



NICTUS LIMITED
**INTEGRATED
ANNUAL REPORT**
for the year ended 31 March 2024



ABOUT THIS REPORT

The 2024 integrated annual report builds on the disclosures contained in last year's integrated annual report and has been prepared in line with best practice based on the principles of the King IV Report on Corporate Governance for South Africa, 2016™ (King IV®), the provisions of the Companies Act of South Africa, 71 of 2008 (Companies Act of South Africa) and the JSE Limited (JSE) Listings Requirements. Audited financial statements are published as part of the integrated annual report. The audited financial statements are also available to shareholders on the group website at www.nictuslimited.co.za and on request from the company secretary at groupsec@nictus.co.za.

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Scope and boundary of the report

This report covers the activities and performance of the Nictus Group (the group) which includes Nictus Limited (Nictus or the company), the holding company of the group, and all its subsidiaries, for the year ended 31 March 2024. The companies operate in South Africa.

There have been no changes in the scope and boundary of the report from last year. The reporting complies with International Financial Reporting Standards (IFRS), the Companies Act of South Africa and the JSE Listings Requirements. While management has also considered the reporting guidelines of the Integrated Reporting Committee of South Africa, not all of these guidelines have been incorporated in this report.

Approval of the integrated annual report

The audit and risk committee oversees the preparation of the integrated annual report. The committee recommended the report for approval to the group's board of directors (the board).

Forward-looking statements

The integrated annual report includes forward-looking statements relating to the financial position and results of the group's operations. These statements, by their nature, involve uncertainty as they relate to events, and depend on circumstances, that may or may not occur in the future.

Factors that could cause actual results to differ materially from those in the forward-looking statements include, but are not limited to, global and national economic conditions, the cyclical nature of the retail sector, changes in interest rates, credit and the associated risk of lending, collections, inventory levels, gross and operating margins, capital management, the execution of the business model and competitive and regulatory factors. The group undertakes no obligation to publicly update or revise any of these forward-looking statements, whether to reflect new information or future events or otherwise. The forward-looking statements have not been reviewed or reported on by the group's auditor.

Independent assurance

Assurance of the financial statements has been provided by the external auditor, PricewaterhouseCoopers Inc.

Feedback

The group aims to establish and maintain constructive and informed relationships with all of its stakeholders.

Stakeholders are encouraged to provide feedback on the integrated annual report at groupsec@nictus.co.za which will enable the group to gauge the adequacy and standard of its integrated reporting.

We have removed all signatures from this document to protect the security and privacy of all our signatories.

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▲ **GROUP PROFIT FOR THE YEAR**
increased by
65,99% to R10,9 million
(2023: R6,6 million*)

▲ **DIVIDENDS DECLARED**
increased by
20,00% to 6,00 cents per share
(2023: 5,00 cents per share)

▲ **GROUP TOTAL ASSETS**
increased by
27,82% to R621,7 million
(2023: R486,4 million*)

* Comparative information was restated for the initial adoption of IFRS 17. Refer to note 17.1 to the financial statements (pages 78 to 81) for additional information.

ABOUT NICTUS

Nictus is an investment holding company, which owns a non-life insurer through the Corporate Guarantee brand as well as retailer of household furniture, electrical appliances and home electronics sold through the Nictus brand. Nictus' ideal future is to become a sought-after wealth creator for all stakeholders involved and has set its strategies and action plans accordingly.



Vision

Nictus is an independent, diversified investment group that creates above-average value for shareholders and other stakeholders, through sustainable growth.



Philosophy

Nictus has been successful in change initiatives. The challenge remains to reach a top level of **EXCELLENCE** throughout the organisation. The philosophy and core focus will be to drive **EXCELLENCE** in every aspect of the organisation and, through this, establish Nictus as a leading entity wherever we are present.



Core values

- Individual and collective ownership
- Teamwork
- Respect
- Adaptability
- Integrity
- Transparency
- Fanatical discipline
- Eagerness to learn



Mission

With a culture of **EXCELLENCE** and through visionary and dynamic leadership, we will achieve our vision through:

- Protecting our independence
- Expanding our business base in Southern Africa
- Growing a satisfied customer base
- Optimising all resources
- Being innovative and technology-driven
- Being the preferred employer



"We are what we repeatedly do. Excellence then, is not an act but a habit."

Aristotle (384 BC – 322 BC)

Code of conduct

I will:

Treat others as I want to be treated by them, the golden rule.

Always **strive** to do what is **best for my group**, my country and my planet.

Abide by the values, policies and procedures of the group, the laws of my country and the universal human principles of all that is good and just.

Be honest, reliable, fair and open in everything I say, write and do and accept responsibility for the consequences.

Protect the group's assets, information and reputation.

Value and respect the diversity of beliefs, cultures, convictions and habits of the people of our group and the country in which we operate.

Disclose to the group any real or perceived situations where my private interests or the interests of the members of my immediate or extended family or other persons close to me may interfere with the interests of the group.

Not give or receive gifts or benefits in contravention of the policies of the group and no gift, irrespective of the value, should influence me to change my business decision to the detriment of the group.

Seek new, better and more innovative ways to do my work and perform to the utmost of my abilities.

Not remain silent in the face of dishonesty, malice, disrespect, intolerance or injustice.

Milestones

1945

Nictus was founded

1955

The selling of new furniture under the Nictus brand name first commenced in Namibia

1969

Primary listed on the JSE in 1969, under general retailers, JSE code: NCS

1983

The first South African furniture outlet was established in Randburg

2002

Corporate Guarantee (South Africa) (RF) Limited was founded. The company has built up a client base throughout South Africa

2012

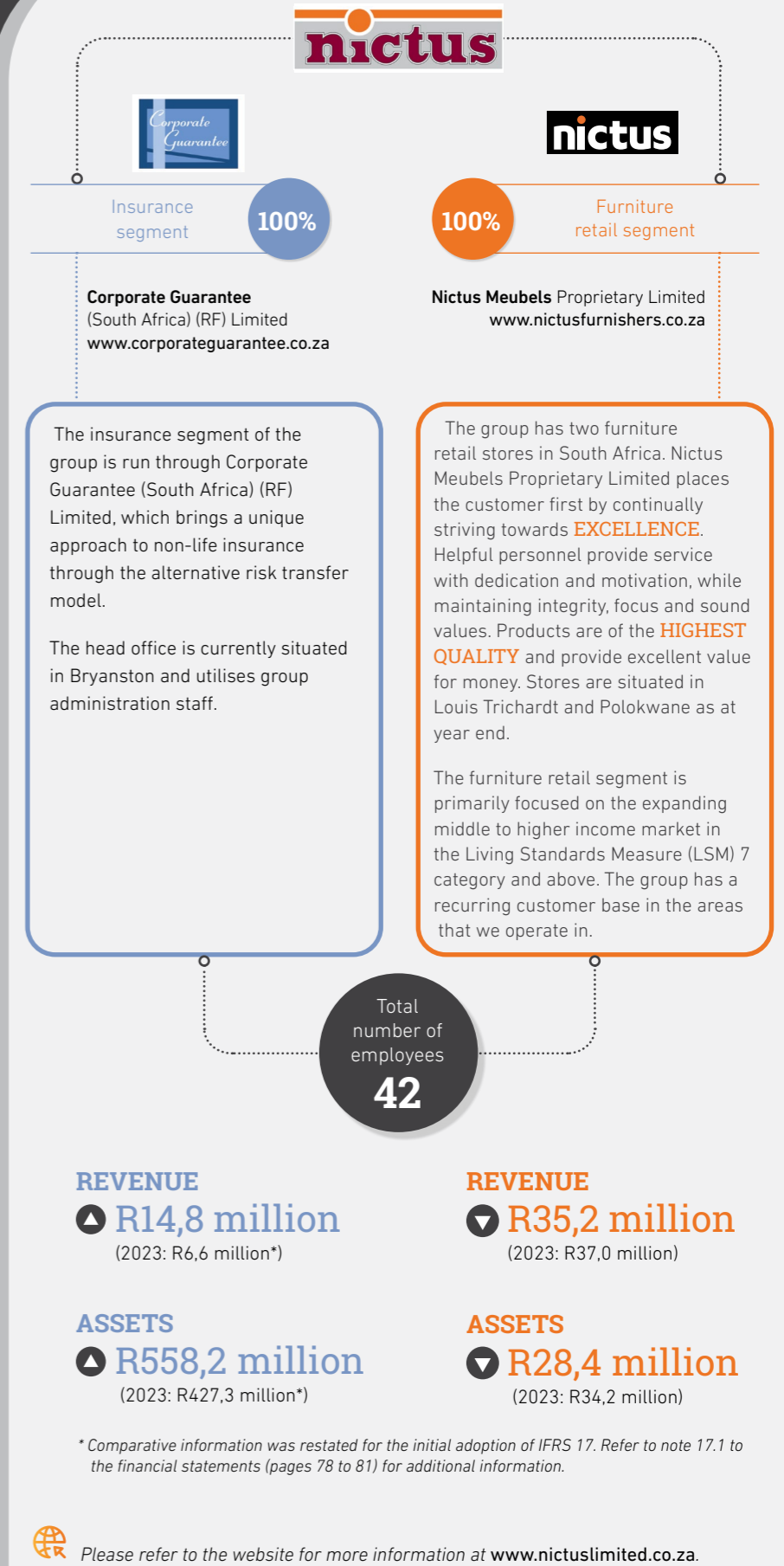
Since the 2012 unbundling of the Namibian operation, the South African group is making steady progress towards sustainable profit and growth with effective management being established in South Africa

2019

Primary listing on the JSE for 50 years

2020

Nictus is 75 years old



THREE-YEAR REVIEW OF THE GROUP

Figures in R'000	2024	Restated* 2023	Restated* 2022
Statements of financial position			
Assets			
Non-current assets	51 775	57 801	58 463
Current assets	569 918	428 582	300 637
Total assets	621 693	486 383	359 100
Equity and liabilities			
Total shareholders' equity	117 652	109 385	104 398
Non-current liabilities	7 666	9 038	11 630
Current liabilities	496 375	367 960	243 072
Total equity and liabilities	621 693	486 383	359 100
Statements of profit or loss and other comprehensive income			
Total revenue	35 156	37 046	37 731
Profit before finance expenses and taxation	14 952	9 047	6 025
Finance expenses	(474)	(730)	(869)
Profit before taxation	14 478	8 317	5 156
Taxation (expense)/credit	(3 539)	(1 727)	(337)
Profit after taxation	10 939	6 590	4 819
Attributable to:			
Owners	10 939	6 590	4 819
Profit after taxation	10 939	6 590	4 819
Other comprehensive income for the period, net of tax	–	–	–
Total comprehensive income for the year	10 939	6 590	4 819
Attributable to:			
Owners	10 939	6 590	4 819
Ordinary dividends paid	2 672	1 603	2 672
Number of ordinary shares issued (number of shares)	53 443 500	53 443 500	53 443 500
Weighted average number of shares	53 443 500	53 443 500	53 443 500

* Comparative information was restated for the initial adoption of IFRS 17. Refer to note 17.1 to the financial statements (pages 78 to 81) for additional information.

Figures in R'000	2024	Restated* 2023	Restated* 2022
Key ratios			
Performance per ordinary share			
Basic earnings (cents)	20,47	12,33	9,02
Headline earnings (cents)	20,46	12,22	8,80
Dividends paid (cents)	5,00	3,00	5,00
Net worth (cents)	220,14	204,67	195,34
Profitability and asset management			
Net operating income [#] to turnover (%)	42,53	24,42	15,97
Return on assets managed (%)	12,27	7,72	5,22
Net asset turn (times)	0,29	0,32	0,33
Return on shareholders' equity (%)	9,30	6,02	4,62
Liquidity			
Dividend cover (times)	4,09	4,11	1,80
Liability ratio	4,06	3,29	2,28
Current ratio	1,15	1,16	1,24
JSE performance			
Market price (cents) High	98	83	100
Market price (cents) Low	39	43	60
Market price at year end (cents)	65	79	83
Price earnings ratio	3,18	6,41	9,20
Earnings yield (%)	31,49	15,61	10,86
Volume of shares traded to weighted number of issued shares (%)	1,19	2,68	1,66
Market capitalisation (R'000)	34 738	42 220	44 358

[#] Amounts stated before taking finance expenses into account.

* Comparative information was restated for the initial adoption of IFRS 17. Refer to note 17.1 to the financial statements (pages 78 to 81) for additional information.

HIGH-LEVEL RISKS OF THE GROUP



Economic and political outlook risk



Uncertain economic and political conditions may impact consumer confidence	
<p>Impact Weak economic conditions resulting in decreased profitability or losses suffered by customers and clients, which could negatively affect our ability to achieve our profit targets.</p>	<p>Mitigation Changes in the current economic and political environments are consistently monitored at group level. In instances where changes in the economic environment are identified that could negatively impact the group, these are discussed, assessed and, if required, countermeasures are implemented immediately to mitigate potential losses.</p>

Brand and reputational risk



Reputational risk	
<p>Impact Should customers and stakeholders no longer trust the brands within the group, sales could deteriorate and shareholder value would be impaired.</p>	<p>Mitigation Managing executives and the board are responsible for good corporate governance, sound business practices and compliance with laws and regulations. Client and stakeholder relationships further play a vital role in mitigating the risk.</p>

Market risk



Exposure of investments to market risk	
<p>Impact Fluctuations and movements of investment balances could negatively impact profitability.</p>	<p>Mitigation Senior management, together with the group's executive committee, evaluate and manage market risk as well as the mitigating factors with regard to these risks. Sound relationships exist with investment institutions and regular updates on market risk are received and evaluated. The size of the investment portfolio exposed to market risk is actively discussed and adjusted according to the risk appetite of the company as well as current and anticipated market conditions. Exposure limits are carefully considered to minimise the effect of sudden fluctuations in the market when investments are made. Furthermore, investments are made with the intention to obtain maximum return with minimal to no loss in the initial capital invested.</p>

Concentration risk



The risk of losses arising from concentrated exposure to a particular group of customers (e.g. geographical location)	
<p>Impact The occurrence of an isolated or specific event could result in a disproportionate, negative impact on profitability.</p>	<p>Mitigation Customer relationships are managed on an ongoing basis to enable the company to proactively manage identified risk areas and to avert losses. Appropriate thresholds, actuarial modelling and risk appetite are defined and monitored at board level to address concentration risk. Our marketing strategy is aimed at increasing exposure in other geographical areas.</p>

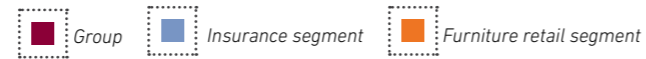
Weakness in or failure of our internal control systems	
<p>Impact Any weakness in or failure of internal control systems will negatively affect our ability to effectively manage our business, control inventory and contain costs. This would result in losses for the group.</p>	<p>Mitigation A strong focus is placed on the maintenance of internal control systems throughout the group. A strict credit granting policy is in place for all customers before credit sales are approved. Highly skilled employees with a high level of integrity are employed in key positions. Internal audit further provides feedback on internal controls of the group.</p>

Inadequate control of group assets	
<p>Impact Inadequate control of group assets could result in financial losses to the business.</p>	<p>Mitigation The group's executive committee oversees investments within the group structure. The focus of this committee is to optimise returns within the parameters of the various laws and regulations applicable to the group and its subsidiaries.</p>

Supplier relationships	
<p>Impact Deterioration of supplier relationships could result in a decrease in profits due to non-availability of inventory and assistance to enhance customer service.</p>	<p>Mitigation Open communication channels exist with all suppliers to ensure that good relationships are maintained at all times. Agreed trade terms are in place and these terms are respected at all times.</p>

Client relationships	
<p>Impact Deterioration of client relationships could result in failure to meet sales and premium targets.</p>	<p>Mitigation Clients are treated with respect at all times. Furniture customers can contact the various branch managers to discuss problems that may arise. Credit agreements with clients further ensure compliance with our terms and conditions of sales. Such terms and conditions are explained to the client in detail prior to the conclusion of the sale. Relationships with insurance clients, once established, are managed on an ongoing basis.</p>

HIGH-LEVEL RISKS OF THE GROUP continued



Concentration risk continued



Compliance with various laws and regulations	
<p>Impact Non-compliance with various laws and regulations could result in penalties being incurred as well as reputational damage.</p>	<p>Mitigation Qualified people are employed within the group to monitor changes in laws and regulations as well as compliance therewith. The possible impact that changing laws and regulations may have on the group is discussed at group and subsidiary level. Compliance with the various laws and regulations is non-negotiable.</p>
Information technology (IT) failure and data security	
<p>Impact Business interruption, data losses and breaches of client confidentiality could result in reputational damage, financial losses and non-compliance with laws and regulations.</p>	<p>Mitigation Senior management has always adopted a proactive approach to managing the IT environment by outsourcing key functions to reputable third parties and maintaining sound business relationships with key software licensors.</p>

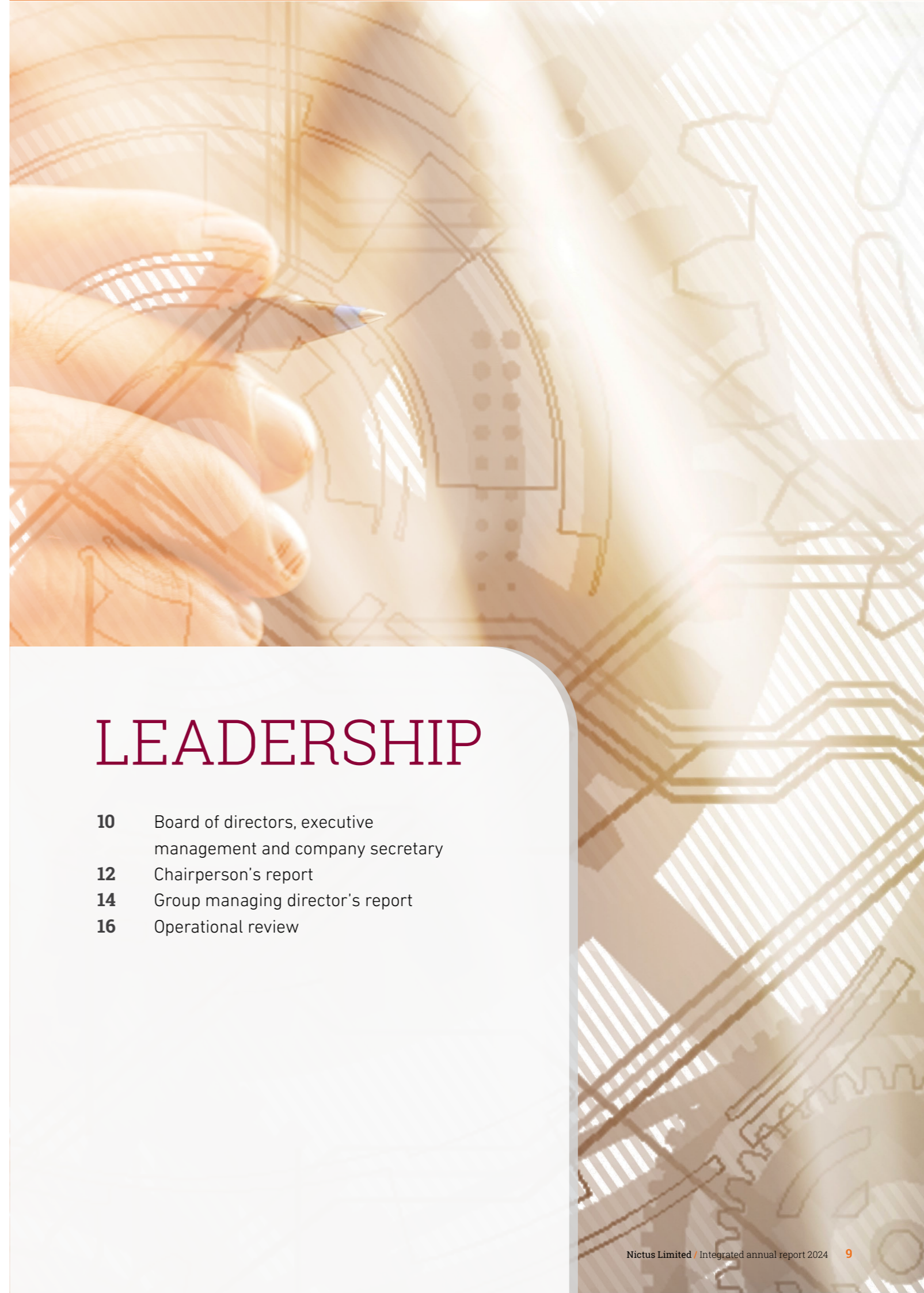
Credit risk



Credit risk on counterparties	
<p>Impact Default from a counterparty being an investment house or bank could result in financial losses to the group.</p>	<p>Mitigation Senior management, together with the executive committee, evaluate the credit risk of all counterparties and monitor exposure to institutions and industries.</p>



Bad debts	
<p>Impact Losses incurred through non-performance of debtors due to economic conditions.</p>	<p>Mitigation Strict controls are in place for the credit granting process and the follow-up and collection of debt is a continuous process with additional focus by branch personnel and management. Authorisation levels are in place as well as repossession procedures.</p>



LEADERSHIP

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BOARD OF DIRECTORS, EXECUTIVE MANAGEMENT AND COMPANY SECRETARY

Professor Johan Willemse (69)
Independent non-executive chairperson

Professor Barend J Willemse (Johan) obtained his MCom (Economics) from the University of the Free State (UFS) and his PhD (Agricultural Economics) from the University of Pretoria, for which he received the Protein Research Trust award for the best PhD. A Cochrane bursary to study at the Illinois University (USA) was awarded to him in 2003.

He has received various awards for his work, which included two awards as the agricultural writer of the year, the Absa/Sake economist of the year, the Animal Feed Manufacturers Association person of the year, the agriculturalist of the year by the central region of the Agricultural Writers Association and was nominated as Bloemfonteiner of the year in 2009.

His experience includes: member of the National Agricultural Marketing Council, trustee of the Oilseeds and Protein Research Trust, chief economist of Agri SA and member of the SA Maize Board's management team as well as entrepreneur, together with his wife Marlene and two daughters, in various businesses, including agri-business consulting, feed manufacturing and tourism. He was a full professor at the Department of Agricultural Economics and chairperson for five years at the UFS. He served on the Absa Group and Absa Bank boards for more than five years as an independent non-executive director and for three years as a board member of Absa Financial Services Limited (serving on various committees).

Committees:
Remuneration and nomination, audit and risk, executive committee (*chairperson*)

Gerard Tromp (43)
Executive group managing director and executive management

Gerard R de V Tromp has a BCom Marketing degree, is a chartered accountant (South Africa and Namibia) and completed his accounting articles in 2008. After the completion of his articles, he joined the group in 2009 as the group company secretary, which role he fulfilled until 2012. During 2012, he was appointed as the managing director of the furniture retail segment. During 2014, he was appointed as deputy managing director of the group. On 18 April 2016, he was appointed as managing director of the group.

Committees:
Social and ethics, executive committee

Eckhart Prozesky (38)
Executive group financial director and executive management

Eckhart H Prozesky is a chartered accountant (South Africa) and completed his accounting articles in 2011. After the completion of his articles, he joined the group in 2012 as the financial manager of the furniture retail segment. On 1 March 2015, he was appointed as the financial director of the group.

Committee:
Executive committee

Philippus Tromp (48)
Non-executive director

Philippus J de W Tromp has a BEcon, EDP and SMP and was appointed as a non-executive director of Nictus Limited in 2012. He is currently the group managing director of Nictus Holdings Limited and has served the group for the past 17 years.

Committee:
Social and ethics (*chairperson*)

Ronnie de Vrye (70)
Independent non-executive director

Cornelius J de Vrye (Ronnie) is a qualified chartered accountant (South Africa) and has 31 years' experience in corporate banking and financial services, 16 of which were at executive level and 15 at non-executive board level. He has also served as an independent non-executive director in the insurance and investment industry from 2009 to date.

Committees:
Remuneration and nomination, audit and risk (*chairperson*)

Sarita Martin (52)
Independent non-executive director

Sarita Martin has been an independent non-executive director of various entities since 2013. She is currently the chairperson of UsPlus Limited and The Integrated Exchange (previously known as the Equities Express Securities Exchange) and is a member of the board of Reunert Limited, which is listed on the JSE. She serves as a director of JSE-listed entities, unlisted entities and previously, NPCs. She was previously a member of the Financial Services Board's litigation committee as well as the Institute of Directors' certification committee and has been declared a fit and proper person by the Financial Services Conduct Authority. She has chaired and been a member of remuneration committees as well as audit, risk, nominations and social and ethics committees.

Sarita is an admitted attorney who holds various qualifications including a BProc LLB and MBA (GIBS) and is an accredited mediator for South Africa and the Centre for Dispute Resolution in the UK. She holds international designations in Environmental, Social and Governance and Climate as well as coaching. She is a fellow of the Institute of Directors South Africa as well as a certified director and an alumni of Competent Boards in Canada.

She has a strong passion for enhancing board effectiveness having worked with boards for more than 20 years. She is currently on the core faculty of the Institute of Directors South Africa NPC as a governance specialist conducting training, facilitation, board evaluations, coaching and governance advisory services. She has a broad range of skills and experience including *inter alia* directorship, company secretarial, risk, governance, legal, corporate affairs, strategy, sustainability, corporate social investment, communication, human resources, mediation and facilitation.

Sarita was a public defender and prosecutor specialising in criminal law prior to joining the corporate world. She spent much of her corporate career in financial services from 1999 to 2012.

Committees:
Remuneration and nomination (*chairperson*), audit and risk, social and ethics

Willem Boshoff (38)
Company secretary

Willem H Boshoff is a qualified chartered accountant (Namibia) and completed his accounting articles in 2012. He fulfils the role of nominee group secretary of Veritas Eksekuteurskamer Proprietary Limited.

CHAIRPERSON'S REPORT

South Africa recorded an economic growth rate of 0,6% in 2023, and in some quarters, a negative growth rate. Consumer spending remains under pressure, with high interest rates and increasing fuel prices. The outlook for economic growth for 2024/25 ranges from 1,2% to 1,6%, which should improve business conditions. Lowering interest rates is vital to support consumer spending, especially with inflation declining. The lack of basic services in towns where the furniture retail segment does business had a further negative effect on consumer spending. Given the flexibility that our insurance product offers, we recorded a record year. We believe that the foundation has been laid for strong continuous growth in 2024/25, with new product offerings in the financial and insurance sectors.

As a result of the weak economy and the decline in consumer disposable income during the past year, the furniture retail segment continued to adapt to new spending patterns, offering customers value for money in the higher LSM groups. The debtors' book continues to decline as customers prefer to pay immediately on a cash basis. Bad debts are well below the industry norm and are well managed and supported by our strong credit evaluation policy. Stock levels were consistent and remain within an acceptable range so as to be sufficient to satisfy customer demand and not be a financial drag. Strict stock control is also in place. Unfortunately, expenditure was required to mitigate the risks of service failure in the towns in which we operate. Cost measures keep overheads low, while we continue to explore new potential opportunities.

The insurance segment achieved a record year, with strong new business growth. Alternative risk management in the business sector and the agricultural community is gaining momentum as the understanding of the concept in an uncertain environment continues to grow. We offer flexible solutions to high-value clients that fit their unique business risk profile, and the product is well tailored for the unique farming sector risks.

New policyholders were attracted through well-positioned marketing plans and cooperation from an industry body within the agricultural sector. The flexibility of the alternative risk transfer model in the current business environment, and the liquidity it offers, serve policyholders well. Good risk management when accepting new business serves the company successfully. The client base diversified further during the year between different sectors and geographical areas. The segment has well-trained and professional staff. The investment in a new IT system, currently under development, will aid operational efficiency, flexibility and enhance the ease of doing business for our policyholders.

The group remains well capitalised to finance growth in the insurance segment and to add new products as the opportunity presents. We continue to focus on adapting the business model and reducing costs. New opportunities and innovative services are continuously evaluated, while we continue to grow the business, especially in the insurance segment. We are confident of meeting our clients' needs in the future and improving our service offering while managing our risk conservatively. The group and insurance segment financial statements were successfully restated and now comply with the requirements of IFRS 17 *Insurance Contracts*.

We maintain good relationships with the regulators and are satisfied that we remain well within the legal and regulatory requirements, with suitable skills at management and board level. Unfortunately, regulatory requirements require much attention as we take compliance seriously.

The board and management remain focused on growing the business further while doing business on an ethical basis, within the laws of the country, and fulfilling our fiduciary duties to our shareholders. We are well aware of the risks of doing business in a deteriorating macro environment and prefer to grow the business on a sustainable basis and serve our customers' needs exceptionally on an individual basis and to maintain trust.

I would like to take this opportunity to thank the board for their dedication and support in safeguarding our shareholders' interests and encouraging robust discussions on strategy. My sincere thanks to the managing director, financial director, company secretary and the team for their dedication and enthusiasm in implementing the company strategy and ensuring that the business keeps growing sustainably.

Professor Barend J Willemse
Chairperson

20 June 2024

GROUP MANAGING DIRECTOR'S REPORT

We are proud to present our 2024 integrated annual report as we have reached significant strategic milestones set over the past three to five years. As we in South Africa remain affected as a result of what is occurring in large world economies, we remain resilient with the resources that are available to us.

There is a saying that the only thing that remains constant is change; an appropriate principle to describe the times in which we operate and conduct business. Change is inevitable, and we embrace each day to adapt to the constantly changing environment, be it climate, economic, political or infrastructure-related. The infrastructure struggle in South Africa is real, and the knock-on effect it has had on the trading and retail sector is enormous.

As is always the case, within these unstable circumstances lie opportunities as well as space to explore and pilot our business. We are climbing the steep learning curve on a daily basis and are fortunate to be blessed with such a devoted customer and client base. Providing alternatives and finding possible solutions is what keeps us going, while not neglecting any deviation in the standard of service we wish to accomplish.

Our investment strategies implemented over the past years as well as experience gained throughout the investment process are working well for us.

Within the retail segment, furniture retail remains under pressure. Adopting purchasing methods and fostering relationships with suppliers remain key success factors for Nictus as we stand hand in hand to conquer the challenges we are all facing. All credit to our customers who have remained loyal to our quality, value, variety and service and who fondly believe in the durability of the products we sell. Even through these difficult times, our bad debts remain well below industry norms, and we appreciate the punctuality of our entire customer base.

We are pleased to have achieved certain strategic milestones set out for the insurance segment. This remains a very versatile and competitive industry, and we are proud to have built up a talented and highly skilled staff complement to ensure we remain on top of service delivery and client requirements. As with change, risks in South Africa are ever-increasing, and these risks need to be mitigated and managed in combination with our policyholders as financial government assistance diminishes. Our esteemed clients are gaining more and more experience and insight into our product offering, and we are and remain thankful for their trust and support.

A very big thank you goes out to our management and staff throughout the group whose commitment and hard work are priceless. Going the extra mile is becoming a habit rather than an exception, and their positive attitude and grit are clearly visible and paying off in terms of the results we have achieved.

Thank you to my fellow board members for their guidance, assistance and leadership in guiding and shaping us to all work in the same direction towards the same goals.

Our relationships with all stakeholders, including regulatory bodies, remain a cornerstone of our existence and success. We prioritise integrity, ethics and sound governance principles while maintaining transparency.

All glory and thanks to our loving God who is guiding and protecting this group and all its people and giving us the grace, ability, talent and opportunity to do what we love and live for every day.

As we stand and face a new year again, we look forward to finding and creating opportunities to augment the capital base of the group and also to creating an environment where our employees can live out their talents to the fullest and continue to make a difference with whoever we get in contact with. May we embrace every day as if it is our last – I am confident that exceptional results will be achieved.

Gerard R de V Tromp
Executive group managing director

20 June 2024

OPERATIONAL REVIEW

Nictus puts the customer first by continuously striving towards service excellence with dedicated, helpful, focused and motivated staff and by maintaining our high-value system, integrity and discipline. Quality and value products are sold at the best yield possible in the South African furniture retail industry using advanced technologies.

