



CONDUIT  CAPITAL

**INTEGRATED ANNUAL REPORT
2022**

Conduit Capital Limited

Integrated Annual Report 2022

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FEEDBACK ON REPORT

We welcome your feedback on this report. Please email your comments to:

results@conduitcapital.co.za

About this Report

Conduit Capital Limited (“Conduit Capital” or “Conduit” or “the Company” or “the Group”) hereby presents the Integrated Annual Report (“IAR”) for the year ended 30 June 2022. This report highlights the Company's financial performance, investments, sustainability initiatives and governance practices.

This report offers a detailed overview of the business of Conduit Capital, where appropriate, its subsidiary companies, investments and associates. The information contained in this report caters primarily for existing and prospective shareholders but will also be of value to all parties with an interest in our Company.

Reporting Suite

SUITE	APPLIED FRAMEWORKS & PRINCIPLES	ASSURANCE
IAR	<ul style="list-style-type: none"> International <IR> Reporting Framework (“IIRC”) JSE Listings Requirements (“JSE LR”) King IV on Corporate Governance for South Africa (“King IV™”) Companies Act No 71 of 2008, as amended (“Companies Act”) 	Reviewed by: <ul style="list-style-type: none"> Management Finance Audit & Risk Committee Board JSE Sponsor
Consolidated Annual Financial Statements	<ul style="list-style-type: none"> International Financial Reporting Standards (“IFRS”) Companies Act JSE LR 	Independent audit opinion by Nexia SAB&T Proprietary Limited
Sustainability Report	<ul style="list-style-type: none"> IIRC King IV™ 	Reviewed by: <ul style="list-style-type: none"> Management Finance Internal audit Social & Ethics Committee Audit & Risk Committee Board

Combined Assurance	<ul style="list-style-type: none"> Oversight Independent assurance Internal assurance Management-based assurance 	<ul style="list-style-type: none"> Board Committees Internal audit – MooreJhb External audit – Nexia SAB&T Risk Management Compliance
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B-BBEE	Department of Trade and Industry's Generic Code of Good Practice	BDO Verification Services Proprietary Limited
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The letter of the Board of Directors to the Company's shareholders is comprehensive. Where material matters articulated in the letter to shareholders are adequately described, we have not repeated the same in the IAR other than in circumstances where context warrants re-enforcement of a particular theme.

This report includes forward-looking statements which relate to, among other things, the plans, objectives, goals, strategies, future operational performance and anticipated developments of the Group. These forward-looking statements involve known and unknown risks and uncertainties, many of which are beyond the Group's control and all of which are based on the Group's current beliefs and expectations about future events. Actual results may differ materially from the Group's expectations if known and unknown risks or uncertainties affect its business, or its assumptions prove inaccurate.

Although the Group believes that the expectations reflected in such forward-looking statements are reasonable at this time, it cannot assure the reader that such expectations will prove to be correct. Readers are cautioned not to place undue reliance on these forward-looking statements even if new information becomes available as a result of future events for any other reason, other than that which is required by regulation and/or legislation.

The forward-looking statements in this report are not reviewed and reported on by the Group's external assurance providers. Forward-looking statements apply only as of the date of which they are made, and the Group does not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise, and does not assume responsibility for any loss or damage arising as a result of the reliance by any party thereon.

BOARD RESPONSIBILITY STATEMENT

The directors and executive management have been integrally involved in the preparation of this report. The Board applied its mind to all the content and is of the opinion that this integrated report addresses all material

matters while offering a balanced view of Conduit Capital's integrated performance and impacts. The Board assumes full responsibility for the information set out in the integrated report. As such, the Board has fulfilled its responsibilities in terms of the recommendations of King IV™.

This integrated report was approved by the Board on 21 August 2024.

I. Shareholders Letter

From the Board of Directors

DEAR SHAREHOLDERS OF CONDUIT CAPITAL

This is my first report as CEO of Conduit Capital, following my appointment on 1 October 2023. While it relates to the Group's performance for the period ended 30 June 2022, it is prepared in the context of the liquidation of Constantia Insurance Company Limited ("CICL"), which took place after the financial year ended 30 June 2022. I will discuss this in my report, as it significantly impacts the Group's outlook.

For the year under review, Constantia continued its positive turnaround with Gross Written Premium increasing by 8.3% at a combined ratio below 100%, resulting in a positive net insurance result before the impact of investments. Unfortunately, the positive operating performance was once again offset by the continued mark-to-market losses in the listed investment portfolio.

It is most regrettable that despite the significant progress made in turning around the operating performance of CICL, as evidenced by the marked improvement in its combined ratio and cash generation, the Regulator became impatient and applied for the liquidation of the business. The liquidation of CICL happened prior to the completion of the 2022 audit, resulting in an extended delay in finalising the audit and the subsequent publishing of these results. Consequently, we applied to the JSE for the suspension of the trading in our shares on 21 September 2022.

AUDITED ANNUAL FINANCIAL STATEMENT

The liquidation of CICL posed significant challenges and delays for Conduit Capital in finalising the 2022 year-end audit. The decision by CICL's liquidators not to prepare audited accounts hindered Conduit Capital's audit process. Without access to audited CICL accounts, our auditors couldn't provide a clean opinion for the Conduit Capital Group's accounts. Consequently, while the 2022 audited financial statements for the Company were neither qualified nor disclaimed, those for the Group were published on a disclaimed basis.

In addition, the liquidation of CICL resulted in significant impairments and write-downs (R225.0 million, including

taxation, or 32.7 cents per share) during the year under review.

OUTLOOK

Given that CICL was Conduit Capital's largest insurance business, contributing over 90% to the consolidated Group's revenue, the liquidation of CICL has left the Group with insufficient scale to sustain the regulatory costs of the remaining insurance businesses, causing financial strain. Consequently, these remaining insurance businesses have been deemed non-core.

To enhance the financial position, Conduit Capital has undertaken strategic initiatives, including the disposal and/or restructuring of non-core assets. These initiatives not only offer Conduit Capital an opportunity to realise value and generate cash flow from the non-core assets but also align with the Group's strategic objective of simplifying its structures and improving cost efficiency. Upon completion, an 80% reduction in operating costs is expected, thereby significantly decreasing the cash burn and enhancing overall financial sustainability.

In the upcoming year, our primary focus is centred on several key objectives. Foremost among them is the completion of the various transactions and the implementation of stringent cost management measures. We are actively engaged in resolving disputes with the CICL liquidator and are committed to pursuing legal avenues for the recovery of assets owed to the Group (for example, taking steps to enforce the Arbitration Award against companies in the Trustco Group). Our overarching goal is to prudently minimise expenditures, striving for the greatest realisation of assets. The successful conclusion of these initiatives is paramount, as it is integral to ensuring the long-term sustainability and eventual return to profitability for Conduit Capital.

However, it is important to note that a favourable outcome in the short to medium term is not guaranteed, and the outlook remains uncertain. We acknowledge the challenges ahead and are approaching them with a realistic understanding of the complexities involved in achieving our objectives.

APPRECIATION

I extend my sincere gratitude to the board, executives, and employees for their exceptional dedication during our most challenging period. A special acknowledgment goes to Peter Todd and the Constantia team, whose relentless efforts played a pivotal role in transforming CICL from experiencing unsustainable cash burn to becoming a robust and consistently cash-generating business.

Under Peter Todd's leadership, CICL witnessed a substantial improvement in its combined ratio and cash generation. Particularly noteworthy is the month leading up to the Regulator's intervention, during which CICL achieved remarkable profitability milestones,

culminating in one of its best-ever months in terms of cash and capital generation.

IN CLOSING

As a fellow shareholder, I share in the frustrations and challenges we've endured. I wholeheartedly empathise with the Group's long-suffering shareholders. Looking ahead, while uncertainties persist and outcomes aren't guaranteed, I am cautiously optimistic that our efforts, including very steep cost reductions at Conduit's head office and further improvements in cost efficiency through the planned disposal and/or restructuring of non-core assets, have enhanced financial sustainability and our potential to recover some of the value that was lost in the company, resolve disputes, and breathe new life into Conduit Capital.

Vision And Values

Conduit Capital's vision is to increase long-term intrinsic value per share at above market average rates ahead of the performance of its peers.

The Group's values shape our culture, guide our behaviours and support our purpose. They are at the core of who we are and what we do.

II. Corporate Governance

Administration and Corporate Information

COUNTRY OF INCORPORATION AND DOMICILE

Republic of South Africa

NATURE OF BUSINESS

Listed investment holding company listed on the JSE Limited

REGISTERED ADDRESS

67 Carlisle Street	PO Box 335
Paardeneiland	Sea Point
Cape Town, 7405	Cape Town, 8060

Tel: +27 010 5000 827

Email: info@conduitcapital.co.za

REGISTRATION NUMBER

1998/017351/06

ALPHA CODE

CND

ISIN

ZAE000073128

BANKERS

Absa Bank
First Rand Bank
Grindrod Bank
Investec Bank
Mercantile Bank
Nedbank
Standard Bank

COMPANY SECRETARY

CIS Company Secretaries (Pty) Ltd
(Registration number: 2006/024994/07)
Rosebank Towers, 15 Biermann Avenue, Rosebank,
Johannesburg
2196
Private Bag X9000, Saxonwold, 2132

TRANSFER SECRETARIES

Computershare Investor Services (Pty) Ltd
(Registration number: 2004/003647/07)
Rosebank Towers, 15 Biermann Avenue, Rosebank,
Johannesburg
2196
Private Bag X9000, Saxonwold, 2132

SPONSOR

Merchantec Capital
(Registration number: 2008/027362/07)
13th Floor, Illovo Point, 68 Melville Road, Illovo, Sandton
2196
PO Box 41480, Craighall, 2024

INDEPENDENT AUDITORS

SAB&T Chartered Accountants Incorporated t/a Nexia
SAB&T
(Registration number: 1997/018869/21)
119 Witch-Hazel Avenue, Highveld Technopark,
Centurion 0157
PO Box 10512, Centurion, 0046

INTERNAL AUDITORS

MooreJHB
(Registration number: 2013/024954/07)
50 Oxford Road, Parktown, Johannesburg 2193
PO Box 3094, Houghton, 2041

LEGAL ADVISOR

Alan Allschwang & Associates Inc.
(Registration number: 2003/024344/21)
Patriot Pers Building, 227 Main Road, Paarl, 7646

Board of Directors

The Board is made up of both executive and non-executive directors, with most being independent. This ensures a fair distribution of power, preventing any single person from having unchecked decision-making authority. The roles of the Chairman of the Board and the Chief Executive Officer are distinct. You can find comprehensive information about the Board's skills and experience on our [website](#).

Directorate

Persons who acted as directors during the financial year ended 30 June 2022 until the date of this report, unless otherwise indicated, are set out below. Additionally, persons who were appointed as directors after the year ended 30 June 2022 are also set out below.

