreign exchange movement	546	867
	Closing balance	14 224	8 930
7.3	**Loan to Asset Pool Proprietary Limited**		
	Opening balance	–	–
	Loan granted during the year	11 000	–
	Accretion of interest	800	–
	Closing balance	11 800	–

On 21 June 2023, a convertible loan was granted to Asset Pool Proprietary Limited with a total drawn-down facility of R15 million. The loan bears interest at prime and is repayable on 6 April 2026. The loan agreement provides that Capital Appreciation is entitled to convert the capital outstanding, plus any interest accrued thereon, into equity.

All remaining 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 2024

8. CASH AND CASH EQUIVALENTS

Figures in R'000	2024	2023
Cash and cash equivalents consist of:		
Bank balances	4 631	1 103
Bank call and notice deposits	366 611	394 507
Closing balance	371 242	395 610

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 recognised credit rating agencies such as Fitch, Moodys and Standard and Poors Financial Services. 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	2024	2023
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 2024

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	2024	2023
Company share incentive scheme reserve	400	216
Company conditional share plan reserve	10 338	17 008
Total share-based payment reserve	**10 738**	17 224

10.1 Company's Share Incentive Scheme

	2024	
	Number of share options	Exercise price
The number of the share options are:		
Beginning of the year	78 250 000	107 cents
Forfeited	(6 876 000)	130 cents
Exercised	(3 486 500)	80 cents
Granted	17 085 000	145 cents
End of the year	84 972 500	114 cents

These share options are exercisable over the period 1 September 2020 to 31 August 2028.

The weighted average remaining contractual life for share options outstanding was 35 months (2023: 34 months).

The weighted average fair value of share options granted during the year was 47 cents per share (2023: 44 cents per share).

The range of exercise prices for share options outstanding at the end of the year was 75 cents to 145 cents per share (2023: 75 cents to 144 cents per share).

The weighted average share price for the year ending 31 March 2024 was 132 cents per share (2023: 149 cents per share).

The Company recognised an expense of R183 969 (2023: R120 010) for the share options granted.

Notes to the Company financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

10. SHARE-BASED PAYMENTS RESERVES (continued)

	2023	
	Number of share options	Exercise price
The number 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**

	Number of share options	
	2024	2023
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 2024

10. SHARE-BASED PAYMENTS RESERVES (continued)

	2024	2023
1. Fair value at measurement date (cents)	**47.00**	44.00
2. Exercise price at end of period (cents)	**113.66**	106.77
3. Expected volatility (%)	**34.55**	34.57
4. Option life (years)	**5.00**	5.00
5. Distribution yield (%)	**5.00**	5.00
6. Risk-free rate (based on National Bond Curve) (%)	**9.65**	9.47

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

	2024	
	Number of share awards	Exercise price
The number of share awards are:		
Beginning of the year	**54 366 850**	99 cents
Exercised	**(30 511 940)**	75 cents
Granted	**9 900 000**	150 cents
End of the year	**33 754 910**	135 cents

These share awards are exercisable between 25 March 2023 and 8 June 2026.

The weighted average remaining contractual life for share awards outstanding was 16 months (2023: 12 months).

The weighted average fair value of share awards granted during the year was 134 cents per share (2023: 120 cents per share).

The range of exercise prices for the conditional share awards outstanding at the end of the year was 119 cents to 150 cents per share (2023: 57 cents to 144 cents per share).

The weighted average share price for the year ending 31 March 2024 was 132 cents per share (2023: 149 cents per share).

The Company recognised an expense of R8 069 381 (2023: R7 847 234) for the share awards granted.