Corporate Guarantee (South Africa) (RF) Limited

Corporate Guarantee (South Africa) (RF) Limited is an insurance company which specialises in converting risk into sustainable wealth. We offer innovative risk management products as an alternative to conventional insurance products. Given our understanding of the financial needs of our clients and given that the role of risk for each of our clients is different, we focus on structuring unique solutions to the needs of each of our clients.

We have a philosophy of building strong and lasting relationships and that is why we view our customers and stakeholders as valuable partners in creating alternative insurance solutions.

Our product

Our product is based on the principle of alternative risk transfer. We enable our clients to acquire a contingency policy as a method of protection against risks. This policy enables policyholders to manage their own risks sustainably and encourages them to operate with financial independence.

The aim of the product is to build up a contingency policy to such a level that the owner becomes less dependent on costly conventional insurance in relation to risk.

Advantages of the product

The contingency policy enables the policyholder to retain more risk for his or her own account and can be used in combination with conventional insurance as part of a total insurance programme;

Risks that are normally excluded under conventional insurance can be covered under the policy;

The insured is rewarded for good risk management;

The product reduces the need for the purchase of conventional insurance to catastrophe-type cover; and

The product encourages better risk management which will directly result in a reduction of conventional insurance cost. It also enhances cash flow and financial stability.

Future strategy

Increasing investment return automatically increases profit within the segment as well as the group. The executive committee assists with the management of investments within the group, especially the insurance segment. An investment mandate is in place within the segment providing management with specific guidelines for investing in financial assets. Service to our clients and focusing on relationships are the cornerstones of our success.

Nictus Meubels Proprietary Limited

Nictus Meubels Proprietary Limited is a furniture retail company operating in South Africa. We set the boundaries for destination home furnishing within a selected footprint, delighting customers through quality, value, variety and service.

Nictus has established itself as a household name for more than seven decades and is widely acknowledged for its quality, value, variety and service. The most important benefit for our customers is the fact that they can purchase quality products at affordable prices, thereby receiving excellent value for their money. Management views credit granting solely as a marketing tool.

Product mix, variety and exclusivity play a significant role in the success of the business. Branch managers are involved in merchandising to maintain the optimal mix within the areas in which we operate.

Products

Nictus stocks a wide variety of well-known local and international brands in the furniture trade.

Future strategy

Product innovation, exclusivity and throughput through current branches will be increased for all branches to operate at optimum levels. Nictus Emporium, our specialist bedding and lounge suite shop, is selling high-quality brands which are exceptionally well presented to deliver an excellent shopping experience.

GOVERNANCE

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CORPORATE GOVERNANCE REPORT

The group endorses King IV[®] and strives towards compliance therewith as further set out herein.

Approach to governance

Governance philosophy

Our commitment to governance is guided by the principles outlined in King IV[®], which we apply in conjunction with IFRS within the framework of integrated reporting. Compliance with the Companies Act of South Africa and the JSE Listings Requirements is fundamental to our business operations. The key applications and explanations by the group of the principles contained in King IV[®] are explained in the following table.

Responsibility and ethical conduct

We recognise our fiduciary responsibilities and uphold the highest standards of care, skill and diligence. Transparency, prudence, fairness, accountability and integrity are the cornerstones of our business ethos.

Legal compliance

The company diligently complies with the Companies Act of South Africa and all relevant legislation governing its establishment and operations. Our adherence extends to the provisions outlined in our Memorandum of Incorporation, ensuring alignment with legal requirements and regulatory standards.

Governance outcome one: Ethical culture

Principle 1	Nictus application
<p>Leadership "The governing body should lead ethically and effectively"</p>	<p>Application of ethical leadership The board has embraced the ideal future, mission and core values of Nictus, leading by example through adherence to our established code of conduct. Ethical leadership is paramount, guiding our actions and decisions towards sustainable economic, social and environmental performance.</p> <p>Promoting ethical conduct Our commitment to ethical conduct is reinforced by the composition of our board, which comprises a balanced spread of independent non-executive members. This diverse perspective ensures a holistic approach to governance, prioritising the responsible pursuit of our organisational objectives.</p> <p>Accountability and evaluation The board fulfils its fiduciary duties diligently, with its roles and responsibilities clearly outlined in our board charter. We uphold accountability through an evaluation process, wherein each member is held answerable to their peers for their leadership contributions.</p>

Governance outcome one: Ethical culture continued

Principle 2	Nictus application
<p>Organisational ethics "The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture"</p>	<p>Promoting organisational ethics The board, in collaboration with management and the social and ethics committee, mandates all employees to endorse the board-approved code of conduct, serving as the cornerstone for ethical practices within the organisation. This initiative aims to cultivate awareness among employees regarding the group's ethical compliance standards.</p> <p>Lead by example The board demonstrates its commitment to ethical standards by adhering to the code of conduct themselves. Nictus' code of conduct is readily accessible, disclosed in this integrated annual report and available on the group's website for transparency and accountability.</p> <p>Engagement and stakeholder interaction The social and ethics committee actively engages with stakeholders, either directly or through delegated functions <i>via</i> management, to gauge and uphold the organisation's ethical standards. This interaction serves to maintain a pulse on the level of ethics practised within the group.</p> <p>Nurturing an ethical culture The board maintains a firm belief that fostering a robust ethical culture is pivotal in establishing enduring stakeholder relationships and nurturing an internal talent pool essential for the sustained growth and longevity of the group, while ensuring appropriate succession planning measures are in place.</p>
Principle 3	Nictus application
<p>Responsible corporate citizenship "The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen"</p>	<p>Promoting responsible corporate citizenship The board acknowledges the Constitution of South Africa as the supreme law, alongside other relevant legislation, standards and the group's internal policies and procedures. It actively considers how to interpret and apply these regulations to the organisation's activities, striving to be and to be perceived as a responsible corporate citizen.</p> <p>Collaborative governance oversight The board, supported by various board committees, executive management, the company secretary (outsourced to Veritas Eksekuteurskamer Proprietary Limited), regulators and professional service providers, engages in comprehensive oversight of the group's corporate governance. This collaborative effort ensures that the board gathers diverse insights into the governance landscape of the organisation, utilising this information to effectively oversee and ultimately take responsibility for the corporate governance practices of the group.</p>

CORPORATE GOVERNANCE REPORT continued

Governance outcome two: Performance and value creation

Principle 4	Nictus application
<p>Strategy and performance “The governing body should appreciate that the organisation’s core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process”</p>	<p>Integrating strategy and performance for value creation In our integrated business plan, crafted by the managing director and endorsed by the board, strategy, risk management, opportunities, performance and sustainability are intricately interwoven on an ethical foundation. These critical elements form the backbone of our value creation process.</p> <p>Holistic examination and monitoring Throughout the year, we conduct comprehensive assessments of strategy, risks, opportunities, performance and sustainability, including evaluations of viability, capital, solvency, liquidity and going concern status. This ongoing scrutiny enables us to gauge their individual and collective impacts on the business. Subsequently, we adjust our strategy to capitalise on opportunities and mitigate risks, aiming to deliver exceptional value to our shareholders and stakeholders alike.</p>
Principle 5	Nictus application
<p>Reporting “The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments regarding the organisation’s performance and its short-, medium- and long-term prospects”</p>	<p>Enhancing reporting for informed assessments The board, in collaboration with the audit and risk committee and executive management, has implemented robust controls and processes, including consultations with professional service providers. These measures ensure the independent gathering, review and reporting of comprehensive information regarding the group’s financial and sustainable performance, as well as the integrity of the integrated annual report. This oversight extends to ensuring compliance with the King IV® disclosure requirements.</p> <p>Approval and communication protocols The board bears responsibility for approving interim communications, with the chairperson of the board providing final approval for all Stock Exchange News Services announcements.</p> <p>Commitment to stakeholder communication Nictus remains dedicated to transparent and effective communication with all stakeholder groups. This commitment is realised through a blend of formal and informal channels, including our group’s website, fostering meaningful engagement and alignment with our stakeholders.</p>

Governance outcome three: Adequate and effective control

Principle 6	Nictus application
<p>Primary roles and responsibilities of the governing body “The governing body should serve as the focal point and custodian of corporate governance in the organisation”</p>	<p>Fulfilling governance responsibilities The board recognises its pivotal role in guiding the organisation and is committed to reviewing and endorsing its strategic direction in alignment with the principles of good corporate governance.</p> <p>Committee oversight To aid in fulfilling its duties effectively, the board has instituted various committees, each operating under clearly defined charters. These charters undergo regular review, with any amendments subject to board approval. Ensuring that each committee possesses the requisite knowledge, skills, experience and capacity is a priority for the board.</p> <p>Transparent governance structure The board charter outlines the composition of the board, its committees and attendance requirements, providing transparency and accountability. This information is summarised in the table presented on page 27 of this integrated annual report.</p> <p>Balanced decision-making The board believes it has fulfilled its obligations outlined in its charter, emphasising a balanced distribution of power and authority at board level to ensure that no one director has unfettered powers of decision-making. Decisions are reached through consensus, reflecting a collaborative approach to governance.</p>

Governance outcome three: Adequate and effective control continued

Principle 7	Nictus application
<p>Composition of the governing body “The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance roles and responsibilities objectively and effectively”</p>	<p>Ensuring board composition for effective governance The process of director appointment is meticulously overseen by the remuneration and nomination committee to ensure transparency and accountability.</p> <p>Commitment to diversity and competence Nictus is dedicated to appointing directors with the appropriate qualifications, expertise and experience necessary to discharge their governance responsibilities effectively. The board acknowledges its duty to attract and appoint members possessing a diverse array of skills, field of knowledge, experience, age and independence, with due consideration given to gender, cultural and racial diversity. The group upholds the principles and objectives of broader diversity at board level, as reflected in its policy on promoting broader diversity.</p> <p>No voluntary target has been set for any appointment of executive, non-executive and/or alternate directors to the board in terms of the diversity indicators mentioned.</p> <p>Independence and representation The board and its committees are well represented by independent non-executive directors and are chaired independently, except for the social and ethics committee, which is chaired by a non-executive director. While acknowledging the importance of tenure, the board recognises that independence cannot be determined solely based on length of service. Continued tenure contributes to the stability of the board and fosters invaluable insight into the group and its markets.</p> <p>Current board composition and independence assessment The board comprises two executive directors, three independent non-executive directors and one non-executive director. During the financial year under review, one independent non-executive director had served on the board for longer than nine years. Professor Barend J Willemse, categorised and confirmed as independent, has been on the board since 2010. While tenure exceeding nine years is considered in evaluating independence, the board emphasises that independence is judged from the perspective of a reasonable and informed third party, considering various factors such as the definition of independence in the Companies Act of South Africa and King IV® guidance.</p> <p>Continuous independence evaluation Annual independence evaluations are conducted for directors serving beyond nine years, ensuring that independent non-executive directors maintain independence in character and judgement. These evaluations are based on prevailing circumstances, conflicts of interest and other relevant considerations, aiming to uphold objectivity and constructive challenge in governance.</p>

Governance outcome three: Adequate and effective control continued

Principle 8	Nictus application
<p>Committees of the governing body “The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement, and assist with balance of power and the effective discharge of its duties”</p>	<p>Promoting effective delegation and independent judgement Well-structured board committees play a crucial role in facilitating the board’s effective governance. These committees are appropriately constituted with members of the board, promoting independent judgement and assisting in maintaining a balance of power.</p> <p>Governance oversight Each board committee operates under clearly defined terms of reference, mandates and charters, subject to annual review to ensure alignment with governance best practices. These documents delineate the authority, objectives and functions of the committees, fostering transparency and accountability.</p> <p>Committee composition and selection The group maintains several committees, including the audit and risk committee, the remuneration and nomination committee, the social and ethics committee and the executive committee. Committee members are selected based on their qualifications, experience and the prescribed composition of each committee, ensuring suitability for their respective roles. Notably, the chairperson of the board is a member of the audit and risk committee. The board is confident that this arrangement does not compromise the overall concentration and balance of power and is appropriate given the current composition of the board.</p> <p>Transparent governance framework A comprehensive governance framework outlining the composition and functions of board committees is presented on page 27 of this integrated annual report, providing stakeholders with insight into the structure and operation of these crucial governance entities.</p>
Principle 9	Nictus application
<p>Evaluation of the performance of the governing body “The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness”</p>	<p>Facilitating continuous improvement in governance The governing body ensures ongoing enhancement of its performance and effectiveness through regular evaluations of the board, its committees, the chairperson and individual directors. These evaluations are conducted internally <i>via</i> a self-assessment process on an annual basis, with consideration given to outsourcing such assessments when deemed necessary.</p> <p>Methodology and focus areas The board employs a methodology developed by Ram Charan to identify patterns that highlight areas for improvement, thereby enhancing the overall progressiveness of the board. Key focus areas include group dynamics, ensuring an appropriate and effective information architecture, and prioritising substantive issues.</p> <p>Outcome of evaluations While areas for improvement were identified, the board concluded during its annual assessment that it remains sufficiently progressive to provide effective guidance to management in executing the group’s strategy.</p>

Governance outcome three: Adequate and effective control continued

Principle 10	Nictus application
<p>Appointment and delegation to management “The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities”</p>	<p>Ensuring clarity in appointment and delegation to management The board undertakes the appointment of a competent and experienced managing director, entrusted with leading the implementation and execution of approved strategies, policies and operational plans while reporting to the governing body. Succession planning for the managing director remains a continuous consideration, facilitated by the remuneration and nomination committee.</p> <p>Effective delegation framework The board is confident that its delegation of authority framework contributes significantly to role clarity and the effective exercise of authority and responsibility across the organisation.</p> <p>Appointment of the company secretary The board has considered and satisfied itself on the competence, qualifications and experience of Veritas Eksekuteurskamer Proprietary Limited, the appointed company secretary of the group. The board approves the service contract and remuneration of Veritas Eksekuteurskamer Proprietary Limited, assessing its performance annually against pre-agreed deliverables. Written agreements govern the relationship between the parties, ensuring transparency and accountability.</p> <p>The company secretary, with unfettered access to the board, reports to the board through the chairperson on all statutory duties and functions. Other duties and administrative matters are reported to executive management, fostering effective communication and oversight.</p>
Principle 11	Nictus application
<p>Risk governance “The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives”</p>	<p>Governance of risk to support strategic objectives Nictus employs a robust risk methodology that aligns risk consideration and response with the strategic objectives of the group. This approach ensures that appropriate risk responses are implemented to mitigate identified risks effectively.</p> <p>Monitoring and oversight Effective risk monitoring occurs through a combination of daily and periodic activities conducted by management at various organisational levels. Executive management and the audit and risk committee play pivotal roles in overseeing the risk management process, ensuring comprehensive coverage and alignment with strategic objectives.</p> <p>Determining risk tolerance During periodic reviews of the group’s risk profile, the board evaluates and determines levels of risk tolerance and appetite. This assessment guides management in undertaking risk-inclined projects within defined parameters, fostering alignment with strategic goals.</p> <p>Oversight and reporting The audit and risk committee provides formal oversight of Nictus’ risk management activities, presenting annual findings and recommendations to the board. Details regarding the high-level risks of the group are presented in this integrated annual report, offering stakeholders insight into the risk landscape and management approach.</p>

CORPORATE GOVERNANCE REPORT continued

Governance outcome three: Adequate and effective control continued

Principle 12	Nictus application
<p>Technology and information governance “The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives”</p>	<p>Promoting effective technology and information governance Nictus fosters an ethical IT governance culture and encourages a shared understanding of IT across the organisation. Technology and information initiatives are strategically aligned with the group’s performance and sustainability objectives, encompassing safeguarding measures and optimising business processes.</p> <p>Delegation and oversight The board has entrusted management with the responsibility of implementing an IT governance framework. Annually, the audit and risk committee assesses independent assurance on the effectiveness of technology and information management, including outsourcing arrangements.</p> <p>Expert consultation and decision-making The group relies on outsourced IT consultants to provide expert advice on suitable technological solutions. Recommendations from executive management are presented to the board for approval, ensuring alignment with strategic objectives and prudent decision-making.</p> <p>Continuous improvement A dedicated focus is maintained on enhancing the effectiveness of operating systems to enhance functionality and facilitate advanced reporting capabilities. This ongoing effort aims to streamline operations, bolster management capabilities and ensure compliance with regulatory requirements.</p>
Principle 13	Nictus application
<p>Compliance governance “The governing body should govern compliance with applicable laws and adopted non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen”</p>	<p>Promoting compliance governance Nictus fosters a robust compliance culture underpinned by a legal compliance programme. This programme is instrumental in identifying and adhering to applicable laws and regulations.</p> <p>Integration with the code of conduct Compliance is an integral component of Nictus’ code of conduct, ensuring alignment with ethical standards and promoting good corporate citizenship.</p> <p>Board oversight and briefings The board and the audit and risk committee receive regular updates on new laws and regulations from the company secretary, professional service providers and the company’s JSE sponsor. This proactive approach ensures that governance practices remain aligned with evolving legal requirements.</p> <p>Compliance functions and outsourcing The company secretary serves as the legal compliance officer, overseeing compliance efforts within the organisation. In certain instances, compliance functions within the insurance segment are outsourced to independent, qualified service providers, bolstering expertise and ensuring comprehensive coverage.</p> <p>Focus on data management and regulatory compliance During the reporting period, particular emphasis was placed on enhancing data management and customer relations systems to meet management, regulatory and service requirements. Nictus remains vigilant in addressing additional reporting requirements and evolving legislative mandates, ensuring timely compliance within the prevailing regulatory landscape.</p>

Governance outcome three: Adequate and effective control continued

Principle 14	Nictus application
<p>Remuneration governance “The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short-, medium- and long-term”</p>	<p>Promoting fair and transparent remuneration governance Nictus places a strong emphasis on fair, responsible and transparent remuneration practices to align with strategic objectives and foster positive outcomes across short-, medium- and long-term horizons.</p> <p>Responsibility and oversight The remuneration and nomination committee is entrusted with the task of formulating just and equitable remuneration policies for the group and subsequently presenting recommendations to the board.</p> <p>Alignment with King IV® recommendations Nictus’ remuneration policy adheres to the recommended practices outlined in King IV®, aiming to attract and retain individuals who align with and actively contribute to the achievement of the group’s strategic objectives.</p> <p>Core principles of remuneration The group’s remuneration policy is guided by several core principles:</p> <ul style="list-style-type: none"> • Contribution to attracting and retaining motivated and loyal employees; • Reflection of a direct correlation with the vision and results of the group; • Annual review and benchmarking to ensure competitiveness and relevance; • Alignment with the overarching strategy of the group; and • Rewarding performance to motivate employees and drive organisational success. <p>Transparency and reporting Detailed information regarding the remuneration report, policy and implementation is provided on pages 28 to 31 of this integrated annual report, offering stakeholders insight into the group’s remuneration practices and alignment with strategic objectives.</p>
Principle 15	Nictus application
<p>Assurance “The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation’s external reports”</p>	<p>Ensuring an effective control environment and information integrity Nictus has implemented a combined assurance model, designed to coordinate assurance activities across the organisation and address key risks facing the group. Oversight of this model is provided by the audit and risk committee, ensuring alignment with strategic objectives and operational needs.</p> <p>Comprehensive assurance framework The combined assurance model encompasses internal risk management, compliance functions and internal and external audit reporting. This holistic approach ensures that assurance services are strategically aligned with organisational goals and effectively contribute to enhancing the control environment.</p> <p>Risk-based internal audit function Nictus maintains a risk-based internal audit function, guided by a charter approved by the audit and risk committee and the board. Internal audit activities are systematically structured to focus on governance, risk management and the effectiveness of internal controls.</p> <p>Focus areas of internal audit Internal audit plays a vital role in investigating and reporting control deficiencies, fraud, corruption, unethical behaviour and irregularities. By adopting a risk-based approach, internal audit functions, as a proactive safeguard, ensure the integrity of information for internal decision-making and external reporting.</p>

Governance outcome four: Trust, good reputation and legitimacy

Principle 16	Nictus application
<p>Stakeholder engagement "In the execution of its governance roles and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time"</p>	<p>Fostering stakeholder engagement Nictus places significant emphasis on stakeholder engagement as an integral aspect of its governance framework. Management is entrusted with the responsibility of managing stakeholder relationships, which includes identifying key stakeholder groups and developing strategies to effectively address their needs, interests and expectations.</p> <p>Mechanisms for engagement The organisation employs a variety of formal and informal mechanisms to facilitate constructive stakeholder engagement. Shareholders are encouraged to actively participate in the group's annual general meeting, providing an opportunity for direct interaction and dialogue.</p> <p>Balanced decision-making Nictus is committed to achieving a balanced approach that considers the interests and expectations of various stakeholder groups. Decisions are made with the overarching goal of safeguarding the best interests of the organisation and its shareholders, ensuring equitable treatment for all stakeholders.</p> <p>Transparency and accessibility In line with its commitment to stakeholder engagement, the board and the group's external auditor will be available to address shareholder queries at the annual general meeting, promoting transparency and accountability in governance practices.</p>
Principle 17	Nictus application
<p>Responsible investing "The governing body of an institutional investor organisation should ensure that responsible investment is practised by the organisation to promote good governance and the creation of value by the companies in which it invests"</p>	<p>Promoting responsible investment practices Nictus places a strong emphasis on responsible investing as a fundamental aspect of its governance framework. Executive management plays a pivotal role in evaluating and advising the board on all significant investments made by the group and its subsidiary companies.</p> <p>Strategic decision-making Executive management, led by the group managing director and supported by the group financial director, is responsible for formulating investment policies, principles and practices aimed at maximising returns on investments while ensuring alignment with responsible investment principles. This approach not only promotes good governance but also facilitates the creation of long-term sustainable value by the companies in which Nictus invests.</p> <p>Comprehensive oversight By actively engaging in the evaluation and formulation of investment strategies, executive management contributes to the organisation's commitment to responsible investing. Through prudent decision-making and adherence to established principles, Nictus endeavours to uphold the highest standards of governance and value creation across its investment portfolio.</p>

The composition of the board, its committees and attendance of meetings is summarised in the following table:

Name	Status					
		Board	Audit and risk committee	Remuneration and nomination committee	Social and ethics committee	Executive committee
Professor Barend J Willemse	Independent non-executive chairperson	4/4	√ 2/2	√ 2/2		√ C 0/0
Eckhart H Prozesky	Executive (Financial director)	4/4				√ 0/0
Gerard R de V Tromp	Executive (Managing director)	4/4			√ 2/2	√ 0/0
Philippus J de W Tromp	Non-executive	4/4			√ C 2/2	
Cornelius J de Vrye	Independent non-executive	4/4	√ C 2/2	√ 2/2		
Sarita Martin	Independent non-executive	4/4	√ 2/2	√ C 2/2	√ 2/2	

√ Indicates board committee membership and "C" indicates board committee chairperson. The figures in each column indicate the number of meetings attended out of the maximum possible number of meetings for the respective director.

Governance framework

Governance framework overview

Nictus has established a robust governance framework, incorporating various board committees to assist in fulfilling its duties. These committees, governed by charters approved by the board and subject to annual review, play crucial roles in overseeing key governance functions.

Audit and risk committee

The audit and risk committee consists of three independent non-executive directors and discharges its duties as set out in, *inter alia*, the audit and risk committee charter, the JSE Listings Requirements and the Companies Act of South Africa.

The committee undertakes the risk management function of the group. An extensive risk identification procedure is followed, involving input from all subsidiaries, to identify and evaluate risks that may pose a threat to the business. The committee convenes at least biannually.

Internal and external auditors attend meetings by invitation, with unrestricted access to the chairperson and members of the audit and risk committee.

Remuneration and nomination committee

The remuneration and nomination committee comprises three independent non-executive directors and is tasked with establishing fair and equitable remuneration policies for the group, providing corresponding recommendations to the board.

Additionally, the committee assumes the role of a nomination committee, responsible for nominating candidates to the board, succession planning for board members and evaluating board performance. The committee convenes at least biannually.

Social and ethics committee

The social and ethics committee comprises three members: a non-executive director, who serves as the chairperson, an independent non-executive director and an executive director. The committee is responsible for supervising the group's social development and ethics management, promoting good corporate citizenship, implementing sustainability strategies and overseeing preferred employer policies. Meetings of the committee are held at least biannually.

Executive committee

The executive committee's authority stems from the board, with its primary functions encompassing the evaluation of investments, investment returns and the execution of any additional duties delegated by the board. Chaired by the board chairperson, the committee comprises the group managing director and the group financial director. Meetings are convened as needed, including informal discussions conducted as part of routine business operations.

REMUNERATION REPORT

Remuneration packages are reviewed and benchmarked against independent comparable market data in order to recognise differentiation between high, average and underperformers. Evaluations of remuneration packages are undertaken annually.

Background statement

The details pertaining to the composition and operation of the remuneration and nomination committee are set out in the corporate governance report.

The remuneration and nomination committee undertakes extensive analysis of different reports on remuneration trends and practices within the relevant industries in order to establish the most appropriate benchmark for determining directors' remuneration, taking into account the size, nature, scale and complexity of the group and its operations, in relation to the available market benchmarks. There were no significant changes to the approach implemented during the previous financial year. The board believes that the approach remains appropriate.

No remuneration consultants were engaged by the remuneration and nomination committee or the board during the past financial year.

The resolutions presented to shareholders at the 2023 annual general meeting of the company for the approval of the remuneration policy and remuneration implementation report were passed by 100% in favour of each resolution by all shareholders present or represented by proxy.

The remuneration and nomination committee is satisfied that the objectives of the group remuneration policy have been achieved during the year under review.

The remuneration policy and related benchmarks are reviewed and reconsidered annually by the board with the assistance of the remuneration and nomination committee.

Areas of focus for the reporting period and immediate future include managing the group through the ongoing challenges presented by the fragile stability of South Africa's administrative, political and economic systems, compounded by persistent energy crises and global geopolitical tensions, including the ongoing Ukraine-Russia conflict. These factors continue to exert pressure on the domestic and global economies, necessitating vigilant management and strategic adaptation.

Employee retention and well-being remain paramount, with a continued focus on creating a supportive work environment and ensuring the health and efficiency of the workforce. As part of its forward-looking strategy, Nictus places significant emphasis on succession planning, identifying and developing future leaders to ensure continuity and long-term success. Nictus also continues to refine its incentive programmes, aligning them with longer-term strategic objectives to drive sustainable growth and value creation.

Overview of the remuneration policy

The group's remuneration policy incorporates the recommendations of King IV[®]. It aims to appeal to and retain those individuals who will support and contribute towards achieving the group's desired results and strategy.

To achieve the group's policy, philosophy and strategy, remuneration should:

- Contribute towards appealing to and retaining motivated and loyal employees;
- Reflect a direct correlation between the vision and results of the group;
- Be reviewed and benchmarked annually;
- Support the strategy of the group; and
- Reward performance and motivate employees.

Structure of executive directors' and senior management remuneration

Total cost-to-company forms the basis of the remuneration package for executive directors and senior management. The package consists of a basic salary and a fixed bonus component. Remuneration is linked to challenging long- and short-term financial and non-financial performance targets and sustainable profits attributable to shareholders.

Short-term incentive remuneration is offered in terms of guidelines determined by the board where performance levels are exceeded during the year.

These arrangements are made towards ensuring that the remuneration of executive directors and senior management is fair and responsible in the context of overall employee remuneration within the group.

Fixed bonus plan

Executive directors and senior management participate in a fixed bonus plan which is based on the achievement of predetermined and agreed targets set for each director and member of senior management in each specific segment to achieve the group's targets.

Retirement benefits

A total cost-to-company approach to remuneration packages is followed and no retirement benefits are offered by the group. The group encourages employees to make provision for retirement and offers assistance where the need arises.

Executive service contracts

Executive directors have service agreements with notice periods of 30 days. The retirement age is set at 60 years, while directors may negotiate further terms past the age of 60 on an individual basis. No contractual entitlements on termination of employment exist, but compliance with the relevant labour laws and regulations is ensured.

Succession planning

The board continuously reviews the succession plans throughout the group and is informed of senior level requirements. The objective is to ensure that continuity is provided to develop a pool of individuals with potential and to cater for development and future placement. The ongoing restructuring of the group in terms of top management bears testimony to the commitment of the group in its pursuit of realising its ideal future.

Executive management remuneration for the 2023/2024 year*:

Figures in R'000	Paid by the company			Total
	Basic salary	Bonuses	Leave pay upon resignation	
2024				
Gerard R de V Tromp [#]	480	–	–	480
Eckhart H Prozesky	2 040	620	–	2 660
	2 520	620	–	3 140
2023				
Gerard R de V Tromp [#]	445	–	–	445
Eckhart H Prozesky	1 880	443	–	2 323
	2 325	443	–	2 768

* Classified as short-term employee benefits. No long-term employee benefits are payable.

[#] As disclosed in note 28 to the financial statements, a management fee of R4,3 million (2023: R4,0 million) was paid to a related party, Veritas Eksekuteurskamer Proprietary Limited, for services rendered by Gerard R de V Tromp as an executive director.

Board evaluation process

A participative internal evaluation of the board's performance and the structural environment is undertaken annually. Overall, the board is considered to be balanced and effective. In spite of continuous progress made, there will always remain areas for improvement.

Non-executive directors

Non-executive directors receive market-related fees. Non-executive directors are paid fees for their services on the basis of their related fiduciary duties and attendance of board and committee meetings.

No contractual arrangements for compensation for loss of office exist, nor do non-executive directors receive any incentives or participate in any of the group's incentive schemes. Annual fees payable to non-executive directors for the period between the annual general meetings to be held on 29 August 2024 and in August 2025 are to be approved by the shareholders at the annual general meeting to be held on 29 August 2024. Fees for the period commencing on the aforesaid date were recommended by the directors after having been considered and recommended by the remuneration and nomination committee.

Remuneration implementation report

The remuneration and nomination committee recommended remuneration changes to the general staff complement, executive management and the non-executive directors. The changes were approved by shareholders and the implementation applied for the 2024 financial year was as follows:

General staff:	9,94%
Executive management:	5,49%
Non-executive directors:	6,00%

REMUNERATION REPORT continued

No contractual entitlements on termination of employment exist, but compliance with the relevant labour laws and regulations is ensured.

Incentive bonuses were awarded within the ambit of the relevant boards' discretion, based on predetermined financial and non-financial targets achieved.

Shareholders are given an opportunity to vote on separate non-binding advisory resolutions pertaining to the remuneration policy and remuneration implementation report. In the event that 25% or more of shareholders vote against one or both non-binding advisory resolutions, Nictus commits to engaging with such shareholders to determine the reasons for their dissenting vote(s) and to possibly reassess the group's remuneration policy and/or implementation thereof to the satisfaction of the shareholders. Any shareholders who wish to engage with us in relation to the remuneration policy or the remuneration implementation report are invited to do so via the nominee company secretary, Willem Boshoff, at groupsec@nictus.co.za.

Non-executive directors' fees 2024/25

Non-executive directors' fees are presented to and approved at the annual general meeting by means of a special resolution. Recommended fees are presented to the remuneration and nomination committee for consideration, based on market research, which submits its recommendation to the board, and thereafter to shareholders at the annual general meeting for approval. In view of the levels of responsibility being placed on directors and benchmarks for comparable companies, the fees for non-executive directors for the 2024/25 year, as set out below, have been recommended for approval.

From 29 August 2024

Board-related

Board membership	R205 342 per year
Board chairperson	R403 326 per year

Committee-related

Audit and risk committee membership	R51 336 per year
Audit and risk committee chairperson	R143 740 per year
Remuneration and nomination committee membership	R51 336 per year
Remuneration and nomination committee chairperson	R66 736 per year
Social and ethics committee membership	R25 668 per year
Social and ethics committee chairperson	R33 368 per year

Non-executive directors will be paid an amount of R51 336 per day per meeting in respect of board or special meetings should the number of these additional meetings exceed five per annum. They will also be paid a *pro rata* amount per hour for additional time spent.

Statement by the chairperson of the remuneration and nomination committee

The remuneration and nomination committee functions in accordance with its charter, which is reviewed annually and approved by the board. The chairperson of the remuneration and nomination committee reports regularly to the board.