RONALD STUART NAPIER (87) MA (Oxon)

*INDEPENDENT NON-EXECUTIVE
CHAIRMAN*

APPOINTED: 31 March 2015

RESIGNED: 17 November 2022

NONZUKISO SIYOTULA (38) CA(SA). ACMA, MBA

*INDEPENDENT NON-EXECUTIVE DIRECTOR
LEAD INDEPENDENT*

APPOINTED: 24 March 2020

RESIGNED: 9 December 2022

MELVYN LUBEGA (34) BbusSc (UCT), M.Sc (Oxford), MPP (Oxford)

*INDEPENDENT NON-EXECUTIVE DIRECTOR
CHAIRMAN**

APPOINTED: 15 March 2021

**Appointed as Chairman on 1 October 2023*

ADRIAN JOHN MAIZEY (48) BBA (Accounting), MBA (Harvard), CPA (USA)

NON-EXECUTIVE DIRECTOR

APPOINTED: 20 February 2017

RESIGNED: 18 July 2022

LEO CHIH HAO CHOU (43) B.Com (UNISA)

*NON-EXECUTIVE DIRECTOR
CHIEF EXECUTIVE OFFICER**

APPOINTED: 9 October 2017

**Appointed as Chief Executive Officer on 1 October 2023*

SEAN MICHAEL RISKOWITZ (37) B.Com (Wits)

CHIEF EXECUTIVE OFFICER

APPOINTED: 31 July 2015

RESIGNED: 21 July 2022

BIANCA YAN (38) CA(SA) (Wits)

FINANCIAL DIRECTOR

APPOINTED: 5 February 2021

RESIGNED: 31 December 2022

GEOFFREY EDGAR BOLTON HACKING (65) M.B.,Ch.B. (UCT), F.F.Rad (D) (SA) F.R.C.R.(London)

*INDEPENDENT NON-EXECUTIVE DIRECTOR
LEAD INDEPENDENT**

APPOINTED: 3 April 2023

**Appointed as Lead Independent on 29 September 2023*

LOURENS ERASMUS LOUW (53) B.Com (Stellenbosch)

FINANCIAL DIRECTOR

APPOINTED: 1 January 2023

CHRISTIAN RICHARD SOLBERG (38) BA magna cum laude (Middlebury College, US) MBA (MIT)

INDEPENDENT NON-EXECUTIVE DIRECTOR

APPOINTED: 3 April 2023

PETER GOEFFREY TODD (54) B.Com LLB (UCT)

EXECUTIVE DIRECTOR

*CHIEF EXECUTIVE OFFICER**

APPOINTED: 21 July 2022

**Appointed as Chief Executive Officer on 21 July 2022 and resigned as Chief Executive Officer on 1 October 2023, however, remains an executive director of the Company*

Governance Framework


Conduit Capital's Board is committed to maintaining high performance and governance standards for the Company and its controlled entities. The Board acknowledges its responsibilities to stakeholders and the communities it operates in. It holds ultimate authority and oversight over the Group and considers corporate governance crucial for achieving strategic objectives. To fulfil its duties, the Board has adopted charters, codes and policies, along with establishing various committees.

Corporate Governance information can be found on the Company's [website](#), regularly updated to align with legislative and governance changes. The Group's governance systems adhere to the Companies Act, King IV™ and the JSE LR, as well as the Company's MOI and relevant constitutional documents.

The Board is dedicated to transparent engagement with shareholders and stakeholders, addressing legitimate concerns when necessary. It recognises that corporate governance is a holistic and interconnected set of practices, not just a compliance exercise. Implementing recommended practices benefits the organisation.

Conduit Capital is pleased to report no material non-compliance or regulatory fines during the reviewed year. The Board affirms the absence of legal proceedings against the Company during this period.

KING IV™

Conduit Capital supports King IV™ and its aim to promote ethical culture, strong performance, effective control and legitimacy. The Group regularly assesses its corporate governance practices to ensure they align with internal changes. These practices, which include following 

regulations and adhering to good governance principles, have also been extended to the Group's entities.

In 2022, the King IV™ register was reviewed, and the Company remains committed to its application. You can find the register that outlines the implementation of King IV™ principles on the Company's **website**. In cases where Conduit Capital has chosen not to apply specific recommended practices, explanations for these decisions are provided.

LEADERSHIP, ETHICS AND CORPORATE GOVERNANCE

The Board operates in terms of the board-approved charter and terms of reference, the provisions of which have been complied with during the year under review. The full documents are available on our **website**.

There is a clear division of responsibilities at board level to ensure a balance of power and authority, such that no one individual has unrestricted powers of decision-making. The Board is satisfied that its current composition ensures such a balance of power and authority.

BOARD ROLES AND RESPONSIBILITIES

The Board’s key roles and responsibilities include, but are not necessarily limited to, the following;

- promoting the interests of all stakeholders;
- approach and approval of the Group strategy;
- exercising effective control; and
- conclusive accountability and responsibility for the performance and affairs of the Group.

The Board acts as the guardian of shareholders’ interests, entrusted with the duty to invest prudently in order to achieve the Group’s goals of creating long-term value for its shareholders.

RESPONSIBILITIES OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Chairman

The Chairman is an independent non-executive director and has no executive or management responsibilities.

The responsibilities of the chairman and the chief executive are clearly separated to ensure a balance of power and to prevent any one director from exercising unfettered powers of decision-making.

Chief Executive Officer

The Chief Executive Officer manages Conduit Capital’s operations, in accordance with relevant legislation and regulation, and in accordance with the strategic objectives approved by the Board.

The Chief Executive Officer, in conjunction with the executive management team, guides and supervises the operations of Conduit Capital and its businesses. The

Chief Executive Officer reports to the Board in terms of the business operating environment and other significant issues. Additionally, he ensures the implementation and execution of approved policies, strategies, and operational plans as adopted by the Board.

The Board continuously considers succession planning for the Chief Executive Officer, as well as for other key personnel, and is satisfied that sufficient plans are in place.

BOARD PERFORMANCE AND EVALUATIONS

The Company regularly monitors the performance of the Board and its committees, following King IV™ guidelines. This evaluation occurs every two years, allowing for careful implementation of improvements and assessing their effectiveness. It was last conducted in 2021 and will happen again in the 2023/2024 financial year. The Board believes that the performance review process is strong and supports better performance and effectiveness.

All directors have access to continuous professional development and training opportunities to enhance their skills and knowledge.

DIVERSITY POLICY ADOPTED BY THE BOARD

The Company recognises that diversity on the Board enhances our understanding of the country’s culture and operating environment. A diverse board includes a mix of different ages, genders, races, cultures, skills, expertise, industry knowledge, and other qualities.

Conduit Capital’s Nomination Committee will assess potential candidates for Board appointments based on their merit and how well they align with the Company’s objectives, considering the positive impact that diversity can bring to the Board.

The Company’s voluntary targets are set out below:

Race Target:	20%	Gender Target:	10%
Actual:	50%	Actual:	25%

LEVELS OF AUTHORITY

The Company has an established Levels of Authority framework for approvals to effectively manage the Company in a decentralised setting. The Board entrusts the Chief Executive Officer with the responsibility for daily operations of the Group, and he may further delegate some of these responsibilities. The Board approved Levels of Authority framework guides these delegations of authority within the Company.

COMPANY SECRETARY RESPONSIBILITIES

The Board is assisted by an independent Company Secretary, CIS Company Secretaries (Pty) Ltd, which is a qualified and experienced organisation. The Company

Secretary's role includes assisting the Board and its Committees with governance issues, aiding in meetings and director responsibilities, and serving as a link between the Board and executive management.

Both the Board and individual directors can reach out to the Company Secretary. According to Conduit Capital's governance framework, the Company Secretary reports to the Board, specifically through the Chairman, regarding all matters related to the Board's proper functioning. The Board is responsible for appointing the Company Secretary.

The Audit and Risk Committee annually evaluates the Company Secretary's performance and effectiveness, as required by the JSE LR. The Board is confident that the Company Secretary's representatives are competent, possess the necessary qualifications and experience required by the Group, and maintain an arm's-length relationship.

Committees

The Board has assessed its composition in terms of the diversity of skills and experience, and is satisfied that the correct mix of skills and experience is available to Conduit Capital to ensure that it functions effectively and/or optimally to achieve its objectives.

The Board is empowered to appoint Board committees and to delegate powers to such committees. The Board delegates certain functions to well-structured committees but recognises that, in general, ultimate responsibility lies with the Board itself. During the 2022 fiscal year the Board attended the requisite meetings as follows:

AUDIT AND RISK COMMITTEE

A report by the Audit and Risk Committee has been provided on page 15 & 16 of this IAR.

The committee meets at least three times a year with additional meetings held when necessary. The Group's external auditors have unrestricted access to the chairperson of the committee and are invited to attend all committee meetings. The attendance at committee meetings held during the year under review is set out below:

<u>MEMBERS</u>	<u>ATTENDANCE</u>
N Siyotula (Chair)	3
RS Napier	3
M Lubega	3

SOCIAL AND ETHICS COMMITTEE

A report of the Social and Ethics Committee is set out on page 17 of this IAR.

The committee meets at least twice a year with additional meetings held when necessary. The attendance at committee meetings held during the year under review is set out below:

<u>MEMBERS</u>	<u>ATTENDANCE</u>
N Siyotula (Chair)	2
M Lubega	2
SM Riskowitz	2

NOMINATION COMMITTEE

The committee meets at least once a year with additional meetings held when necessary. The attendance at committee meetings held during the year under review is set out below:

<u>MEMBERS</u>	<u>ATTENDANCE</u>
RS Napier (Chair)	0
M Lubega	0
N Siyotula	0

REMUNERATION COMMITTEE

A report on the salient details of the executive management team service contracts are disclosed on page 18 to 20 of the Remuneration Report.

The committee meets at least once a year with additional meetings held when necessary. The attendance at committee meetings held during the year under review is set out below:

<u>MEMBERS</u>	<u>ATTENDANCE</u>
M Lubega (Chair)	1
RS Napier	1
N Siyotula	1
LCH Chou	1

INVESTMENT COMMITTEE

The committee meets at least three times a year with additional meetings held when necessary. The attendance at committee meetings held during the year under review is set out below:

<u>MEMBERS</u>	<u>ATTENDANCE</u>
AJ Maizey (Chair)	3
M Lubega	3
SM Riskowitz	3
LCH Chou	3

RESIGNATIONS, APPOINTMENTS AND RE-ELECTIONS OF THE BOARD

One third of all non-executive directors retire by rotation annually, and any director of the Board is subject to election by the shareholders at the first AGM held after their initial appointments.

In accordance with the Company's Memorandum of Incorporation ("MOI"), no directors will this year be required to retire by rotation.

A detailed list of resignations and appointments is set out on page 31 & 32 of this IAR.