Notes to the Company financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

10. SHARE-BASED PAYMENTS RESERVES (continued)

	2023	
	Number of share awards	Exercise price
The number 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

	Number of shares awards	
Details of directors' outstanding conditional share plan awards	**2024**	**2023**
M Pimstein	**6 162 500**	11 086 364
B Sacks	**6 162 500**	11 086 364
A Salomon	**6 162 500**	11 086 364
M Shapiro	**2 533 333**	4 059 259
	21 020 833	37 318 351

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 will be disclosed in the Remuneration Report in the Group Integrated Annual 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 2024

10. SHARE-BASED PAYMENTS RESERVES (continued)

10.2 The Company's Conditional Share Plan (continued)

	2024	2023
1. Fair value at measurement date (cents)	**134.00**	120.00
2. Exercise price at end of period (cents)	**135.49**	98.90
3. Expected volatility (%)	**33.63**	37.92
4. Option life (years)	**3.00**	3.00
5. Distribution yield (%)	**5.00**	5.00
6. Risk-free rate (based on National Bond Curve) (%)	**9.11**	8.41

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

11. CONTINGENT CONSIDERATION

Figures in R'000	2024	2023
Cash (present valued)	**23 267**	6 646
Responsive Build	**–**	4 073
Rethink Digital Solutions	**–**	2 573
Dariel	**23 267**	–
Shares	**19 981**	9 582
Responsive Build	**–**	5 873
Rethink Digital Solutions	**–**	3 709
Dariel	**19 981**	–
Total	**43 248**	16 228

Responsive Build and Rethink Digital Solutions achieved their profit warranties and the previous shareholders received R6 646 249 in cash and an allotment out of treasury shares of 5 538 539 ordinary shares. The payment of cash and allotment of shares was completed in November 2023

The Dariel profit warranties consideration has been included as part of the purchase consideration. In aggregate, should Dariel achieve their profit warranties, the previous shareholders will receive R25 260 716 in cash and an allotment out of treasury shares of 13 592 804 ordinary shares. The period of the warranties is 24 months from 1 April 2023 to 31 March 2025. It has been assumed that the profit warranties target will be met and the ordinary shares are valued at a price of 147 cents per ordinary share, being the share price on the closing date and the cash portion is present valued.

Notes to the Company financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

12. TRADE AND OTHER PAYABLES

Figures in R'000	2024	2023
Trade payables and accruals	2 275	4 352
Accrued expenses*	4 440	4 077
Leave pay accrual	302	397
VAT payable	205	–
	7 222	8 826

* *Included in accrued expenses are accruals for audit fees and bonuses*

Trade and other payables are non-interest-bearing and are normally settled on 30 to 90 days terms.

13. OTHER FINANCIAL LIABILITIES

Figures in R'000	2024	2023
Capprec Management Services Proprietary Limited	25 383	–
African Resonance Business Solutions Proprietary Limited	428 594	300 049
Dashpay Proprietary Limited	36 834	26 487
ReThink Digital Solutions Proprietary Limited	3 025	5 484
Responsive Digital Proprietary Limited	5 048	4 750
Responsive Tech Proprietary Limited	2 452	2 050
Synthesis Software Technologies Proprietary Limited	21 546	35 859
Dariel Solutions Proprietary Limited	7 700	–
Dariel Software Proprietary Limited	20 000	–
	550 582	374 679

All other financial liabilities are interest free and payable on demand (refer to note 21).

14. OTHER INCOME

Figures in R'000	2024	2023
Administration fees received from subsidiaries	18 540	16 800
Foreign exchange profit	1 084	1 956
Sundry income	150	300
	19 774	19 056

Notes to the Company financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

15. OPERATING PROFIT

Figures in R'000	2024	2023
The following items are charged within operating profit:		
Audit fees	1 514	1 404
Internal audit fees	1 115	997
Employee costs	9 405	11 027
Share-based payment expense	8 253	7 967
Depreciation: property, plant and equipment	243	469
Acquisition costs	1 295	3 015
Transformation costs	114	24
Legal fees	3 520	5 889
JSE expense	418	368
Administration fees paid to subsidiary	225	2 700
Public relations	963	962
Executive directors' emoluments	13 500	10 800
Non-executive directors' emoluments	1 360	2 676