The remuneration and nomination committee has applied its mind and provided guidance to ensure that all employees are remunerated in accordance with the approved remuneration policy aimed at fair, responsible and transparent remuneration. Remuneration within the group is based on a combination of factors including performance, levels of decision-making, consequence of error, market research (i.e. cost of living increase, annual salary benchmarking, etc.) and incentives to ensure long-term value for the employee and group.

The remuneration and nomination committee is satisfied that it has complied with its remuneration policy during the financial year ended 31 March 2024, and that the group remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes across the economic, social and environmental context in the short, medium and long term.

Sarita Martin

Chairperson: remuneration and nomination committee

20 June 2024

REMUNERATION POLICY

The group remuneration policy aims to appeal to and retain those individuals who will support and contribute towards achieving the group's strategic objectives and performance.

Objective

The policy, philosophy and strategy are encapsulated in the following:

- Remuneration should:**
- Contribute towards appealing to, motivating, rewarding and retaining motivated and loyal employees;
 - Reflect a direct correlation between the vision and results of the group;
 - Be reviewed and benchmarked annually;
 - Promote positive outcomes;
 - Promote an ethical culture and responsible corporate citizenship;
 - Support the strategy of the group within the organisation's risk appetite; and
 - Reward performance and motivate employees.

Remuneration structure

- The group remuneration strategy makes provision for:**
- A total cost-to-company approach consisting of a total guaranteed package;
 - A linkage to challenging long- and short-term financial and non-financial performance and sustainable profits; and
 - Short-term incentives based on meeting agreed performance levels.

Composition of the total remuneration package

- The factors considered in structuring the total remuneration package are:**
- Review of packages on an annual basis, internally and externally, to ensure their integrity;
 - Recognised market research is applied in structuring and evaluating packages;
 - Organisational profiles are considered for use in the evaluation process;
 - Performance evaluation and development requirements are considered during the process;
 - The scarcity of appropriately qualified staff influences package structure; and
 - The total remuneration package consists of a total guaranteed package.

Remuneration incentives

Short-term incentives

- The incentive scheme is aimed at achieving group performance, which is set out in the rules. To qualify, staff must:**
- Meet predetermined and agreed annual targets; and
 - Perform exceptionally well.

Employees who have transgressed the group code of conduct are ineligible to participate in the incentive scheme and extraneous factors do not influence the incentive evaluation.

Governance

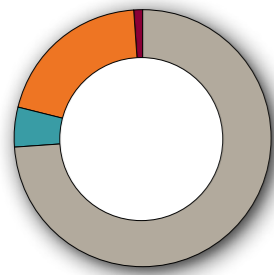
The remuneration and nomination committee stands at the forefront of developing remuneration policies and reviewing the philosophy, strategy and practice to meet best practice and achieve the group's overall objectives.

The remuneration and nomination committee operates under the delegation of authority as contained in the approved charter and will apply discretion as appropriate.

CORPORATE SOCIAL RESPONSIBILITY REPORT

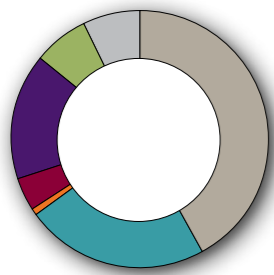
Involvement 2024

Community involvement development



- Community relations
- Social development
- Sport development
- Education

Overall



- Western Cape
- Free State
- Eastern Cape
- Mpumalanga
- Gauteng
- North West
- Limpopo

Foreword by the chairperson

The future of social and ethics committees in South Africa is likely to see increased importance considering the current circumstances. Given the growing emphasis on corporate social responsibility and ethical business practices globally, these committees are expected to play a vital role in ensuring companies adhere to ethical standards, promote diversity and inclusion, and address social issues. Regulatory bodies and stakeholders may increasingly require companies to have such committees in place, driving their relevance in the corporate governance landscape of South Africa.

Overall, the current situation in the country has created a complex environment that influences social and ethical behaviour in various ways, highlighting the importance of promoting ethical leadership, transparency and accountability at all levels of society. Survival and profitability might, however, gain a bigger focus than societal and ethical issues.

Report 2024

Training and development of our staff were major focus points for the year under review to achieve our mission to be a preferred employer.

I am proud to report that we are aware of no discrimination issues, that we promote gender equality and that the transformation plans we put in place were adhered to. We strive to create equal opportunities irrespective of race, gender and other preferences.

The ethical culture in the group continued to be very good, with stakeholder and employee relations receiving much attention at a high level.

The group and its subsidiaries are working towards a sustainable future for all stakeholders.

Legislative regulations remain a major challenge, and the board strives to adhere to all relevant regulations, including IFRS, King IV®, the National Credit Act, the Companies Act of South Africa and the JSE Listings Requirements. This is done through the relevant committees which strive to adhere to a high level of corporate governance.

The review process of the environmental, social and governance platform has commenced. It is expected that we will have sufficient data in the next financial year to determine what adjustments must be made, which will trigger certain actions.

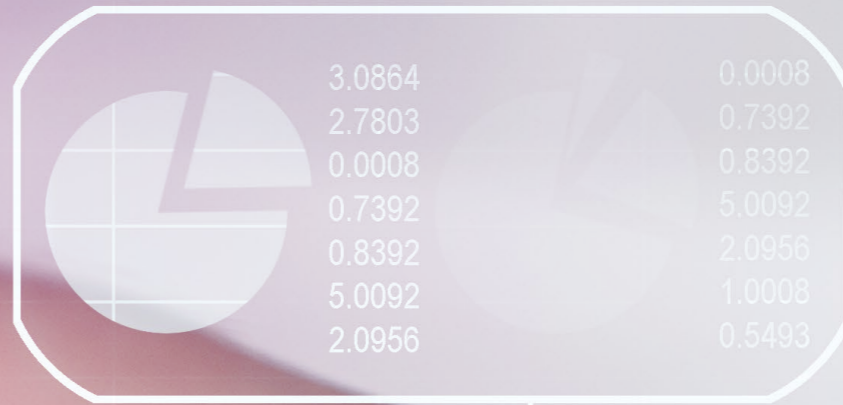
Conclusion

The guidelines and adherence levels set were met satisfactorily for the year under review. Although not easy, we will continue to strive to be better corporate citizens and be more aware of our social environment in the year to come.

Philippus J de W Tromp

Chairperson: social and ethics committee

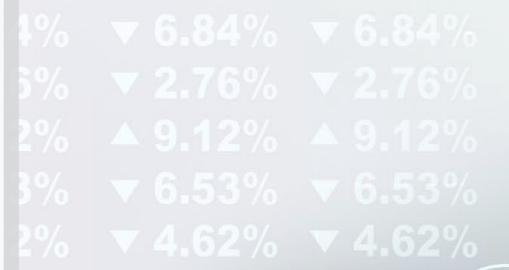
20 June 2024



FINANCE

ANNUAL FINANCIAL STATEMENTS

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DIRECTORS' RESPONSIBILITIES AND APPROVAL

Directors' responsibility statement

The directors are required by the Companies Act of South Africa, 71 of 2008 (Companies Act of South Africa) to maintain adequate accounting records and are responsible for the content and integrity of the group annual financial statements and company annual financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the financial position, state of affairs of the group and company as at 31 March 2024 and the results of their operations and changes in equity and cash flows for the year then ended, in conformity with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act of South Africa. The directors are also responsible for the preparation of the directors' report. The external auditor is engaged to express an independent opinion on the group annual financial statements and company annual financial statements.

The group annual financial statements and company annual financial statements are prepared in accordance with IFRS and the requirements of the Companies Act of South Africa and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the group and company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting policies and procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the group and all employees are required to maintain the highest ethical standards in ensuring that the group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group.

While operating risk cannot be fully eliminated, the group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. Any system of internal financial control can, however, provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the group's and company's budgets for the year ending 31 March 2025 and, in light of this review and the current financial position, they are satisfied that the group and company have access to adequate resources to continue in operational existence for the foreseeable future. The directors have made an assessment of the group's and company's ability to continue as going concerns and there is no reason to believe that the businesses will not be going concerns in the year ahead.

The auditor is responsible for reporting on whether the group annual financial statements and company annual financial statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of the group annual financial statements and company annual financial statements

The group annual financial statements and company annual financial statements of Nictus Limited, which have been prepared on the going concern basis, were approved by the board on 20 June 2024 and were signed by:

Gerard R de V Tromp
Authorised director
Group managing director

Professor Barend J Willemse
Authorised director
Chairperson

MANAGING DIRECTOR'S AND FINANCIAL DIRECTOR'S RESPONSIBILITY STATEMENT

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

- The annual financial statements set out on pages 44 to 108, fairly present, in all material respects, the financial position, financial performance and cash flows of Nictus in terms of IFRS;
- To the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
- Internal financial controls have been put in place to ensure that material information relating to Nictus and its consolidated subsidiaries has been provided to effectively prepare the financial statements of Nictus;

- 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;
- Where we are not satisfied, we have disclosed to the audit and risk committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls and have remediated the deficiencies; and
- We are not aware of any fraud involving directors.

Gerard R de V Tromp
Group managing director

Eckhart H Prozesky
Group financial director

20 June 2024

CERTIFICATE OF THE COMPANY SECRETARY

In our opinion, as company secretary, we hereby confirm, in terms of the Companies Act of South Africa that, for the year ended 31 March 2024, the company has lodged with the Commissioner of the Companies and Intellectual Property Commission all such returns and notices as are required of a public company and that all such returns and notices are true, correct and up to date.

Willem H Boshoff
Veritas Eksekuteurskamer Proprietary Limited
Company secretary

20 June 2024

AUDIT AND RISK COMMITTEE REPORT

I am pleased to present the group audit and risk committee report for the financial year ended 31 March 2024.

The chairperson and members of the committee were individually re-elected at the 2023 annual general meeting of Nictus Limited, in compliance with the requirements of the Companies Act of South Africa. The committee continues to fulfil the function of the audit and risk committee requirement in terms of the Insurance Act, 18 of 2017 (Insurance Act), in respect of Corporate Guarantee (South Africa) (RF) Limited, a wholly-owned subsidiary of Nictus Limited.

The committee operates in terms of the board-approved charter, and its three elected members, one of which is the chairperson of the board, are all independent non-executive directors.

The committee's work includes oversight of risk management; all of its members are financially literate and bring business and financial acumen to the committee.

The group managing director, the group financial director and representatives of the external and internal auditors are invited to attend the committee meetings.

The committee met twice during the year and engaged, among other work, in considering the reappointment of PricewaterhouseCoopers Inc. as auditor to the Nictus group of companies. PricewaterhouseCoopers Inc. was recommended for reappointment as the group and company external auditor based on recent performance and regulatory reviews of the firm, with Jorge M Goncalves acting as the designated audit partner for the current financial year ended 31 March 2024. The introduction of ISA 315 (Revised) by the International Audit and Assurance Standards Board requires that external audit obtain a more granular understanding of Nictus' business, with specific focus on areas such as the information technology (IT) environment, understanding the entity's business model and the introduction of inherent risk factors. The additional and/or revised requirements of ISA 315 (Revised) resulted in additional external audit effort and increased fees associated with same, from 1 April 2023 onwards, regarding the initial adoption and application of IFRS 17 *Insurance Contracts*. IFRS 17 replaces IFRS 4 and sets out principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of IFRS 17, effective

1 April 2023. This had an impact on the reported results, including a restatement of comparative information on a fully retrospective basis. Management worked closely with expert advisors to ensure compliance with the new standard. There were also engagements with the Prudential Authority team during the year, which included some focus on the own risk solvency assessment of Corporate Guarantee (South Africa) (RF) Limited. The governance register was reviewed during the year for completeness by a third party and was approved by the committee. Internal audit reports are provided to the committee at each meeting. Internal audit's activity is governed by an internal audit charter which is approved by the group audit and risk committee and reviewed annually. The charter defines the purpose, authority and responsibilities of the function. The committee reviewed the charter and measured its effectiveness during the year under review.

The committee's key objectives and responsibilities which were met during the period are as follows:

- Determine whether management has created and maintains an effective control environment and that they demonstrate and stimulate the necessary respect for the internal control structure among all parties;
- Ensure that the company has established appropriate financial reporting procedures and that these procedures are operating effectively. This includes consideration of all entities included in the group annual financial statements to ensure that it has access to all the financial information of the company to allow the company to effectively prepare and report on its financial statements;
- Assess the external auditor and designated external audit partner's suitability for appointment in accordance with the JSE Limited (JSE) Listings Requirements and the information detailed in paragraph 3.84(g)(iii) read with paragraphs 3.86 and 3.87 in making the assessment;
- Review the scope and outcome of external and internal audits. The review is to include an assessment of the efficiency of the audit function, ensuring that emphasis is placed in areas where the committee, management and the auditor believe special attention is necessary;

- Ensure that the appointment of the auditor is presented and included as a resolution at the annual general meeting of Nictus, pursuant to section 61(8) of the Companies Act of South Africa;
- Ensure that the board makes informed decisions and is aware of the implications of such decisions regarding accounting policies, practices and disclosures;
- Provide a safeguard of directors' responsibilities by informing the board on issues of importance to the business and the status of the financial reporting;
- Review and recommend, for approval, to the board, the group's annual and interim reports;
- Assist the board in its evaluation of the adequacy and effectiveness of the risk management system;
- Assist the board in the identification of the build-up and concentration of the various risks to which the insurer is exposed;
- Assist the board in identifying and regularly monitoring all material risks to ensure that its decision-making capability and accuracy of its reporting are adequately maintained;
- Facilitate and promote communication, through reporting structures, regarding the adequacy and effectiveness of the risk management system or any other related matter, between the board and managing executives;
- Introduce such measures as may serve to enhance the adequacy and effectiveness of the risk management system; and
- Coordinate the monitoring of risk management on an enterprise-wide and individual business unit basis.

The committee does not rely only on the internal control processes but receives and regularly reviews the findings of both the internal and external auditors covering:

- A system of internal control;
- Compliance with relevant laws and regulations; and
- The credibility, independence and objectivity of the external and internal auditors.

The committee also reviews changes in legislation to ensure compliance by companies in the group. The committee reports its findings to the board, which thereafter has the responsibility of ensuring compliance with legislation.

The committee has adopted a policy of limiting the non-audit work undertaken by the external auditor. Prior approval of any consulting work in excess of R250 000 is required. No material non-audit work was undertaken by the external auditor during the reporting period.

The external and internal auditors have unrestricted access to committee members.

The committee is satisfied that:

- It has complied with the responsibilities set out in its charter, as well as the relevant legal and regulatory responsibilities based on the information and explanations given by management and discussions with the external auditor regarding the results of their audit;
- The financial director has the necessary training, expertise and experience to discharge his duties and responsibilities;
- The board is aware of the implications and actions required to apply and explain the principles of the King IV Report on Corporate Governance for South Africa, 2016™;
- There was no material breakdown in the internal financial controls that was noted or reported during the financial year under review; and
- The external auditor is considered to be independent of the company and the group and is thereby able to conduct its audit functions without any undue influence from the company and the group.

Cornelius J de Vrye

Chairperson: audit and risk committee

20 June 2024

DIRECTORS' REPORT

to the shareholders of Nictus Limited

The directors have pleasure in reporting on the activities and financial results of the group for the year ended 31 March 2024.

Review of subsidiaries

Details of subsidiaries are dealt with in note 6 to the group financial statements.

Figures in R'000	2024	2023*
The interest of the company in the aggregate net profit after tax of subsidiaries is:		
Profit/(loss) after taxation	6 011	2 639

* Comparative information was restated for the initial adoption of IFRS 17. Refer to note 17.1 to the financial statements (pages 78 to 81) for additional information.

The subsidiaries of the company are mainly involved in furniture retail and non-life insurance in South Africa.

Financial results

For the year under review, the group's profit before taxation amounted to R14,5 million compared to a restated profit of R8,3 million in the previous year. The company's profit before taxation for the year was R6,1 million compared to a profit of R4,2 million in the previous year.

Segmental analysis

A detailed segmental analysis is included in note 36 to the group annual financial statements.

Directors

	Date of initial appointment	Date of re-election
Executives		
Gerard R de V Tromp (Group managing director)	18 November 2014	22 August 2018
Eckhart H Prozesky (Group financial director)	1 March 2015	22 August 2018
Non-executive		
Philippus J de W Tromp	1 April 2012	1 September 2022
Independent non-executives		
Professor Barend J Willemse (Chairperson)	15 June 2010	31 August 2023
Cornelius J de Vrye	1 November 2018	31 August 2023
Sarita Martin	1 February 2021	31 August 2023

Shareholding

Composition of shareholders	Number of shareholders		Number of shares	
		%		%
Ordinary shares				
Non-public shareholders	9	0,86	42 588 589	79,69
Directors and associates	9	0,86	42 588 589	79,69
Public shareholders	1 035	99,14	10 854 911	20,31
	1 044	100,00	53 443 500	100,00

Distribution of shareholders	Number of shareholders		Number of shares	
		%		%
Ordinary shares				
Banks/brokers	19	1,82	137 707	0,26
Close corporations	1	0,10	2	0,00
Individuals	400	38,31	1 130 598	2,12
Insurance companies	1	0,10	9 375	0,02
Nominees and trusts	596	57,09	9 972 710	18,66
Other corporations	4	0,38	43 172	0,08
Private companies	21	2,01	42 143 371	78,85
Public companies	2	0,19	6 565	0,01
	1 044	100,00	53 443 500	100,00

Shareholders, other than directors, with an interest above 5% in stated capital	Number of shares	
		%
Landswyd Beleggings Proprietary Limited	25 340 209	47,41
Namprop Proprietary Limited	6 228 372	11,65
Trocor Proprietary Limited	5 969 864	11,17
PC Investment Holdings Proprietary Limited	4 118 705	7,71

As at 31 March, the directors, prescribed officers and their associates (as defined in terms of the JSE Listings Requirements) had the following direct, indirect and aggregate beneficial interest in the stated capital of the company:

	Number of shares		
	Direct interests	Indirect interests	Total aggregate interest
2024			
Gerard R de V Tromp and Philippus J de W Tromp	–	42 068 424	42 068 424
Eckhart H Prozesky	425 000	–	425 000
Professor Barend J Willemse	50 000	45 165	95 165
	475 000	42 113 589	42 588 589
2023			
Gerard R de V Tromp and Philippus J de W Tromp	–	42 118 924	42 118 924
Eckhart H Prozesky	425 000	–	425 000
Professor Barend J Willemse	50 000	45 165	95 165
	475 000	42 113 589	42 588 589

There have been no changes in directors' interests between the financial year end and the date of approval of the annual financial statements.

DIRECTORS' REPORT continued

Analysis of executive directors' share options as at 31 March 2024

There were no outstanding share options at year end held by the directors in the current or prior financial year.

Stated capital

There were no changes in the stated capital during the current and prior financial year, as further detailed in note 14 to the annual financial statements.

16 033 050 (2023: 16 033 050) unissued ordinary shares are under the control of the directors in terms of a resolution of shareholders passed at the last annual general meeting and in terms of the Memorandum of Incorporation (MOI), but subject to compliance with the relevant regulations, i.e. the Companies Act of South Africa and the JSE Listings Requirements.

Dividends

Final dividend

The board, within its discretion, has declared a final dividend of 6,00 cents per Nictus ordinary share (ordinary share) (2023: 5,00 cents per ordinary share) for the year ended 31 March 2024, to all ordinary shareholders recorded in the share register of Nictus at the close of business on Friday, 19 July 2024 which will be paid on Monday, 22 July 2024.

The cash dividend timetable is structured as follows:

- Declaration date is Friday, 28 June 2024;
- The last day to trade *cum* dividend in order to participate in the dividend is Tuesday, 16 July 2024;
- The shares commence trading *ex-dividend* from the commencement of business on Wednesday, 17 July 2024;
- The record date is Friday, 19 July 2024; and
- The dividend is to be paid on Monday, 22 July 2024.

Shares will not be rematerialised or dematerialised between Wednesday, 17 July 2024 and Friday, 19 July 2024, both days inclusive.

Events after the reporting date

The directors are not aware of any matter or circumstances since the end of the financial year and up to the date of this report which require adjustments to or disclosure in the financial statements.

Secretary

Veritas Eksekuteurskamer Proprietary Limited
Block C, 1st Floor
The Main Straight Office Park, 392 Main Road
Bryanston, Gauteng 2191
PO Box 2878, Randburg 2125

Registered offices

Republic of South Africa

Nictus Limited
Block C, 1st Floor
The Main Straight Office Park, 392 Main Road
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PO Box 2878, Randburg 2125

Namibia

Nictus Limited
Nictus Building, 1st Floor
140 Mandume Ndemufayo Avenue, Windhoek, Namibia
Private Bag 13231, Windhoek, Namibia

20 June 2024

INDEPENDENT AUDITOR'S REPORT

to the shareholders of Nictus Limited

Report on the audit of the consolidated and separate financial statements

Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Nictus Limited (the Company) and its subsidiaries (together the Group) as at 31 March 2024, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards and the requirements of the Companies Act of South Africa.

What we have audited

Nictus Limited's consolidated and separate financial statements set out on pages 44 to 108 comprise:

- the consolidated and separate statements of financial position as at 31 March 2024;
- the consolidated and separate statements of profit or loss and comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the financial statements, including material accounting policy information.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants* (including *International Independence Standards*).

Our audit approach

Overview



Overall group materiality

- Overall group materiality: R498,840, which represents 1% of consolidated revenue.

Group audit scope

- The group consists of three components, being the company and the two subsidiaries. We performed full scope audits on all three components based on their financial significance and statutory audit requirements.

Key audit matters

- We have determined that there are no key audit matters to communicate in our report.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

INDEPENDENT AUDITOR'S REPORT continued

Overall group materiality	R498,840
How we determined it	1% of consolidated revenue
Rationale for the materiality benchmark applied	<p>We selected consolidated revenue as our materiality benchmark because, in our view, it reflects the activity levels of the Group and it is a benchmark against which the performance of the Group can be consistently measured in circumstances of volatile year-on-year earnings. This benchmark has remained a key driver of the Group's business.</p> <p>We chose 1% based on our professional judgement, after consideration of the range of quantitative materiality thresholds that we would typically apply when using revenue to compute materiality.</p>

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group consists of three components, being the company and two subsidiaries. We performed full scope audits on all three components based on their financial significance and statutory audit requirements.

In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed by us, as the group engagement team for both the group and the components. All testing was performed centrally by the group audit team. By performing the procedure outlined above, we obtained sufficient and appropriate audit evidence regarding the financial information of the Group to provide a basis for our opinion on the consolidated financial statements as a whole.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Nictus Limited Integrated Annual Report for the year ended 31 March 2024", which includes the Directors' Report, the Audit and Risk Committee Report and

the Certificate of the Company Secretary as required by the Companies Act of South Africa. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information 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, 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 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 the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

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

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

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's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 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 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 PricewaterhouseCoopers Inc. has been the auditor of Nictus Limited for 5 years.

PricewaterhouseCoopers Inc.

Director: Jorge Goncalves
Registered Auditor

4 Lisbon Lane
Waterfall City
Jukskei View 2090

20 June 2024

The examination of controls over the maintenance and integrity of the group's website is beyond the scope of the audit of the financial statements. Accordingly, we accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

STATEMENTS OF FINANCIAL POSITION

as at 31 March 2024

Figures in R'000	Note(s)	GROUP			COMPANY	
		2024	Restated* 2023	Restated* 2022	2024	2023
Assets						
Non-current assets						
Property, plant and equipment	3	1 918	1 689	2 265	132	170
Investment property	4	13 250	13 250	13 250	–	–
Intangible assets	5	22	22	22	22	22
Investments in subsidiaries	6	–	–	–	64 958	65 347
Right-of-use asset	7	4 091	7 830	11 569	704	1 268
Investments	8	27 569	28 441	26 513	24 301	21 086
Deferred tax assets	9	1 068	1 474	455	–	–
Trade and other receivables	12	3 857	5 095	4 389	–	–
		51 775	57 801	58 463	90 117	87 893
Current assets						
Inventories	10	9 544	9 063	9 345	–	–
Loans to group companies	11	–	–	–	–	1 252
Trade and other receivables	12	13 390	10 514	10 267	19 687	16 990
Investments	8	488 037	334 469	208 379	–	–
Cash and cash equivalents	13	58 936	74 536	72 643	9 690	2 893
Current tax receivable	25	11	–	3	–	–
		569 918	428 582	300 637	29 377	21 135
Total assets		621 693	486 383	359 100	119 494	109 028
Equity and liabilities						
Equity						
Stated capital	14	25 969	25 969	25 969	25 969	25 969
Revaluation reserve	15	1 152	1 152	1 152	–	–
Retained earnings		90 531	82 264	77 277	74 429	72 554
		117 652	109 385	104 398	100 398	98 523
Liabilities						
Non-current liabilities						
Deferred tax liabilities	9	5 642	4 077	2 754	5 642	4 077
Lease liabilities	7	2 024	4 961	8 876	196	885
		7 666	9 038	11 630	5 838	4 962
Current liabilities						
Loans from group companies	11	–	–	–	9 892	2 527
Trade and other payables	16	18 441	8 564	8 283	2 677	2 419
Insurance contract liabilities	17	474 997	355 458	231 353	–	–
Lease liabilities	7	2 937	3 915	3 436	689	597
Current tax payable	25	–	23	–	–	–
		496 375	367 960	243 072	13 258	5 543
Total liabilities		504 041	376 998	254 702	19 096	10 505
Total equity and liabilities		621 693	486 383	359 100	119 494	109 028

* Comparative information was restated for the initial adoption of IFRS 17. Refer to note 17.1 for additional information.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 March 2024

Figures in R'000	Note(s)	GROUP		COMPANY	
		2024	Restated* 2023	2024	2023
Revenue	18	33 316	35 501	18 100	15 960
Effective interest revenue		1 840	1 545	–	–
Total revenue		35 156	37 046	18 100	15 960
Cost of sales		(21 712)	(23 122)	–	–
Gross profit		13 444	13 924	18 100	15 960
Insurance service result					
Insurance revenue	17	14 728	6 547	–	–
Insurance service expenses		(7 697)	(3 097)	–	–
Net insurance finance expenses	17	(17 785)	(2 761)	–	–
Notional interest charge to profit or loss		(47 636)	(25 532)	–	–
Finance income earned from secured advances		29 851	22 771	–	–
Other income	19	1 953	1 209	2 835	2 135
Investment income	21	49 907	28 699	4 054	3 338
Impairment losses – net movement in impairment allowance for trade receivables	12	(258)	(312)	–	–
Operating expenses	20	(23 798)	(21 564)	(9 230)	(9 355)
Administrative expenses	20	(15 542)	(13 598)	(8 843)	(7 614)
Profit before finance expenses and taxation		14 952	9 047	6 916	4 464
Finance expenses	22	(474)	(730)	(804)	(222)
Profit before taxation		14 478	8 317	6 112	4 242
Taxation expense	23	(3 539)	(1 727)	(1 565)	(1 188)
Profit for the year		10 939	6 590	4 547	3 054
Other comprehensive income for the year, net of tax					
		–	–	–	–
Total comprehensive income for the year		10 939	6 590	4 547	3 054
Profit attributable to:					
Owners		10 939	6 590	4 547	3 054
Total comprehensive income attributable to:					
Owners		10 939	6 590	4 547	3 054
Basic earnings per share (cents)	35	20,47	12,33		
Diluted basic earnings per share (cents)	35	20,47	12,33		

* Comparative information was restated for the initial adoption of IFRS 17. Refer to note 17.1 for additional information.

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 March 2024

Figures in R'000	GROUP			
	Stated capital	Revaluation reserve	Retained earnings	Total equity
Balance as at 1 April 2022	25 969	1 152	78 844	105 965
IFRS 17 transitional adjustment	–	–	(1 567)	(1 567)
Balance as at 1 April 2022 (restated)	25 969	1 152	77 277	104 398
<i>Total comprehensive income for the year</i>				
Profit for the year*	–	–	6 590	6 590
Total comprehensive income for the year	–	–	6 590	6 590
<i>Transactions with the owners of the company</i>				
Distributions to the owners of the company				
Dividends paid	–	–	(1 603)	(1 603)
Total transactions with the owners of the company	–	–	(1 603)	(1 603)
Balance as at 31 March 2023	25 969	1 152	82 264	109 385
<i>Total comprehensive income for the year</i>				
Profit for the year	–	–	10 939	10 939
Total comprehensive income for the year	–	–	10 939	10 939
<i>Transactions with the owners of the company</i>				
Distributions to the owners of the company				
Dividends paid	–	–	(2 672)	(2 672)
Total transactions with the owners of the company	–	–	(2 672)	(2 672)
Balance as at 31 March 2024	25 969	1 152	90 531	117 652

Note(s) 14 15

* Comparative information was restated for the initial adoption of IFRS 17. Refer to note 17.1 for additional information.

Figures in R'000	COMPANY		
	Stated capital	Retained earnings	Total equity
Balance as at 1 April 2022	25 969	71 103	97 072
<i>Total comprehensive income for the year</i>			
Profit for the year	–	3 054	3 054
Total comprehensive income for the year	–	3 054	3 054
<i>Transactions with the owners of the company</i>			
Distributions to the owners of the company			
Dividends paid	–	(1 603)	(1 603)
Total transactions with the owners of the company	–	(1 603)	(1 603)
Balance as at 31 March 2023	25 969	72 554	98 523
<i>Total comprehensive income for the year</i>			
Profit for the year	–	4 547	4 547
Total comprehensive income for the year	–	4 547	4 547
<i>Transactions with the owners of the company</i>			
Distributions to the owners of the company			
Dividends paid	–	(2 672)	(2 672)
Total transactions with the owners of the company	–	(2 672)	(2 672)
Balance as at 31 March 2024	25 969	74 429	100 398

Note 14

STATEMENTS OF CASH FLOWS

for the year ended 31 March 2024

Figures in R'000	Note(s)	GROUP		COMPANY	
		2024	2023	2024	2023
Cash flows from operating activities					
Cash generated from operations	24	66 797	85 591	1 437	749
Interest received		74 820	45 374	799	544
Acquisition of investments		(126 520)	(54 396)	–	–
Short-term investments at amortised cost invested		(21 466)	(55 899)	–	–
Dividends received		228	809	40	142
Dividends paid	26	(2 672)	(1 603)	(2 672)	(1 603)
Finance expenses paid		(474)	(730)	(804)	(222)
Tax paid	25	(1 602)	(1 397)	–	–
Net cash (utilised in)/generated from operating activities		(10 889)	17 749	(1 200)	(390)
Cash flows from investing activities					
Acquisition of property, plant and equipment	3	(842)	(97)	(69)	(36)
Proceeds on sale of property, plant and equipment		46	113	46	–
Acquisition of investments		–	(12 436)	–	(12 436)
Proceeds from repurchase by Nictus Meubels Proprietary Limited: General buy-back by subsidiaries		–	–	–	8 200
Net cash utilised in investing activities		(796)	(12 420)	(23)	(4 272)
Cash flows from financing activities					
Payment of lease liabilities		(3 915)	(3 436)	(597)	(513)
Loans repaid by/(advanced to) subsidiary companies		–	–	1 252	(1 252)
Secured advances received from subsidiary companies		–	–	7 365	2 527
Net cash (utilised in)/generated by financing activities		(3 915)	(3 436)	8 020	762
Total cash movement for the year		(15 600)	1 893	6 797	(3 900)
Cash and cash equivalents at the beginning of the year		74 536	72 643	2 893	6 793
Total cash and cash equivalents at the end of the year	13	58 936	74 536	9 690	2 893

SIGNIFICANT ACCOUNTING POLICIES

for the year ended 31 March 2024

1. Presentation of the financial statements

Nictus Limited (Nictus or the company) is a company incorporated and domiciled in the Republic of South Africa. The group annual financial statements as at and for the year ended 31 March 2024 comprise the company and its subsidiaries. Where reference is made to group it should be interpreted as group or company as the context requires.

Nictus is a retailer of household furniture, electrical appliances and home electronics sold through the Nictus Meubels Proprietary Limited brand as well as a non-life insurer through the Corporate Guarantee (South Africa) (RF) Limited brand.

The group and company annual financial statements have been prepared in accordance with and in compliance with IFRS[®] Accounting Standards and the interpretations adopted by the International Accounting Standards Board (IASB), the JSE Listings Requirements, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa. These group and company annual financial statements were authorised for issue by the company's board of directors on 20 June 2024.