Remuneration Report

REMUNERATION POLICY

In light of the King IV™ report as well as the JSE LR, Conduit Capital has a Remuneration Committee, as part of the Nomination, Remuneration, Social and Ethics Committee with a remuneration policy having been approved by the Board. The objective of the Board with regards to the remuneration policy, is to ensure that executive directors and key staff receive remuneration that is appropriate to their individual scale of responsibility and performance, as well as ensuring that such remuneration will attract, motivate and retain the necessary individuals and promote the achievement of strategic objectives within the Group's risk appetite, to promote positive outcomes and to promote an ethical culture and responsible corporate citizenship.

A detailed Remuneration Report has been provided on page 18 to 20 of this IAR.

IMPLEMENTATION REPORT

The implementation report includes the remuneration of each of the executive directors and also tables three elements; basic salary, allowances and incentives. The remuneration policy as well as the implementation report will be voted on as a separate non-binding advisory vote at the AGM.

INDEPENDENT NON-EXECUTIVE AND NON-EXECUTIVE DIRECTORS' REMUNERATION

The Board as a whole determines the fee structure for the independent non-executive and non-executive directors, subject to shareholder approval at the AGM. Independent non-executive directors are not eligible to participate in the annual bonus plan or any incentive plans.

DIRECTORS' SERVICE CONTRACTS

The executive directors have services contracts with the Group that contain a six-month notice period from either party. The remaining terms are similar to other employee contracts.

Stakeholder Engagement

We recognise the importance of balancing our main objectives with long-term social, economic and environmental factors. In doing so, we identify material issues raised during interactions with a variety of stakeholders which could have an impact on the Group's

sustainability. The list below details key stakeholders that are material to the success of the business:

- institutional and public investors
- Employees
- UMAs and Brokers
- Regulators and industry bodies
- Reinsurance
- Credit rating agencies
- Policyholders
- Communities
- Outsourced services

Conduit Capital maintains transparent and timely communication with shareholders and stakeholders to ensure the market has enough information for informed investment decisions. Throughout shareholder communication, we aim to offer information that helps existing shareholders, potential investors, and financial analysts assess the Group's true value. We adhere to the standards set by the JSE's continuous disclosure requirements.

Our commitment is to provide information to shareholders and the market in the manner that aligns with the intent of the JSE LR. We understand our specific responsibilities regarding disclosing information about Conduit Capital that could reasonably impact the price or value of our securities, unless the matter is reserved for the Board's consideration and approval.

Sustainability and Ethics

The Group has a Code of Conduct in place which serves as a framework to promote an ethical culture across all Group entities. Ethics standards and ethics-related policies have been established, these include but are not limited to: conflict of interest, whistleblowing, etc. All policies are reviewed by the Board on a bi-annual basis.

III. Investment Portfolio

Capital Allocation and Investment Strategy

The overall objective of the investment strategy is to support the long-term growth for the Group, and will have three sources of potential return:

- dividends
- exploiting the disparity between stock price and intrinsic value; and
- long-term growth in intrinsic value.

The Conduit Capital investment and capital allocation philosophy is to employ a "value investing" philosophy. Value investing consists of quantifying what something is worth intrinsically, based primarily on its fundamental cash flow generating capabilities and buying it if its price

represents a meaningful discount from that value. There are four main concepts to be considered:

- stock as fractional ownership in the Company;
- Mr Market;
- margin of safety; and
- circle of competence.

Stock as Fractional Ownership in the Company: Stocks represent ownership stakes in businesses, and investing in stocks is equivalent to investing in the underlying companies. As the company and the market economy grow, shareholders benefit from increased earnings and company value.

Mr. Market: Benjamin Graham introduced "Mr. Market", a metaphor for the stock market's volatility. Mr. Market offers to buy or sell shares daily at varying prices based on his mood swings. Investors can sell when prices are high, buy when prices are low, or do nothing if prices are fair. This illustrates the stock market's fluctuating nature.

Margin of Safety: Warren Buffett emphasises the importance of a "margin of safety", the difference between a stock's intrinsic value and its market price. Given the uncertainty of stock futures, buying at a significant discount reduces the risk of loss and increases potential gains. Investing in quality companies at below-average prices further enhances this safety margin.

Circle of Competence: Buffett also advocates for developing a "circle of competence", where investors gain deep knowledge of specific industries and companies. Understanding an investment's intrinsic value, earnings quality, competitive position, growth opportunities, and management integrity is crucial for making informed decisions.

Investments

Private Investments

Africa Special Opportunity Capital's Fund I (ASOC)

Conduit is invested in ASOC Fund I Limited Partnership, a special situations investment management company and the "first-to-market" of its kind launched in 2017.

Century 21

Conduit owns 51% of Century 21 South Africa, the South African master franchise holder of one of the world's leading brands in real estate brokerages. The balance of the company is owned by Century 21's management.

Conduit Ventures

- **Fixico SA**
An innovative platform where insurers, fleet owners and car owners can manage car damage claims via a complete digital solution.
- **Rikatec**
An insure-tech company that specialises in information management systems, digital solutions, big data and advanced analytics.

Constantia Risk and Insurance Holdings

Constantia Life Limited

Constantia employed a measured approach to the Life business, having exited the funeral parlour market in December 2020. Whilst growth has been deliberately conservative in the current environment, we do see significant opportunity to grow in chosen niches and building on the stable base that has been created.

Public Equity Investments

Conduit Capital is a long-term investor in a portfolio of companies listed on the JSE Limited. These companies exhibit the four main concepts as set out in the investment strategy.

Dealing in Securities

A Dealings in Securities Policy is in place to prevent insider trading as defined by the Financial Markets Act of 2012. All directors (as well as executive management) of the Company, its major subsidiaries, the Company Secretary and professional advisors are required to adhere to the Policy, which has been approved by the Board. In terms of the JSE LR, the Company is required to promptly announce all relevant dealings in the securities of the Company. The policy is available on the Company's [website](#).

IV. Sustainability and ESG (Environmental, Social and Governance)

Sustainability Strategy and Commitments

In recognition of the growing importance of responsible and sustainable business behaviour, the Board remains committed to good corporate citizenship and considering the impact of the Group's operations on the community and the environment in which it operates.

The IAR outlines how an organisation creates value over time, through various capitals that include the traditional financial capital always reported on.

These capitals represent stores of value that can be built up, transformed or run down over time in the production of goods or services. Their availability, quality and affordability can affect the long-term viability of an organisation's business model and its ability to create value.

The <IR> Framework and King IV™ identifies six capitals of value:

- Financial
- Manufactured

- Intellectual
- Human
- Social and relationship
- Natural

Conduit Capital considered the uses or effects of all six capitals when preparing this integrated report. Given the nature of Conduit's operations, only four of the six capitals are of sufficient consequence to be reported: financial, human, social and intellectual capitals. The manufactured and natural capitals are excluded at this time, since Conduit has limited exposure to these.

We adopt a holistic and long-term approach to sustainability, acknowledging and acting on the importance of environmental and social sustainability, while first prioritising the commercial viability and sustainability of the Group in creating value for all stakeholders, now and in the future. To this end, we ensure that all our operational activities comply with industry regulations and are conducted responsibly to safeguard our employees, communities and environment where we operate.

Environmental Initiatives

The purpose of ESG Reporting is to build Investor interest by ensuring sustainability performance and disclosure.

By completing an Impact Analysis, the Company considers which of the elements in terms of the ESG Standards are most applicable to the Group's environment and business strategy and which elements to focus our Goals on.

The ESG goals that are relevant to the Group are:

Planet

- 7 – Affordable and clean energy
- 12 – Responsible consumption and production
- 13 – Climate action

Society

- 3 – Good health and well
- 9 – Industry, innovation and infrastructure
- 10 – Reduced inequalities

Governance & Public Sector

- 5 – Gender equality
- 8 – Decent work and economic growth
- 16 – Peace, justice and strong institutions
- 17 – Partnerships for the goals

Social Impact and Responsibility

Generous giving and community support is central to the Group culture. The COVID-19 pandemic exacerbated social welfare needs throughout South Africa where lockdown measures led to job losses and deeper poverty. Conduit and its subsidiaries made donations and

contributed other forms of support to the following organisations:

- Ethembeni Trust
- Operation Healing Hands
- Insurance Institute of Gauteng (IIG)
- eStudy

Conduit continues to identify initiatives for the Group to support.

ESG Performance Metrics

Conduit is an investment holding company with limited operations, its head office comprises only five full-time employees who are fully remote (work-from-home).

Conduit and its employees continuously aim to reduce their environmental footprint to promote sustainability through various means such as:

Reducing air and ground travel to limit our carbon footprint by:

- Making use of virtual electronic means for meetings
- Holding results presentations, investor presentations and other meetings by way of virtual electronic means

Reduce paper usage significantly through:

- Utilising meeting portal software and other electronic means instead of printing out large hardcopy information packs
- Significantly reducing the financial results in printed media
- Conducting internal communication electronically, including placing staff manuals and policy documents online

Conservation of water and electricity through not having an office space.

Minimisation of waste and energy through:

- Recycling paper and other recyclable products, including plastics
- Encouraging a paperless environment
- Turning off all unused equipment and lights
- Using low energy light bulbs, where possible
- Reusing paper and refilling ink cartridges

B-BBEE

The Group achieved a **Level 3 B-BBEE** rating in 2022 and the Group's B-BBEE rating for the 2022 financial year was again verified by BDO Verification Services. Conduit Capital reports to the Social and Ethics Committees, to further develop and enhance the transformation strategy and to build on what has been achieved in terms of our strategy. The consolidated Conduit Capital scorecard and certificate is available on the Company's **website**.

Health and Safety

The health and safety of our employees, partners and the communities in which we operate is paramount. We are dedicated to fostering a culture of health and safety excellence.

The Company's commitment to health and safety reflects our dedication to maintaining a safe and healthy work environment and our promise to protect the well-being of all individuals affected by our operations. Together, we will continue to ensure a workplace where every employee can thrive without compromising their health and safety.

Code of Conduct

Our Code of Conduct sets clear standards of behaviour for everyone at Conduit Capital, whether they are directors, executive management, or employees, regardless of their role or location. It provides a framework to guide their decisions and actions. This Code of Conduct fosters an organisational culture where our people can respond appropriately in different situations and be responsible for their choices.

As individuals entrusted with governance responsibilities in the Company, all directors and executive management must adhere to the Code of Conduct established by the Institute of Directors. This code includes:

- Acting in the Company's best interests with care, skill, diligence and courage.
- Taking responsibility for the Company's actions and assets, ensuring it stays on its strategic path.
- Being accountable to stakeholders for the Company's decisions and actions.
- Treating stakeholders fairly by considering the legitimate interests of those affected by the Company.
- Being transparent by sharing information that allows stakeholders to hold the Company accountable and provide a comprehensive view of the Company's past performance and its potential for future value creation.

V. Risk Management

Risk Identification and Assessment

While we remain committed to increasing shareholder value by developing and growing our business within our predetermined risk appetite, we keep the interests of all our stakeholders in mind. We seek to achieve an appropriate balance between risk and reward in our business and continue to build and enhance the risk management capabilities that assist in delivering our growth plans in a controlled environment.