16. FINANCE INCOME

Figures in R'000	2024	2023
Bank	34 147	29 975
Loans to associates	8 607	3 831
Other financial assets	800	–
	43 554	33 806

17. FINANCE COSTS

Figures in R'000	2024	2023
Present value of cash portion of the contingent consideration (note 11)	1 391	276
Interest paid to Rethink from the company's treasury management	412	184
	1 803	460

Notes to the Company financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

18. TAXATION

Figures in R'000	2024	2023
Major components of the tax expense		
Current		
Local income tax current year	6 657	960
Deferred		
Originating and reversing temporary differences	25	(4)
Originating and reversing temporary differences on assessed tax loss	–	1 771
South African normal tax	6 682	2 727

	%	%
Reconciliation of rate of taxation		
South African normal tax	27.0	27.0
Adjusted for:		
– Permanent differences*	(16.9)	75.2
Effective tax rate	10.1	102.2

* *Includes exempt income of dividends received and non-deductible expenses relating to expected credit loss raised, share-based payments and acquisitions costs.*

19. CASH UTILISED FROM OPERATIONS

Figures in R'000	2024	2023
Profit/(loss) before taxation	66 377	(2 666)
Adjustments for:		
Dividends received	(71 272)	(69 800)
Share-based payment expense	8 253	7 678
Depreciation: property, plant and equipment	243	469
Finance income	(43 554)	(33 806)
Finance costs	1 803	460
Equity accounted loss in associate	2 792	2 156
Expected credit loss raised	12 985	66 905
Unrealised foreign exchange profit	(1 084)	(1 956)
Changes in working capital		
Decrease in trade and other receivables	270	9 815
(Decrease)/increase in trade and other payables	(1 604)	2 314
	(24 791)	(18 431)

Notes to the Company financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

20. DIRECTORS' EMOLUMENTS

	Salary		Bonus		Conditional shares exercised**		Total	
Figures in R'000	2024	2023	2024	2023	2024	2023	2024	2023
Executive directors								
M Pimstein	**1 800**	1 800	**2 700**	1 800	**10 432**	–	**14 932**	3 600
B Sacks*	**1 800**	1 800	**2 700**	1 800	**10 569**	–	**15 069**	3 600
A Salomon	**1 800**	1 800	**2 700**	1 800	**10 432**	–	**14 932**	3 600
Total	**5 400**	5 400	**8 100**	5 400	**31 433**	–	**44 933**	10 800

* *Emoluments paid to Centric Capital Ventures LLC.*

** *Included in directors' emoluments are the value on the vesting date of conditional share awards, which were granted to executive directors on 25 March 2020 and 21 September 2020 and which vested on 22 June 2023 and 6 February 2024 respectively. There were no vested conditional share awards in prior years.*

The remuneration for M Shapiro was paid by Synthesis for the year ended 31 March 2024 amounting to R9 296 570 (2023: R4 819 800). Bonuses paid to executive directors in 2024, relate to the 2023 financial year performance. Directors receive no fringe benefits from the Company.

Directors have long-term incentives which are reflected in note 10.

No directors have employment terms that exceed six months' notice. The Company is not under any obligation to make exit payments for directors leaving the Company.

	Salary		Fees		Total	
Figures in R'000	2024	2023	2024	2023	2024	2023
Non-executive directors'						
B Bulo	**–**	–	**269**	453	**269**	453
K Dlamini	**–**	–	**308**	560	**308**	560
E Kruger	**–**	–	**154**	264	**154**	264
R Maqache	**–**	–	**187**	258	**187**	258
V Sekese	**–**	–	**340**	566	**340**	566
C Valkin (retired 31 October 2023)	**–**	–	**51**	225	**51**	225
A Dambuza (appointed 4 December 2023)	**–**	–	**51**	–	**51**	–
M Kahn (deceased 2 June 2022)	**–**	–	**–**	47	**–**	47
M Sacks (retired 28 February 2023)	**–**	–	**–**	303	**–**	303
Total	**–**	–	**1 360**	2 676	**1 360**	2 676

The non-executive directors' remuneration excludes VAT and was approved by special resolution at the Annual General Meeting held on 6 September 2023.