Basis of measurement

The financial statements have been prepared on the historical cost basis, except for the following material items in the statement of financial position:

- Investment property;
- Insurance contract liabilities; and
- Financial instruments classified at fair value through profit or loss are measured at fair value.

These accounting policies are consistent with those applied in the previous year, except as indicated otherwise in the case of new accounting standards implemented effective 1 April 2023.

Adoption of new and revised accounting policies

The group was not materially affected by any new and revised accounting standards, amendments to standards or new interpretations during the year apart from the first-time adoption of IFRS 17 *Insurance Contracts* and the amendments and IFRS 9 *Financial Instruments*.

In May 2017, the IASB completed its project on insurance contracts with the issuance of IFRS 17 *Insurance Contracts*. IFRS 17 replaces IFRS 4 and sets out principles for the

recognition, measurement, presentation and disclosure of insurance contracts within the scope of IFRS 17. In June 2020, the IASB issued Amendments to IFRS 17, and subsequently in December 2021, the Initial Application of IFRS 17 and IFRS 9 Comparative Information (Amendment to IFRS 17). The effective date of IFRS 17 was for annual reporting periods beginning on or after 1 January 2023. The group adopted the standard on 1 April 2023 and restated comparative information.

1.1 Significant judgements and estimates

In preparing the financial statements in conformity with IFRS, management is required to make estimates and assumptions that affect the application of accounting policies and the amounts represented in the financial statements and related disclosures. Use of available information, historical experience and various other factors that are believed to be reasonable in the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statement is included in the following notes:

- Note 1.17 – Insurance contracts;
- Note 9 – Utilisation of tax losses; and
- Note 13 – Classification of cash and cash equivalents.

Insurance contracts

Areas of significant judgement that the group considers include:

- Unit of account;
- Significant insurance risk;
- Component of the insurance contract;
- Portfolios – given that a multi-peril policy is issued by the group; and
- Premium allocation approach (PAA) eligibility.

For more detail regarding the above, refer to accounting policy 1.17.

SIGNIFICANT ACCOUNTING POLICIES continued

for the year ended 31 March 2024

Utilisation of tax losses

Judgement is required in determining the recognition of income taxes due to the complexity of legislation.

The group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences and tax losses can be utilised. Assessing the recoverability of deferred income tax assets requires the group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws.

Classification of cash and cash equivalents

Judgement is required in determining the appropriate classification of unit trust investments held by the group based on the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For a unit trust investment to qualify as a cash equivalent it must be readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value. The group considers factors including but not limited to the unit trust fund objective, the liquidity provided by the unit trust, day-to-day unit price fluctuations, the group's investment purpose, frequency of transactions (investments/withdrawals) and the underlying maturity profile of instruments that constitute the unit trust investment, when determining the appropriate classification.

1.2 Investments in subsidiaries

Subsidiaries are entities controlled by the group. The group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the group financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the group financial statements.

Investments in subsidiaries are stated at cost less accumulated impairment losses in the company financial statements.

When the group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

1.3 Property, plant and equipment

Items of property, plant and equipment are measured at cost/revalued amounts less accumulated depreciation and accumulated impairment losses. The cost of 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 cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

Costs include costs incurred initially that are directly attributable to the acquisition of an item of property, plant and equipment.

Subsequent costs

The group recognises, in the carrying amount of an item of property, plant and equipment, the cost of replacing part of such item when that cost is incurred and if it is probable that the future economic benefits embodied with the item will flow to the group and the cost of the item can be measured reliably. All other costs are recognised in profit or loss as an expense as incurred.

Depreciation

Depreciation is recognised in profit or loss and is calculated on the depreciable amount on a straight-line basis over the estimated useful life of each major component of an item of property, plant and equipment. Items of property, plant and equipment are depreciated from the date they are installed and are ready for use.

The depreciable amount is the difference between the cost of an item of property, plant and equipment and its residual value.

Residual value is the estimated amount that the group would currently obtain from disposal of the item of property, plant and equipment, after deducting the estimated costs of disposal, if the item of property, plant and equipment was already of age and in the condition expected at the end of its useful life.

The estimated useful lives for current and comparative years are as follows:

Item	Average useful life
Motor vehicles	5 years
Leasehold improvements	Over the lease term
Plant and machinery	3 to 20 years
Furniture and fittings	3 to 10 years
Generator equipment	15 years
Shop fittings	3 years
Solar equipment	5 years
Office equipment	3 to 5 years

The depreciation method, residual value and the useful life of each item of property, plant and equipment are reviewed at each reporting date and adjusted if appropriate.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.4 Earnings and diluted earnings per share

The group presents earnings per share and diluted earnings per share data for its ordinary shares. Earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated by dividing profit or loss attributable to ordinary shareholders of the company, after the adjustment for the effects of all dilutive potential ordinary shares, by the weighted average number of ordinary shares outstanding during the period.

1.5 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 carried at cost less any accumulated amortisation and any accumulated impairment losses.

Acquired computer software is capitalised as an intangible asset at cost where the recognition criteria are met. External costs that are directly associated with the development and production of identifiable computer software products controlled by the company, and that will probably generate economic benefits exceeding one year, are recognised as intangible assets.

Recognition of costs in the carrying amount of computer software ceases when the computer software is in a condition necessary for it to be capable of operating in the manner intended by management.

Costs associated with maintaining computer software programs are capitalised as intangible assets only if they qualify for recognition. In all other cases these costs are recognised as an expense as incurred.

Amortisation is provided on a straight-line basis in profit or loss over their estimated useful lives to their residual values from the date they are available for use.

The estimated useful lives for the current and comparative years are as follows:

Item	Useful life
Computer software	3 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. The gain or loss arising from the derecognition of an intangible asset is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an intangible asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.6 Financial instruments

Financial instruments

Financial instruments are recognised when, and only when, the company becomes party to the contractual provisions of the particular instrument.

The company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The company enters into transactions whereby it transfers assets recognised in the statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

The company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire. The company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised

SIGNIFICANT ACCOUNTING POLICIES continued

for the year ended 31 March 2024

at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Non-derivative financial instruments**Recognition and initial measurement**

Non-derivative financial assets comprise investments, trade and other receivables and cash and cash equivalents. The company initially recognises trade receivables on the date that these are originated. All other financial assets are recognised on the trade date, which is the date that the company becomes party to the contractual provisions of the instrument.

A trade receivable and loans and receivables without a significant financing component are initially measured at the transaction price. Other financial assets are initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at amortised cost, debt investments at fair value through other comprehensive income, equity instruments at fair value through other comprehensive income, or at fair value through profit or loss.

Financial assets are not reclassified subsequent to their initial recognition unless the company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The objective of the company's business model in relation to all financial assets is to hold assets to collect contractual cash flows. In assessing whether the contractual cash flows are solely payments of principal and interest, the company considers the contractual terms of the instrument.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated at fair value through profit or loss:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

In assessing whether the contractual cash flows are solely payments of principal and interest, the company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows

such that it would not meet this condition. In making this assessment, the company considers:

- Contingent events that would change the amount or timing of cash flows;
- Terms that may adjust the contractual coupon rate, including variable rate features;
- Prepayment and extension features; and
- Terms that limit the company's claim to cash flows from specified assets (e.g. non-recourse features).

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

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by the loss allowances for expected credit losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial assets at amortised cost comprise trade and other receivables, loans to group companies, short-term investments and cash and cash equivalents.

Trade and other receivables

Trade and other receivables are measured at amortised cost less impairment losses.

Short-term investments

Short-term investments consist of short-term deposits with an original maturity date of more than three months. Short-term investments are measured at amortised cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call deposits and deposits with an original maturity date of less than three months. Unit trusts, where the majority of the underlying instruments have original maturities of less than three months, and the investment is made to meet short-term operational obligations as they fall due, will be classified as cash and cash equivalents. Cash and cash equivalents are measured at amortised cost.

Financial liabilities at amortised cost

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

Trade and other payables are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and basis 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 profit or loss in finance expenses.

Trade and other payables expose the company to liquidity risk and possibly to interest rate risk. Refer to note 29 for details of risk exposure and the management thereof.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are measured at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings on an effective interest basis.

Loans from group companies are classified as financial liabilities at amortised cost.

Trade and other payables

Trade and other payables are carried at amortised cost using the effective interest method.

Financial assets at fair value through profit or loss

All financial assets not classified as measured at amortised cost or at fair value through other comprehensive income as described previously are measured at fair value through profit or loss. On initial recognition, the company may irrevocably designate a financial asset at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Listed investments held by the group are classified at fair value through profit or loss. The fair values are calculated by reference to stock exchange market prices and/or the market value of debt securities, the latter being quoted on the JSE Debt Market, at the close of business on the reporting date.

The underlying instruments of the unit trust investments consist of investments in money market instruments, listed debt securities and listed equities. These investments are fair

valued based on the quoted or published closing market price per unit at the close of business on the reporting date.

Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the group has access at that date. The fair value of a liability reflects its non-performance risk.

The fair value of financial instruments traded in active markets (such as trading securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the group is the current closing price as reflected on the recognised exchange.

The group measures fair values using the following fair value hierarchy that reflects the significance of the inputs in making the measurements.

Level 1: Quoted market price in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation techniques include inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation.

1.7 Income tax and deferred tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable or receivable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

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The following temporary differences are not provided for:

- The initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- Temporary differences relating to investments in subsidiaries to the extent that the group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of goodwill.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset the current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and deductible temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The company withholds dividends tax on behalf of its shareholders at a rate of 20% on dividends declared unless shareholders are exempt. Amounts withheld are not recognised as part of the company's tax charge, but rather as part of the dividend paid recognised directly in equity.

Where withholding tax is withheld on dividends received, the dividend is recognised as the gross amount with the related withholding tax recognised as part of the tax expense unless it is otherwise reimbursable, in which case it is recognised as an asset.

1.8 Leases

The company assesses whether a contract is or contains a lease at the inception of the contract.

A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is or contains a lease, management determines whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the group/company has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

Group as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the company is a lessee, except for short-term leases of 12 months or less, or leases of low-value assets. For these leases, the company recognises the lease payments as an operating expense (note 7) on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Details of leasing arrangements where the company is a lessee are presented in note 7 Leases (group as lessee).

Lease liability

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed lease payments, including in-substance fixed payments, less any lease incentives; and
- Lease payments in an optional renewal period if the company is reasonably certain to exercise an extension option.

The lease liability is presented as a separate line item on the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance expenses (note 22).

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Right-of-use assets

Lease payments included in the measurement of the right-of-use assets comprise the following:

- The initial amount of the corresponding lease liability;
- Any lease payments made at or before the commencement date; and
- Any initial direct costs incurred.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and accumulated impairment losses.

The right-of-use asset is presented as a separate line item on the statement of financial position.

Right-of-use assets are depreciated over the shorter period of the lease term and useful life of the underlying asset. Depreciation starts at the commencement date of a lease.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

The depreciation charge for each year is recognised in profit or loss.

1.9 Inventories

Inventories are measured at the lower of cost and net realisable value. The technique for the measurement of the cost of inventories is the standard cost method. The cost formula applied is the weighted average cost.

The cost of retail inventory – inventory held by the furniture retail segment – comprises all costs incurred to procure and deliver the inventories to the retail stores.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated selling costs.

When inventories are sold, the carrying amounts of those inventories are derecognised as an expense – cost of sales – in profit or loss in the period in which the related revenue is recognised. The amount of any write-down of inventories to their net realisable value and all losses of inventories are recognised as an expense in profit or loss in the period the write-down or loss occurs.

Obsolete, damaged and slow-moving retail inventory is identified on a continuous basis and written down to its net realisable value.

1.10 Impairment of assets

Impairment of assets

Non-derivative financial assets

The company recognises loss allowances for expected credit losses on financial assets measured at amortised cost.

Loss allowances for trade receivables without a significant financing component are measured at an amount equal to lifetime expected credit losses. The company has elected to measure loss allowances for trade receivables which have a significant financing component at an amount equal to lifetime expected credit losses. Loss allowances for other financial assets measured at amortised cost are measured at an amount equal to 12-month expected credit losses, unless there has been a significant increase in credit risk since initial recognition in which case the loss allowance is measured at an amount equal to lifetime expected credit losses.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the company's historical experience and includes forward-looking information. The company assumes that the credit risk on trade and other receivables has increased significantly if it is more than 30 days past due. The company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the company in full, or the financial asset is more than 90 days past due.

At each reporting date, the company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or being more than 90 days past due;
- The restructuring of a loan or advance by the group on terms that the company would not consider otherwise;
- It is probable that the borrower will enter bankruptcy or other financial reorganisation; and
- The disappearance of an active market for a security because of financial difficulties.

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Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument. The 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the group is exposed to credit risk.

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the group expects to receive). Expected credit losses are discounted at the effective interest rate of the financial asset.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

1.11 Stated capital**Ordinary shares**

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

1.12 Employee benefits**Short-term employee benefits**

The cost of short-term employee benefits (those employee benefits other than termination benefits) that are expected to be settled wholly before 12 months after the reporting date are recognised in profit or loss 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.

The expected cost of profit sharing and incentive payments is recognised as an expense in profit or loss when there is a legal or constructive obligation to make such payments as a result of past performance.

1.13 Revenue

The group's revenue comprises the following:

- Revenue from contracts with customers:
 - Sale of goods;
 - Rendering of services; and
 - Finance income on instalment sales.
- The company's revenue comprises the following:
 - Management fees from wholly-owned subsidiaries; and
 - Dividends received from wholly-owned subsidiaries.

Group**Sale of goods, rendering of services and finance income on instalment sales**

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

Revenue from sales of furniture is recognised at the point in time when control of the furniture is transferred to the customer, generally upon the conclusion of the sale transaction inside the furniture store. The group allocates a transaction price to each inventory item – the performance obligation – which depicts the amount of consideration to which the entity expects to be entitled in exchange for transferring the promised goods to the customer.

Revenue in respect of services rendered is recognised at a point in time or over time as the services are rendered. The services predominantly include administration fees, service fees and transport recoveries earned.

Variable consideration

The retail contracts for the sale of furniture provide customers with a right of return. The group undertakes at its election, either to enforce at the request of the customer any warranty given by any manufacturer or supplier of the goods, or to cede the benefit of such warranty to the customer on such conditions for recession of the warranty as the group may reasonably impose.

If it is probable that trade discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue when the sales are recognised.

Significant financing component

Using the practical expedient in IFRS 15, the group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised goods or service to the customer and the payment by the customer for the goods or service will be less than 12 months.

The group enters into payment arrangements with some of its customers who elect to enter into an instalment sale agreement, for a period up to 24 months, and accordingly charges finance costs on the amount outstanding. Finance income comprises interest on instalment debtors arising from credit sales. The earned portion of interest received is recognised as revenue. Interest is earned from the date that the sales contract is concluded, over the period of the contract, based on the terms and conditions of the instalment sale agreement.

Company**Management fees from wholly-owned subsidiaries**

The company provides specific management and/or business-related services to its subsidiaries with regard to certain processes and functions. Management fees are recognised as revenue by the company when services are rendered to subsidiaries, predominantly on a month-to-month basis.

Dividend income from wholly-owned subsidiaries

Dividend income from subsidiaries is recognised as revenue in the company financial statements. Dividend income is recognised on the date that the company's right to receive payment is established – the dividend declaration date.

Group and company**Contract assets**

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables

A receivable represents the company'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 company can transfer goods or services to the customer, a contract liability is recognised when the payment is made. Contract liabilities are recognised as revenue when the company performs under the contract.

1.14 Other income

Transactions not recognised as revenue or finance and investment income are classified as other income and include external insurance claims, profit on disposal of property, plant and equipment, diverse recoveries and *ad hoc* rebates received.

Other income is recognised in profit or loss when the right to receive payment is established at the amount receivable.

1.15 Investment income and finance expenses

Investment income comprises interest income, fair value adjustments on funds invested and dividend income. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Investment income on the assets of the insurance segment and the investments of the company

are recognised as investment income from operations as investments are part of their day-to-day operations. Dividend income is recognised in profit or loss on the date that the group's right to receive payment is established, which, in the case of quoted securities, is the ex-dividend date. Interest and dividend income are presented separately and not as part of the fair value changes of the financial assets measured at fair value through profit or loss.

Financing expenses comprise interest paid on borrowings calculated using the effective interest method.

1.16 Functional and presentation currency**Functional and presentation currency and foreign currency transactions**

The company's functional currency is the South African Rand. The financial statements have been presented in South African Rands, rounded to the nearest thousand unless stated otherwise.

Transactions in foreign currencies are translated to the functional currency of the group entities at exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date.

1.17 Insurance contracts**Classification of insurance policies****Unit of account**

Corporate Guarantee (South Africa) (RF) Limited (Corporate Guarantee) is a wholly-owned subsidiary of the company and a registered South African non-life insurer.

A significant judgement area for the group is whether a contingency policy and a loan/cession agreement with a policyholder form a single unit of account. This impacts the assessment on whether significant insurance risk is transferred to the group as well as the accounting standard that is relevant to the arrangement.

Significant insurance risk is present if an insured event could cause the issuer to pay additional amounts that are significant in any single scenario, excluding scenarios that have no commercial substance. Consequently, the insurance risk can be significant even if there is minimal probability of significant losses for a portfolio or group of contracts. Refer to note 29 for more disclosure pertaining to insurance risk.

In return for the payment of an insurance premium, Corporate Guarantee undertakes to indemnify the policyholder for loss suffered by reason of the occurrence of any of the event(s) defined in the multi-peril contingency policy (policy or policies), occurring during the period of insurance, in

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accordance with the terms and conditions of the policy. The policyholder may be indemnified by virtue of a payment up to the policy indemnity limit or, at the insurer's sole discretion, by replacement, reinstatement or repair.

Policies under which the group accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder or a nominated beneficiary, if a specified uncertain future event (the insured event) adversely affects the policyholder, are classified as insurance contracts as defined by IFRS 17. Once a contract has been classified as an insurance contract, the classification remains unchanged for the remainder of its lifetime, even if the insurance risk reduces significantly during the coverage period, unless the terms of the contract are modified.

Insurance contract component considerations

Before the group accounts for an insurance contract based on the guidance in IFRS 17, it analyses whether the contract contains components that should be separated. IFRS 17 distinguishes three categories of components that have to be accounted for separately, which include distinct investment components.

The contingency policies that the group sells are insurance contracts as defined and within the scope of IFRS 17. A policyholder may also elect to contractually apply to receive a secured advance from the group. The contingency policy is pledged and ceded to the group as security. Currently, these advances are predominantly secured by policy benefits being ceded to the group. In terms of the guidance in IFRS 17, where a secured advance is provided to a policyholder, the agreements between the group and the policyholder are considered to be a single insurance contract due to the interdependency between the agreements. Various repayment terms, none of which exceed 12 months, and interest rates apply. Cash flows with regard to secured advances are solely payments of principal and interest on the principal amount outstanding. The secured advances form part of the total insurance contract liabilities, disclosed on an aggregate basis, but do not constitute a non-distinct investment component. The finance income earned from secured advances is disclosed as part of the net insurance finance expenses in the statement of profit or loss and other comprehensive income.

The group offers insurance contracts that provide both insurance cover and the payment of a specified amount in the form of an experience bonus. The experience bonus is an amount to be determined by the group at its discretion, from time to time, by deducting the allowable deductions from the experience account, in its sole and absolute discretion, together with interest (if any) calculated on such amount from time to time, in the sole and absolute discretion of the group. These specified amounts meet the definition of an investment component as they will be paid to policyholders

in all circumstances, regardless of whether an insured event occurs. The group considers the investment component to be a non-distinct investment component as the insurance and investment components are highly inter-related (the lapse or maturity of one component in a contract causes the lapse or maturity of the other and the value of one component varies according to the value of the other). The entire contingency policy, including the non-distinct investment component, issued by the group is accounted for and measured as part of the insurance liability as a single unit of account in terms of IFRS 17.

Level of aggregation

IFRS 17 requires that the group identifies portfolios of insurance contracts. A portfolio comprises contracts subject to similar risks and managed together. Contracts within a product line would be expected to have similar risks and hence would be expected to be in the same portfolio if they are managed together. The group currently has one product portfolio consisting of multiple multi-peril contingency policies in issue, inclusive of a risk transfer represented within the annual aggregate policy indemnity limit. With the risks being limited to the risk transfer represented within the annual aggregate policy indemnity limit, irrespective of the class of business underwritten, one portfolio of insurance contracts is identifiable and allocated in terms of IFRS 17.

The group shall divide a portfolio of insurance contracts issued into a minimum of:

- A group of contracts that are onerous at initial recognition, if any;
- A group of contracts that at initial recognition have no significant possibility of becoming onerous subsequently, if any; and
- A group of the remaining contracts in the portfolio, if any.

An insurance contract is expected to be onerous if the fulfilment cash flows allocated to the contract at initial recognition in total are a net outflow. For insurance contracts measured under the PAA, the group may assume that these contracts are not onerous at initial recognition, unless facts and circumstances indicate otherwise. The group's underwriting strategy seeks diversity to ensure a balanced portfolio and is based on a portfolio of similar risks spread over a large geographical area. The underwriting strategy is continuously monitored and updated and determines the classes of business to be written, the territories in which business is to be written and the industry sectors to which the group is prepared to accept exposure. The strategy is cascaded down by the respective segment board to management that sets the limits for management by client size, class of business, region and industry in order to enforce appropriate risk selection within the portfolio. The group's focus is to grow a sustainable and profitable business and does not anticipate the recognition of onerous contracts.

Contracts issued more than one year apart cannot be included in the same group. As a result, each portfolio is further disaggregated into groups of contracts that are issued within a calendar year (annual cohorts). The groups of contracts are determined on initial recognition and are not subsequently reassessed.

Recognition and derecognition

Groups of insurance contracts issued are initially recognised from the earliest of either the beginning of the coverage period or the date when the first payment from the policyholder is due or actually received, if there is no due date, or when the group determines that a group of contracts becomes onerous.

The group will derecognise an insurance contract when an insurance contract is extinguished, i.e. when the obligation specified in the insurance contract expires or is discharged or cancelled or when the contract is modified to the extent that the additional criteria set out in IFRS 17 are met.

Measurement

Contract boundary

The coverage period is the period during which the entity provides insurance contract services. This period includes the insurance contract services that relate to all premiums within the boundary of the insurance contract. This period also includes the coverage that relates to all premiums within the boundary of the insurance contract. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the policyholder is obliged to pay the premiums or in which the group has a substantive obligation to provide the policyholder with services. A substantive obligation to provide services ends when:

- The entity has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks; or
- Both of the following criteria are satisfied:
 - The entity has the practical ability to reassess the risks of the portfolio of insurance contracts that contains the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio; and
 - The pricing of the premiums for coverage up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date. The earned portion of premiums received constitutes and is recognised as revenue. Premiums are earned from the date of attachment of risk.

Cash flows that are not directly attributable to a portfolio of insurance contracts are recognised in other operating expenses as incurred.

The insurance policies issued by the group have an explicit policy start – and expiry date, thus indicating the period during which the group provides coverage for insured events, and in effect the boundary of the insurance contract. Insurance premiums are for the period of insurance as set out in the policy schedule. At the policy anniversary, either the group or policyholder can review the terms associated with the insurance contract. The group considers the legal rights and commercial substance of the contracts in the assessment. This supports a specific boundary of the insurance contract as the group has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks as required.

From an insurer's perspective, all insurance contracts issued have a contract boundary of one year or less. Cash flows outside the boundary of the insurance contract relate to future insurance contracts and are recognised when those contracts meet the recognition criteria.

The policyholder can renew their insurance cover should they choose, resulting in a new insurance contract being entered into on the day following the expiration of the previous insurance contract. This process will be repeated at every policy anniversary. No renewal fee will be levied upon renewal on the expiry of the policy, all circumstances remaining constant. Upon renewal, for practical consideration, no physical cash flow is applicable. The latter will not influence the full recognition of the liability for remaining coverage (LRC) associated with the newly issued insurance policy on day one of the coverage period with initial recognition.

The appropriate measurement model applicable to the insurance contracts is the PAA.

Insurance acquisition costs

Insurance acquisition costs are defined as those costs related to selling, underwriting and starting a group of insurance contracts. The group has made an accounting policy choice to expense any insurance acquisition cash flows as and when they are incurred.

Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation an entity requires for bearing the uncertainty about the amount and timing of the cash flows that arise from non-financial risk as the insurer fulfils its insurance contracts. The risk adjustment for non-financial risk shall reflect the insurer's current estimates of how the actual behaviour of the policyholders may differ from the expected behaviour.

Corporate Guarantee manages its non-financial risk through underwriting limits, approval procedures for new clients, pricing guidelines, centralised management of risk and monitoring of emerging issues. These factors and the past

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claims experience, combined with the nature of the policies issued, are such that the technical reserves held are more than the 95th percentile of the net ultimate fulfilment cash flows. Corporate Guarantee considers the level of reserves sufficient and deems it unnecessary to increase same to account for specific risks linked to non-financial risks.

Measurement approach

IFRS 17 introduces three new measurement models:

- Premium allocation approach (PAA): Simplification available to contracts which are of short duration or where certain eligibility criteria are met;
- General measurement model (GMM): Applicable to all insurance contracts issued and reinsurance contracts held; and
- Variable fee approach: Applicable to insurance contracts with a discretionary participation feature.

The LRC portion of insurance liabilities and assets is measured using the PAA, which is the simplified measurement model applicable to contracts with a coverage period of 12 months or less, or where the measurement of the insurance liability is not significantly different between the PAA or GMM. This criterion is satisfied from a Corporate Guarantee perspective as all insurance contracts issued have a contract boundary of one year or less.

The carrying amount of a group of insurance contracts issued at the end of each reporting period is the sum of:

- The LRC; and
- The liability for incurred claims (LIC) comprising the fulfilment cash flows related to past service allocated to the group at the reporting date.

Initial measurement

Using the PAA, on initial measurement, the balance of the LRC for the group will consist, in essence, of the following element:

- Premiums, if any, received at initial recognition.

Subsequent measurement

Using the PAA, on subsequent measurement, the balance of the LRC for the group will consist, in essence, of the following elements:

- The carrying amount following the initial recognition or at the beginning of the reporting period;
- Plus, the premiums received in the subsequent reporting period;
- Minus, the amount recognised as insurance revenue for coverage provided in that period;
- Minus, any investment component paid or transferred to the LIC; and
- Minus, any incurred claims paid or transferred to the LIC.

The group is not required to adjust the carrying amount of the LRC to reflect the time value of money and the effect of financial risk, at initial recognition, as it expects that the time

between providing each part of the coverage and the related premium due date is no more than a year. This criterion is satisfied from Corporate Guarantee's perspective as all insurance contracts issued have a coverage period of one year or less.

Monthly notional interest is allocated to the experience account of the policyholder based on the terms and conditions set out within the insurance contract. Notional interest is calculated on the positive balance of the experience account, at a rate determined by the group, according to market conditions. The notional interest will not be forfeited, even if claims were made against the experience account – it is always calculated on the remaining balance in this account. The notional interest accrues and is due to the policyholder on expiry or cancellation of the policy. The existence of the notional interest component would increase the LRC subsequent to initial recognition. The increase of the LRC will not coincide with cash flow receipts. The allocation of notional interest is expensed and disclosed as part of the net insurance finance expenses in the statement of profit or loss and other comprehensive income.

The LIC comprises claim events that have occurred before or at the reporting date, whether reported or not. The group shall measure the LIC for the group of insurance contracts at the probability-weighted fulfilment cash flows relating to incurred claims by applying the principles of the GMM. In terms of the PAA, the group will not be required to adjust future cash flows for the time value of money and the effect of financial risk as those cash flows are expected to be paid or received in one year or less from the date the claims are incurred.

Fulfilment cash flows

The fulfilment cash flows comprise unbiased and probability-weighted estimates of future cash flows within the contract boundary. The fulfilment cash flows consider all reasonable and supportable information available at the reporting date without undue cost or effort.

Fulfilment cash flows are determined separately for insurance contracts issued. Fulfilment cash flows are allocated to groups of insurance contracts for measurement purposes.

Amounts recognised in the statement of profit or loss and other comprehensive income

Insurance revenue, insurance service expenses, showing in aggregate incurred claims (excluding investment components) and other incurred insurance service expenses, and insurance acquisition costs are recognised in the statement of profit or loss and other comprehensive income based on the concept of services provided during the period.

Expected premium receipts are allocated to insurance revenue based on the passage of time as and when the insurance contract services under the group of insurance contracts are provided.

Insurance service expenses comprise incurred claims, incurred directly attributable expenses, changes in the fulfilment cash flows relating to past services or that result in onerous contract losses or reversals of those losses.

1.18 Segment reporting

An operating segment is a component of the group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the group's other components and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the group's managing director, who is the chief operating decision maker, to make decisions pertaining to resources to be allocated to the segment and to assess its performance.

Segment results

Segment results consist of segment revenue less segment expenses.

Segment revenue

Segment revenue consists of revenue reported in the group's profit or loss that is directly attributable to a segment and the relevant portion of group revenue that can be allocated on a reasonable basis to a segment, whether from sales to external customers or from transactions with other segments of the group, but excluding non-specific revenue interest or dividend income and also excluding gains on sales of investments or gains on extinguishments of debt (unless the segment's operations are primarily of a financial nature).

Segment expense

Segment expense consists of expenses resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion of expenses that can be allocated on a reasonable basis to the segment, including expenses relating to sales to external customers and expenses relating to transactions with other segments within the group, excluding non-operating interest incurred, losses on sales of investments or losses on extinguishments of debt (unless the segment's operations are primarily of a financial nature) and income tax.

General administrative expenses, such as head office expenses, and other expenses that arise at group level and relate to the group as a whole, are also excluded from segment expense. Costs incurred at group level on behalf of a segment, however, are included in segment expense if they relate to the segment's operating activities and they can be directly attributed or allocated to the segment on a reasonable basis.

Segment assets

Segment assets consist of those assets that are employed by a segment in its operating activities and are either directly attributable to the segment or can be allocated on a reasonable basis.

Segment liabilities

Segment liabilities consist of those operating liabilities that result from the operating activities of a segment that are either directly attributable to the segment or can be allocated on a reasonable basis to the segment.

1.19 Determination of fair values

A number of the group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Investment property

The fair value of investment property is determined using available information on a case-by-case basis. The group will use alternative valuation methods where deemed more appropriate at the financial position reporting date. Details are disclosed in note 4 regarding the determination of fair value in the current financial year.

Investments in equity, debt securities and unit trusts

The fair value of financial assets at fair value through profit or loss is determined by reference to their quoted closing market price at the reporting date.

The fair values of the financial assets were determined as follows:

- The fair values of listed or quoted investments are based on the quoted closing market prices;
- The fair values of debt securities are based on the quoted closing market prices as reflected on the JSE Debt Market. The securities are regularly traded on the active market; and
- The fair values of the unit trust investments are based on the quoted put (exit) price provided or published by the fund manager.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2024

2. New standards and interpretations not yet effective

At the date of authorisation of the group annual financial statements and company annual financial statements for the year ended 31 March 2024, the following standards and interpretations were in issue, but not yet effective:

	Standard/interpretation	Effective date: years beginning on or after
IAS 1	Amendments to IAS 1 – Non-current liabilities with covenants	Annual periods beginning on or after 1 April 2024*
IFRS 16	Amendments to IFRS 16 – Leases on sale and leaseback	Annual periods beginning on or after 1 April 2024*
IAS 7 and IFRS 7	Amendments to supplier finance arrangements	Annual periods beginning on or after 1 April 2024*
IAS 21	Lack of exchangeability (Amendments to IAS 21)	Annual periods beginning on or after 1 April 2025*

* All standards and interpretations will be adopted at their effective date despite early application being permitted under IFRS (except for those standards and interpretations that are not applicable to the entity).

The directors are of the opinion that the impact of the application of the remaining standards and interpretations will be as follows:

Amendments to IAS 1 Presentation of Financial Statements: Non-current liabilities with covenants

The IASB issued a narrow scope amendment to IAS 1. These amendments clarify how conditions with which an entity must comply within 12 months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.