Effective risk management is integral to the Company's objective of consistently adding value to the business. It is particularly important to determine how much uncertainty to accept, as uncertainty present both risk and opportunity, with the potential to erode or enhance value.

Conduit Capital's risk management philosophy and appetite is set and overseen by the Board. The Board regularly considers the Group's risk appetite in the context of the regulatory environment, Conduit's culture, the sectors in which the Company operates and its top strategic risks.

This risk management approach limits adverse variations in earnings and capital by managing risk exposures within agreed levels of risk appetite and tolerance.

Risk management is implemented through policies, limits and operational guidelines, as well as methodologies and tools for risk assessment, monitoring and reporting, which forms the risk management framework. Risk assessment and management processes are in place to ensure that every business within the Company takes responsibility for the management of its risks, to encourage proactive action when faced with risks as well as opportunities.

KEY AND MATERIAL RISKS

The four main types of risk that the Group encounter are:

- strategic;
- compliance (regulatory);
- operational; and
- reputational risk.

These risks can be caused by factors that are both external and internal to the Group.

The following key and material macro-economic, strategic, and operational risks have been identified for the Company:

Negative impact of regulatory change and scrutiny

We consider the emerging and evolving regulations in our business and create frameworks to respond quickly. Conduit Capital views mandatory compliance as a business enabler, one that could be leveraged as a competitive advantage over peers if changes are effectively addressed.

Capital and liquidity constraints may restrict growth

The Group implements controlled cash management systems including:

- decreasing spending
- focusing on cash inflows
- diminishing working capital
- improving financial structures and funding options.

Economic conditions muting growth

Conduit Capital conducts rigorous stress tests and considers hypothetical scenarios to assess the Group's

ability to weather an economic downturn. Scenario-planning helps to improve efficiency and productivity and assists in finding investment alternatives.

Operational risks

Operational risks faced by the Group, which are being monitored by management, include:

- resistance to changing operations
- cyberthreats
- privacy/identity management and information security
- succession challenges in attracting and retaining top talent
- adopting digital technologies may require new skills or significant effort to upskill or reskill existing employees

CONSTANTIA RISK AND INSURANCE HOLDINGS (“CRIH”)

Principle risks

CICL is Conduit’s largest operating investment as at 30 June 2022. The CRIH Group operates autonomously with its own board, management and business strategy. Nevertheless, CRIH’s risks, opportunities and material matters influence Conduit.

CRIH’s top enterprise-wide risks, considered to be of the most immediate significance, are:

- Section 50 Transfer
- Reputational and contagion risk
- People risk
- Data and reporting risk
- Capital and liquidity management

Risk Mitigation Strategies

The Audit and Risk Committee assists the Board in fulfilling its fiduciary responsibilities in respect of the governance of the Group’s risk tolerance and risk appetite. The Board recognises that risk management is a critical management tool to ensure that the Group achieves its objectives.

The Audit and Risk Committee, in conjunction with management has therefore been mandated with the specific objective of identifying those risks and implementing policies to combat and mitigate them through the development of a risk register and the development and annual review of the policies and plans for risk management. Furthermore, ensuring a comprehensive system of controls ensuring that these risks are mitigated, in order to recommend these to the Board for approval.

Cybersecurity and Data Protection

Conduit Capital is committed to cybersecurity as a fundamental pillar of our operations and a cornerstone of our responsibility to our stakeholders. We recognise the critical role that cybersecurity plays in protecting our

assets, data, and the privacy of those we serve. Our commitment to cybersecurity is unwavering, and we understand that it is integral to our success and reputation.

Regulatory Compliance

COMPLIANCE

Conduit Capital has not hired a dedicated compliance officer because it can access corporate finance and tax advisory expertise through independent advice from third-party consultants. Some of Conduit’s investments are in highly regulated industries and have their own dedicated compliance officers and support systems in place.

Conduit has set up a compliance framework to raise awareness and maintain a continuous emphasis on compliance within the organisation. This framework also offers guidance for monitoring and ensuring compliance with relevant laws, policies, standards, and regulations. In line with accepted practices for compliance management, Conduit follows specific phases in the compliance process. Conduit is committed to ensuring high level compliance across all its business units and strives to promote and build a culture of compliance with applicable acts, regulations and policies. The framework sets out how compliance management is implemented and the approach that Conduit has adopted to manage compliance risk.

LEGAL AND REGULATORY LANDSCAPE

The Group has established a Governance Progression Matrix which ensures adherence to the requisite legislation and regulation that affect the Company’s operations. The matrix is reviewed on a quarterly basis to ensure the most recent information is included and applied.

PROTECTION OF PERSONAL INFORMATION (‘POPI’)

From 1 July 2021, the Protection of Personal Information Act (POPIA) came into full effect. The law is designed to protect how all stakeholder data is used, stored and processed. The Conduit Capital POPI Policy is available on the Company’s [website](#).

VI. Human Resources and Talent

Workforce Profile

Conduit Capital recognises the importance of diversity, including gender, race, nationality, age, background and education, at all levels of the Group. We are committed to increasing diversity and transformation across all our operations.

Employee Development and Training

Conduit Capital recognises that our employees are our most valuable asset. We are committed to fostering a culture of continuous learning and development to empower our workforce, enhance their skills, and drive both personal and organisational growth. Our commitment to employee development and training is unwavering.

Our dedication to the growth and development of our employees and our commitment to maintaining a competitive edge in the dynamic business environment. Together, we will create a culture of learning, innovation, and excellence, driving both individual and organisational success.

Diversity and Inclusion

The Group is an equal opportunity employer and there is no discrimination on the basis of ethnic origin or gender in any manner. A number of programmes are in place to ensure that the Group's employee profile will become increasingly representative of the demographics of the regions in which it operates whilst maintaining the Group's high standards.

Transformation

Conduit recognises the critical role that the B-BBEE strategy plays in the development and empowerment of historically disadvantaged individuals in South Africa. Transformation is essential to the economic and social sustainability of the country.

While Conduit's own staff compliment is small with a high retention rate, we work closely with Constantia (and other Group entities) on the Transformation Plan to ensure maximum impact over time. All new appointments are in keeping with the Group's business strategy and are based on fairness and objectivity, having regard for competency and skills required.

Conduit's Transformation Plan is to develop a framework and drive a strategy that will facilitate the optimal provision, organisation and deployment of staff so as to enable the Group to achieve its strategic goals and objectives. This includes the development of institutional and business systems and processes to support the Group's development strategies and initiatives. The ultimate goal is to shift the culture and managerial practice.

VII. Technology and Innovation

The Board, together with the Audit and Risk Committee, has oversight responsibility for information technology (IT) governance and risk management. It is satisfied that

the policies and procedures in place address systems and network architecture, applications, disaster recovery and security management.

The strategy to ensure all accounting systems are cloud-based applications.

The Board accepts responsibility for governing technology and information in a way that supports the Group in setting and achieving its strategic objectives and is supported in this area by the Audit and Risk Committee. The Audit and Risk Committee, based upon the reporting by management, is satisfied that IT are properly managed in the context of the Group's operations. The Audit and Risk Committee has delegated responsibility to management for implementing the policies on IT management, and for embedding it into the day-to-day, medium- and long-term decision-making activities and culture of the Group.

VIII. Material Matters

The business, sustainability and success are informed and influenced by a range of internal and external factors, as well as the concerns raised by our stakeholders. These issues change over time as new trends and developments shape the macro environment, while our stakeholders' needs evolve.

During the period under review, the executive management team considered all matters that affect the Group or may affect our ability to continue creating value. Having analysed the intricacies of the Group's operating environment and our stakeholders' expectations – within the context of our vision and mission – the executive management team has identified the material matters described below.

Constantia Insurance Company Limited (“CICL”) Liquidation

On 26 July 2022 Conduit's largest operating subsidiary at the time, CICL, was placed under provisional curatorship by the Prudential Authority and restricted new business. Several attempts were made to challenge the decision made by the Prudential Authority and the FSCA, however to no avail. On 14 September 2022, CICL was placed into liquidation and was confirmed as such in the High Court on the same day. The appointed liquidators continue to manage the winding-up of CICL. Currently there is no certainty yet as to when CICL will be wound up.

As a result of the CICL liquidation, this has had a significant impact on Conduit Capital Group.

Conduit Capital Operations and Prospects

Conduit Capital has successfully worked through most of the operational challenges posed by the liquidation of CICL and has been able to secure the services of key individuals to ensure the continued operations of the business. Details concerning changes to the Board were published on the Stock Exchange News Service (“SENS”) and on our **website**.

Management continues to implement the business’ short-term strategy of realising assets and reducing operating expenses. Progress is regularly reviewed by the Board, and further SENS announcements regarding the progress will be published as and when required.

IX. Statutory Committee Reports

Report of the Audit and Risk Committee

The Audit and Risk Committee (“the Committee”) is guided by the Companies Act, the JSE LR as well as King IV™. The Committee confirms that the Group has established appropriate financial reporting procedures, and these procedures are effective. The Committee has also satisfied itself that it has fulfilled its responsibilities and mandate in accordance with its Terms of Reference.

PURPOSE

The purpose of the Audit and Risk Committee is to:

- assist the Board in discharging its duties relating to the safeguarding of assets, the operations of adequate internal systems, controls and reporting processes, and the preparation of accurate reporting and financial statements in compliance with the applicable legal requirements and accounting standards;
- provide a forum for discussion risk, control issues and developing recommendations for consideration by the Board;
- oversee the activities of the external audit; and
- perform the duties that are required in terms of the Companies Act.

COMPOSITION & MEMBERSHIP

As at 30 June 2022, the Committee comprised three independent non-executive directors, namely Nonzukiso Siyotula (Chairman), Ronald Napier and Melvyn Lubega.

As at 30 June 2023, the Committee comprised two independent non-executive directors, namely Christian Solberg (Chairman), Melvyn Lubega and one non-independent non-executive, Leo Chou.

As at 30 August 2024, the Committee comprises three independent non-executive directors, namely Christian Solberg (Chairman), Melvyn Lubega and Geoffrey Hacking. The qualifications and a brief CV of the current members of the Committee appear on page 27 of the integrated report.

The attention of shareholders is specifically drawn to the dual roles of Mr Lubega as independent non-executive director and chairperson of the Company and as a member of the Audit and Risk Committee.

The Group Financial Director, other directors, senior financial executives and representatives from the internal and external auditors attend meetings by invitation.

The external auditors have unrestricted access to the members of the Committee and its Chairperson, and during the year, time was allocated for the Committee and the external audit representatives to meet without the executive management team present.

JSE PROACTIVE MONITORING

As a key area of focus for the Committee, it recognises that the objective of the JSE’s process of reviewing annual financial statements and interim results is both to ensure the integrity of financial information and to contribute towards the production of quality financial reporting of entities listed on its market.