Notes to the Company financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

20. DIRECTORS' EMOLUMENTS (continued)

Directors' long-term incentives

Figures in R'000	2024	2023
Share-based payment expense		
M Pimstein	**2 560**	2 537
B Sacks	**2 560**	2 537
A Salomon	**2 560**	2 537
M Shapiro	**1 173**	1 033
	8 853	8 644

Number	Opening balance 1 April 2023	Exercised shares	New share awards	Closing balance at 31 March 2024
Details of directors' outstanding share options				
M Shapiro	2 300 000	–	–	**2 300 000**
Details of directors' outstanding conditional share plan awards				
M Pimstein	11 086 364	(6 486 364)	1 562 500	**6 162 500**
B Sacks	11 086 364	(6 486 364)	1 562 500	**6 162 500**
A Salomon	11 086 364	(6 486 364)	1 562 500	**6 162 500**
M Shapiro	4 059 259	(2 425 926)	900 000	**2 533 333**
	37 318 351	(21 885 018)	5 587 500	**21 020 833**

Notes to the Company financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

21. RELATED PARTIES

Refer to the Group Related Parties in note 29

Figures in R'000	2024	2023
Loans to associates		
GovChat Proprietary Limited loan	*	1
Loan granted	79 890	66 906
Expected credit loss raised	(79 890)	(66 905)
LayUp Technologies Proprietary Limited	20 617	12 153
Regal Digital B.V.	10 064	9 526
Loans to/(from) subsidiaries		
Capprec Management Services to Capital Appreciation	(25 383)	18 323
Capital Appreciation to Synthesis Labs B.V.	14 224	8 930
African Resonance Business Solutions to Capital Appreciation Limited	(428 594)	(300 049)
Dashpay to Capital Appreciation	(36 834)	(26 487)
ReThink Digital Solutions to Capital Appreciation	(3 025)	(5 484)
Responsive Tech Proprietary Limited to Capital Appreciation	(5 048)	(4 750)
Responsive Digital Proprietary Limited to Capital Appreciation	(2 452)	(2 050)
Synthesis Software Technologies to Capital Appreciation	(21 546)	(35 859)
Dariel Solutions to Capital Appreciation	(7 700)	–
Dariel Software to Capital Appreciation	(20 000)	–
Group treasury management		
Interest received by ReThink Digital Solutions from Capital Appreciation	412	184
Administration fees received and (costs paid) to related parties		
African Resonance Business Solutions to Capital Appreciation	7 320	6 900
Synthesis Software Technologies to Capital Appreciation	7 320	6 900
Dashpay to Capital Appreciation	3 180	3 000
Capital Appreciation to Capprec Management Services	–	(2 700)
Responsive Tech to Capital Appreciation	480	–
Rethink Digital Solutions to Capital Appreciation	240	–
Capital Appreciation to Centric Capital Ventures LLC*	(5 366)	(5 151)
Directors' fees paid to non-executive directors	1 360	2 676
Sundry income received from GovChat Proprietary Limited	150	300
Interest received from GovChat Proprietary Limited	6 611	3 041
Interest received from LayUp Technologies Proprietary Limited	1 996	790

* *Payments to B Sacks, relate to directors emoluments, amounting to R4 500 000 (2023: R3 600 000) and reimbursement of expenses, amounting to R866 000 (2023: R1 551 000).*

Notes to the Company financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

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 2024 (2023: Nil) the Company did not hold any financial instruments measured at fair value through profit and loss.

23. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Categories of financial instruments

Figures in R'000	Amortised cost	Total	Fair value
Categories of financial assets			
2024			
Trade and other receivables	**212**	**212**	**212**
Other financial assets	**26 024**	**26 024**	**26 024**
Loans to associates	**30 681**	**30 681**	**30 681**
Cash and cash equivalents	**371 242**	**371 242**	**371 242**
	428 159	**428 159**	**428 159**
2023			
Trade and other receivables	206	206	206
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
	444 749	444 749	444 749

Notes to the Company financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

23. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Categories of financial instruments

Figures in R'000	Amortised cost	Total	Fair value
Categories of financial liabilities			
2024			
Trade and other payables	**7 017**	**7 017**	**7 017**
Other financial liabilities	**550 582**	**550 582**	**550 582**
	557 599	**557 599**	**557 599**
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

Pre-tax gains on financial assets

Figures in R'000	Amortised cost	Total
2024		
Recognised in the statement of comprehensive income:		
Finance income	**43 554**	**43 554**
2023		
Recognised in the statement of comprehensive income:		
Finance income	33 806	33 806

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.

Notes to the Company financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

23. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Capital risk management (continued)

Figures in R'000	2024	2023
Interest-bearing loans and borrowings	–	–
Less: cash and cash equivalents	**(371 242)**	(395 610)
Net cash	**(371 242)**	(395 610)
Equity	**938 436**	997 732
Total capital	**938 436**	997 732
Net cash to capital (%)	**(65%)**	(66%)

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 2024 and 2023.

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 Euros, 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 R297 938 and R217 495 respectively (31 March 2023: R115 733 and R83 328 respectively). 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 R1.9 million and R1.4 million respectively (31 March 2023: R2.0 million and R1.4 million, respectively), a decrease of 50 basis points would have an equal but opposite effect.

The analysis assumes that all other variables remain constant.

Notes to the Company financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

23. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

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.

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
2024				
Trade and other payables	7 222	–	–	7 222
Other financial liabilities	550 582	–	–	550 582
Contingent consideration	–	25 261	(1 994)	23 267
	557 804	25 261	(1 994)	581 071
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

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 credit ratings agencies such as Fitch, Moody's and Standard and Poors Financial Services. The Company does not expect any counterparties to fail to meet their obligations given their high credit ratings.

Notes to the Company financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

23. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Credit risk (continued)

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.

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
2024			
Trade and other receivables	**212**	**–**	**212**
Other financial assets	**26 024**		**26 024**
Loans to associates	**43 666**	**(12 985)**	**30 681**
	69 902	**(12 985)**	**56 917**
2023			
Trade and other receivables	206	–	206
Other financial assets	27 253		27 253
Loans to associates	88 585	(66 905)	21 680
	116 044	(66 905)	49 139

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 trade and 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.

Notes to the Company financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

23. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

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 credit rating agencies such as Fitch, Moodys and Standard and Poors Financial Services. 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.

Indicators that there are no reasonable expectations of recovery are assessed on a case by case basis considering discussions with debtors.

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 Company has recognised an expected credit loss on the loan receivable at 31 March 2024.

24. DIVIDENDS

A final dividend for the year ended 31 March 2023 of 4.00 cents per ordinary share was declared on 6 June 2023 amounting to R52,4 million. An interim dividend for the year ended 31 March 2024 of 4.25 cents per ordinary share was declared on 4 December 2023 amounting to R55.7 million. The total dividends paid during the year amounted to R108.1 million (2023: R104.8million).

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 000 057 have been expensed in the 2024 financial results. A court date has been set for 5 May 2025 to hear the matter.

27. Post-year-end events

The Company 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 2024, to the date of this report.