The impact on the financial statements of the group is not expected to be significant and the application of this standard will be done on a case-by-case basis.

Amendments to IFRS 16 Leases: Leases on sale and leaseback

These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

The impact on the financial statements of the group is not expected to be significant and the application of this standard will be done on a case-by-case basis.

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments Disclosures: Supplier finance arrangements

These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

The impact on the financial statements of the group is not expected to be significant and the application of this standard will be done on a case-by-case basis.

Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of exchangeability

An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.

The impact on the financial statements of the group is not expected to be significant and the application of this standard will be done on a case-by-case basis.

3. Property, plant and equipment

Figures in R'000	2024			2023		
	Cost	Accumulated depreciation and impairments	Carrying value	Cost	Accumulated depreciation and impairments	Carrying value
GROUP						
At cost						
Leasehold improvements	1 140	(703)	437	1 140	(459)	681
Office equipment	1 433	(1 081)	352	1 328	(898)	430
Furniture and fittings	449	(224)	225	300	(140)	160
Motor vehicles	1 333	(429)	904	831	(413)	418
Total	4 355	(2 437)	1 918	3 599	(1 910)	1 689
COMPANY						
At cost						
Leasehold improvements	61	(38)	23	61	(19)	42
Office equipment	671	(562)	109	624	(529)	95
Motor vehicles	–	–	–	65	(32)	33
Total	732	(600)	132	750	(580)	170

Reconciliation of movement in the carrying value of property, plant and equipment

Figures in R'000	GROUP				
	Opening carrying value	Additions	Disposals	Depreciation and impairment	Closing carrying value
2024					
At cost					
Leasehold improvements	681	–	–	(244)	437
Office equipment	430	126	(6)	(198)	352
Furniture and fittings	160	149	–	(84)	225
Motor vehicles	418	567	(30)	(51)	904
Total	1 689	842	(36)	(577)	1 918
2023					
At cost					
Leasehold improvements	926	42	–	(287)	681
Office equipment	622	55	–	(247)	430
Furniture and fittings	211	–	–	(51)	160
Motor vehicles	506	–	(30)	(58)	418
Total	2 265	97	(30)	(643)	1 689

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 March 2024

3. Property, plant and equipment continued

Figures in R'000	COMPANY				
	Opening carrying value	Additions	Disposals	Depreciation and impairment	Closing carrying value
2024					
At cost					
Leasehold improvements	42	–	–	(19)	23
Office equipment	95	69	(6)	(49)	109
Motor vehicles	33	–	(30)	(3)	–
Total	170	69	(36)	(71)	132
2023					
At cost					
Leasehold improvements	46	15	–	(19)	42
Office equipment	161	21	–	(87)	95
Motor vehicles	40	–	–	(7)	33
Total	247	36	–	(113)	170

Pledged as security

None of the group's or company's property, plant and equipment are mortgaged or encumbered.

4. Investment property

Figures in R'000	2024			2023		
	Valuation	Accumulated depreciation and impairments	Carrying value	Valuation	Accumulated depreciation and impairments	Carrying value
GROUP						
At valuation						
Land and buildings	13 250	–	13 250	13 250	–	13 250
Total	13 250	–	13 250	13 250	–	13 250

4. Investment property continued**Reconciliation of movement in the carrying value of investment property**

Figures in R'000	GROUP					
	Opening carrying value	Transfer upon reclassification	Disposals	Revaluation	Depreciation and impairment	Closing carrying value
2024						
At valuation						
Land and buildings	13 250	–	–	–	–	13 250
Total	13 250	–	–	–	–	13 250
2023						
At valuation						
Land and buildings	13 250	–	–	–	–	13 250
Total	13 250	–	–	–	–	13 250

Pledged as security

None of the group's investment property is mortgaged or encumbered.

Investment property details

Land and buildings consists of business premises situated on Erf 2134, Ferndale, Johannesburg (property), measuring 8 030m². The fair value as at 31 March 2024 was based on initial terms agreed between the insurance segment and an unrelated third party to sell the property subsequent to year end. The key input under this approach is the consideration offered for the purchase of the property. Irrespective of the progress made towards concluding the sale of the property (the sale), the sale remains subject to suspensive conditions that the group is working to resolve. Based on the latter, the sale within the next 12 months is not assessed as highly probable as at 31 March 2024. The directors determined that the property's value is within a range of reasonable fair value estimates.

Measuring investment property

Investment property, principally land and buildings as described previously, is currently held for capital appreciation and is not occupied by the group. On initial recognition, the property at the end of owner-occupation, for a transfer from owner-occupied property to investment property, was transferred at the value determined in terms of IAS 16 up to the date of change in use. There was no difference between the IAS 16 valuation and the fair value of the property on 1 April 2021. Subsequent to initial measurement, investment property is measured at fair value. Changes in fair values are presented in profit or loss as part of investment income.

Due to the prevailing circumstances, the fair value of the property has not been based on the valuation by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 March 2024

4. Investment property continued

Fair value hierarchy

Figures in R'000	Level 1	Level 2	Level 3	Total
Land and buildings – 2024	–	–	13 250	13 250
Land and buildings – 2023	–	–	13 250	13 250

Figures in R'000	Land and buildings
Reconciliation of fair value assets in Level 3:	
Balance as at 1 April 2022	13 250
Fair value loss recognised in investment income (note 21)	–
Balance as at 31 March 2023	13 250
Fair value loss recognised in investment income (note 21)	–
Balance as at 31 March 2024	13 250

Figures in R'000	GROUP	
	2024	2023
Direct expenses from property that did not generate rental income		
Assessment rates and municipal charges	625	750
Short-term insurance charges	5	12
Repairs and maintenance expenses	205	195
	835	957

5. Intangible assets

Figures in R'000	2024			2023		
	Cost	Accumulated amortisation and impairment losses	Carrying value	Cost	Accumulated amortisation and impairment losses	Carrying value
GROUP						
Computer software	1 972	(1 972)	–	1 972	(1 972)	–
Trademark	22	–	22	22	–	22
	1 994	(1 972)	22	1 994	(1 972)	22
COMPANY						
Computer software	–	–	–	–	–	–
Trademark	22	–	22	22	–	22
	22	–	22	22	–	22

Reconciliation of movement in the carrying value of intangible assets

Figures in R'000	GROUP					
	Opening carrying value	Amortisation	Closing carrying value	Opening carrying value	Amortisation	Closing carrying value
	2024	2024	2024	2023	2023	2023
Computer software	–	–	–	–	–	–
Trademark	22	–	22	22	–	22
	22	–	22	22	–	22

Figures in R'000	COMPANY					
	Opening carrying value	Amortisation	Closing carrying value	Opening carrying value	Amortisation	Closing carrying value
	2024	2024	2024	2023	2023	2023
Trademark	22	–	22	22	–	22
	22	–	22	22	–	22

Pledged as security

There is no restricted title on computer software and no computer software has been pledged as security for liabilities of the group or the company. As at 31 March 2024, there were no contractual commitments relating to intangible assets.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 March 2024

6. Investments in subsidiaries

Name of company	Held by	Voting power		Shares at cost	
		2024 %	2023 %	2024 R'000	2023 R'000
Corporate Guarantee (South Africa) (RF) Limited	Nictus Limited	100,00	100,00	42 900	42 900
Nictus Meubels Proprietary Limited*	Nictus Limited	100,00	100,00	33 020	33 020
				75 920	75 920
Impairment of investment in subsidiaries				(10 962)	(10 573)
Carrying value at the end of the year				64 958	65 347
Accumulated impairment allowances					
Opening balance				10 573	9 711
Current year: impairment losses recognised				389	862
				10 962	10 573

* During the financial year ended 31 March 2023, Nictus Meubels Proprietary Limited completed a general repurchase transaction, in terms of sections 4, 48(2)(a) and 48(8)(a) of the Companies Act of South Africa, read together with section 46, and the company's MOI, by the company of 82 shares (constituting 0,81% of the company's total ordinary shares in issue) for R8,2 million, equal to the original investment consideration.

As a result of prior period trading losses, the investment in Nictus Meubels Proprietary Limited has been impaired in prior years. The current and prior year's impairment, based on trading losses incurred by Nictus Meubels Proprietary Limited, has been accounted for in profit or loss as part of administrative and operating expenses (refer to note 20). The aggregate impairment is based on the recoverable amount, constituting the fair value less costs to sell, of the subsidiary as at 31 March 2024. The fair value less costs to sell is deemed to approximate the net asset value of Nictus Meubels Proprietary Limited as at the reporting date.

The company has no sponsored entities.

All subsidiaries' principal place of business and country of incorporation is in South Africa.

7. Leases

The group entered into three new lease agreements during the 2021 financial year for retail space and a storeroom with regard to the furniture retail segment and office space from a Nictus perspective, which constitute multi-year lease agreements. These leases generally do not exceed an initial period of 60 months. Periods covered by an option to extend the lease, if the lessee is reasonably certain to exercise that option, are also taken into account. The latter is unlikely in a furniture retail environment given the amount of external factors to be considered before extending a lease agreement.

The lease payments for the above-mentioned lease agreements are discounted using the lessee's incremental borrowing rate as the interest rate implicit in the lease could not be readily determined.

Amounts recognised in the statement of financial position**Right-of-use assets**

The statement of financial position shows the following amounts relating to leases:

Figures in R'000	GROUP		COMPANY	
	2024	2023	2024	2023
Opening balance	7 830	11 569	1 268	1 832
Depreciation recognised	(3 739)	(3 739)	(564)	(564)
Net carrying amounts of right-of-use assets	4 091	7 830	704	1 268

Lease liabilities

Figures in R'000	GROUP		COMPANY	
	2024	2023	2024	2023
Opening balance	8 876	12 312	1 482	1 995
Finance charges incurred (note 22)	473	730	81	120
Finance charges paid	(473)	(730)	(81)	(120)
Lease liability repayment	(3 915)	(3 436)	(597)	(513)
Net carrying amounts of lease liabilities	4 961	8 876	885	1 482

The maturity analysis of lease liabilities is as follows:

Figures in R'000	GROUP		COMPANY	
	2024	2023	2024	2023
Within one year	3 143	4 388	725	678
Between one and two years	2 059	4 434	191	725
Between two and five years	–	767	–	191
	5 202	9 589	916	1 594
Less: Finance charges component	(241)	(713)	(31)	(112)
	4 961	8 876	885	1 482
Non-current component	2 024	4 961	196	885
Current component	2 937	3 915	689	597

Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

Figures in R'000	GROUP		COMPANY	
	2024	2023	2024	2023
Depreciation charge of right-of-use assets	3 739	3 739	564	564
Interest expense (included in finance expense (note 22))	473	730	81	120

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 March 2024

8. Investments

Figures in R'000	GROUP		COMPANY	
	2024	2023	2024	2023
At fair value through profit or loss				
Listed shares	–	1 059	–	–
Unit trusts	371 561	239 272	24 301	21 086
A register containing particulars of companies in which shares and unit trusts are held is available for inspection at the registered office and head office of the group.				
Amortised cost				
Short-term investments	144 045	122 579	–	–
Short-term investments consist of short-term deposits with an original maturity date of more than three months.				
Due to the short-term nature of these deposits and the market-related interest rate attached to them, the carrying value approximates the fair value.				
Total investments	515 606	362 910	24 301	21 086
<i>Disclosure</i>				
Non-current assets	27 569	28 441	24 301	21 086
At fair value through profit or loss*	27 569	28 441	24 301	21 086
Current assets	488 037	334 469	–	–
At fair value through profit or loss*	343 992	211 890	–	–
Amortised cost	144 045	122 579	–	–
	515 606	362 910	24 301	21 086

* These financial assets are mandatorily measured at fair value through profit or loss.

Refer to note 1.19 on determining the fair value of financial assets.

Refer to note 29 on financial risk management for the sensitivity analysis.

Fair value hierarchy of financial assets at fair value through profit or loss

For financial assets recognised at fair value, disclosure is required of a fair value hierarchy which reflects the significance of the inputs used to make the measurements. Unit trusts consist of investments in collective investment schemes and the valuation technique is based on a quoted put (exit) price provided by the relevant fund managers. The only observable inputs with regard to unit trusts are the closing units and closing price. There were no transfers between the levels for the reporting period.

Figures in R'000	GROUP		COMPANY	
	2024	2023	2024	2023
Level 1				
Listed shares	–	1 059	–	–
Unit trusts	5 534	5 382	2 266	2 282
	5 534	6 441	2 266	2 282
Level 2				
Unit trusts	366 027	233 890	22 035	18 804

8. Investments continued**Interests in unconsolidated structured entities****Unit trust – Investment 1**

The fund aims primarily to provide a high level of income. The secondary aim is to maximise total return (the combination of income and capital growth). The fund invests primarily in high income-bearing bonds, cash and other interest-bearing securities. The fund is actively managed. As at year end, the group's interest in the unit trust totalled R187,66 million (2023: R81,79 million) compared to a total unit trust size of R24,40 billion (2023: R20,80 billion).

Unit trust – Investment 2

The fund aims to produce compound total returns in excess of the MCSI World Index over the medium to long term. The fund invests up to 100% in equity. The investment process of the fund is unconstrained, seeking to invest in companies with predictable revenue growth that produce sustainable economic value over the long term. As at year end, the group's and company's interest in the unit trust totalled R0,60 million (2023: R1,50 million) and R0,60 million (2023: R0,50 million), respectively, compared to the total unit trust size of R11,33 billion (2023: R10,15 billion).

Unit trust – Investment 3

The fund is a largely domestic, high yield, fixed income portfolio, which aims to return STeFI + 3% after fees through the interest rate cycle. The fund's objective is to provide investors with a high level of income with the tolerance for some capital volatility in the case of credit defaults. As at year end, the company's interest in the fund totalled R15,03 million (2023: Rnil), compared to the total fund(s) size of R4,40 billion.

Unit trust – Investment 4

The fund seeks to provide a return on investment that tracks, as consistently as possible, international equity markets, as measured by the MSCI World ex UNGC and CW Index (with reinvestment of net dividends). As at year end, the group's and company's interest in the fund totalled R0,50 million (2023: R1,46 million) and R0,50 million (2023: R0,37 million), respectively, compared to the total fund size of R6,30 billion (2023: R5,54 billion).

Unit trust – Investment 5

These unit trusts constitute smaller investments in equity-based funds. The underlying unit trusts will invest in equities on a global basis, for some of which the objective is to achieve long-term capital growth by outperforming the MSCI Emerging Markets Total Return Net Index over a rolling three-year period. The underlying unit trusts invest up to 100% in equity. As at year end, the group's and company's interest in these funds totalled R1,07 million (2023: R1,97 million) and R1,07 million (2023: R0,87 million), respectively, compared to the combined total unit trust(s) size in excess of R600 billion (2023: R500 billion and more).

Unit trust (Exchange traded fund) – Investment 6

The investment objective of the fund is to provide income to investors and capital growth over the long term by tracking the price and yield performance of the South African Yield Selected Nominal Bond Index which consists of a fixed number of South African nominal bonds. The fund offers low-cost exposure to the highest yielding bonds issued by the Republic of South Africa. The investment constitutes an exchange traded fund. As at year end, the group's and company's interest in the fund totalled R4,41 million (2023: R4,44 million) and R2,27 million (2023: R2,28 million), respectively, compared to the total fund size of R0,31 billion (2023: R0,35 billion).

Unit trust (Exchange traded fund) – Investment 7

This exchange traded fund is one of the simplest and cost-efficient methods to invest directly in actual gold. It continuously tracks the gold spot price. As at year end, the group's interest in the fund totalled R1,12 million (2023: R0,94 million), compared to the total fund size of R18,67 billion (2023: R16,05 billion).

Unit trust – Investment 8

The fund seeks to achieve an investment medium for investors, with its main objective being the maximum total return by primarily investing in bonds. This fund has relatively low equity exposure, resulting in relatively low volatility compared to higher-risk portfolios. As at year end, the group's interest in the fund totalled Rnil (2023: R15,11 million), compared to the total fund size of R2,53 billion (2023: R2,94 billion).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 March 2024

8. Investments continued**Interests in unconsolidated structured entities** continued**Unit trust – Investment 9**

The portfolio invests in several strategies over various instruments, asset classes and portfolios. It combines a strategic risk allocation which provides the optimal diversification benefit across the various strategies, with tactical risk allocation to the most attractive opportunity sets as identified on a bottom-up basis. As at year end, the group's and company's interest in the fund totalled R19,87 million (2023: R17,07 million) compared to the total fund size of R1,69 billion (2023: R1,19 billion).

Unit trust – Investment 10

This strategy largely invests in funds within the ASISA South African Multi Asset Income category that display higher volatility than money market and enhanced yield solutions. Funds included are considered best-of-breed, top-rated and award-winning from fund managers with proven track records and a repeatable investment process. As at year end, the company's interest in the fund totalled R141,30 million (2023: R114,99 million), compared to the total fund(s) size of R114,04 billion (2023: R59,83 billion).

9. Deferred tax assets/(liabilities)

Figures in R'000	GROUP		COMPANY	
	2024	2023*	2024	2023
Reconciliation of movement for the year				
Balance at the beginning of the year	(2 603)	(2 299)	(4 077)	(2 889)
Current period movements:				
– Recognised in profit or loss	(1 971)	(304)	(1 565)	(1 188)
	(4 574)	(2 603)	(5 642)	(4 077)
The net deferred tax assets/(liabilities) comprise:				
Deferred tax assets	1 068	1 474	–	–
Deferred tax liabilities	(5 642)	(4 077)	(5 642)	(4 077)
	(4 574)	(2 603)	(5 642)	(4 077)
The net deferred tax assets/(liabilities) comprise the following temporary differences:				
Available tax losses	410	662	66	241
Accruals	2 442	1 483	629	561
IFRS 16-related assets and liabilities	234	282	48	57
Revaluation of land and buildings	(230)	(230)	–	–
Fair value gains on investments	(2 433)	(1 488)	(1 368)	(674)
IFRS 17-related insurance revenue	–	1 196	–	–
Loss – impairment and sale of investments	221	221	221	221
Other receivable – contingency policy (note 12)	(5 238)	(4 739)	(5 238)	(4 483)
Capital allowances	20	10	–	–
	(4 574)	(2 603)	(5 642)	(4 077)

* Comparative information was restated for the initial adoption of IFRS 17. Refer to note 17.1 for additional information.

Deferred tax assets in respect of available tax losses and deductible temporary differences have been recognised to the extent that the directors are of the opinion that sufficient future taxable profits will be available in the foreseeable future to enable the group and its subsidiary companies to utilise the available tax losses and deductible temporary differences.

9. Deferred tax assets/(liabilities) continued**Tax rates**

The deferred tax rate applied to the fair value adjustments of financial assets or revaluations of owner-occupied property is determined by the expected manner of recovery. Where the expected recovery is through a sale, the capital gains tax rate of 21,6% (2023: 21,6%) has been used. If the expected manner of recovery is through indefinite use, the corporate tax rate of 27% (2023: 27%) has been applied.

If the manner of recovery is partly through use and partly through sale, a combination of the capital gains tax rate and corporate tax rate has been used.

The following deferred tax assets have not been recognised by the group and company in respect of available tax losses and deductible temporary differences due to the fact that there is not sufficient certainty at the reporting date whether the subsidiary or company would be able to generate sufficient taxable income in the immediate future to utilise the available tax losses and deductible temporary differences.

Figures in R'000	GROUP		COMPANY	
	2024	2023	2024	2023
Estimated available tax losses	1 518	2 449	243	891
Tax losses recognised in determining deferred tax assets	(1 518)	(2 449)	(243)	(891)
Unrecognised tax losses	–	–	–	–
Unrecognised deferred tax assets pertaining to unutilised tax losses	–	–	–	–

The estimated tax losses will be available to the company and the respective subsidiaries indefinitely per the Income Tax Act as long as the entities are trading. There is currently no intention for the company or the subsidiaries to cease trading activities.

10. Inventories

Figures in R'000	GROUP		COMPANY	
	2024	2023	2024	2023
Merchandise	9 510	9 035	–	–
Consumables	34	28	–	–
	9 544	9 063	–	–
Provision for inventory write-downs	–	–	–	–
	9 544	9 063	–	–

No inventories have been written down to net realisable value.

Inventory pledged as security

No inventory has been encumbered or pledged as security.

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11. Loans to/(from) group companies

Figures in R'000	GROUP		COMPANY	
	2024	2023	2024	2023
Current loans to Nictus Meubels Proprietary Limited	–	–	–	1 252
Secured advances from Corporate Guarantee (South Africa) (RF) Limited	–	–	(9 892)	(2 527)
	–	–	(9 892)	(1 275)
Reconciliation – Loans to/(from) subsidiary companies				
Opening balance as at 1 April	–	–	(1 275)	–
Secured advances received from subsidiary companies	–	–	(7 365)	(2 527)
Loans (repaid by)/advanced to subsidiary companies	–	–	(1 252)	1 252
Finance income accrued	–	–	88	59
Finance income received	–	–	(88)	(59)
Finance expenses accrued	–	–	(723)	(102)
Finance expenses paid	–	–	723	102
	–	–	(9 892)	(1 275)

Loans to/(from) subsidiary companies

Loans due from subsidiaries bear interest at the South African prime lending rate, are unsecured and repayable on demand.

Loans due to subsidiaries bear interest at the South African prime lending rate minus 1%, are unsecured and repayable on demand.

The carrying values of loans from group companies approximate their fair value due to the market-related interest rates applicable to the loans.

Secured advances from subsidiary companies

Secured advances due to subsidiaries bear interest at the South African prime lending rate of between minus 2% to 3,55%, are secured and repayable within 12 months. The contingency policy receivable was pledged as security. Refer to note 12.

The carrying values of secured advances from group companies approximate their fair value due to the market-related interest rates applicable to the loans.

Figures in R'000	GROUP		COMPANY	
	2024	2023	2024	2023
Disclosure				
Current assets	–	–	–	1 252
Current liabilities	–	–	(9 892)	(2 527)
	–	–	(9 892)	(1 275)

The carrying amounts of loans from group companies are denominated in South African Rands.

12. Trade and other receivables

Figures in R'000	GROUP		COMPANY	
	2024	2023*	2024	2023
Trade receivables: furniture	12 460	14 087	–	–
Prepayments	4 532	971	288	236
Other receivable – contingency policy	–	–	19 399	16 603
Deposits	26	26	–	–
Sundry debtors	229	525	–	151
	17 247	15 609	19 687	16 990
Split between non-current and current portions				
Non-current	3 857	5 095	–	–
Current	13 390	10 514	19 687	16 990
	17 247	15 609	19 687	16 990

* Comparative information was restated for the initial adoption of IFRS 17. Refer to note 17.1 for additional information.

General

The carrying amounts of short-term trade receivables are deemed to approximate their fair values.

The maximum exposure to credit risk at the reporting date is as disclosed in note 29.

Trade receivables include instalment sale agreements relating to furniture and household appliances that are sold to customers using instalment sale agreements, which are non-cancellable and which are on average for a period of two years. Goods sold by the furniture retail segment are sold subject to retention of title clauses, so that in the event of non-payment, the group has a secured claim.

As at 31 March 2024, the future minimum instalment sale agreement payments receivable within one year amounting to R11,2 million (2023: R12,0 million) and R3,9 million (2023: R5,1 million), respectively, are receivable between one and two years, and are included in trade receivables.

Other receivable – contingency policy (company)

"Other receivable – contingency policy" relates to the contingency policy (policy) entered into by the company (insured) and Corporate Guarantee (South Africa) (RF) Limited (insurer), a subsidiary of the company (i.e. a related party). The policy provides that the insurer, in return for the payment of a premium, undertakes to indemnify the insured for any loss suffered resulting from the occurrence of certain insured events.

The insurer maintains an "experience account" throughout the period of insurance in respect of the policy. The balance of this experience account will be calculated as the total of all premiums received plus premiums receivable (including premiums receivable for the unexpired portion of the insurance period), less commission and claims paid, less fees as indicated in the policy schedule, plus a notional interest allocation calculated on the positive cash balance at a notional interest rate determined within the discretion of the insurer. The balance of the experience account on expiry date, if positive, will be paid to the insured as an experience bonus by the insurer.

The experience bonus will only be paid on written acknowledgement by the insured that it accepts the payment as full and final settlement of its rights under the policy and that the insured will have no further claim against the insurer. In addition, the experience bonus will only become payable after receipt of payment by the insurer of any outstanding premiums payable for the full period of insurance (including the unexpired portion of the period of insurance), or alternatively written confirmation by the insured that the insurer may set off the amount of such outstanding premiums against the balance on the experience account in order to pay the experience bonus net of outstanding premiums. The existence of the experience account provides the insured with a contractual right to receive cash in the form of either a claim settlement or experience bonus at expiry or cancellation of the policy.

Consequently, the experience bonus meets the definition of a financial asset, being a contractual right to receive cash or another financial asset from another entity, which is measured at amortised cost.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 March 2024

12. Trade and other receivables continued

Figures in R'000	GROUP		COMPANY	
	2024	Restated* 2023	2024	2023
The ageing of trade and other receivables at the reporting date was:				
Gross				
Not past due	17 503	15 974	19 687	16 990
Past due 0 – 30 days	23	33	–	–
Past due 31 – 90 days	58	72	–	–
Past due 91+ days	120	77	–	–
	17 704	16 156	19 687	16 990
Impairment allowance				
Not past due	(302)	(397)	–	–
Past due 0 – 30 days	(8)	(56)	–	–
Past due 31 – 90 days	(43)	(58)	–	–
Past due 91+ days	(104)	(36)	–	–
	(457)	(547)	–	–
Net carrying value	17 247	15 609	19 687	16 990

* Comparative information was restated for the initial adoption of IFRS 17. Refer to note 17.1 for additional information.

As at 31 March 2024, group trade and other receivables of Rnil (2023: R0,03 million) were past due but no impairment allowance was raised. From a company perspective, Rnil (2023: Rnil) was past due but no impairment allowance was raised. The directors are of the opinion that the impairment allowance raised is adequate and past experience indicates that trade and other receivables past due but not impaired are recoverable.

Figures in R'000	GROUP		COMPANY	
	2024	2023	2024	2023
Reconciliation of movement in impairment allowance				
Opening balance	547	895	–	–
Trade receivables written off during the year as uncollectable	(348)	(660)	–	–
Net movement in impairment allowance for trade receivables recognised in profit or loss	258	312	–	–
Impairment allowance recognised for trade receivables	665	547	–	–
Unused allowance amount reversed	(407)	(235)	–	–
	457	547	–	–

13. Cash and cash equivalents

Figures in R'000	GROUP		COMPANY	
	2024	2023	2024	2023
Cash and cash equivalents consist of:				
Cash on hand	40	17	7	7
Bank balances	992	1 620	238	268
Short-term deposits*	57 904	72 899	9 445	2 618
	58 936	74 536	9 690	2 893

* Short-term deposits included a call deposit amounting to R9,2 million (2023: R2,5 million). The rights, title and interest in and to the aforementioned deposit are subject to a cession/pledge in favour of an independent third party. The group's exposure has been fully mitigated due to collateral provided in favour of the group by a Corporate Guarantee (South Africa) (RF) Limited policyholder.

Included in cash and cash equivalents are investments made in terms of the various South African insurance regulations to comply with necessary liquidity requirements.

Short-term deposits include a unit trust investment of R28,99 million (2023: R54,09 million). The money market fund invests in call accounts and short-term money market instruments, the majority with original maturities less than three months. The investment has been made to meet short-term operational obligations as they fall due and form an integral part of the group's cash management. The remainder of the balance includes term deposits that have a maturity of three months or less from the date of acquisition and are repayable with immediate to 72 hours' notice, with no loss of interest.

The carrying amount of cash and cash equivalents is deemed to approximate its fair value.

The borrowing capacity, as determined by the MOI, is unrestricted and at the discretion of the directors.

14. Stated capital

Figures in '000	GROUP		COMPANY	
	2024	2023	2024	2023
Authorised – no par value shares				
250 million ordinary shares of no par value	250 000	250 000	250 000	250 000
10 million redeemable cumulative preference shares of no par value	10 000	10 000	10 000	10 000
	260 000	260 000	260 000	260 000

Figures in R'000	GROUP		COMPANY	
	2024	2023	2024	2023
Issued – no par value shares				
Opening balance – ordinary shares (53 443 500 (2023: 53 443 500))	25 969	25 969	25 969	25 969
Movement	–	–	–	–
Closing balance – ordinary shares (53 443 500 (2023: 53 443 500))	25 969	25 969	25 969	25 969

All ordinary shares rank equally with regard to the company's residual assets. No treasury shares were held by the group or company for the financial year ended 31 March 2024 nor for the comparative prior year.

16 033 050 (2023: 16 033 050) unissued ordinary shares are under the control of the directors in terms of a resolution of shareholders passed at the last annual general meeting and in terms of the MOI, but subject to compliance with the relevant regulations i.e. the Companies Act of South Africa and the JSE Listings Requirements. This authority remains in force until the next annual general meeting.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of shareholders of the company. All issued share capital is fully paid up.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

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15. Revaluation reserve

Figures in R'000	GROUP		COMPANY	
	2024	2023	2024	2023
The revaluation reserve relates to property that was carried at its revalued amount, but now classified as investment property.				
As at 1 April	1 152	1 152	–	–
Movements during the current financial year	–	–	–	–
As at 31 March	1 152	1 152	–	–

16. Trade and other payables

Figures in R'000	GROUP		COMPANY	
	2024	2023	2024	2023
Accruals	10 957	6 022	2 395	2 137
Personnel/management fee-related	4 199	3 278	2 329	2 077
Effective interest revenue refundable	585	580	–	–
Commission and fee expenses – third parties	2 026	710	–	–
Insurance campaign – reward provision	3 954	1 262	–	–
Other	193	192	66	60
Trade payables	4 953	1 380	42	42
Sundry creditors	201	180	116	104
Value added tax	2 330	982	124	136
	18 441	8 564	2 677	2 419

The group's and company's exposure to liquidity risk related to trade and other payables is disclosed in note 29. For fair value disclosure, refer to note 31.

17. Insurance contract liabilities**17.1 Transition approach**

The group adopted IFRS 17 as of 1 April 2023 on a fully retrospective basis for all its insurance contracts owing to the fact that the group has determined that there is reasonable and supportable information available for all contracts in force at the transition date. Comparative information has been restated as required by the transitional provisions of IFRS 17. The change in carrying amounts of insurance assets and liabilities at the date of transition has been recognised in retained earnings on 1 April 2022 (the comparative period). The group has identified, recognised and measured each group of insurance contracts as if IFRS 17 had always applied, derecognised any existing balances that would not exist if IFRS 17 had always applied and recognised any resulting net difference in equity.