The committee has considered the JSE’s latest Proactive Monitoring Report and considered the content of previous reports issued and taken appropriate action where necessary.

EXTERNAL AUDIT AND INDEPENDENCE

The Committee has satisfied itself that the external auditor of the Group, Nexia SAB&T, is independent. The requisite assurance was sought from and provided by the external auditors to support their claim to independence.

In conducting its duties, the Committee has performed the following statutory duties relating to external audit:

- recommended Nexia SAB&T who, in the opinion of the Committee, is independent of the Group, to the shareholders for appointment as the external auditors and Group audit engagement partner respectively for the financial year ended 30 June 2022. The designated audit partner is Mr Fazel Sulaman, which appointment was approved by the Board.
- ensured that the appointment of the external auditors complies with the provisions of the Companies Act, the Independent Regulatory Board Auditors (IRBA) and any other legislation relating to the appointment of auditors.
- ensured that a formal policy is in place to govern the process whereby the external auditors of the Group are considered and appointed to provide non-audit

services. In terms of the Group's policy, the Committee is responsible for determining the nature and extent to any non-audit services that the external auditors may provide and pre-approves any proposed contract with the external auditors for the provision of non-audit services. The Committee is satisfied that it has adhered to this policy in all respects for the period under review.

- the Committee, in consultation with the executive management, agreed to the auditors' engagement letter, audit plan and budgeted audit fees for the year under review, taking into consideration such factors as the timing of the audit, the extent of the work required and the scope.
- the Committee approved the annual audit plan presented by the external auditors and monitored progress against the plan, which is designed to provide management with the necessary assurance on risk management, the internal control environment and IT governance.
- the Committee is comfortable that the external auditors and the designated audit partner have not exceeded their mandatory rotation periods which are set at ten and five years respectively.
- the Committee has satisfied itself with the quality of the audit performed.
- nominated Nexia SAB&T for re-appointment by the shareholders at the annual general meeting as the Group's external auditors for the 2023 financial year.
- considered and satisfied itself of the information provided by the audit firm and individual auditor in its assessment of the suitability for the appointment of the external auditors and the audit partner, in accordance with paragraph 3.84(g)(ii) of the JSE Listings Requirements. The Committee further reports that it has requested and reviewed the information detailed in paragraph 3.84(g)(ii)(aa)–(dd) of the JSE Listings Requirements provided by the external auditors in their assessment of the suitability of appointment of the Group's external auditor.

EXPERTISE AND EXPERIENCE OF THE FINANCIAL DIRECTOR AND FINANCE FUNCTION

The Committee has satisfied itself that the Financial Director has the appropriate expertise and experience. The Committee has considered and satisfied itself of the appropriateness of the expertise and adequacy of resources of the finance function and experience of the senior members of management responsible for the finance function.

The Committee has confirmed that the Company has, with consideration to all entities included in the consolidated Group IFRS financial statements, established appropriate financial reporting procedures and that those procedures are operating to ensure that it has access to all financial information of the Group, to allow the Group to effectively prepare and report on the financial statements.

INTERNAL FINANCIAL CONTROL AND ACCOUNTING SYSTEM

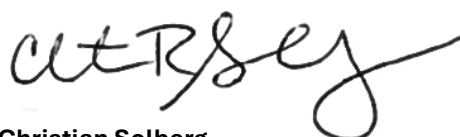
The Committee evaluates the Company's financial controls and accounting systems, including those of its wholly owned subsidiaries. It ensures that Conduit Capital has established appropriate financial reporting procedures and that those procedures are operating, which include consideration of all entities included in the consolidated Group IFRS statements, to ensure it has access to all the financial information of the Group to allow the Company to effectively prepare and report on its financial statements. They review reports from internal audits, assess management-provided information, and discuss audit results with the internal auditors, MooreJHB. Based on their assessment, they believe the internal financial controls are effective for preparing accurate financial statements. Additionally, they receive reports on combined assurance processes and measures for preventing corruption and fraud. The Executives on the boards are responsible for ensuring effective internal controls are in place and followed.

OTHER RESPONSIBILITIES

In addition to its statutory responsibilities, the Committee has executed its responsibilities in accordance with the Terms of Reference.

CONCLUSION

The Committee has fulfilled its statutory duties in terms of section 94(7)(f) of the Companies Act, 3.84(g) of the JSE LR and Principles 10, 11, 12, 13 and 15 of King IV™ compliance. The Committee has complied with its legal and regulatory responsibilities for the 2022 financial year.



Christian Solberg
Director

Cape Town
21 August 2024

Report of the Social and Ethics Committee

The Social and Ethics Committee (“the Committee”) assists the Board in overseeing and reporting on the Company’s corporate citizenship, compliance, ethics, sustainability and stakeholder relationships. This report is prepared in terms of the requirements of the Companies Act and King IV™. It furthermore describes, among other things, the manner in which the Committee has discharged its statutory responsibilities in terms of the Companies Act and its additional responsibilities assigned to it by the Board in respect of the financial year ended 30 June 2022.

PURPOSE

The Committee’s responsibilities are within the Company’s mandate, as set out in its Terms of Reference, which is aligned to the Committee’s statutory responsibilities as set out in the Companies Act.

The main objectives of the Committee are to assist the Board in monitoring the Group’s performance in respect of ethics, responsible corporate citizenship, sustainable development, compliance and stakeholder relationships. This is done by, *inter alia*, monitoring the sustainable development practices of the Group as set out below, thereby assisting the Board in achieving its objectives of doing business ethically and sustainably.

The Committee is thus satisfied that it has fulfilled all its duties in accordance with its yearly programme, as further detailed below.

COMPOSITION & MEMBERSHIP

As at 30 June 2022, the Committee comprised two independent non-executive directors and one executive director, namely Nonzukiso Siyotula (Chairperson), Ronald Napier and Sean Riskowitz.

As at 31 December 2023, the Committee currently comprise two independent non-executive directors, namely Geoffrey Hacking (Chairman) and Melvyn Lubega and one executive director, namely Leo Chou.

MONITORING OF SUSTAINABLE DEVELOPMENT PRACTICES

In fulfilment of its statutory responsibilities, the Committee has reviewed the sustainable development practices of the Group.

The Committee’s oversight role also includes the monitoring of any relevant legislation, other legal requirements or prevailing codes of best practice, specifically with regard to matters relating to social and economic development, good corporate citizenship, employment equity, the environment, health and public safety, consumer relationships, as well as labour and employment and overall Environmental, Social and

Governance (ESG) matters. Details are included in the Sustainability Report on pages 10 to 12.

CONCLUSION

The main objective of the Committee is to assist the Board in monitoring the Group’s fulfilment of its obligations to function as a good and responsible corporate citizen. The Committee is satisfied that it has fulfilled all its duties during the year under review.



Geoff Hacking
Director

Cape Town
21 August 2024

Remuneration Report

The Remuneration Report sets out the Group's Remuneration Policy and Implementation Report for executive directors and non-executive directors' remuneration for the 2022 financial year and is presented in three parts:

- Background which provides context to the Remuneration Policy and performance;
- Overview of the forward-looking Remuneration Policy applicable in the 2023 financial year; and
- Implementation Report which provides the current policy as implemented during the year under review.

BACKGROUND

Conduit Capital's remuneration philosophy is guided by its business strategy, namely a long-term approach to deliver value in a sustainable manner.

The philosophy is that quality people are given the opportunity to perform and are rewarded for the success they create for the benefit of Conduit's shareholders and other stakeholders. The general philosophy is one of fixed remuneration, a short-term cash bonus component that is linked to performance metrics for which the employee is directly responsible for achieving and long-term equity compensation. Conduit seeks owner managers with a vested interest in the success of the Group over the long term.

Conduit has input in the remuneration structure of all Conduit employees with governance and authority vesting in the Remuneration Committee ("Remco") and in turn the Board.

The Remuneration Policy has the following primary objectives:

- To provide flexible and competitive remuneration structures that are referenced to appropriate market benchmarks, conform to market best practice, and are tailored to specific circumstances within Conduit and its subsidiaries in order to attract, motivate and retain highly skilled directors, executives and employees.
- For remuneration to be fair and appropriate, having regard for the performance of the Group and the relevant director/s, executive/s and/or employees.
- To motivate directors, executives and employees to pursue the long-term and sustainable profitable growth and success of the Group within an appropriate control framework.
- Ensure that excessive or inappropriate risk taking is avoided and all activity is consistent with the long-term interests of the Group and the interests of all its stakeholders.
- To be consistent with the Group's Business and Risk Management strategy (including Risk Management practices) and performance.

- To take into account the respective roles of each person within the Group.
- To provide for a clear, transparent and effective governance structure around remuneration and the continuous oversight of the Policy.
- Where remuneration includes both fixed and variable components, the variable component is based on a combination of the assessment of the individual and the collective performance, such as the performance of the business area and the overall results of the Group, and the payment of the major part of variable remuneration, irrespective of the form in which it is to be paid, contains a longer-term focus that considers the nature and time horizon of the Group's strategy and business and ensures that there is alignment with the expectations of shareholders (including stakeholders).
- Ensures that in defining an individual's performance, financial and non-financial performance is considered.

REMUNERATION POLICY

The Policy serves to assist Remco in the determination of remuneration paid to directors, executives and employees. Remco is required to approve salary increases and annual merit awards based on the achievement of set targets.

The Policy sets the guidelines within which Remco, the Board and, in turn, the subsidiary Remco's and boards are authorised to enter into agreements concerning performance related remuneration for its executive directors, senior employees and employees. This is with a view to being able to attract, develop and retain competent key individuals who contribute to improving the earnings and value creation of the Group for the benefit of all stakeholders.

Remco recently considered and recommended approval of certain "in principle" enhancements to the Conduit remuneration policy. These "in principle" enhancements were mainly motivated by the continuing desire to drive and align performance with sustainable, long-term value creation. The Board approved the "in principle" enhancements and the Executives are responsible for implementation. Formal implementation shall have regard to the practical implications associated with each principle, subject to compliance with the many legal and regulatory aspects which accompany enhancements of this nature including, where applicable, Board, JSE and/or shareholder approval of all specifics.

The "in principle" enhancements, intended for implementation during the 2022/2023 fiscal year and/or once all the current transactions have been successfully implemented and/or where practically applicable, are summarised as follows:

- In order to more closely align the interests of Executives with shareholders and other stakeholders: The ability for Directors and Executives

to receive their annual fixed and/or variable (**where appropriate**) pay in the form of Conduit shares. It is the intention for the individual to elect to receive his/her compensation in the form of cash or shares or a combination thereof, which election will be unique to the individual concerned.