The significant estimates, judgements and assumptions made in preparing the Company'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:

Figures in R'000	2024	% contribution	2023	% contribution
Revenue	1 181 989		995 113	
Net cost of raw materials, goods and services	329 724		406 586	
Wealth created by trading operations	852 265		588 527	
Finance income	50 953		36 943	
Total wealth created	903 218	100	625 470	100
Distributed as follows				
Employees				
Benefits and remuneration	495 817	55	326 200	52
Governments				
Taxation	75 083	8	64 324	10
Providers of capital	108 235	12	99 171	16
Finance charges	4 441	–	724	–
Distribution to shareholders	103 794	11	98 447	16
Retained for growth	224 083	25	135 775	22
Depreciation and amortisation of intangibles	53 329	6	44 822	7
Profit for the year attributable to shareholders of the Company	170 754	19	90 953	15
	903 218	100	625 470	100

Exchanges with governments *including amounts collected on their behalf*

	2024	2023
Employee taxes	149 947	92 697
Company taxes	75 083	64 324
Value-added tax and sales tax	123 939	96 628
Customs and excise duty	29 062	36 793
	378 031	290 442

Shareholder information

Dividends declared

4.25 cents PER SHARE INTERIM DIVIDEND

5.75 cents PER SHARE FINAL DIVIDEND

Financial year end 31 March

Listing information

ISIN	ZAE000208245
JSE share code	CTA
A2X share code	CTAJ
JSE Sector	Technology: Software and Computer Services

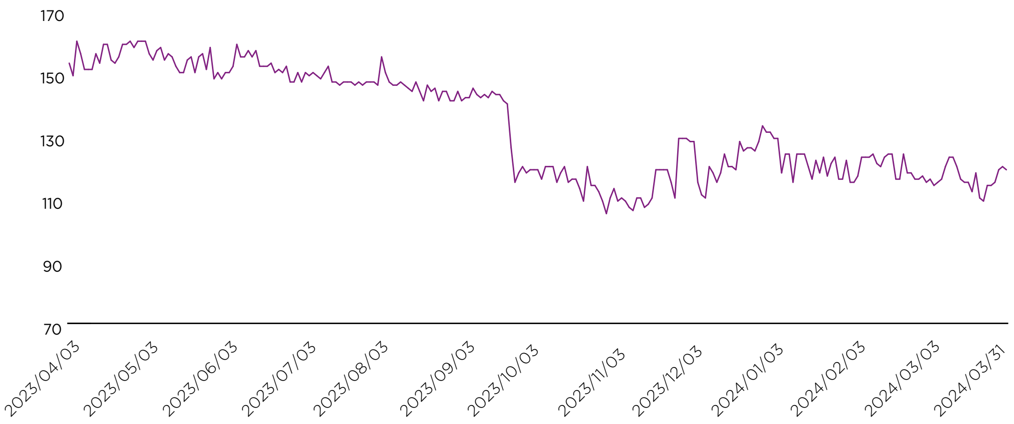
Shareholders' diary

2024 Annual General Meeting	4 September 2024
2025 Interim results release date (provisional)	3 December 2024
2025 Full year results release date (provisional)	3 June 2025

Stock exchange performance

	31 March 2024 12 months	31 March 2023 12 months
Share price		
– lowest (cents)	**95**	116
– highest (cents)	**165**	190
– at period-end (cents)	**119**	157
Volume traded ('millions)	**190**	157
Value traded (R millions)	**192**	236
Number of shares in issue ('millions)	**1 310**	1 310
Number of shares traded %	**14.50**	11.98
PE ratio at year-end (times)	**9.0**	11.4
Market capitalisation (R billions)	**1.56**	2.06

SHARE PRICE PERFORMANCE



Shareholder information (continued)

Authorised number of shares: 10 000 000 000

Number of shares in issue: 1 310 000 000

Shareholder spread	Number of shareholdings	%	Number of shares	%
1–1 000 shares	4 569	65.55	558 090	0.04
1 001–10 000 shares	1 116	16.01	4 602 877	0.35
10 001–100 000 shares	890	12.77	35 506 705	2.71
100 001–1 000 000 shares	306	4.39	90 935 715	6.94
1 000 001–10 000 000 shares	70	1.00	232 731 437	17.77
10 000 001 shares and over	19	0.27	945 665 176	72.19
Totals	6 970	100.00	1 310 000 000	100.00