Impact on opening reserves on transition to IFRS 17

Figures in R'000	Impact on reserves at the end of 2023				Impact on reserves at the beginning of 2023		
	Audited as at 31 March 2023		Restated* as at 31 March 2023		Audited as at 31 March 2022		Restated* as at 1 April 2022
	2023	IFRS 17 restatement	2023	2023	2022	IFRS 17 restatement	2022
Distributable reserves – retained earnings	85 462	(3 198)	82 264	82 264	78 844	(1 567)	77 277

17. Insurance contract liabilities continued**17.1 Transition approach** continued**Impact on the statement of financial position on transition to IFRS 17**

	31 March 2023		31 March 2023	31 March 2022		1 April 2022
	As previously reported Audited	Reclassifications, remeasurements and restatements*	Restated	As previously reported Audited	Reclassifications, remeasurements and restatements*	Restated
Assets						
Non-current assets						
Property, plant and equipment	1 689	–	1 689	2 265	–	2 265
Investment property	13 250	–	13 250	13 250	–	13 250
Intangible assets	22	–	22	22	–	22
Right-of-use asset	7 830	–	7 830	11 569	–	11 569
Investments	28 441	–	28 441	26 513	–	26 513
Deferred tax assets ¹	774	700	1 474	455	–	455
Trade and other receivables [#]	5 095	–	5 095	4 389	–	4 389
	57 101	700	57 801	58 463	–	58 463
Current assets						
Inventories	9 063	–	9 063	9 345	–	9 345
Trade and other receivables ^{#2}	395 239	(384 725)	10 514	361 162	(350 895)	10 267
Investments	334 469	–	334 469	208 379	–	208 379
Cash and cash equivalents	74 536	–	74 536	72 643	–	72 643
Current tax receivable	–	–	–	3	–	3
	813 307	(384 725)	428 582	651 532	(350 895)	300 637
Total assets	870 408	(384 025)	486 383	709 995	(350 895)	359 100
Equity and liabilities						
Equity						
Share capital	25 969	–	25 969	25 969	–	25 969
Revaluation reserve	1 152	–	1 152	1 152	–	1 152
Retained earnings ³	85 462	(3 198)	82 264	78 844	(1 567)	77 277
	112 583	(3 198)	109 385	105 965	(1 567)	104 398
Liabilities						
Non-current liabilities						
Deferred tax liabilities	4 573	(496)	4 077	3 333	(579)	2 754
Lease liabilities	4 961	–	4 961	8 876	–	8 876
	9 534	(496)	9 038	12 209	(579)	11 630
Current liabilities						
Trade and other payables	8 564	–	8 564	8 283	–	8 283
Insurance contract liabilities ⁴	735 789	(380 331)	355 458	580 102	(348 749)	231 353
Lease liabilities	3 915	–	3 915	3 436	–	3 436
Current tax payable	23	–	23	–	–	–
	748 291	(380 331)	367 960	591 821	(348 749)	243 072
Total liabilities	757 825	(380 827)	376 998	604 030	(349 328)	254 702
Total equity and liabilities	870 408	(384 025)	486 383	709 995	(350 895)	359 100

* Restated as a result of the adoption of IFRS 17.

[#] Previously referred to as trade, insurance and other receivables before the adoption of IFRS 17.

¹ Deferred tax impact as a result of the change in the carrying amount of liabilities on initial application of IFRS 17.

² Secured advances, considered part of the insurance contract under IFRS 17, have been reclassified to insurance contract liabilities. With the adoption of IFRS 17, the insurance receivables (premium debtors) have been derecognised against insurance contract liabilities to solely reflect premiums received.

³ The impact of the adoption of IFRS 17 is recognised in retained earnings as a "IFRS 17 transitional adjustment". This adjustment mostly relates to insurance revenue that is now based on expected premium receipts, recognised in profit or loss on the basis of passage of time. Premiums earned on the date of attachment of risk are no longer permitted under IFRS 17.

⁴ Impacted by footnotes 1, 2 and 3, as disclosed above and calculated in accordance with the principles of IFRS 17.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 March 2024

17. Insurance contract liabilities continued**17.1 Transition approach** continued**Impact on the statement of profit or loss and other comprehensive income on transition to IFRS 17**

	31 March 2023		31 March 2023	31 March 2022		1 April 2022
	As previously reported Audited	Reclassifications, remeasurements and restatements*	Restated	As previously reported Audited	Reclassifications, remeasurements and restatements*	Restated
Revenue from contracts with customers ¹	44 935	(9 434)	35 501	42 867	(6 903)	35 964
Effective interest revenue	1 545	–	1 545	1 767	–	1 767
Total revenue from contracts with customers²	46 480	(9 434)	37 046	44 634	(6 903)	37 731
Cost of sales	(23 122)	–	(23 122)	(23 112)	–	(23 112)
Gross profit	23 358	(9 434)	13 924	21 522	(6 903)	14 619
Insurance service result	–	3 450	3 450	–	4 188	4 188
Insurance revenue	–	6 547	6 547	–	4 939	4 939
Insurance service expenses	–	(3 097)	(3 097)	–	(751)	(751)
Net insurance finance expenses	–	(2 761)	(2 761)	–	2 641	2 641
Notional interest charge to profit or loss	–	(25 532)	(25 532)	–	(12 702)	(12 702)
Finance income earned from secured advances	–	22 771	22 771	–	15 343	15 343
Net investment income ³	51 470	(22 771)	28 699	31 999	(15 343)	16 656
Claims paid ⁴	(981)	981	–	(1 690)	1 690	–
Notional interest allocation ⁵	(25 532)	25 532	–	(12 702)	12 702	–
Other income	1 209	–	1 209	1 493	–	1 493
Operating expenses ⁶	(24 319)	2 755	(21 564)	(20 842)	720	(20 122)
Impairment losses - net movement in impairment allowance for trade receivables ⁷	–	(312)	(312)	–	(433)	(433)
Administrative expenses ⁷	(13 910)	312	(13 598)	(13 450)	433	(13 017)
Profit/(loss) before finance expenses and taxation	11 295	(2 248)	9 047	6 330	(305)	6 025
Finance expenses	(730)	–	(730)	(869)	–	(869)
Profit/(loss) before taxation	10 565	(2 248)	8 317	5 461	(305)	5 156
Taxation (expense)/credit	(2 344)	617	(1 727)	(419)	82	(337)
Profit/(loss) for the year	8 221	(1 631)	6 590	5 042	(223)	4 819
Other comprehensive income for the year, net of tax	–	–	–	–	–	–
Total comprehensive income for the year	8 221	(1 631)	6 590	5 042	(223)	4 819

* Restated as a result of the adoption of IFRS 17.

¹ Previously referred to as revenue.² Previously referred to as total revenue.³ Previously referred to as investment income from operations.⁴ Reclassified to insurance service expenses as part of the adoption of IFRS 17.⁵ Included in notional interest charge to profit or loss, as part of net insurance finance expenses owing to the adoption of IFRS 17.⁶ Reclassification of commission, fee expenses and the refund provision from operating expenses to insurance service expenses as a result of the adoption of IFRS 17.⁷ Reclassification of allowance for trade receivables impairment and bad debts written off from administrative expenses to impairment losses - net movement in impairment allowance for trade receivables as a result of the adoption of IFRS 9, in conjunction with IFRS 17.**17. Insurance contract liabilities** continued**17.1 Transition approach** continued**Impact of changes in tax legislation**

National Treasury promulgated the 2022 Taxation Laws Amendment Act in January 2023, which contained the changes to section 28 of the Income Tax Act (the Act) to cater for the implementation of IFRS 17. The main objective of these changes was to ensure that section 28 is aligned to the terminology and principles of IFRS 17, as well as to mitigate unintended tax implications as a result of the transition from IFRS 4 to IFRS 17. A phase-in period of three years applies to non-life insurers in terms of section 28(3D).

The draft 2023 Taxation Laws Amendment Bill (the Amendment Bill) was published for public comment on 31 July 2023, which contains proposals to further refine section 28 of the Act. The Amendment Bill, however, did not address all of the matters raised by the insurance sector, as the interpretation of the IFRS 17 disclosure requirements continued to evolve. Further corrections and clarification to the legislation are therefore required as the wording in the Act gives rise to uncertainty in interpretation and unintended phase-in amounts due to the disclosure and reclassification of certain items in terms of IFRS 17.

The group, in preparation of the annual financial statements, has accounted for the tax implications as a result of the transition from IFRS 4 to IFRS 17, based on the group's interpretation of the intended outcomes of the changes to section 28 of the Act, as applicable, specifically to non-life contingency insurance policies. Significant uncertainty therefore exists in respect of the final legislation to be published, which may impact the allocation between current income tax and deferred tax in the statement of financial position and the quantification of the group's overall tax position.

17.2 Insurance contracts issued overview

	Note(s)	Legal insurance contract liabilities		Total liabilities
		Secured advances	Legal insurance contract liabilities	
Contingency policies – premium allocation approach				
Insurance contract (assets)/liabilities as at 31 March 2024	17.3	(329 194)	804 191	474 997
Insurance contract (assets)/liabilities as at 31 March 2023*	17.3	(300 899)	656 357	355 458
Insurance contract (assets)/liabilities as at 31 March 2022*	17.3	(303 538)	534 891	231 353

* Comparative information was restated for the initial adoption of IFRS 17. Refer to note 17.1 for additional information.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 March 2024

17. Insurance contract liabilities continued**17.3 Movements in carrying amounts of insurance liabilities and assets**

Contingency policies – insurance contracts issued – premium allocation approach

	Year ended 31 March 2024		
	Liability for remaining coverage	Liability for incurred claims	Total
	Present value of expected future cash flows	Present value of expected future cash flows	
Insurance contract liabilities opening balance	355 458	–	355 458
Opening secured advances	(300 899)	–	(300 899)
Opening legal insurance contract liabilities	656 357	–	656 357
Amounts recognised in the statement of comprehensive income			
<i>Insurance service result</i>	(14 838)	516	(14 322)
Insurance revenue	(14 728)	–	(14 728)
Incurred claims and other insurance service expenses	(110)	516	406
<i>Net insurance finance expenses</i>	17 785	–	17 785
Notional interest charge to profit or loss	47 636	–	47 636
Finance income earned from secured advances	(29 851)	–	(29 851)
Total movements recognised in the statement of comprehensive income	2 947	516	3 463
Investment component	(928 107)	928 107	–
Cancellation and expired premiums	(889 135)	889 135	–
Notional interest incurred	(38 972)	38 972	–
Cash flows			
<i>Premiums received</i>	1 043 143	–	1 043 143
New premiums received	340 388	–	340 388
Renewal premiums received	702 755	–	702 755
<i>Claims and other insurance service expenses paid</i>	–	(516)	(516)
<i>Cancellation and expired premiums settlement</i>	–	(928 107)	(928 107)
<i>Secured advance finance income received</i>	29 851	–	29 851
<i>Secured advances advanced to policyholders</i>	(28 295)	–	(28 295)
Total cash flows	1 044 699	(928 623)	116 076
Closing secured advances	(329 194)	–	(329 194)
Closing legal insurance contract liabilities	804 191	–	804 191
Insurance contract liabilities closing balance	474 997	–	474 997

17. Insurance contract liabilities continued**17.3 Movements in carrying amounts of insurance liabilities and assets** continuedContingency policies – insurance contracts issued – premium allocation approach continued

	Restated* Year ended 31 March 2023		
	Liability for remaining coverage	Liability for incurred claims	Total
	Present value of expected future cash flows	Present value of expected future cash flows	
Insurance contract liabilities opening balance	231 353	–	231 353
Opening secured advances	(303 538)	–	(303 538)
Opening legal insurance contract liabilities	534 891	–	534 891
Amounts recognised in the statement of comprehensive income			
<i>Insurance service result</i>	(7 186)	981	(6 205)
Insurance revenue	(6 547)	–	(6 547)
Incurred claims and other insurance service expenses	(639)	981	342
<i>Net insurance finance expenses</i>	2 761	–	2 761
Notional interest charge to profit or loss	25 532	–	25 532
Finance income earned from secured advances	(22 771)	–	(22 771)
Total movements recognised in the statement of comprehensive income	(4 425)	981	(3 444)
Investment component	(649 851)	649 851	–
Cancellation and expired premiums	(632 635)	632 635	–
Notional interest incurred	(17 216)	17 216	–
Cash flows			
<i>Premiums received</i>	752 971	–	752 971
New premiums received	165 360	–	165 360
Renewal premiums received	587 611	–	587 611
<i>Claims and other insurance service expenses paid</i>	–	(981)	(981)
<i>Cancellation and expired premiums settlement</i>	–	(649 851)	(649 851)
<i>Secured advance finance income received</i>	22 771	–	22 771
<i>Secured advances repaid by policyholders</i>	2 639	–	2 639
Total cash flows	778 381	(650 832)	127 549
Closing secured advances	(300 899)	–	(300 899)
Closing legal insurance contract liabilities	656 357	–	656 357
Insurance contract liabilities closing balance	355 458	–	355 458

* Comparative information was restated for the initial adoption of IFRS 17. Refer to note 17.1 for additional information.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 March 2024

17. Insurance contract liabilities continued**17.3 Movements in carrying amounts of insurance liabilities and assets** continuedContingency policies – insurance contracts issued – premium allocation approach continued

	Restated*		
	Year ended 31 March 2022		
	Liability for remaining coverage	Liability for incurred claims	
	Present value of expected future cash flows	Present value of expected future cash flows	Total
Insurance contract liabilities opening balance	208 856	–	208 856
Opening secured advances	(298 015)	–	(298 015)
Opening legal insurance contract liabilities	506 871	–	506 871
Amounts recognised in the statement of comprehensive income			
<i>Insurance service result</i>	(6 598)	1 690	(4 908)
Insurance revenue	(4 939)	–	(4 939)
Incurred claims and other insurance service expenses	(1 659)	1 690	31
<i>Net insurance finance expenses</i>	(2 641)	–	(2 641)
Notional interest charge to profit or loss	12 702	–	12 702
Finance income earned from secured advances	(15 343)	–	(15 343)
Total movements recognised in the statement of comprehensive income	(9 239)	1 690	(7 549)
Investment component	(609 488)	609 488	–
Cancellation and expired premiums	(597 017)	597 017	–
Notional interest incurred	(12 471)	12 471	–
Cash flows			
<i>Premiums received</i>	631 404	–	631 404
New premiums received	119 329	–	119 329
Renewal premiums received	512 075	–	512 075
<i>Claims and other insurance service expenses paid</i>	–	(1 690)	(1 690)
<i>Cancellation and expired premiums settlement</i>	–	(609 488)	(609 488)
<i>Secured advance finance income received</i>	15 343	–	15 343
<i>Secured advances repaid by policyholders</i>	(5 523)	–	(5 523)
Total cash flows	641 224	(611 178)	30 046
Closing secured advances	(303 538)	–	(303 538)
Closing legal insurance contract liabilities	534 891	–	534 891
Insurance contract liabilities closing balance	231 353	–	231 353

* Comparative information was restated for the initial adoption of IFRS 17. Refer to note 17.1 for additional information.

18. Revenue

Figures in R'000	GROUP		COMPANY	
	2024	Restated* 2023	2024	2023
Revenue from contracts with customers	33 316	35 501	–	–
Sale of goods ¹	32 071	34 394	–	–
Rendering of services ²	1 245	1 107	–	–
Management fees from subsidiaries	–	–	18 100	15 960
	33 316	35 501	18 100	15 960

* Comparative information was restated for the initial adoption of IFRS 17. Refer to note 17.1 for additional information.

¹ The sale of goods consists of revenue from goods transferred to customers at a point in time.² Rendering of services consists of revenue from services provided to customers over time amounting to R0,4 million (2023: R0,4 million). The remainder is provided at a point in time, including but not limited to, the delivery of goods and initial administration services rendered associated with instalment sale agreements.**19. Other income**

Figures in R'000	GROUP		COMPANY	
	2024	2023	2024	2023
Profit on sale of property, plant and equipment	10	83	10	–
Guarantee fees received	201	87	–	–
Broker fees earned	837	529	–	–
Other services rendered	(18)	30	–	–
Insurance claims	44	10	–	–
Advertising recoveries	207	163	–	–
Bad debts recovered	85	90	–	–
Portfolio management fee – rebate	557	185	–	–
Prescribed dividends	30	32	30	32
Movement – contingency policy balance	–	–	2 795	2 103
	1 953	1 209	2 835	2 135

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20. Administrative and operating expenses

Results from operating activities for the year are stated after accounting for the following:

Figures in R'000	GROUP		COMPANY	
	2024	Restated*	2024	2023
		2023		
Administrative expenses	15 542	13 598	8 843	7 614
Advertising expenses	2 438	2 357	–	–
Auditors' remuneration	2 063	1 887	1 258	1 139
Assessment rates and municipal charges	1 409	1 414	208	160
Consulting fees	551	577	538	587
Management fees paid to related party	4 320	4 030	4 320	4 030
Other administrative expenses/(income)	1 174	501	127	(321)
Secretarial fees	574	414	418	282
Telephone and IT-related expenses	2 175	1 682	1 637	1 449
Travel expenses	838	736	337	288
Operating expenses	23 798	21 564	9 230	9 355
Depreciation of property, plant and equipment	577	643	71	113
Depreciation of right-of-use asset	3 739	3 739	564	564
Employee costs and directors' emoluments	16 951	15 352	6 353	6 208
– Salaries	11 844	10 663	1 783	2 096
– Medical aid contributions	259	309	74	65
– Fees for services as directors' expenses	4 848	4 380	4 496	4 047
Insurance premium expenses	182	181	1 791	1 538
Professional fees	1 640	986	–	–
Other operating expenses	709	663	62	70
Recognition of impairment against investments in subsidiaries	–	–	389	862

* Comparative information was restated for the initial adoption of IFRS 17. Refer to note 17.1 for additional information.

21. Investment income

Figures in R'000	GROUP		COMPANY	
	2024	Restated*	2024	2023
		2023		
Investment income from operations				
Dividends received	228	809	40	142
Financial assets at fair value through profit or loss ¹	4 710	5 287	3 215	2 652
Profit on disposal of investments	156	1 259	–	432
Fair value adjustments	4 554	4 028	3 215	2 220
Unit trusts	4 607	4 747	3 215	2 199
Listed debt securities	–	(78)	–	–
Listed shares	(53)	(641)	–	21
Interest received ²	44 969	22 603	799	544
	49 907	28 699	4 054	3 338

* Comparative information was restated for the initial adoption of IFRS 17. Refer to note 17.1 for additional information.

¹ Represents income on financial assets measured mandatorily at fair value through profit or loss.

² Represents income on financial assets measured at amortised cost.

22. Finance expense

Figures in R'000	GROUP		COMPANY	
	2024	2023	2024	2023
Loans from subsidiaries	–	–	(33)	–
Secured advances from subsidiaries	–	–	(690)	(102)
Lease liability (IFRS 16)	(473)	(730)	(81)	(120)
South African Revenue Service	(1)	–	–	–
	(474)	(730)	(804)	(222)

23. Taxation expense

Figures in R'000	GROUP		COMPANY	
	2024	Restated*	2024	2023
		2023		
Major components of the tax expense				
Current taxation				
Recognised in profit or loss – current year charge	(1 621)	(1 423)	–	–
Recognised in profit or loss – adjustment for current tax of prior periods	73	–	–	–
	(1 548)	(1 423)	–	–
Deferred taxation				
Recognised in profit or loss – current year charge	(1 971)	(304)	(1 565)	(1 188)
Securities transfer tax taxation				
Recognised in profit or loss – current year charge	(20)	–	–	–
	(3 539)	(1 727)	(1 565)	(1 188)
Reconciliation of the effective tax expense				
Reconciliation between tax at the statutory tax rate and the effective tax rate:				
Profit before taxation	14 478	8 317	6 112	4 242
Tax at the applicable tax rate of 27% (2023: 27%)	(3 909)	(2 246)	(1 650)	(1 145)
Securities transfer tax taxation	(20)	–	–	–
Tax rate adjusted for:				
Profit on sale of investments	8	68	–	23
Ordinary dividends received	62	218	11	38
Fair value adjustment on listed shares, listed debt securities and unit trusts	246	218	174	120
Non-taxable income – prescribed dividends	8	9	8	9
Expenses of a capital nature	(3)	–	(3)	–
Impairment provision recognised	–	–	(105)	(233)
Over provision previous years	73	–	–	–
South African Revenue Service – interest and penalties	(1)	–	–	–
Administration fees – buying and selling of listed shares	–	(4)	–	–
IFRS 17 adjustments on consolidation	(3)	10	–	–
Effective taxation	(3 539)	(1 727)	(1 565)	(1 188)

* Comparative information was restated for the initial adoption of IFRS 17. Refer to note 17.1 for additional information.

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24. Cash generated from operations

Figures in R'000	GROUP		COMPANY	
	2024	Restated* 2023	2024	2023
Profit before taxation	14 478	8 317	6 112	4 242
Adjustments for:				
Depreciation of property, plant and equipment	577	643	71	113
Depreciation of right-of-use asset	3 739	3 739	564	564
Profit on disposal of property, plant and equipment	(10)	(83)	(10)	–
Amortisation of intangible asset	–	–	–	–
Net impairments and movements in credit loss allowances	258	312	–	–
Dividend income	(228)	(809)	(40)	(142)
Finance expenses	474	730	804	222
Interest received	(74 820)	(45 374)	(799)	(544)
Impairment recognised/(reversed) on investments in subsidiaries	–	–	389	862
Profit on disposal of investments	(156)	(1 259)	–	(432)
Inventories lost or written off	64	13	–	–
Fair value adjustments on investments	(4 554)	(4 028)	(3 215)	(2 220)
Prescribed dividends recognised in profit before taxation	(30)	(32)	(30)	(32)
Changes in working capital:				
(Increase)/decrease in inventories	(545)	269	–	–
Increase in trade and other receivables	(1 896)	(1 265)	(2 697)	(2 175)
Increase in insurance contract liabilities	119 539	124 105	–	–
Increase in trade and other payables	9 907	313	288	291
	66 797	85 591	1 437	749

* Comparative information was restated for the initial adoption of IFRS 17. Refer to note 17.1 for additional information.

25. Tax paid

Figures in R'000	GROUP		COMPANY	
	2024	2023	2024	2023
Balance (payable)/receivable at the beginning of the year	(23)	3	–	–
Current tax refund accrual during the current financial year	36	–	–	–
Current tax for the year recognised in profit or loss	(1 584)	(1 423)	–	–
Securities transfer tax for the year recognised in profit or loss	(20)	–	–	–
Balance (receivable)/payable at the end of the year	(11)	23	–	–
Tax paid during the current financial year	(1 602)	(1 397)	–	–

26. Dividends

Figures in R'000	GROUP		COMPANY	
	2024	2023	2024	2023
Ordinary dividend paid				
– on 24 July 2023 ¹	2 672	–	2 672	–
– on 25 July 2022 ²	–	1 603	–	1 603
	2 672	1 603	2 672	1 603

¹ The board, within its discretion, declared a final dividend of 5,00 cents per Nictus ordinary share for the year ended 31 March 2023, to all ordinary shareholders recorded in the share register of Nictus at the close of business on Friday, 21 July 2023. The dividend was paid on Monday, 24 July 2023.² The board, within its discretion, declared a final dividend of 3,00 cents per ordinary share for the year ended 31 March 2022 on 30 June 2022, to all ordinary shareholders recorded in the books of Nictus Limited at the close of business on Friday, 22 July 2022. The dividend was paid on Monday, 25 July 2022.**27. Related parties****Relationships**

Subsidiaries	Refer to note 6
Other related parties transacted with	Nictus Holdings Limited Veritas Eksekuteurskamer Proprietary Limited Auas Motors Proprietary Limited
Members of key management	Gerard R de V Tromp (Managing director and key management of the group) Eckhart H Prozesky (Financial director and key management of the group) Philippus J de W Tromp (Non-executive director)
Independent non-executive directors	Professor Barend J Willemse Cornelius J de Vrye Sarita Martin

A person or a close member of that person's family is related to a reporting entity if that person has control or joint control of the reporting entity, has significant influence over the reporting entity or is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. Key management personnel have been identified as the executive directors, non-executive directors and the managing executives of segments within the group.

Close members of the family related to key management would also be defined as related parties. Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the group and include that person's children and spouse or domestic partner, the children of that person's spouse or domestic partner and dependants of that person or that person's spouse or domestic partner.

Commonly, an entity would be related to the reporting entity if a member of key management is also a member of the key management personnel of that entity (other related parties), or the entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

Other related parties are related to the group based on the fact that these entities are either controlled or jointly controlled by some members of key management, or a person who has control or joint control of the group has significant influence over the entity or is a member of the key management personnel of the entity.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 March 2024

27. Related parties continued**Transactions with key management personnel**

Directors and prescribed officers of the company and their immediate relatives beneficially control 79,69% (2023: 79,78%) of the voting shares of the company. Details pertaining to directors' and key management's compensation are set out in note 28.

Similar policies are applied to key personnel at subsidiary level who are not defined as key management personnel at group level.

Certain directors of the group are also non-executive directors of other public companies which may transact with the group. The relevant directors do not believe that they have significant influence over the financial and operational policies of those companies. Those companies are therefore not regarded as related parties.

The following transactions were entered into between subsidiaries of the group and key management (as defined) and/or organisations in which key management personnel have significant influence:

Figures in R'000	GROUP	
	2024	2023
Related party balances		
<i>Amounts included in legal insurance contract liabilities – refer to note 17</i>		
Veritas Eksekuteurskamer Proprietary Limited	(469)	(441)

Figures in R'000	COMPANY	
	2024	2023
Related party balances		
<i>Loan accounts – refer to note 11</i>		
Loan from subsidiary (Corporate Guarantee (South Africa) (RF) Limited)	(9 892)	(2 527)
Loan to subsidiary (Nictus Meubels Proprietary Limited)	–	1 252
<i>Amounts included in trade and other receivables – refer to note 12</i>		
Corporate Guarantee (South Africa) (RF) Limited	19 399	16 603

27. Related parties continued**Transactions with key management personnel** continued

Figures in R'000	GROUP	
	2024	2023
Related party transactions		
Management fees expensed to related party (Veritas Eksekuteurskamer Proprietary Limited)	4 320	4 030
Secretarial fees paid to related party (Veritas Eksekuteurskamer Proprietary Limited)	574	282
Notional interest charge to profit or loss (Veritas Eksekuteurskamer Proprietary Limited)	28	15
Motor vehicles purchased from related party (Auas Motors Proprietary Limited)	(1 112)	–
Motor vehicle sold to related party (Philippus J de W Tromp)	45	–
Director fees received from related party (Nictus Holdings Limited)	(703)	(757)

Figures in R'000	COMPANY	
	2024	2023
Related party transactions		
Interest paid to subsidiaries	723	102
Interest received from subsidiaries	(88)	(59)
Management fees received from subsidiaries	(18 100)	(15 960)
Management fees expensed to related party (Veritas Eksekuteurskamer Proprietary Limited)	4 320	4 030
Secretarial fees paid to related party (Veritas Eksekuteurskamer Proprietary Limited)	418	282
Insurance premium expense paid to related party (Corporate Guarantee (South Africa) (RF) Limited)	1 750	1 500
Movement – contingency policy balance (Corporate Guarantee (South Africa) (RF) Limited)	(2 795)	(2 103)
Motor vehicle sold to related party (Philippus J de W Tromp)	45	–
Director fees received from related party (Nictus Holdings Limited)	(703)	(757)

Inter-company trade receivables and payables are subject to the same terms and conditions applied to the general public. Interest is charged at market-related rates and settlement is expected to be made in cash.

No guarantees nor doubtful debt were provided for relating to related party balances.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 March 2024

28. Directors', key management's and prescribed officers' remuneration

Figures in R'000	Paid by the company		Paid by the subsidiaries	Total
	Basic salary*	Bonuses*	Directors' fees*	
Executive directors				
2024				
Gerard R de V Tromp [#]	480	–	–	480
Eckhart H Prozesky	2 040	620	–	2 660
	2 520	620	–	3 140
2023				
Gerard R de V Tromp [#]	445	–	–	445
Eckhart H Prozesky	1 880	443	–	2 323
	2 325	443	–	2 768

* Classified as short-term employee benefits. No long-term employee benefits are payable.

[#] A management fee of R4,3 million (2023: R4,0 million) was paid to a related party, Veritas Eksekuteurskamer Proprietary Limited, for services rendered by Gerard R de V Tromp as an executive director.

Figures in R'000	Directors' fees – company	Directors' fees – subsidiaries	Basic salary – company*	Total
	Non-executive directors			
2024				
Professor Barend J Willemse	458	88	–	546
Philippus J de W Tromp	216	–	–	216
Cornelius J de Vrye	364	–	–	364
Sarita Martin	318	–	–	318
	1 356	88	–	1 444
2023				
Professor Barend J Willemse	432	83	–	515
Philippus J de W Tromp	204	–	–	204
Cornelius J de Vrye	343	–	–	343
Sarita Martin	300	–	–	300
	1 279	83	–	1 362

* Classified as short-term employee benefits. No long-term employee benefits are payable.

29. Financial risk management

The group's activities expose it to a variety of financial risks from the use of financial instruments: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

This note presents information about the group's exposure to each of the above risks, the group's objectives, policies and processes for measuring and managing risk and the group's management of capital. Further quantitative disclosures are included throughout these group financial statements.

The board of directors has overall responsibility for the establishment and oversight of the group's risk management framework. The board has an audit and risk committee which is responsible for developing and monitoring the group's risk management policies.

The group's risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the group's activities. The group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The group audit and risk committee oversees how management monitors compliance with the group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the group.

Liquidity risk

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

The group monitors its cash flow requirements on a daily basis against monthly projections and focuses on optimising its cash return on investments. Typically, the group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 30 days, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted such as natural disasters. With regard to the group, the contractual maturities of secured advances, R329,2 million (2023: R300,9 million), disclosed as part of insurance contract liabilities, would mirror that of the legal insurance contract liabilities due to the interdependent nature that exists. At the end of the reporting period, and for purposes of managing liquidity risk, the group held cash and cash equivalents, together with a portion of investments amounting to R390,5 million (2023: R280,9 million), that are available to meet cash flow obligations within a period of 30 days.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

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29. Financial risk management continued**Liquidity risk** continued

The following are the contractual maturities of non-derivative financial liabilities and insurance liabilities, including interest payments and excluding the impact of netting agreements. The amounts disclosed in the table are the contractual undiscounted cash flows.

Figures in R'000	Carrying amount	Contractual cash flows	Less than 6 months	6 to 12 months	Between 1 and 2 years	Between 2 and 5 years
At 31 March 2024						
GROUP						
Trade payables	4 953	4 953	4 953	–	–	–
Other payables	11 158	11 158	11 158	–	–	–
Legal insurance contract liabilities*	804 191	919 959	687 749	232 210	–	–
Lease liabilities	4 961	5 202	1 794	1 349	2 059	–
COMPANY						
Loans from group companies	9 892	9 892	9 892	–	–	–
Trade payables	42	42	42	–	–	–
Other payables	2 511	2 511	2 511	–	–	–
Lease liabilities	885	916	356	369	191	–
At 31 March 2023						
GROUP						
Trade payables	1 380	1 380	1 380	–	–	–
Other payables	6 202	6 202	6 202	–	–	–
Legal insurance contract liabilities*	656 357	720 571	493 289	227 282	–	–
Lease liabilities	8 876	9 589	2 172	2 216	3 142	2 059
COMPANY						
Loans from group companies	2 527	2 527	2 527	–	–	–
Trade payables	42	42	42	–	–	–
Other payables	2 241	2 241	2 241	–	–	–
Lease liabilities	1 482	1 594	333	345	725	191

* As at 31 March 2024 and 31 March 2023, the contractual cash flows associated with insurance contract liabilities exclude the gross provision for notional interest as no current contractual obligation exists relating to same. However, the contractual cash flows include the effect of expected premium debtor receipts from the policyholders that are most likely payable as the gross investment component of the insurance policy. The carrying amount reflects the balance associated with the legal insurance contract liabilities as at the reporting date as measured in terms of IFRS 17. Refer to note 17.2.

Market risk

Market risk is the risk associated with changes in market prices, such as interest rates and equity prices that will affect the group's income or the value of its holdings in financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

The group incurs financial liabilities and acquires assets in order to manage market risks. All such transactions are carried out within the guidelines set by the group executive committee.

Interest rate risk

The group adopts a policy of ensuring that its exposure to changes in interest rates and borrowings is limited by setting the terms and conditions of loans to adjust with changes in market conditions. The group also aims to ensure that the profit margin is sufficient to cover any rate change.

Other market price risk

The group executive committee monitors the mix of listed debt and equity securities and unit trusts in its investment portfolio based on market expectations. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the directors of the relevant segment.

The primary goal of the group's investment strategy is to maximise profitability through well-managed investments. Management is assisted by external advisors in this regard.

29. Financial risk management continued**Interest rate risk**

The group is exposed to interest rate risk as the majority of its interest-bearing financial assets are on a variable rate basis.

Exposure to interest rate risks

At the reporting date, the interest rate profile of the group's interest-bearing financial instruments was:

Figures in R'000	GROUP		COMPANY	
	2024	2023	2024	2023
Variable rate instruments				
Financial assets at amortised cost	100 491	111 603	9 445	3 870
Financial assets at fair value through profit or loss	343 992	211 890	–	–
Secured advances	329 194	300 899	–	–
Financial liabilities	–	–	(9 892)	(2 527)
	773 677	624 392	(447)	1 343

Sensitivity analysis

An increase of 100 basis points in interest rates at the reporting date would have increased profit/(loss) and increased/ (decreased) equity by the amounts shown below. A decrease of 100 basis points would have an equal but opposite effect on profit. This analysis assumes that all other variables remain constant. This analysis was performed on the same basis for 2023.