- In order to drive a culture of continuous improvement: Adjusting Investment Returns and/or NAV to include a high watermark. Where variable remuneration (STIs and LTIs) are earned for the additional (or cumulative increase) returns over and above the previous high watermark.
- In order to drive a longer-term and sustainable focus on performance: Adjusting the LTI measurement period from a three-year rolling measurement period to a five-year rolling measurement period.
- In order to align with trending market practice in governance: The introduction of a Malus and Claw back policy in certain circumstances as determined by Remco and in turn the Board, affecting variable pay (STI and LTI).
- The introduction and replacement of the existing LTI Scheme with the Accelerated Buy-in (“ABI”) Structure. In essence, ABI is an innovative mechanism to effectively align management with shareholder interests. This structure is directly linked to company performance and not necessarily share price.

The aforementioned principles will be developed and expanded upon in future integrated reports.

IMPLEMENTATION REPORT

The implementation of the Policy is managed in terms of Remco’s terms of reference and approved Levels of Authority, as adopted by the Board. Where the Levels of Authority do not adequately address any particular control or management function contained in the Policy, the approval or implementation thereof must be signed off by no less than two executive directors.

Remco has been established in accordance with the provisions of the JSE LR and the principles of King IV™. Remco comprises only independent non-executive directors who bring independent thought and scrutiny to all aspects of the Group’s remuneration policy.

Remco is responsible for adopting remuneration policies and practices in accordance with its terms of reference. The policies and practices are approved by the Board, regularly reviewed and aligned with the Group’s objectives.

The executive directors have service agreements (‘the service agreements’) in place in order to:

- ensure continuity and retention;
- provide the Group and the executive with protection; and
- reflect operational and labour law best practice.

The service agreements contain restraint of trade provisions in terms of which the executive directors, at the Group’s election, are restrained from competing (either directly or indirectly) with the Group during their employment and for a period of up to two years after the termination of their employment with the Group. If the restraint is enforced, the executive will be remunerated for the restraint period after the termination date.

In addition, some service agreements contain minimum employment periods ranging between two and four years, whereafter the service agreements continue indefinitely. In the event of the Group terminating a service agreement for any reason other than misconduct, prior to the expiry of the minimum employment period, the Group is liable to pay the executive for the remainder of the minimum employment period. Reciprocally, in the event of the executive resigning prior to the expiry of the minimum employment period, the executive is liable for the penalties contained in the service agreement.

Should the executive resign from the Group after expiry of the minimum employment period, a six months’ notice period is applicable. The executive is remunerated in full during the notice period.

Conduit has input into the remuneration structure of all Conduit employees and the heads of the wholly or majority owned subsidiaries with governance and authority vesting in Remco and in turn the Board. Compensation/remuneration at subsidiary level is delegated to Remco and in turn the board of the subsidiary.

Executive compensation takes the form of:

- a basic salary and benefits which include Group life cover, permanent health insurance/disability cover, funeral cover, education protector cover, AIDS/HIV cover and long service awards.
- a short-term incentive bonus based on the matrix of performance outcomes which includes an annual cash payment based on basic salary on the achievement of certain targets. The short-term incentive bonus is tailored to the performance of an individual measured by performance criteria over which he or she has influence. There is a maximum payout in any one year, but no minimum. Remco retains the authority to pay discretionary bonuses to executives under appropriate circumstances.

Remco has not endorsed any enhancements to the STI in 2022/2023 fiscal year.

- a long-term cash and equity incentive also based on a matrix of performance outcomes which includes a 50% cash and 50% equity bonus based on performance metrics that will ultimately be calculated on a three-year rolling basis (i.e. the incentives for 2020 and 2021 will be calculated based on an annual and two-year rolling basis, respectively). Shares will be purchased on market by the company to fulfil its obligation. There is a

maximum payout in any one year, but no minimum. Remco retains the authority to pay discretionary bonuses to executives under special circumstances.

- Each of the executives' (other than the Chief Executive Officer) combined short- and long-term incentive for any one year can range between 0% and 90% of the basic annual salary. The Chief Executive Officer's combined short- and long-term incentive for any one year can range between 0% and 202.5% of his basic annual salary.

Remco has not endorsed any new LTI scheme to be developed and implemented during 2022/2023 fiscal year.

Compensation should be as simple as possible and is unique to each executive.

The Group's policy on remuneration for non-executive directors is that, as a guideline, it should:

- be market-related, having regard for the fees paid and number of meetings attended by non-executive directors of Groups or companies of similar size and structure and operating in similar sectors;
- not be linked to Conduit's share price or performance;
- consider market norms and practices, as well as the additional responsibilities placed on Board members by existing and new legislation and corporate governance principles; and
- be reviewed and recommended to the Board and approved, in advance, by shareholders at the AGM.

In addition, non-executive directors' remuneration shall:

- be subject to an annual increase which is partly determined by the Group's average increases for its employees and subject to Board and shareholder approval;
- be limited to a fee;
- not include any additional benefits; and
- specifically exclude the participation by non-executive directors in any Conduit share scheme.

It is recognised that Board and Committee Chairpersons undertake additional Board work to that undertaken by non-executive directors and for this reason, may be remunerated at a different level.

Details of the remuneration paid to executive directors and non-executive directors are contained in note 42 on page 94 of the integrated report.

Details of directors' shareholding in Conduit and their interest in share options are contained in note 50 on page 121 & 122 of the integrated report.

In terms of King IV™, the Remuneration Policy and the Implementation Report must be tabled every year for separate non-binding advisory votes by shareholders at the annual general meeting. Should 25% or more of the votes cast be against one or both of these resolutions, the

Company undertakes to engage with shareholders as to the reasons therefore and undertakes to take account of recommendations in terms of the feedback received.

CONCLUSION

Remco is satisfied that Conduit's remuneration policy is suitable for the Group and is satisfied that it has fulfilled its responsibilities in accordance with its Terms of Reference for the period under review.



Melvyn Lubega
Director

Johannesburg
21 August 2024

Company Secretary's Certificate

Pursuant to our duties in terms of Section 88(2)(e) of the Companies Act of South Africa, we verify that to the best of our knowledge and belief the Company has fulfilled all such returns and notices as are required of a public company in terms of the Companies Act, and that all such returns are true, correct and up to date.



CIS COMPANY SECRETARIES PROPRIETARY LIMITED
Company Secretary

Johannesburg
21 August 2024

X. Notice of Virtual Annual General Meeting

CONDUIT CAPITAL LIMITED

("Conduit Capital" or "the Company" or "the Group")

Incorporated in the Republic of South Africa
(Registration number 1998/017351/06)

Share code: CND
ISIN: ZAE000073128

This notice is important and requires your immediate attention

If you are in any doubt as to the action you should take in respect of the following resolutions, please consult your Central Securities Depository Participant ("CSDP"), broker, banker, legal adviser, accountant or other professional adviser immediately.

NOTICE TO SHAREHOLDERS OF ANNUAL GENERAL MEETING ("AGM")

Notice is hereby given that the AGM of shareholders of Conduit Capital will be conducted entirely by electronic communication as permitted by section 63(2)(a) of the Companies Act, 2008 (Act 71 of 2008), as amended ("**Companies Act**") and clause 21 of the Company's memorandum of incorporation ("**MOI**") at **14:00 on Tuesday, 1 October 2024** to consider and, if deemed fit, to pass, with or without modification, the ordinary and special resolutions set out hereafter in the manner required by the Companies Act and the Listings Requirements of the JSE Limited ("**JSE**").

The board of directors of the Company ("**the Board**") has determined that, in terms of section 62(3)(a), as read with section 59 of the Companies Act, the record date for the purposes of determining which Conduit Capital shareholders are entitled to receive the notice of AGM ("**Notice**") is **Friday, 23 August 2024**.

The record date for the purpose of determining which Conduit Capital shareholders are entitled to participate in and vote at the AGM is **Friday, 20 September 2024**. Accordingly, the last day to trade in Conduit Capital shares in order to be recorded in the securities register of the Company to be entitled to attend, participate in and vote at the AGM is **Tuesday, 17 September 2024**.

ACTION BY SHAREHOLDERS

Shareholders entitled to attend and vote at the AGM may appoint one or more proxies to attend, speak and vote thereat in their stead. A proxy need not be a shareholder of Conduit Capital. A form of proxy which provides instructions for its completion is enclosed herewith. Completion of a form of proxy will not preclude such shareholder from attending and voting (in preference to that shareholder's proxy) at the AGM.

Forms of proxy must be completed by certificated shareholders or "own name" registered dematerialised shareholders who wish to be represented at the AGM.

Dematerialised shareholders (not with "own name" registration) must notify their CSDP or broker of their intention to attend the AGM in order for such CSDP or broker to issue them with the necessary letter of representation to enable them to attend the AGM, or, alternatively, should the dematerialised shareholder not wish to attend the AGM, they should provide their CSDP or broker with their voting instructions.

Forms of proxy must reach the Company's Transfer Secretaries, Computershare Investor Services Proprietary Limited, at proxy@computershare.co.za, to be received by them by no later than **14:00 on Friday, 27 September 2024** (or 48 (forty-eight) hours excluding Saturdays, Sundays and South African public holidays, before any adjournments of the AGM which date, if necessary, will be notified on SENS). Thereafter, forms of proxy may be submitted to the Chairperson of the AGM at results@conduitcaital.co.za, before voting on a particular resolution commences.

In terms of section 63(1) of the Companies Act, before any person may attend or participate in the AGM, that person must present reasonably satisfactory identification and the person presiding at the AGM must be reasonably satisfied that the right of the person to participate in and vote at the AGM, either as a shareholder of Conduit Capital, or as a proxy for a shareholder of Conduit Capital, has been reasonably verified. Forms of identification that will be accepted include an original and valid identity document, driver's license or a valid passport.

On a poll, ordinary shareholders will have one vote in respect of each share held.

COMPANY'S TRANSFER SECRETARIES' DETAILS

Email: proxy@computershare.co.za
companysecretarial@computershare.co.za

Physical: Rosebank Towers, 15 Biermann Avenue, Rosebank

Postal: Private Bag X9000, Saxonwold, 2132

ELECTRONIC PARTICIPATION

The AGM will be conducted via MS Teams, enabling direct communication with the Chairperson of the AGM and active participation for all shareholders.

Shareholders who want to join the AGM must:

- Fill out the Electronic Participation Application Form and email it to the Company's Transfer Secretaries.
- Provide suitable identification to participate.

The Transfer Secretaries will verify your eligibility for the AGM, and will, once registered, share a MS Teams meeting invitation with fully verified shareholders or their proxies.

Please join the AGM 10 minutes prior to the start of the meeting by clicking on the 'Join Meeting' link provided by the Transfer Secretaries or the Company Secretary.

If you experience any difficulties during (i) the registration, as described above or (ii) when trying to log into the AGM, please contact the Company's Transfer Secretaries via email before **14:00 on Tuesday, 1 October 2024**, for assistance.

Participants will be responsible for their own network charges for electronic participation at the AGM. The Company and Transfer Secretaries will not be responsible for network issues, power outages, or any connectivity problems preventing participation.

VOTING

Please note that the AGM's electronic platform does not allow real-time electronic voting during the meeting. To ensure your vote is counted, it's advised to complete the enclosed proxy form and submit it to the Company's Transfer Secretaries by no later than **14:00 on Friday, 27 September 2024** for administrative purposes.