Distribution of shareholders	Number of shareholdings	%	Number of shares	%
Banks/brokers	18	0.26	171 921 769	13.12
Close corporations	17	0.24	2 808 060	0.21
Endowment funds	4	0.06	2 741 675	0.21
Individuals	6 550	93.97	382 839 000	29.22
Insurance companies	12	0.17	7 270 419	0.55
Investment companies	2	0.03	5 473 490	0.42
Mutual funds	30	0.43	105 585 657	8.06
Other corporations	27	0.39	567 881	0.04
Private companies	116	1.66	117 276 127	8.95
Private equity	1	0.01	700 000	0.05
Retirement funds	68	0.98	411 120 401	31.38
Treasury stock	2	0.03	51 961 828	3.97
Trusts	123	1.76	49 733 693	3.82
Totals	6 970	100.00	1 310 000 000	100.00

Public/non-public shareholders	Number of shareholdings	%	Number of shares	%
Non-public shareholders	**15**	**0.22**	**719 938 284**	**54.97**
Directors of the Company	11	0.16	274 289 385	20.94
Company related holdings	1	0.01	75 000 000	5.73
Treasury shares	2	0.03	51 961 828	3.97
Strategic holdings (more than 10%)	1	0.01	318 687 071	24.33
Public shareholders	**6 955**	**99.78**	**590 061 716**	**45.03**
Totals	6 970	100.00	1 310 000 000	100.00

Beneficial shareholders holding 5% or more	Number of shares	%
Government Employees Pension Fund	349 946 612	26.71
Capital Appreciation Empowerment Trust	75 000 000	5.73
Centric Capital Ventures LLC	76 959 465	5.88

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, 4 September 2024, 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) to host its annual general meeting and to provide its shareholders with access to its electronic communication platform (the Platform) to enable 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 mean 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 to determine which shareholders are entitled to participate in and vote at the annual general meeting is Friday, 30 August 2024. Accordingly, the last day to trade in the Company's shares to be recorded in the register to be entitled to vote at the annual general meeting will be Tuesday, 27 August 2024.

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 licences 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 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, 3 September 2024 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 before the conclusion of the annual general meeting, to be verified and provided with access to the Platform by Computershare. 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 2024, 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."

The complete audited financial statements of the Company for the year ended 31 March 2024, 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 77 to 87 of which this notice of annual general meeting forms part.

Notice of Annual General Meeting (continued)

Additional information in relation to ordinary resolution number 1

The shareholders are advised that the Company's complete audited financial statements for the year ended 31 March 2024 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.

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 2.4, all inclusive)

Appointment, retirement, re-election and confirmation of appointment of directors

2.1 It is hereby resolved that the appointment of A Dambuza as a non-executive director of the Company on 4 December 2023 be and is ratified and confirmed.

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 a separate resolution. It is hereby resolved that:

2.2 E Kruger, be and is hereby re-elected as a director;

2.3 R Maqache, be and is hereby re-elected as a director;

2.4 B Sacks, be and is hereby re-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, E Kruger, R Maqache and B Sacks 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 A Dambuza, E Kruger, R Maqache and B Sacks 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 director standing for election is available on the Company's website: www.capitalappreciation.co.za.

For ordinary resolutions numbers 2.1–2.4 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 K 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 the King Report on Corporate 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.

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

Appointment of external auditors

"RESOLVED THAT, on recommendation of the audit and risk and opportunity committee, Deloitte & Touche has been appointed as the new auditor. Ernst & Young Inc. ("EY") will be retiring due to audit firm rotation at the conclusion of the AGM on 4 September 2024. Deloitte & Touche, being the designated auditor and Andrew Kilpatrick, the individual registered auditor, be and is hereby appointed as the external auditors of the Company for the financial year ending 31 March 2025 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 2025 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, Deloitte & Touche is proposed to be appointed 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 Deloitte & Touche, and Andrew Kilpatrick, the individual registered auditor who will undertake the audit of the Company for the financial year ending 31 March 2025, comply with the relevant provisions of the Companies Act and are duly accredited by the JSE.