Figures in R'000	GROUP		COMPANY	
	2024	2023	2024	2023
Variable rate instruments	5 648	4 558	(3)	10

Price risk

The group is exposed to equity securities price risk because of investments held by the company and the group's insurance subsidiary and classified on the statement of financial position at fair value through profit or loss. To manage its price risk arising from investments in listed equity securities, debt securities and unit trusts, the company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the company.

At the reporting date, the price risk impact of the group's financial instruments was:

Figures in R'000	10% increase in market prices	10% decrease in market prices	10% increase in market prices	10% decrease in market prices
	2024	2024	2023	2023
GROUP				
Listed shares	–	–	106	(106)
Unit trusts	37 156	(37 156)	23 927	(23 927)
COMPANY				
Unit trusts	2 430	(2 430)	2 109	(2 109)

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29. Financial risk management continued**Foreign exchange risk**

The group and company operate locally and are exposed to limited foreign exchange risk, primarily the US Dollar. Foreign exchange risk arises from investments denominated in a currency that is not the functional currency of the group and company. The investments are reviewed regularly in conjunction with external investment professionals. As at year end, the group's and company's interest in investments that are exposed to foreign exchange fluctuations amounted to R5,8 million (2023: R4,9 million) and R2,2 million (2023: R1,7 million), respectively.

At 31 March 2024, if the underlying currencies in which investments are denominated, being predominantly the US Dollar and Pound Sterling, had strengthened by 10% against the South African Rand with all other variables held constant, profit before taxation would have been R0,6 million (2023: R0,5 million) and R0,2 million (2023: R0,2 million) higher, for the group and company, respectively, mainly as a result of foreign exchange gains on translation of investments in foreign currency-related instruments.

The group reviews its foreign currency exposure, including commitments, on an ongoing basis.

Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises primarily from the group's receivables from customers and investments in short-term deposits.

Trade and other receivables

The group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the group's customer base, including the default risk of the industry and country in which customers operate, has less of an influence on credit risk.

Geographically, the concentration of credit risk is predominantly in South Africa.

The board has established a credit policy for each segment under which each new customer is analysed individually for creditworthiness before the group's standard payment and delivery terms and conditions are offered. The group's review includes external ratings obtained from an external credit bureau, reviews of claims history for insurance contracts, where available, and in some cases bank references.

Purchase limits are established for each customer, which represent the maximum opening amount without requiring approval from the subsidiary's executive management. These limits are reviewed when required per customer. Customers who fail to meet the group's benchmark creditworthiness may transact with the group only on a cash basis.

The majority of the group's customers have been transacting with the group for a number of years, and losses have occurred infrequently. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, geographical location, industry, ageing profile, maturity and existence of previous financial difficulties or insurance claims.

Trade and other receivables relate only to the group's end-user customers. Customers that are graded as high risk are restricted by tighter credit limits and their trading activity is monitored monthly by management.

Goods and services are sold subject to retention of title clauses, so that in the event of non-payment, the group has a secured claim.

From a group perspective, the impairment allowance relates to the credit risk associated with the trade receivables of the furniture retail segment, which have been grouped based on location, shared credit risk characteristics and the days past due. The trade receivables are unrated from an independent credit ratings perspective. These trade receivables are collected over a period of six to 24 months, based on the terms of the contract, from numerous customers. There are no significant concentrations of credit risk, considering exposure to individual customers.

Trade receivables overdue are generally recovered in less than 12 months. Therefore, the company measures the loss allowance at an amount equal to lifetime expected credit losses for these trade receivables.

29. Financial risk management continued**Credit risk** continued**Trade and other receivables** continued

Estimated credit losses are determined based on an analysis of the ageing of trade receivables and past write-off history for a period of 24 months (2023: 24 months). Based on this analysis and the expected credit loss model, the group does not expect current and future economic trends to have a significantly different impact on the recoverability of trade receivables. No loss allowance has been raised on deposits and prepayments as determined by an assessment of their recoverability.

Details of the impairment allowance raised, based on the expected credit loss model, in so far as it relates to the furniture retail segment trade debtors, are as follows:

	Gross trade debtors excluding unearned finance charges and service fees R'000	Expected credit loss model percentage applied %	Impairment allowance value R'000
2024			
<i>Louis Trichardt branch</i>			
Not past due	5 092	2	68
Past due 0 – 30 days	145	6	8
Past due 31 – 90 days	339	14	42
Past due 91 – 365 days	192	99	165
Past due 365+ days	–	98	–
<i>Polokwane branch</i>			
Not past due	6 525	2	118
Past due 0 – 30 days	224	–	–
Past due 31 – 90 days	21	5	1
Past due 91 – 365 days	100	63	55
Past due 365+ days	–	79	–
	12 638		457
2023			
<i>Louis Trichardt branch</i>			
Not past due	6 992	3	182
Past due 0 – 30 days	292	10	25
Past due 31 – 90 days	94	13	10
Past due 91 – 365 days	5	24	1
Past due 365+ days	–	100	–
<i>Polokwane branch</i>			
Not past due	6 332	4	215
Past due 0 – 30 days	317	11	31
Past due 31 – 90 days	317	17	48
Past due 91 – 365 days	121	33	35
Past due 365+ days	–	100	–
	14 470		547

Secured advances include advances made to companies, property companies and other entities in the normal course of business of the insurance segment. These advances are secured by assets, rights to claims in the company, mortgage bonds, pledges and suretyships to the amount of R656,6 million (2023: R531,8 million). Various repayment terms and interest rates apply. There is therefore no credit risk associated with these advances.

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29. Financial risk management continued**Credit risk** continued**Investments**

The group limits its exposure to credit risk by only investing in short-term investments or reputable institutions. These investments in the insurance segment are based on the requirements as set out in the Insurance Act (Short-term Insurance Act of South Africa prior to 1 July 2018).

The investment portfolios are evaluated monthly by the group executive committee with sufficient financial and investment background. This committee reviews the valuation and returns on investments monthly for listed investments and non-listed investments to determine whether the investment portfolio requires change.

Given this, management does not expect any counterparty to fail to meet its obligations other than specifically provided for at year end.

The following tables provide information regarding the aggregated credit risk exposure for financial instruments and other assets of the company with and without an external credit rating as at 31 March (credit ratings assigned are the international-scale credit ratings issued by S&P Global ratings agency):

Figures in R'000	AA/A	BB/B*	Unrated	Total
2024				
GROUP				
Other – financial assets at fair value through profit or loss	–	371 561	–	371 561
Investments – unit trusts				
Solely payments of principal and interest – financial assets (amortised cost)				
Investments – short-term deposits	–	144 045	–	144 045
Trade and other receivables	–	–	12 460	12 460
Cash and cash equivalents – bank balances	–	992	–	992
Cash and cash equivalents – cash on hand	–	–	40	40
Cash and cash equivalents – short-term deposits	–	57 904	–	57 904
	–	574 502	12 500	587 002
COMPANY				
Other – financial assets at fair value through profit or loss	–	24 301	–	24 301
Investments – unit trusts				
Solely payments of principal and interest – financial assets (amortised cost)				
Trade and other receivables [#]	–	–	19 399	19 399
Cash and cash equivalents – bank balances	–	238	–	238
Cash and cash equivalents – cash on hand	–	–	7	7
Cash and cash equivalents – short-term deposits	–	9 445	–	9 445
	–	33 984	19 406	53 390

* As at 31 March 2024, at group level, approximately 65% of aggregated credit risk exposure relating to these categories of credit ratings represented exposure to the major South African banks and Republic of South Africa government bonds.

The company assessed the underlying financial asset(s) that constitute trade and other receivables as at year end to quantify expected credit losses or identify indicators of impairment loss at that date. Based on the assessment, the potential effect of expected credit losses is considered immaterial and no evidence was found to support any undue credit risk associated with the financial asset(s). The risk associated with these unrated instrument(s) is managed based on a deep understanding of the counterparties' financial position and regular reporting regarding same; this includes quarterly regulatory reporting to the Prudential Authority.

29. Financial risk management continued**Credit risk** continued**Investments** continued

Figures in R'000

	AA/A	BB/B*	Unrated	Total
2023				
GROUP				
Other – financial assets at fair value through profit or loss				
Investments – unit trusts	–	239 272	–	239 272
Solely payments of principal and interest – financial assets (amortised cost)				
Investments – short-term deposits	–	122 579	–	122 579
Trade and other receivables ^{1,2}	–	–	14 087	14 087
Cash and cash equivalents – bank balances	–	1 620	–	1 620
Cash and cash equivalents – cash on hand	–	–	17	17
Cash and cash equivalents – short-term deposits	–	72 899	–	72 899
	–	436 370	14 104	450 474
COMPANY				
Other – financial assets at fair value through profit or loss				
Investments – unit trusts	–	21 086	–	21 086
Solely payments of principal and interest – financial assets (amortised cost)				
Trade and other receivables ^{1 #}	–	–	16 603	16 603
Cash and cash equivalents – bank balances	–	268	–	268
Cash and cash equivalents – cash on hand	–	–	7	7
Cash and cash equivalents – short-term deposits	–	2 618	–	2 618
	–	23 972	16 610	40 582

* As at 31 March 2023, at group level, approximately 72% of aggregated credit risk exposure relating to these categories of credit ratings represented exposure to the major South African banks and Republic of South Africa government bonds.

The company assessed the underlying financial asset(s) that constitute trade and other receivables as at year end to quantify expected credit losses or identify indicators of impairment loss at that date. Based on the assessment, the potential effect of expected credit losses is considered immaterial and no evidence was found to support any undue credit risk associated with the financial asset(s). The risk associated with these unrated instrument(s) is managed based on a deep understanding of the counterparties' financial position and regular reporting regarding same; this includes quarterly regulatory reporting to the Prudential Authority.

¹ Previously referred to as trade, insurance and other receivables before the adoption of IFRS 17.

² Comparative information was restated for the initial adoption of IFRS 17. Refer to note 17.1 for additional information.

Insurance risk**Terms and conditions of insurance contracts**

Corporate Guarantee (South Africa) (RF) Limited (Corporate Guarantee) is licensed as a non-life insurer, in terms of section 23 of the Insurance Act, to conduct insurance business and operations, subject to the classes and subclasses of insurance business defined as part of the insurer's licensing conditions.

Corporate Guarantee underwrites finite risk policies to a defined target market which concentrates primarily on small and medium enterprises in the commercial market and secondarily on the lower end of the corporate commercial market as well as the higher end of the personal market. In the personal segment, the group does not cater for the insurance needs of the general public. Commercial and personal clients are carefully selected according to a strategy of prudent risk selection.

Corporate Guarantee aims to deliver innovative and tailored insurance risk solutions to its clients allowing them to retain some insurance risk and effectively operate as autonomous insurance entities. The finite risk policies expose Corporate Guarantee to specific risks and include profit participation measures to promote good risk management among the insured. The terms and conditions of insurance contracts that have a material effect on the amount, timing and uncertainty of future cash flows arising from insurance contracts are set out in the notes. Currently, Corporate Guarantee offers one type of insurance contract, being a contingency policy to cover insurance risk.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 March 2024

29. Financial risk management continued**Insurance risk** continued**Insurance risk and policies for mitigating insurance risk**

The primary activity of Corporate Guarantee relates to the assumption of the risk of loss from events involving persons or organisations. Such risks relate to the following classes of business; property, agriculture, transportation, motor, accident and health, guarantee, liability and miscellaneous from an insured event within South Africa. As such, the group is exposed to uncertainty surrounding the timing, severity and frequency of claims under insurance contracts.

The theory of probability is applied to the pricing and provisioning for a portfolio of insurance contracts. The principal risk is that the frequency and severity of claims are greater than expected and that Corporate Guarantee does not charge premiums appropriate for the risk accepted. Insurance events are, by nature, random, and the actual number and size of events during any one year may vary from those estimated using established statistical techniques.

Corporate Guarantee manages its insurance risk through underwriting limits, approval procedures for new clients, pricing guidelines, centralised management of risk and monitoring of emerging issues. These actions are described below.

Underwriting strategy

Corporate Guarantee's underwriting strategy seeks diversity to ensure a balanced portfolio and is based on a portfolio of similar risks spread over a large geographical area. The underwriting strategy is continuously monitored, updated and determines the classes of business to be written, the territories in which business is to be written and the industry sectors to which Corporate Guarantee is prepared to accept exposure. The strategy is cascaded down by the respective segment board to management that set the limits for management by client size, class of business, region and industry in order to enforce appropriate risk selection within the portfolio. In addition, management meets monthly to review underwriting information including premium income and loss ratios by class, region and industry.

Concentrations of insurance risk and policies mitigating the concentrations

Within the insurance process, concentrations of risk may arise where a particular event or series of events could impact heavily upon Corporate Guarantee's resources. The group monitors the concentration risk by geographical area and class of business. Corporate Guarantee is broadly represented across South Africa, with the majority of clients being concentrated in the Western Cape, the North West and Gauteng. Corporate Guarantee has exposure to specific classes of insurance business, with approximately 93% (2023: 90%) of all exposure being represented by the classes of business; property, agriculture and liability as at the reporting date.

Exposure relating to catastrophic events

Corporate Guarantee sets out the total aggregate exposure that it is prepared to accept in certain regions to a range of events such as natural catastrophes. The aggregate position is reviewed annually.

Corporate Guarantee considers that its most significant exposure would arise in the event of a major environmental disaster. This analysis has been performed through identifying key concentration of risks based on different classes of business exposed in the event of such an incident.

Other risks and policies for mitigating these risks

Insurance companies are exposed to the risk of false, invalid and exaggerated claims. Measures are in place to improve Corporate Guarantee's ability to proactively detect fraudulent claims.

29. Financial risk management continued**Insurance risk** continued**Claims development**

Corporate Guarantee is liable for all insured events that occur during the term of a contract, even if the loss is discovered after the end of the contract term, subject to predetermined time scales dependent on the nature of the insurance contract. Corporate Guarantee is therefore exposed to risk that claim reserves will not be adequate to fund historical claims (run-off risk). To manage run-off risk, Corporate Guarantee takes all reasonable steps to ensure that it has appropriate information regarding its claim exposures and adopts sound reserving practices. Consequently, Corporate Guarantee's history has proven the reserves to be sufficient to fund the actual claims paid.

Corporate Guarantee takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. Given the uncertainty in establishing claims provisions, however, it is possible that the final outcome may prove to be different from the original liability established. The uncertainty about the amount and timing of claims payments is, however, typically resolved within a year.

The majority of Corporate Guarantee's insurance contracts are classified as "short tail", meaning that any claim is settled within a year after the loss date.

In terms of IFRS 17, an insurer need only disclose claim run-off information where uncertainty exists about the amount and timing of claim payments not resolved within one year. Corporate Guarantee does not underwrite business that is "long tail" in nature.

Capital management

The board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The board of directors monitors both the demographic spread of shareholders as well as the return on capital, which the group defines as total shareholders' equity and the level of dividends to ordinary shareholders. Capital primarily consists of contributed share capital and retained earnings.

The board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The group's target is to achieve a return on shareholders' equity based on an accepted sovereign bond and risk factor. The group does not have external debt. Cash resources within the group are utilised for any capital commitments.

There were no changes in the group's approach to capital management during the year.

The solvency capital requirement specifically covers the following key areas of risk to Corporate Guarantee:

- Interest rate risk;
- Equity, currency and property risk;
- Counterparty spread and default risk;
- Concentration risk;
- Non-life underwriting risk; and
- Operational risk.

Corporate Guarantee has complied with all solvency capital requirements during the current and prior financial years.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 March 2024

30. Financial assets by category

The accounting policies for financial assets have been applied to the line items below.

Figures in R'000	GROUP					
	2024			2023		
	Financial assets at amortised cost	Financial assets at fair value through profit or loss	Total	Financial assets at amortised cost	Financial assets at fair value through profit or loss	Total
Investments	–	371 561	371 561	–	240 331	240 331
Trade receivables*	12 460	–	12 460	14 087	–	14 087
Short-term deposits	144 045	–	144 045	122 579	–	122 579
Cash and cash equivalents	58 936	–	58 936	74 536	–	74 536
	215 441	371 561	587 002	211 202	240 331	451 533

* Comparative information was restated for the initial adoption of IFRS 17. Refer to note 17.1 for additional information.

Figures in R'000	COMPANY					
	2024			2023		
	Financial assets at amortised cost	Financial assets at fair value through profit or loss	Total	Financial assets at amortised cost	Financial assets at fair value through profit or loss	Total
Investments	–	24 301	24 301	–	21 086	21 086
Loans to group companies	–	–	–	1 252	–	1 252
Trade and other receivables	19 399	–	19 399	16 603	–	16 603
Cash and cash equivalents	9 690	–	9 690	2 893	–	2 893
	29 089	24 301	53 390	20 748	21 086	41 834

Refer to note 1.19 for the determination of fair values for financial assets.

The carrying amounts of the financial assets at amortised cost approximate their fair values.

31. Financial liabilities by category

The accounting policies for financial liabilities have been applied to the line items below.

Figures in R'000	GROUP			
	2024		2023	
	Financial liabilities at amortised cost	Total	Financial liabilities at amortised cost	Total
Lease liabilities	4 961	4 961	8 876	8 876
Trade and other payables	16 111	16 111	7 582	7 582
	21 072	21 072	16 458	16 458

Figures in R'000	COMPANY			
	2024		2023	
	Financial liabilities at amortised cost	Total	Financial liabilities at amortised cost	Total
Lease liabilities	885	885	1 482	1 482
Loans from group companies	9 892	9 892	2 527	2 527
Trade and other payables	2 553	2 553	2 283	2 283
	13 330	13 330	6 292	6 292

Refer to note 1.19 for the determination of fair values for financial liabilities.

The carrying amounts of the financial liabilities at amortised cost approximate their fair values.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 March 2024

32. Commitments

Authorised capital expenditure

The group has not entered into any contracts to purchase property, plant and equipment.

33. Going concern

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. Management is not aware of any material uncertainties related to events or conditions that may cast significant doubt upon the group's and company's ability to continue as a going concern.

34. Events after the reporting date

There were no material events after the reporting date and up to the date of approval of these financial statements that required adjustment or disclosure in the group and company financial statements for the year ended 31 March 2024, other than that a dividend of 6,00 cents per share was declared by the directors subsequent to year end, payable to shareholders registered on 19 July 2024.

35. Earnings per share

Basic earnings per share

The basic earnings per ordinary share from operations for the year is 20,47 cents (2023: 12,33 cents*). The calculation of basic earnings per share from operations is based on profit of R10,94 million (2023: profit of R6,59 million*) and a weighted average number of shares in issue of 53 443 500 (2023: 53 443 500).

Diluted earnings per share

The diluted earnings per ordinary share from operations for the year is 20,47 cents (2023: 12,33 cents*). There are no dilutive instruments outstanding.

Headline earnings per share

The headline earnings per share from operations for the year is 20,46 cents (2023: 12,22 cents*). The calculation of headline earnings per share from operations is based on profit of R10,93 million (2023: profit of R6,53 million*) and a weighted average number of shares in issue of 53 443 500 (2023: 53 443 500).

Diluted headline earnings per share

The diluted headline earnings per share from operations for the year is 20,46 cents (2023: 12,22 cents*). There are no dilutive instruments outstanding.

Figures in R'000	Profit on ordinary activities	Taxation	Non-controlling interest	Net profit
Reconciliation between earnings and headline earnings:				
2024				
Profit before taxation	14 478	(3 539)	–	10 939
<i>Adjustments for:</i>				
Profit on disposal of property, plant and equipment	(10)	3	–	(7)
Headline earnings	14 468	(3 536)	–	10 932
2023*				
Profit before taxation	8 317	(1 727)	–	6 590
<i>Adjustments for:</i>				
Profit on disposal of property, plant and equipment	(83)	22	–	(61)
Headline earnings	8 234	(1 705)	–	6 529

* Comparative information was restated for the initial adoption of IFRS 17. Refer to note 17.1 for additional information.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 March 2024

36. Group segmental analysis

Figures in R'000	Furniture retail ¹		Insurance ²		Head office		Eliminations		Consolidated	
	2024	2023	2024	2023*	2024	2023	2024	2023*	2024	2023*
Segment revenue										
Revenue from contracts with customers	35 156	37 046	–	–	–	–	–	–	35 156	37 046
Sale of goods ³	32 071	34 394	–	–	–	–	–	–	32 071	34 394
Rendering of services ⁴	1 245	1 107	–	–	–	–	–	–	1 245	1 107
Effective interest revenue	1 840	1 545	–	–	–	–	–	–	1 840	1 545
Management fees	–	–	–	–	18 100	15 960	(18 100)	(15 960)	–	–
Insurance revenue	–	–	14 789	6 558	–	–	(61)	(11)	14 728	6 547
Total revenue from external customers	35 156	37 046	14 789	6 558	18 100	15 960	(18 161)	(15 971)	49 884	43 593
Inter-segment revenue	–	–	–	–	–	–	–	–	–	–
Total segment revenue	35 156	37 046	14 789	6 558	18 100	15 960	(18 161)	(15 971)	49 884	43 593
Segment result										
Profit/(loss) before financing expenses, depreciation, amortisation and taxation	3 605	3 197	8 567	4 416	7 551	5 141	(455)	675	19 268	13 429
Depreciation and amortisation	(3 602)	(3 648)	(79)	(57)	(635)	(677)	–	–	(4 316)	(4 382)
Financing costs	(506)	(730)	–	–	(804)	(222)	836	222	(474)	(730)
Profit/(loss) before taxation	(503)	(1 181)	8 488	4 359	6 112	4 242	381	897	14 478	8 317
Taxation credit/(expense)	114	319	(2 088)	(858)	(1 565)	(1 188)	–	–	(3 539)	(1 727)
Profit/(loss) for the year	(389)	(862)	6 400	3 501	4 547	3 054	381	897	10 939	6 590
Segment assets ⁵	28 364	34 189	558 187	427 315	119 494	109 028	(84 352)	(84 149)	621 693	486 383
Segment liabilities ⁵	6 305	11 743	497 997	373 525	19 096	10 505	(19 357)	(18 775)	504 041	376 998
Cash flows from operating activities	5 210	2 611	(21 732)	12 464	(1 200)	(390)	6 833	3 064	(10 889)	17 749
Cash flows from investing activities	(149)	87	(625)	(34)	(23)	(4 272)	1	(8 201)	(796)	(12 420)
Cash flows from financing activities	(5 106)	(9 335)	–	–	8 020	762	(6 829)	5 137	(3 915)	(3 436)
Capital expenditure	(149)	(27)	(625)	(34)	(69)	(36)	–	–	(843)	(97)

* Comparative information was restated for the initial adoption of IFRS 17. Refer to note 17.1 for additional information.

¹ The segment has two furniture retail stores in South Africa. Nictus places the customer first by continually striving towards excellence. Helpful personnel provide service with dedication and motivation, while maintaining integrity, focus and sound values. Products are of the highest quality and provide excellent value for money. Stores are situated in Louis Trichardt and Polokwane as at year end.

² The insurance segment of the group is run through Corporate Guarantee (South Africa) (RF) Limited, which brings a unique approach to non-life insurance through the alternative risk transfer model. The head office is currently situated in Bryanston and utilises group administration staff.

³ The sale of goods consists of revenue from goods transferred to customers at a point in time.

⁴ Rendering of services consists of revenue from services provided to customers over time amounting to R0,40 million (2023: R0,42 million). The remainder is provided at a point in time.

⁵ The segment assets and liabilities include tax assets and liabilities and have been included in the elimination column to agree to the amounts per the financial statements. On the next page, a reconciliation is performed to reflect the amount for segment assets and liabilities as defined in the accounting policies.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 March 2024

36. Group segmental analysis continued

Figures in R'000	2024	2023*
Reconciliation between consolidated segment assets and liabilities and total consolidated assets and liabilities		
Assets		
Segment assets	620 614	484 909
Deferred tax	1 068	1 474
Current tax receivable	11	–
Consolidated assets	621 693	486 383
Liabilities		
Segment liabilities	498 399	372 921
Deferred tax	5 642	4 077
Current tax payable	–	–
Consolidated liabilities	504 041	376 998
Segment assets		
Furniture retail	28 364	34 189
Insurance	558 187	427 315
	586 551	461 504
Head office and eliminations	35 142	24 879
	621 693	486 383
Segment revenue		
Furniture retail	35 156	37 046
Insurance	14 789	6 558
	49 945	43 604
Head office and eliminations	(61)	(11)
	49 884	43 593
(Loss)/profit for the year		
Furniture retail	(389)	(862)
Insurance	6 400	3 501
	6 011	2 639
Head office and eliminations	4 928	3 951
	10 939	6 590

* Comparative information was restated for the initial adoption of IFRS 17. Refer to note 17.1 for additional information.

SHAREHOLDER INFORMATION

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NOTICE OF ANNUAL GENERAL MEETING



Nictus Limited

Incorporated in the Republic of South Africa
Registration number RSA: 1981/011858/06
Registration number NAM: F81/11858
JSE share code: NCS
ISIN: NA0009123481

(Nictus or the company or together with its subsidiaries, the group)

Notice is hereby given that the annual general meeting of the shareholders of Nictus (shareholders) in respect of the financial year ended 31 March 2024 (annual general meeting) will be held on Thursday, 29 August 2024 at 12:00 (South African time), subject to any cancellation, postponement or adjournment, to deal with the business as set out below and to consider and, if deemed appropriate, pass with or without modification the ordinary and special resolutions set out in this notice.

The annual general meeting will be held by way of electronic participation only, and not by way of a physical meeting. The annual general meeting will accordingly only be accessible through electronic communication, as permitted by the JSE Limited (JSE) and in accordance with the provisions of the Companies Act of South Africa, 71 of 2008 (the Companies Act of South Africa) and the company's Memorandum of Incorporation (MOI). The company has retained the services of The Meeting Specialist Proprietary Limited (TMS) to remotely host the annual general meeting on an interactive electronic platform in order to facilitate remote participation and voting by shareholders. TMS will also act as scrutineer for purposes of the annual general meeting.

Please refer to point 9 of the notice of annual general meeting for details pertaining to, *inter alia*, participating and voting at the annual general meeting.

1. Record date

The board of directors of the company (the board) has determined that the record date, as contemplated in section 59(1) of the Companies Act of South Africa and the JSE Listings Requirements, for the purpose of determining which shareholders are entitled to:

- 1.1 Receive notice of the annual general meeting is Friday, 21 June 2024; and
- 1.2 Participate in and vote at the annual general meeting is Friday, 23 August 2024. Accordingly, only shareholders who are registered in the register of

shareholders of the company, or their proxies, on Friday, 23 August 2024 will be entitled to participate in and vote at the annual general meeting. The last day to trade in order to be entitled to participate in and vote at the annual general meeting is therefore Tuesday, 20 August 2024.

2. General purpose of the annual general meeting

The general purpose of the annual general meeting is to:

- 2.1 Consider and, if deemed appropriate, pass with or without modification the resolutions set out hereunder; and
- 2.2 Deal with any business that may lawfully be dealt with at the annual general meeting.

3. Presentation of the group and company audited annual financial statements

The group and company audited annual financial statements, incorporating the reports of the auditor, the audit and risk committee, the directors, the social and ethics committee and the remuneration and nomination committee for the year ended 31 March 2024, will be presented to shareholders as required in terms of section 30(3)(d) read with section 61(8)(a) of the Companies Act of South Africa and regulation 43(5)(c) of the Companies Regulations, 2011 of South Africa.

4. Resolutions for consideration and approval

4.1 Ordinary resolution 1: Re-election of Professor Barend J Willemse as a director

"Resolved that Professor Barend J Willemse, in terms of clause 16.3.2 of the MOI, be and is hereby re-elected as a director of the company."

In order for this ordinary resolution number 1 to be passed, the support of more than 50% (fifty percent) of the voting rights exercised on the resolution by shareholders present or represented by proxy, at the annual general meeting, is required.

A brief *curriculum vitae* is set out on page 10 of the integrated annual report of which this notice forms part.

4.2 Ordinary resolution 2: Re-election of Philippus J de W Tromp as a director

"Resolved that Philippus J de W Tromp, in terms of clause 16.3.2 of the MOI, be and is hereby re-elected as a director of the company."

In order for this ordinary resolution number 2 to be passed, the support of more than 50% (fifty percent) of the voting rights exercised on the resolution by shareholders present or represented by proxy, at the annual general meeting, is required.

A brief *curriculum vitae* is set out on page 10 of the integrated annual report of which this notice forms part.

4.3 Ordinary resolution 3: Re-election of Sarita Martin as a director

"Resolved that Sarita Martin, in terms of clause 16.3.2 of the MOI, be and is hereby re-elected as a director of the company."

In order for this ordinary resolution number 3 to be passed, the support of more than 50% (fifty percent) of the voting rights exercised on the resolution by shareholders present or represented by proxy, at the annual general meeting, is required.

A brief *curriculum vitae* is set out on page 11 of the integrated annual report of which this notice forms part.

4.4 Ordinary resolution 4: Non-binding advisory approval of the remuneration policy

"Resolved to approve, by way of a non-binding advisory vote, the remuneration policy of the group as set out on page 31 of the integrated annual report."

Ordinary resolution number 4 is of a non-binding advisory nature.

4.5 Ordinary resolution 5: Non-binding advisory approval of the remuneration implementation report

"Resolved to approve, by way of a non-binding advisory vote, the remuneration implementation report of the group as set out on pages 29 and 30 of the integrated annual report."

Ordinary resolution number 5 is of a non-binding advisory nature.

The remuneration report of the remuneration and nomination committee (which includes the remuneration policy and remuneration implementation report) is set out on pages 28 to 30 of the integrated annual report of which this notice forms part.

The JSE Listings Requirements require, and the King IV Report on Corporate Governance for South Africa, 2016™ (King IV®) recommends, that a company's remuneration policy and remuneration implementation report be tabled for separate

non-binding advisory votes by shareholders at each annual general meeting. This enables shareholders to express their views on the company's remuneration policy and the remuneration implementation report. Ordinary resolutions numbers 4 and 5 are of a non-binding advisory nature.

Shareholders are reminded that in terms of the JSE Listings Requirements and King IV®, should 25% or more of the votes cast be against one or both of these non-binding ordinary resolutions, Nictus undertakes to engage with dissenting shareholders as to the reasons therefor and undertakes to appropriately address legitimate and reasonable objections and concerns raised, which may include amending the remuneration policy, or clarifying or adjusting remuneration governance and/or processes.

4.6 Ordinary resolution 6: Election of Cornelius J de Vrye as a member and chairperson of the audit and risk committee

"Resolved that Cornelius J de Vrye, an independent non-executive director of the company who fulfils the requirements of section 94(4) of the Companies Act of South Africa, be and is hereby elected as a member and chairperson of the audit and risk committee of the company, to hold office until the conclusion of the next annual general meeting of the company."

In order for this ordinary resolution number 6 to be passed, the support of more than 50% (fifty percent) of the voting rights exercised on the resolution by shareholders present or represented by proxy, at the annual general meeting, is required.

A brief *curriculum vitae* is set out on page 11 of the integrated annual report of which this notice forms part.

4.7 Ordinary resolution 7: Election of Professor Barend J Willemse as a member of the audit and risk committee

"Resolved that Professor Barend J Willemse, an independent non-executive director and chairperson of the board who fulfils the requirements contemplated in section 94(4) of the Companies Act of South Africa, be and is hereby elected as a member of the audit and risk committee of the company, to hold office until the conclusion of the next annual general meeting of the company, subject to his re-election as a director of the company pursuant to ordinary resolution number 1."

In order for this ordinary resolution number 7 to be passed, the support of more than 50% (fifty percent) of the voting rights exercised on the resolution by shareholders present

NOTICE OF ANNUAL GENERAL MEETING continued

or represented by proxy, at the annual general meeting, is required. Shareholders' attention is specifically drawn to the dual role of Professor Barend J Willemse, being the independent non-executive chairperson of the board and also a member of the audit and risk committee of the company.