Shareholders who choose not to participate at the AGM can still submit their completed proxy forms to the Company's Transfer Secretaries by no later than **12:00 on Tuesday, 1 October 2024** for administrative purposes.

Save for ordinary resolution number 7 contained in this Notice of AGM which, in terms of the JSE Listings Requirements, requires the approval by at least 75% of votes exercised on such resolution by shareholders present or presented by proxy at the AGM, ordinary resolutions 1 to 8 contained in this Notice of AGM require the approval by more than 50% of the votes exercised on the resolutions by shareholders present or represented by proxy at this AGM, and further subject to the provisions of the Companies Act, the MOI and the JSE Listings Requirements.

Special resolutions number 1 to 3 contained in this Notice of AGM require the approval of more than 75% of the votes exercised on the resolutions by shareholders present or represented by proxy at the AGM, and further subject to the provisions of the Companies Act, the MOI and the JSE Listings Requirements.

AGENDA

PRESENTATION OF AUDITED FINANCIAL STATEMENTS

To present the audited financial statements of the Group and the Company as envisaged in section 30 of the Companies Act, including the directors' report, external auditors' report and the Audit and Risk Committee report

for the year ended 30 June 2022 as contained in the 2022 Integrated Annual Report available on the **website**.

INTEGRATED ANNUAL REPORT, INCLUDING KING IV™ COMPLIANCE REPORT

To present this report as is contained on pages 6 to 8 of the 2022 Integrated Annual Report.

REPORT FROM THE SOCIAL AND ETHICS COMMITTEE

To present this report, through one of its members, as is contained on page 17 of the 2022 Integrated Annual Report.

ORDINARY AND SPECIAL RESOLUTIONS

Ordinary resolution number 1

Adoption of annual financial statements

“Resolved that the annual financial statements of the Company, including the reports of the directors, auditor, the Audit and Risk Committee and the Social and Ethics Committee for the year ended 30 June 2022, be and are hereby received and adopted.”

Ordinary resolution number 2

Ordinary resolution numbers 2.1 to 2.4: Election of directors – The appointment Mr Christian Solberg, Mr Geoff Hacking, Mr Peter Todd and Mr Lourens Louw in terms of clause 26.8 of the MOI and, being eligible, offers themselves for election as non-executive directors of the Company. The board of directors has considered Mr Solberg, Mr Hacking Mr Todd and Mr Louw's past performance and contribution to the Company and recommends that he be elected as a director of the Company.

Ordinary resolution 2.1

“Resolved that the election of Mr Christian Richard Solberg as an independent non-executive director to the Company be confirmed.” An abridged curriculum vitae of Mr Solberg is included in **Annexure A** to this notice.

Ordinary resolution number 2.2

“Resolved that the election of Mr Geoffrey Edgar Bolton Hacking as an independent non-executive director to the Company be confirmed.” An abridged curriculum vitae of Mr Hacking is included in **Annexure A** to this notice.

Ordinary resolution number 2.3

“Resolved that the election of Mr Peter Goeffrey Todd as an executive director to the Company be confirmed.” An abridged curriculum vitae of Mr Todd is included in **Annexure A** to this notice.

Ordinary resolution number 2.4

“Resolved that the election of Mr Lourens Erasmus Louw as an executive director to the Company be confirmed.” An abridged curriculum vitae of Mr Louw is included in **Annexure A** to this notice.

Ordinary resolution 3

Ordinary resolution numbers 3.1 to 3.3: Appointment and re-appointment of members of the Audit and Risk Committee in terms of section 94(2) of the Companies Act

Ordinary resolution number 3.1

“Resolved that subject to the approval of ordinary resolution number 2.1, Mr Christian Richard Solberg, an independent non-executive director, be appointed as chairperson and as a member of the Audit and Risk Committee.” An abridged curriculum vitae of Mr Solberg is included in **Annexure A** to this notice.

Ordinary resolution number 3.2

“Resolved Mr Melvyn Lubega, an independent non-executive director, be re-appointed as a member of the Audit and Risk Committee.” An abridged curriculum vitae of Mr Lubega is included in **Annexure A** to this notice.

The attention of shareholders is specifically drawn to the dual roles of Mr Lubega as independent non-executive director and chairperson of the Company and as a member of the Audit and Risk Committee.

Ordinary resolution number 3.3

“Resolved that subject to the passing of ordinary resolution 2.2, Mr Geoffrey Edgar Bolton Hacking, a non-independent non-executive director, be appointed as a member of the Audit and Risk Committee.” An abridged curriculum vitae of Mr Hacking is included in **Annexure A** to this notice.

Explanatory note for ordinary resolutions 3.1 and 3.3

Shareholders should note that:

- Mr Ronald Stuart Napier has resigned as the chairman of the Board and an independent non-executive director of the Company and member of the Audit and Risk Committee with effect from 17 November 2022; and
- Ms Nonzukiso Siyotula resigned as the chairperson of the Audit and Risk Committee and an independent non-executive director of the Company with effect from 9 December 2022.

Ordinary resolution number 4

Re-appointment of auditors

“Resolved that Nexia SAB&T, together with Mr Fazel Sulaman, being the designated audit partner, be appointed as the auditors of the Company.”

The Audit and Risk Committee has nominated Nexia SAB&T for appointment as auditors of the Company under section 90 of the Companies Act. The Audit and Risk Committee has evaluated the performance of Nexia SAB&T and recommends their re-appointment as the external auditors of the Group in accordance with paragraph 3.84(g)(ii) of the JSE Listings Requirements.

Ordinary resolution number 5

Ordinary resolution number 5.1: Approval of Remuneration Policy

“Resolved that, through a non-binding advisory vote, the Remuneration Policy of the Company, the salient features of which are set out in the Directors’ Remuneration Policy contained on pages 18 & 19 of the integrated report, be and is hereby approved.”

Ordinary resolution number 5.2: Approval of Remuneration Report

“Resolved that, through a non-binding advisory vote, the Remuneration Report of the Company, the salient features of which is set out in the Directors’ Implementation Report contained on page 19 & 20 of the integrated report, be and is hereby approved”.

Explanatory note for ordinary resolutions 5.1 and 5.2

In accordance with the King IV Report on Corporate Governance, ordinary resolutions 5.1 and 5.2 mandate the presentation of the Company's Remuneration Policy and the Implementation Report to shareholders at each AGM. Each of the Remuneration Policy and Implementation report are subject to separate non-binding advisory votes. Failing to pass the resolutions won't result in any legal consequences for existing arrangements. If either the Remuneration Policy or the Implementation Report, or both, receive a vote of 25% or more against them, the Board will engage with shareholders to understand their concerns and address legitimate objections and issues.

Ordinary resolution number 6

Control of authorised but unissued ordinary shares

“Resolved that the authorised but unissued ordinary shares in the capital of the Company are hereby placed under the control and authority of the directors and that the directors be and are hereby authorised and empowered to allot and issue all or any of such ordinary shares, or to issue any options in respect of all or any of such ordinary shares, to such person/s on such terms and conditions and at such times as the directors may from time to time and in their discretion deem fit, subject to the provisions of sections 38 and 41 of the Companies Act, the MOI of the Company and the JSE Listings Requirements, as amended from time to time.”

Ordinary resolution number 7

General issue of shares for cash

“Resolved that the directors of the Company and/or its subsidiaries from time to time be and are hereby authorised, by way of a general authority, to:

- allot and issue new ordinary shares, or to issue any options in respect of, all or any of the authorised but unissued ordinary shares in the capital of the company; and/or
- to sell or to otherwise dispose of or transfer, or issue any options in respect of, ordinary shares in the capital of the Company purchased by subsidiaries of the Company,

for cash, to such person/s on such terms and conditions and at such times as the directors may from time to time in their discretion deem fit, subject to the Companies Act, the MOI of the Company and its subsidiaries, and JSE Listings Requirements as amended from time to time.

The resolution is subject to the following:

- This authority will remain valid until the earlier of the Company's next AGM or the expiry of 15 (fifteen) months from the date that this authority is given.
- The securities which are subject of the issue must belong to a class already in issue or be convertible into a class already in issue.
- Any such issue may only be offered to 'public shareholders' as defined in the JSE Listings Requirements and not, subject to the following, related parties:
 - Related parties may participate in a general issue for cash through a bookbuild provides provided:
 - Related parties only participate with a maximum bid price at which they are prepared to take-up shares or at book close price. In the event of a maximum bid price and the book closes at a higher price, the relevant related party will be "out of the book" and will not be allocated shares; and
 - Equity securities must be allocated equitably "in the book" through the bookbuild process and the measures to be applied must be disclosed in the SENS announcement launching the bookbuild;
- The securities which are subject for a general issue of shares for cash may not exceed 15% of the 105,091,006 listed securities (excluding treasury shares) as of the date of this notice, being 15,753,651 securities. Any securities issued will be subtracted from this total.
- In determining the price at which securities may be issued in terms of this authority, the maximum discount permitted will be 10% (ten percent) of the weighted average price traded price of such securities measured over the 30 (thirty) business days prior to the date that the price of the issue is agreed in writing between the issuer and the party/ies subscribing for the securities.
- An announcement giving full details, including the number of securities issued, the average discount to the weighted average traded price of the securities over 30 (thirty) business days prior to the date that the issue is agreed in writing between the Company and the parties subscribing for the securities and in respect of the issue of options and convertible securities the impact on the statement of financial position, net asset value per share, net tangible asset value per share, an explanation, included supporting information (if any), of the intended use of the funds, will be published when the Company has issued securities representing, on a cumulative basis within the earlier of the Company's next Annual general meeting or the expiry of a period of 15 (fifteen) months from the date that this authority is given, 5

(five) percent or more of the number of securities in issue prior to the issue; and

- Whenever the Company wishes to use repurchased securities, held as treasury stock by a subsidiary of the Company, such use must comply with the JSE Listings Requirements as if such use was a new issue of ordinary shares.

In terms of the JSE Listings Requirements, Ordinary Resolution Number 7 must be passed by more than 75% (seventy five percent) of the votes cast in favour of the resolution by all members present or represented by proxy at the AGM.

Explanatory note

The Board needs shareholders' approval to issue ordinary shares for cash in compliance with the Company's rules, the Companies Act, and JSE Listings Requirements. Once approved, this general authority enables the Board to issue ordinary shares as needed, such as for capital-raising efforts and to maintain a healthy capital adequacy ratio.

Ordinary resolution number 8

Signature of documents

"Resolved that any director and/or the Company Secretary be and is hereby authorised to sign all such documentation and do all such things as may be necessary for or incidental to the implementation of the ordinary and special resolutions which are passed by the shareholders with and subject to the terms thereof."