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

Notice of Annual General Meeting (continued)

of the book" and not be allocated shares and equity securities must be allocated equitably "in the book" through the bookbuild process and the measures to be applied must be disclosed in the SENS announcement launching the bookbuild;

- 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 before 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 before 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 4 September 2024 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.

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 resolutions 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 the assistance of the remuneration committee) has presented the Remuneration Policy and Implementation Report to shareholders in two separate non-binding advisory votes.

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 3.84 (j) 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.

Notice of Annual General Meeting (continued)

The complete Remuneration Policy and Implementation Report appears on pages 58 to 72 of the integrated report, of which this notice forms part.

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
Chairman R1 800 000 per annum
Member R67 500

Audit committee
Chairman R67 500
Member R50 500

Risk and opportunity committee
Chairman R67 500
Member R50 500

Nominations and remuneration committee
Chairman R50 500
Member R43 000

Investment committee
Chairman R67 500
Member R50 500

Social and ethics committee
Chairman R50 500
Member R43 000

***Ad hoc* meetings**
R30 000

The amounts stated above have been recommended by the Board and the nominations and remuneration committee and are presented herein for approval.

Additional information with respect to 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;

Notice of Annual General Meeting (continued)

- 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 programme to the JSE in writing before 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, before the 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.

To consider 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 177 and (ii) share capital of the Company, refer to page 120.

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.

Notice of Annual General Meeting (continued)

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 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, if 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 the annual general meeting.

Directors' responsibility statement

The directors, whose names are given on pages 42 and 43 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

Notice of Annual General Meeting (continued)

those ordinary shareholders who:

- hold ordinary shares in certificated form; or
- are recorded on the sub-register in "own name" dematerialised form.

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 the 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 another 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, 2 September 2024 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 before the proxy exercises 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 failures due to insufficient airtime, internet connectivity, internet bandwidth and/or power outages which prevent any shareholder from participating in and/or voting at the annual general meeting.

By order of the Board

MICHAEL PIMSTEIN
Executive 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, 4 September 2024.

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 to consider 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: Appointment and confirmation of appointment of A Dambuza as director			
Ordinary resolution number 2.2: Retirement, re-election and confirmation of appointment of E Kruger as director			
Ordinary resolution number 2.3: Retirement, re-election and confirmation of appointment of R Maqashe as director			
Ordinary resolution number 2.4: Retirement, re-election and confirmation of appointment of B Sacks 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 K Dlamini as a member of the audit and risk and opportunity committee			
Ordinary resolution number 4: Appointment 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 2024

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, 2 September 2024, being no later than 48 (forty-eight) hours before the annual general meeting to be held at 14:00 on Wednesday, 4 September 2024, 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 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

Corporate information

Capital Appreciation Limited

Incorporated in the Republic of South Africa

Registration number: 2014/253277/06

Tax number: 9591281176

JSE share code: CTA

A2X share code: CTAJ

ISIN: ZAE000208245

FTSE Industrial Classification sector:

Technology: Software and Computer Services

Registered office

Unit 2
44 Saturn Crescent
Linbro Business Park
Frankenwald, Sandton, 2090

Physical address

44 Saturn Crescent
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Johannesburg
Telephone: +27 010 025 1000
Email: investor@capitalappreciation.co.za
Website: www.capitalappreciation.co.za

Company Secretary

PKF Octagon
21 Scott St
Waverley
Johannesburg
2090
Private Bag X02, Highlands North, 2037
Email: peterkatz@pkfoctagon.com

Auditor

Ernst & Young Inc
102 Rivonia Road
Sandton
2196

Sponsor

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

Transfer secretary

Computershare Investor Services Proprietary Limited
Rosebank Towers
15 Biermann Avenue
Rosebank
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Investor relations

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