A brief *curriculum vitae* is set out on page 10 of the integrated annual report of which this notice forms part.

4.8 Ordinary resolution 8: Election of Sarita Martin as a member of the audit and risk committee

"Resolved that Sarita Martin, an independent non-executive director of the company who fulfils the requirements contemplated in section 94(4) of the Companies Act of South Africa, be and is hereby elected as a member of the audit and risk committee of the company, to hold office until the conclusion of the next annual general meeting of the company, subject to her re-election as a director of the company pursuant to ordinary resolution number 3."

In order for this ordinary resolution number 8 to be passed, the support of more than 50% (fifty percent) of the voting rights exercised on the resolution by shareholders present or represented by proxy, at the annual general meeting, is required.

A brief *curriculum vitae* is set out on page 11 of the integrated annual report of which this notice forms part.

4.9 Ordinary resolution 9: Reappointment of PricewaterhouseCoopers Inc. as the independent external auditor

"Resolved that PricewaterhouseCoopers Inc. (with the new designated external audit partner being Francois Kruger) be and is hereby reappointed as the independent external auditor of the company, in terms of the MOI and the Companies Act of South Africa, to hold office until the conclusion of the next annual general meeting of the company."

The audit and risk committee of the company recommended the reappointment of PricewaterhouseCoopers Inc. and the appointment of Francois Kruger, following its assessment of the performance and independence of PricewaterhouseCoopers Inc. and the independence of Francois Kruger and being satisfied that no governance guidelines have been breached and that they have complied with the provisions of the JSE Listings Requirements and the Companies Act of South Africa.

In order for this ordinary resolution number 9 to be passed, the support of more than 50% (fifty percent) of the voting rights exercised on the resolution by shareholders present or represented by proxy, at the annual general meeting, is required.

4.10 Ordinary resolution 10: Authority to issue ordinary shares

"Resolved that the board be and is hereby authorised by way of a general authority to issue ordinary shares less than 30% (thirty percent), being 16 033 050 shares, of the issued shares (including options and securities convertible into ordinary shares) in the share capital of the company, excluding treasury shares, as at the date of this notice of annual general meeting, at their discretion, for cash and/or to grant options to subscribe for such 30% (thirty percent) of the company's issued share capital, for such purposes and on such terms and conditions as they may determine, provided that such transaction(s) are subject to the JSE Listings Requirements, the Companies Act of South Africa and the following conditions:

- 4.10.1 This authority shall only be valid until the next annual general meeting of the company but shall not extend beyond 15 (fifteen) months from the date of passing of this resolution;
- 4.10.2 The issue of the shares must be made to persons qualifying as public shareholders as defined in the JSE Listings Requirements, and not to related parties (save for where the general issue of shares for cash is implemented through a bookbuild process and subject to the JSE Listings Requirements);
- 4.10.3 The shares which are the subject of the issue must be of a class already in issue, or where this is not the case, must be limited to such shares or rights that are convertible into a class already in issue;
- 4.10.4 The issue of shares must be published in a Stock Exchange News Services announcement, in accordance with the JSE Listings Requirements, giving full details of the issue, after any issue representing, on a cumulative basis within one financial year, 5% (five percent) of the number of shares in issue prior to the issue concerned;
- 4.10.5 In determining the price at which an issue of shares for cash will be made in terms of this authority, the maximum discount permitted shall be 10% (ten percent) of the weighted average traded price of the ordinary shares on the JSE, measured over the 30 (thirty) business days prior to the date that the price of the issue is agreed between the company and the party subscribing for the shares;
- 4.10.6 In the event of a sub-division or consolidation of issued shares during the period contemplated in paragraph 4.10.1, the existing authority must be adjusted accordingly to represent the same allocation ratio; and
- 4.10.7 Any equity securities issued under the authority during the period contemplated in paragraph 4.10.1 must be deducted from the number referred to above (being 16 033 050 shares)."

In order for this ordinary resolution number 10 to be passed, the support of 75% (seventy-five percent) majority of the voting rights exercised on the resolution by shareholders present or represented by proxy, at the annual general meeting, is required.

4.11 Ordinary resolution 11: Signing authority

"Resolved that each director, or the secretary of the company, be and is hereby authorised to do all such things and sign all such documents as may be necessary for, or incidental to, the implementation of the resolutions passed at the annual general meeting of the company and set out in this notice."

In order for this ordinary resolution number 11 to be passed, the support of more than 50% (fifty percent) of the voting rights exercised on the resolution by shareholders present or represented by proxy, at the annual general meeting, is required.

4.12 Special resolution 1: Approval of non-executive directors' remuneration

"Resolved that the company be and is hereby authorised to pay remuneration to its non-executive directors for their services as directors, as contemplated in sections 66(8) and 66(9) of the Companies Act of South Africa, and that the remuneration structure and amounts as set out as follows, be and are hereby approved until such time as rescinded or amended by the shareholders by way of a special resolution."

Name of director	Proposed fees*				
	Board R	Audit and risk committee R	Remu- neration and nomination committee R	Social and ethics committee R	Annual fee R
Professor Barend J Willemse	403 326	51 336	51 336	–	505 998
Sarita Martin	205 342	51 336	66 737	25 668	349 083
Cornelius J de Vrye	205 342	143 740	51 336	–	400 418
Philippus J de W Tromp	205 342	–	–	33 368	238 710

* Non-executive directors will be paid an amount of R51 336 per meeting in respect of board or special meetings, should the number of these additional meetings exceed five per annum. They will also be paid a pro rata amount per hour for additional time spent.

Special resolution number 1 is required in terms of section 66 of the Companies Act of South Africa, which requires that non-executive directors' remuneration for their services as directors may be paid by a company only in accordance with a special resolution approved by shareholders within the previous two years.

In order for special resolution number 1 to be passed, the support of at least 75% (seventy-five percent) of the voting rights exercised on the resolution by the shareholders present or represented by proxy, at the annual general meeting, is required.

The reason for this resolution is to obtain approval for the payment of the non-executive directors' remuneration and the effect will be that the non-executive directors are paid in accordance with this resolution.

4.13 Special resolution 2: General authority to repurchase shares

"Resolved that the company, in terms of its MOI, or one of its wholly-owned subsidiaries, in terms of such wholly-owned subsidiary's MOI, as the case may be, and subject to the relevant subsidiary passing the necessary special resolution, be and is hereby authorised by way of a general authority to acquire the company's own securities, upon such terms and conditions and in such amounts as the directors may from time to time decide, subject to the JSE Listings Requirements and the Companies Act of South Africa and subject to the following:

- 4.13.1 This general authority shall be valid until the company's next annual general meeting, provided that it shall not extend beyond 15 (fifteen) months from the date of passing of this resolution;
- 4.13.2 The repurchase being effected through the order book operated by the JSE trading system, without any prior understanding or arrangement between the company and the counterparty;

NOTICE OF ANNUAL GENERAL MEETING continued

- 4.13.3 Repurchases may not be made at a price greater than 10% (ten percent) above the weighted average of the market value of the ordinary shares for the 5 (five) business days immediately preceding the date on which the transaction is effected;
- 4.13.4 An announcement being published as soon as the company has repurchased ordinary shares constituting, on a cumulative basis, 3% (three percent) of the initial number of ordinary shares (the number of ordinary shares in issue at the time that this general authority is granted), and for each 3% (three percent) in aggregate of the initial number of ordinary shares repurchased thereafter in accordance with the JSE Listings Requirements;
- 4.13.5 The number of shares which may be acquired pursuant to this authority in any one financial year may not in the aggregate exceed 20% (twenty percent) of the company's issued share capital as at the date of passing of this special resolution;
- 4.13.6 In the case of acquisition by subsidiaries, the number of shares acquired and held by a subsidiary or subsidiaries of the company shall not exceed 10% (ten percent), in aggregate, of the number of shares issued in the company;
- 4.13.7 The company and/or its subsidiaries may not repurchase securities during a prohibited period as defined in the JSE Listings Requirements, unless it has in place a repurchase programme where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation) and full details of the programme have been submitted to the JSE in writing, prior to the commencement of the prohibited period and must include the details required in terms of paragraph 5.72(h) of the JSE Listings Requirements;
- 4.13.8 At any point in time the company may only appoint one agent to effect any repurchases on its behalf;
- 4.13.9 The board must pass a resolution that they authorised the repurchase and that the company and its subsidiaries have passed the solvency and liquidity test set out in section 4 of the Companies Act of South Africa and that since the test was performed, there have been no material changes to the financial position of the group; and
- 4.13.10 The directors, having considered the effects of the maximum repurchase permitted, are of the opinion that for a period of 12 (twelve) months after the date of the notice of the annual general meeting:
 - 4.13.10.1 The company and the group will be able, in the ordinary course of business, to pay its debts;

- 4.13.10.2 The working capital of the company and the group will be adequate for ordinary business purposes;
- 4.13.10.3 The assets of the company and the group, fairly valued in accordance with International Financial Reporting Standards, will exceed the liabilities of the company and the group, fairly valued in accordance with International Financial Reporting Standards; and
- 4.13.10.4 The company's and the group's ordinary share capital and reserves will be adequate for ordinary business purposes."

Section 48 of the Companies Act of South Africa authorises the board of directors of a company to approve the acquisition of its own shares subject to the provisions of sections 46 and 48 of the Companies Act of South Africa having been met. The Companies Act of South Africa and the JSE Listings Requirements require the approval of at least 75% (seventy-five percent) of the votes cast by shareholders present or represented by proxy, at the annual general meeting, for special resolution number 2 to become effective.

4.14 Special resolution 3: Financial assistance to entities related or inter-related to the company, in terms of section 45 of the Companies Act of South Africa

"Resolved that, as a general approval, the company may, in terms of section 45(3)(a)(ii) of the Companies Act of South Africa, provide any direct or indirect financial assistance (financial assistance will herein have the meaning attributed to it in section 45(1) of the Companies Act of South Africa) to any related or inter-related company or to any juristic person who is a member of or related to any such company/ies (related and inter-related will herein have the meaning attributed to it in section 2 of the Companies Act of South Africa), subject to compliance with the remainder of section 45 of the Companies Act of South Africa, as the board may deem fit and on the terms and conditions, to the recipient/s, in the form, nature and extent and for the amounts that the board may determine from time to time."

In order for special resolution number 3 to be passed, the support of at least 75% (seventy-five percent) of the voting rights exercised on the resolution by the shareholders present or represented by proxy, at the annual general meeting, is required.

The effect of special resolution number 3, if adopted, is to confer the authority on the board to authorise financial assistance to companies related or inter-related to the company or to any juristic person who is a member of or related to any such companies generally as the board may deem fit, on the terms and conditions, and for the amounts that the board may determine from time to time, for a period of two years from the date of the adoption of the special resolution and in particular as specified in the special resolution.

5. Additional information

The following additional information, which may appear elsewhere in the integrated annual report, is provided in terms of the JSE Listings Requirements for purposes of the general authority to repurchase the company's shares set out in special resolution number 2:

- 5.1 Major shareholders – pages 38 and 39 of the integrated annual report of which this notice forms part; and
- 5.2 Stated capital of the company – page 77 of the integrated annual report of which this notice forms part.

6. Directors' responsibility statement

The directors in office, whose names appear on pages 10 and 11 of the integrated annual report, of which this notice forms part, collectively and individually accept full responsibility for the accuracy of the information pertaining to special resolution number 2 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 this notice of annual general meeting contains all information required by law and the JSE Listings Requirements.

7. Material changes

Other than the facts and developments reported on in the integrated annual report, there have been no material changes in the affairs or financial or trading position of the company and its subsidiaries since the company's financial year end and the date of signature of the integrated annual report (incorporating the audited annual financial statements).

8. Directors' intention regarding the general authority to repurchase the company's shares

The directors have no specific intention, at present, for the company to repurchase any of its shares but consider that such a general authority should be put in place should an opportunity present itself to do so during the year which is in the best interests of the company and shareholders.

9. Participation, voting and proxies

- 9.1 Please note that, in terms of section 62(3)(e) of the Companies Act of South Africa:
 - 9.1.1 A shareholder entitled to attend and vote at the annual general meeting is entitled to appoint one or more proxies to attend, participate in and vote at the annual general meeting in place of that shareholder; and
 - 9.1.2 A proxy need not also be a shareholder of the company.
- 9.2 Shareholders who wish to participate electronically in and/or vote at the annual general meeting are required to complete the electronic participation form available on pages 117 and 118 of the integrated annual report, of which this notice forms part, and email it to TMS at proxy@tmsmeetings.co.za or alternatively contact them on +27 11 520 7950/1/2 as soon as possible, but in any event no later than 12:00 (South African time) on Tuesday, 27 August 2024. TMS will assist shareholders with the requirements for electronic participation in, and/or voting at, the annual general meeting.
- 9.3 Shareholders will be liable for their own network charges in relation to electronic participation in and/or voting at the annual general meeting. Any such charges will not be for the account of the company, the JSE and/or TMS. The company, the JSE and/or TMS cannot be held accountable in the case of loss of network connectivity or other network failure due to insufficient airtime, internet connectivity, internet bandwidth and/or power outages which prevent any such shareholder from participating in and/or voting at the annual general meeting.
- 9.4 Shareholders are advised, and strongly encouraged, to participate in the annual general meeting electronically and, for administrative ease, to make use of proxy voting as outlined in this notice.

NOTICE OF ANNUAL GENERAL MEETING continued

- 9.5 Shareholders are further advised that in terms of section 63(1) of the Companies Act of South Africa, any person (including proxies) attending, participating in or voting at the annual general meeting must present reasonably satisfactory identification before being entitled to attend, participate in or vote at the annual general meeting. TMS is obliged to validate, in consultation with the company and, in particular, the company’s transfer secretaries, Computershare Investor Services Proprietary Limited (Computershare), and your Central Securities Depository Participant (CSDP) each shareholder’s entitlement to participate in and/or vote at the annual general meeting, before providing you with the necessary means to access the annual general meeting and the associated voting platform. Forms of identification include valid identity documents, driver’s licences and passports.
- 9.6 All beneficial owners whose shares have been dematerialised through a CSDP, broker or nominee other than with “own name” registration, must provide the CSDP, broker or nominee with their voting instructions in terms of their custody agreements should they wish to vote at the annual general meeting. Alternatively, they may request the CSDP, broker or nominee to provide them with a letter of representation, in terms of their custody agreements, should they wish to participate in the annual general meeting electronically.
- 9.7 Unless you advise your CSDP, broker or nominee, in terms of the agreement between you and your CSDP, broker or nominee by the cut-off time stipulated therein, that you wish to participate in the annual general meeting electronically or nominate a proxy to represent you at this annual general meeting, your CSDP, broker or nominee will assume that you do not wish to attend the annual general meeting or nominate a proxy.

- 9.8 Forms of proxy (which form may be found enclosed) must be dated and signed by the shareholder appointing a proxy and must be emailed to TMS at proxy@tmsmeetings.co.za. Forms of proxy must be received not later than 12:00 on Tuesday, 27 August 2024. Before a proxy exercises any rights of a shareholder at the annual general meeting, such form of proxy must be so delivered. Thereafter, forms of proxy must be electronically submitted to the chairperson of the annual general meeting before the appointed proxy may exercise any rights of the shareholder at the annual general meeting. If required, additional forms of proxy may be obtained from the registered offices of the company, the transfer secretaries or TMS, whose details are set out on the inside back cover.
- 9.9 Attention is drawn to the “Notes” to the form of proxy.
- 9.10 The completion of a form of proxy does not preclude any shareholder attending the annual general meeting.

By order of the board

Nictus Limited
Veritas Eksekuteurskamer Proprietary Limited
Company secretary

Bryanston
 20 June 2024

ELECTRONIC PARTICIPATION

in the Nictus Limited virtual annual general meeting to be held at 12:00 on Thursday, 29 August 2024

The annual general meeting

Shareholders or their proxies who wish to participate in the annual general meeting *via* electronic communication (participants), must apply to the company’s meeting scrutineers to do so by emailing the form below (the application) to the email address of the company’s meeting scrutineers, TMS, by no later than 12:00 on Tuesday, 27 August 2024. The email address is as follows: proxy@tmsmeetings.co.za.

Shareholders who have dematerialised their shares, other than those shareholders who have dematerialised their shares with “own name” registration, should contact their CSDP or broker in the manner and time stipulated in their agreement with their CSDP or broker:

- To furnish them with their voting instructions; and
- In the event that they wish to participate in the meeting, to obtain the necessary authority to do so.

Participants will be able to vote during the annual general meeting through an electronic participation platform. Such participants, should they wish to have their vote(s) counted at the annual general meeting, must provide TMS with the information requested below.

Each shareholder, who has complied with the requirements below, will be contacted between Tuesday, 27 August 2024 and Thursday, 29 August 2024 *via* email/mobile with a unique link to allow them to participate in the virtual annual general meeting.

The cost of the participant’s phone call or data usage will be at his/her own expense and will be billed separately by his/her own service provider.

The participant’s unique access credentials will be forwarded to the email/cell number provided below.

Application form

Name and surname of shareholder _____

Name and surname of shareholder representative _____
(if applicable)

ID number of shareholder or representative _____

Email address _____

Cell number _____

Telephone number _____

Name of CSDP or broker _____
(if shares are held in dematerialised format)

SCA number/broker account number, or _____

Own name account number _____

Number of shares _____

Signature _____ Date _____

By signing this form, I agree and consent to the processing of my personal information above for the purpose of participation in the annual general meeting.

ELECTRONIC PARTICIPATION continued

Terms and conditions for participation at the Nictus Limited annual general meeting to be held at 12:00 on Thursday, 29 August 2024 via electronic communication

- The cost of dialling in using a telecommunication line/webcast/web-streaming to participate in the annual general meeting is for the expense of the participant and will be billed separately by the participant's own service provider.
- The participant acknowledges that the telecommunication lines/webcast/web-streaming are provided by a third party and indemnifies the company, the JSE and TMS and/or their third-party service providers against any loss, injury, damage, penalty or claim arising in any way from the use or possession of the telecommunication lines/webcast/web-streaming, whether or not the problem is caused by any act or omission on the part of the participant or anyone else. In particular, but not exclusively, the participant acknowledges that he/she will have no claim against the company, the JSE and TMS and/or its third-party service providers, whether for consequential damages or otherwise, arising from the use of the telecommunication lines/webcast/web-streaming or any defect in or from total or partial failure of the telecommunication lines/webcast/web-streaming and connections linking the telecommunication lines/webcast/web-streaming to the annual general meeting.
- Participants will be able to vote during the annual general meeting through an electronic participation platform. Such participants, should they wish to have their vote(s) counted at the annual general meeting, must act in accordance with the requirements set out above.
- Once the participant has received the link, the onus to safeguard this information remains with the participant.
- The application will only be deemed successful if this application form has been fully completed and signed by the participant and delivered or emailed to TMS at proxy@tmsmeetings.co.za and in the manner set out above.

Shareholder name _____

Signature _____ Date _____

Important: You are required to attach a copy of your identity document/driver's licence/passport when submitting the application.

FORM OF PROXY



Nictus Limited

Incorporated in the Republic of South Africa
 Registration number RSA: 1981/011858/06
 Registration number NAM: F81/11858
 JSE share code: NCS
 ISIN: NA0009123481
 (Nictus or the company)

To be completed by certificated shareholders and dematerialised shareholders with "own name" registration only

For use by shareholders of the company holding certificated shares and/or dematerialised shareholders who have elected "own name" registration, nominee companies of Central Securities Depository Participants (CSDP) and brokers' nominee companies, registered as such at the close of business on Friday, 23 August 2024 (the voting record date), at the annual general meeting of the company to be held on Thursday, 29 August 2024, commencing at 12:00 (South African time), or at any postponement or adjournment thereof.

If you are a dematerialised shareholder, other than with "own name" registration, do not use this form. Dematerialised shareholders, other than with "own name" registration, should provide instructions to their appointed CSDP or broker in the form as stipulated in the custody agreement entered into between the shareholder and the CSDP or broker.

I/We, the undersigned _____

of _____ (address)

being the holder/s of _____ shares in the company, do hereby appoint:

1. _____ or, failing him/her
2. _____ or, failing him/her
3. the chairperson of the annual general meeting,

as my/our proxy to attend, speak and, on a poll, vote on my/our behalf at the above-mentioned annual general meeting of members or at any adjournment thereof, and to vote or abstain from voting as follows on the ordinary and special resolutions to be proposed at such meeting:

FORM OF PROXY continued

	For	Against	Abstain	Precluded from voting in terms of the Companies Act of South Africa or the JSE Listings Requirements
Ordinary resolution 1: Re-election of Professor Barend J Willemse as a director				
Ordinary resolution 2: Re-election of Philippus J de W Tromp as a director				
Ordinary resolution 3: Re-election of Sarita Martin as a director				
Ordinary resolution 4: Non-binding advisory approval of the remuneration policy				
Ordinary resolution 5: Non-binding advisory approval of the remuneration implementation report				
Ordinary resolution 6: Election of Cornelius J de Vrye as a member and chairperson of the audit and risk committee				
Ordinary resolution 7: Election of Professor Barend J Willemse as a member of the audit and risk committee				
Ordinary resolution 8: Election of Sarita Martin as a member of the audit and risk committee				
Ordinary resolution 9: Reappointment of PricewaterhouseCoopers Inc. (with the designated external audit partner being Francois Kruger) as the independent external auditor				
Ordinary resolution 10: Authority to issue ordinary shares				
Ordinary resolution 11: Signing authority				
Special resolution 1: Approval of non-executive directors' remuneration				
Special resolution 2: General authority to repurchase shares				
Special resolution 3: Financial assistance to entities related or inter-related to the company, in terms of section 45 of the Companies Act of South Africa				

Please indicate with an "X" in the appropriate spaces provided above how you wish your vote to be cast.

If you wish not to cast your votes in respect of less than all of the ordinary shares that you own in the company, however, insert the number of ordinary shares held in respect of which you desire to vote.

Signed at _____ on _____ 2024

Signature _____

Assisted by me, where applicable (name and signature) _____

NOTES TO THE FORM OF PROXY

- Each shareholder is entitled to appoint one or more proxies (who need not be a shareholder(s) of the company) to participate in place of that shareholder at the annual general meeting.
- A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space provided, with or without deleting "the chairperson of the annual general meeting". The person whose name stands first on the form of proxy and who is present at the annual general meeting shall be entitled to act as proxy to the exclusion of the persons whose names follow.
- A shareholder's instructions to the proxy have to be indicated by the insertion of an "X" or the relevant number of votes exercisable by that shareholder in the appropriate box provided. Failure to comply with the above shall be deemed to authorise the chairperson of the annual general meeting, if the chairperson is the authorised proxy, to vote in favour of the ordinary and special resolutions at the annual general meeting, or any other proxy to vote or to abstain from voting at the annual general meeting, as he/she deems fit, in respect of all the shareholder's votes exercisable thereat.
- A shareholder or his/her proxy is not obliged to vote in respect of all the ordinary shares held by such shareholder or represented by such proxy, but the total number of votes for or against the ordinary and special resolutions and in respect of which any abstention is recorded may not exceed the total number of votes to which the shareholder or his/her proxy is entitled.
- Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity has to be attached to this form of proxy, unless previously recorded by the company's transfer secretaries or waived by the chairperson of the annual general meeting.
- The chairperson of the annual general meeting may reject or accept any form of proxy that is completed and/or received other than in accordance with these instructions and notes.
- Any alterations or corrections to this form of proxy have to be initialled by the signatory(ies).
- The completion and lodging of this form of proxy shall not preclude the relevant shareholder from participating in the annual general meeting to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.
- All beneficial owners of ordinary shares who have dematerialised their shares through a CSDP or broker, other than those shareholders who have elected to dematerialise their shares with "own name" registrations, and all beneficial owners of ordinary shares who hold certificated shares through a nominee, must provide their CSDP, broker or nominee with their voting instructions. Voting instructions must reach the CSDP, broker or nominee in sufficient time to allow the CSDP, broker or nominee to advise TMS of this instruction no less than 48 hours before the time appointed for the holding of the meeting. Should you, as the beneficial owner, however, wish to participate in the meeting, you may do so by requesting your CSDP, broker or nominee to issue you with a letter of representation in terms of the custody agreement entered into with your CSDP, broker or nominee. Letters of representation must be lodged with TMS not less than 48 hours before the time appointed for the holding of the meeting. Shareholders who hold certificated shares with their own name and shareholders who have dematerialised their shares with "own name" registrations must lodge their completed proxy forms with TMS via email at proxy@tmsmeetings.co.za not less than 48 hours before the time appointed for the holding of the meeting (excluding Saturdays, Sundays and public holidays).
- Forms of proxy have to be emailed to TMS at proxy@tmsmeetings.co.za. Forms of proxy must be received not later than 12:00 on Tuesday, 27 August 2024. Thereafter, forms of proxy must be submitted electronically to the chairperson of the annual general meeting or TMS, as set out in this notice, before the appointed proxy may exercise any rights of the shareholder at the annual general meeting.

NOTES TO THE FORM OF PROXY continued

Summary of rights established by section 58 of the Companies Act of South Africa, as required in terms of subsection 58(8)(b)(i)

1. A shareholder may at any time appoint any individual, including a non-shareholder of the company, as a proxy to participate in, speak and vote at a shareholders' meeting on his or her behalf (section 58(1)(a)), or to give or withhold consent on behalf of the shareholder to a decision in terms of section 60 (shareholders acting other than at a meeting) (section 58(1)(b)).
2. A proxy appointment must be in writing, dated and signed by the shareholder, and remains valid for one year after the date on which it was signed or any longer or shorter period expressly set out in the appointment, unless it is revoked in terms of paragraph 6.3 or expires earlier in terms of paragraph 10.4 (section 58(2)).
3. A shareholder may appoint two or more persons concurrently as proxies and may appoint more than one proxy to exercise voting rights attached to different securities held by the shareholder (section 58(3)(a)).
4. A proxy may delegate his or her authority to act on behalf of the shareholder to another person, subject to any restriction set out in the instrument appointing the proxy (proxy instrument) (section 58(3)(b)).
5. A copy of the proxy instrument must be delivered to the company, or to any other person acting on behalf of the company, before the proxy exercises any rights of the shareholder at a shareholders' meeting (section 58(3)(c)) and in terms of the company's MOI at least 48 hours before the annual general meeting commences.
6. Irrespective of the form of instrument used to appoint a proxy:
 - 6.1 The appointment is suspended at any time and to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder (section 58(4)(a));
 - 6.2 The appointment is revocable unless the proxy appointment expressly states otherwise (section 58(4)(b)); and
 - 6.3 If the appointment is revocable, a shareholder may revoke the proxy appointment by cancelling it in writing or by making a later, inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and to the company (section 58(4)(c)).
7. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority

to act on behalf of the shareholder as of the later of the date stated in the revocation instrument, if any, or the date on which the revocation instrument was delivered as contemplated in paragraph 6.3 (section 58(5)).

8. If the proxy instrument has been delivered to a company, as long as that appointment remains in effect, any notice required by the Companies Act of South Africa or the MOI to be delivered by the company to the shareholder must be delivered by the company to the shareholder (section 58(6)(a)), or the proxy or proxies, if the shareholder has directed the company to do so in writing and paid any reasonable fee charged by the company for doing so (section 58(6)(b)).
9. A proxy is entitled to exercise, or abstain from exercising, any voting right of the shareholder without direction, except to the extent that the MOI or proxy instrument provides otherwise (section 58(7)).
10. If a company issues an invitation to shareholders to appoint one or more persons named by the company as a proxy, or supplies a form of proxy instrument:
 - 10.1 The invitation must be sent to every shareholder entitled to the notice of the annual general meeting at which the proxy is intended to be exercised (section 58(8)(a));
 - 10.2 The invitation or form of proxy instrument supplied by the company must:
 - 10.2.1 Bear a reasonably prominent summary of the rights established in section 58 of the Companies Act of South Africa (section 58(8)(b)(i));
 - 10.2.2 Contain adequate blank space, immediately preceding the name(s) of any person(s) named in it, to enable a shareholder to write the name, and if desired, an alternative name of a proxy chosen by the shareholder (section 58(8)(b)(ii)); and
 - 10.2.3 Provide adequate space for the shareholder to indicate whether the appointed proxy is to vote in favour of or against any resolution(s) to be put at the annual general meeting, or is to abstain from voting (section 58(8)(b)(iii));
 - 10.3 The company must not require that the proxy appointment be made irrevocable (section 58(8)(c)); and
 - 10.4 The proxy appointment remains valid only until the end of the annual general meeting at which it was intended to be used, subject to paragraph 7 (section 58(8)(d)).

DEFINITIONS, RATIOS AND TERMS

ASISA	Association for Savings and Investment South Africa
Companies Act of South Africa	Companies Act of South Africa, 71 of 2008
CSDP	Central Securities Depository Participant
GMM	General measurement model
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IFRS® or IFRS	International Financial Reporting Standards
Insurance Act	Insurance Act, 18 of 2017
IRBA Code	Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors
ISAs	International Standards on Auditing
IT	Information technology
JSE	JSE Limited
King IV®	King IV Report on Corporate Governance for South Africa, 2016™
LIC	Liability for incurred claims
LRC	Liability for remaining coverage
m ²	Square metre
MOI	Memorandum of Incorporation
MSCI World ex UNGC and CW Index	The index is based on the MSCI World Index, its parent index, which captures large and mid-cap representation across 23 Developed Markets countries. The index constituents are weighted according to their free float-adjusted market capitalisations applicable to foreign investors. The index represents the performance of the broad market while excluding companies that are associated with controversial weapons or fail to comply with United Nations Global Compact principles
MSCI World Index	The MSCI World Index captures large and mid-cap representation across 23 Developed Markets countries. With 1 506 constituents, the index covers approximately 85% of the free float-adjusted market capitalisation in each country
NPC	Non-profit company
PAA	Premium allocation approach
SAICA	South African Institute of Chartered Accountants
STeFI Index	Alexander Forbes Short-Term Fixed Interest Composite Index
The company	Nictus Limited
The group	Nictus Limited, the holding company of the group, and all its subsidiaries
TMS	The Meeting Specialist Proprietary Limited

The group acknowledges that the IFRS Foundation has trademarks registered around the world, including but not limited to IAS®, IASB®, IFRIC®, IFRS®, the IFRS® logo, International Accounting Standards® and International Financial Reporting Standards®.

DEFINITIONS, RATIOS AND TERMS continued

Financial definitions

Average net assets	The sum of net assets at the end of the current year and the previous year, divided by two
Current ratio	Current assets to current liabilities
Dividend cover	Basic earnings divided by ordinary dividends paid in the current year
Dividends per share	Dividends for the year divided by the number of shares in issue at the date of each dividend declaration
Basic earnings per share	Profit or loss for the year after adjusting for non-controlling interest, divided by the weighted average number of shares in issue during the year
Earnings yield (%)	Headline earnings per share to market price at year end
Headline earnings per share	Headline earnings divided by the weighted average number of shares in issue during the year
Liability ratio	The sum of non-current interest-bearing borrowings and current liabilities to total equity adjusted for deferred taxation
Net asset turn	Revenue divided by average net assets
Net assets	Total assets less non-interest-bearing debt and insurance contract liabilities
Net worth per share	Equity attributable to equity holders of the company divided by the number of ordinary shares in issue at year end
Operating income to turnover	Profit before finance expenses and taxation divided by revenue
Price earnings ratio	Market price at year end to headline earnings per share
R	South African Rand
Return on assets managed	Profit before finance expenses and taxation expressed as a percentage of average net assets
Return on shareholders' equity	Profit or loss attributable to the owners for the year expressed as a percentage of equity attributable to the owners
Weighted average number of shares in issue during the year	The number of shares determined by relating the number of days within the year that a particular number of shares have been entitled to share in earnings to the total number of days in the year

CONTACT INFORMATION

Nictus Limited

(Nictus or the company or together with its subsidiaries, the group)
 Incorporated in the Republic of South Africa
 Registration number RSA: 1981/011858/06
 Registration number NAM: F81/11858
 JSE share code: NCS
 ISIN: NA0009123481
www.nictuslimited.co.za

Registered office of the company

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Company secretary

**Veritas Eksekuteurskamer
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