SPECIAL RESOLUTIONS

Special resolution number 1

General approval to acquire shares

"Resolved, by way of a general approval that the Company and/or any of its subsidiaries from time to time be and are hereby authorised to acquire ordinary shares in the Company in terms of sections 46 and 48 of the Companies Act, the MOI of the Company and its subsidiaries and the JSE Listings Requirements, as amended from time to time.

- The JSE Listings Requirements currently provide, *inter alia*, that:
 - The acquisition of ordinary shares must be effected through the order book operated by JSE trading system without any prior arrangements between the Company and the counterparty.
 - This general authority is valid until the earlier of the next AGM or 15 months of passing of this special resolution.
 - The maximum premium for acquiring ordinary shares will be 10% above the weighted average of the market value at which such shares are traded on the JSE, over the immediately preceding five business days.
 - The Company can appoint only one agent at a time to effect any acquisitions.

- The total annual acquisitions cannot exceed 20% (10% for subsidiaries) of the Company's issued ordinary share capital.
- The Company can repurchase shares after a Board resolution confirming that the Board has authorised the repurchase, passing the solvency and liquidity test, and since the test was done there have been no material changes to the financial position of the Group.
- The Company or its subsidiaries may not repurchase securities during a prohibited period, as defined in paragraph 3.67 of the JSE Listings Requirements, unless:
 - The Company had a repurchase programme in place and the programme has been submitted to the JSE prior to the prohibited period commencing;
 - Only one independent third party has been instructed to execute the repurchase programme prior to the prohibited period commencing; and
 - The repurchase programme includes the name and date of appointment of the independent third party instructed to execute the repurchase programme, the commencement and termination date of the repurchase programme and the fixed number of securities to be traded during the period.
- An announcement will be published once the Company has cumulatively repurchasing 3% (three percent) of the number of the ordinary shares in issue at the time of this general authority is granted (“**initial number**”) of ordinary shares, and for each 3% (three percent) in aggregate of the initial number acquired thereafter.

Explanatory note

This special resolution number 1 seeks to grant the Company and its subsidiaries the authority to purchase the Company's own ordinary shares. The Company's directors plan to use this authority when they believe it's beneficial, considering factors like tax benefits and market conditions.

Other disclosure in terms of Section 11.26 of the JSE Listings Requirements

The JSE Listings Requirements require the following disclosures, which are contained in the annual report of which this notice forms part:

- major shareholders of the Company – page 127; and
- directors' interests in securities – page 121 & 122.

Material change

There have been material changes in the affairs or financial position of the Company and its subsidiaries since the Company's financial year-end and the date of this notice. Details are set out in this IAR on page 14 & 15 and page 34 & 35.

Directors' responsibility statement

The directors listed in the integrated report, which includes this notice of AGM, take full responsibility for the accuracy of the information regarding special resolution number 1. They certify that, to the best of their knowledge and belief, all necessary facts have been included, and there are no omissions that would make any statement about special resolution number 1 false or misleading. They have conducted reasonable inquiries to confirm this, ensuring that all legal and JSE Listings Requirements are met regarding special resolution number 1.

Adequacy of working capital

At the time that the contemplated repurchase is to take place, the directors of the Company will ensure that, after considering the effect of the maximum repurchase and for a period of 12 (twelve) months thereafter:

- the Company and its subsidiaries will be able to pay their debts as they become due in the ordinary course of business;
- the consolidated assets of the Company and its subsidiaries, fairly valued in accordance with International Financial Reporting Standards, will be in excess of the consolidated liabilities of the Company and its subsidiaries;
- the issued share capital and reserves of the Company and its subsidiaries will be adequate for the purpose of the ordinary business of the Company and its subsidiaries; and
- the working capital available to the Company and its subsidiaries will be sufficient for the Group's requirements.

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 securities but consider that such a general authority should be put in place should an opportunity present itself to do so during the year and which is in the best interests of the Company and its shareholders.

Special resolution number 2

Loans or other financial assistance to subsidiaries and other related or inter-related companies

“**Resolved that**, as a special resolution, according to the Companies Act, shareholders of the Company approve the Company to provide direct or indirect financial assistance to subsidiaries or related companies for two years from this special resolution 2. The Board will decide the recipients, form, and terms of this assistance, ensuring compliance with the Companies Act's requirements.

Explanatory note

The purpose of special resolution number 2 is to give the Board the authority to allow the Company to provide financial assistance, as outlined in section 45 of the

Companies Act, to current or future subsidiaries and related companies. Notice to Company shareholders regarding a Board resolution, as required by section 45(5) of the Companies Act:

- Before sending this AGM notice to shareholders, the Board will have passed a resolution ("Section 45 Board Resolution") authorising the Company to provide direct or indirect financial assistance over two years from the date of adopting special resolution number 2. This assistance can include loans, guarantees, and debt security to subsidiaries and related companies.
- The Section 45 Board Resolution only becomes effective if special resolution number 2 is approved by Company shareholders. Providing such financial assistance will depend on the Company's ability to pass the solvency and fairness tests as specified in section 45(3)(b) of the Companies Act.
- If this financial assistance exceeds one-tenth of one percent of the Company's net worth at the adoption date of the resolution, the Company will notify shareholders and any relevant trade unions representing its employees.

Special resolution number 3

Non-executive Directors' ("NED") Remuneration

Fees paid to non-executive directors for their services as Company directors in the year ending 30 June 2022, were approved by shareholders in a special resolution at the 30 November 2021 AGM. This resolution also allowed the Board to increase NED fees for the 2023 financial year, up to 10%. The Board has approved a flat fee in NED fees for the year ending 30 June 2024, as follows:

Position	Approved fee in ZAR for the year ending 30 June 2024
Chairman of the Board	R10 000
Chairman of the Audit and Risk Committees	R10 000
Chairperson of the Social and Ethics Committee	R10 000
Other non-executive directors	R10 000

Note: The above fees include fees for acting as chairpersons or members of applicable committees and sub-committees and exclude VAT

“Resolved that:

- the annual remuneration payable to the non-executive directors for their services as directors of the Group for the year ending 30 June 2022, as reflected in note 42 of the annual financial statements, be ratified; and
- in terms of the provisions of sections 66(9) of the Companies Act, an annual increase, to be approved by the Board (but not exceeding 10% of the fees payable to the non-executive directors for their services as directors), be hereby approved for a period of two years from the date of passing this

resolution or until its renewal, whichever is the earlier.”

Explanatory note

In terms of section 66(9) of the Companies Act, a company is required to pre-approve the payment of remuneration to non-executive directors for their services as directors for the ensuing financial year by means of a special resolution passed by shareholders of the Company within the previous two years.

OTHER BUSINESS

To transact such other business as may be transacted at the AGM of the Company.

QUORUM

To meet the quorum requirements for the resolutions mentioned, at least three shareholders (and their representatives in the case of a corporate shareholder) who can vote at the AGM must be present. Furthermore, a quorum also includes 25% of all voting rights related to these resolutions.

PROXIES

The attached form of proxy is only to be completed by those shareholders who are:

- holding Conduit Capital ordinary shares in certificated form; or
- recorded on the electronic sub-register in ‘own-name’ dematerialised form.

By order of the Board

CIS Company Secretaries Proprietary Limited
Company Secretary

Johannesburg
21 August 2024

REGISTERED ADDRESS

67 Carlisle Street
Paardeneiland
Cape Town, 7405
(PO Box 335, Sea Point, Cape Town, 8060)

TRANSFER SECRETARIES

Computershare Investor Services (Pty) Ltd
(Registration number: 2004/003647/07)
Rosebank Towers, 15 Biermann Avenue, Rosebank
Johannesburg, 2196

ANNEXURE A

ABBREVIATED CURRICULUM VITAE OF DIRECTOR APPOINTMENTS, DIRECTORS OFFERING THEMSELVES FOR RE-ELECTION AND/OR MEMBERS OF THE AUDIT AND RISK COMMITTEE

The occupation and relevant business experience of **Melvyn Lubega** is set out below:

Qualifications: BbusSc (UCT), M.Sc (Oxford), MPP (Oxford)

Role:

- Independent non-executive director
- Chairman of the Board
- Chairman of the Remuneration and Nomination Committee
- Member of the Investment Committee
- Member of the Audit and Risk Committee
- Member of the Social and Ethics Committee

Melvyn is an experienced entrepreneur and investor having successfully built and exited businesses that serve customers around the world. He has been in senior investment roles for over a decade. Melvyn is a board member of two investment companies and operating companies, including as an Investment Committee and Audit and Risk Committee member of Adcorp Holdings Limited (JSE:ADR). He is a referenced thought leader and invited speaker both abroad and locally on investing and digital transformation amongst others. He has been listed by Forbes for his achievements in business.

Melvyn is an actuary by training, holding an undergraduate degree from the University of Cape Town where he was an Allan Gray Orbis Foundation Fellow. He has postgraduate degrees from the University of Oxford where he was a Rhodes Scholar.

The occupation and relevant business experience of **Christian Richard Solberg** is set out below:

Qualifications: BA magna cum laude (Middlebury College, US) MBA (MIT)

Role:

- Independent non-executive director
- Chairperson of the Audit and Risk Committee
- Chairperson of the Investment Committee

Christian is the co-founder and Managing Member of Sun Mountain Partners LLC ("Sun Mountain"), a private investment company based in Boston, USA, focused on investing in public equity securities. Christian has over 15 years of investment and capital allocation experience. Prior to Sun Mountain, Christian worked with global consulting firm BTS Group AB in their New York Office, for eight years. In his capacity as director, he trained thousands of executives of global Fortune 500 companies in capital allocation, competitive advantage, strategy, and building a culture of innovation.

The occupation and relevant business experience of **Peter Geoffrey Todd** is set out below:

Qualifications: B.Com LLB (UCT)

Role:

- Executive director
- Member of the Investment Committee

Peter Todd has extensive industry experience and boasts over 20 years of financial services industry experience, both in South Africa and abroad. He has a number of business interests in the claims management space having co-founded Repair Solutions in 2014 and subsequently having expanded into other areas of the insurance value chain.

Prior to setting up his own business interests, Peter held a number of senior positions in the industry including Chief Executive of Mutual & Federal; Managing Executive for Distribution at Absa Financial Services as well as Chairperson of Credit Guarantee Insurance Company. Peter also spent six years in Singapore as the Regional Managing Director of Alexander Forbes Asia Pacific. Peter has served as a Director on a number of insurance industry Boards, including the South African Insurance Association and is a Past President of the Insurance Institute of South Africa.

The occupation and relevant business experience of **Geoffrey Edgar Bolton Hacking** is set out below:

Qualifications: M.B.,Ch.B. (UCT), F.F.Rad (D) (SA), and F.R.C.R.(London)

Role:

- Independent non-executive director
- Lead Independent Director
- Member of the Audit and Risk Committee
- Chairman of the Social and Ethics Committee
- Member of the Remuneration and Nomination Committee

Geoffrey is a medical specialist and a former director of Morton & Partners Radiologists, one of the largest radiology practices in South Africa. He retired from practice in September 2022. Geoff is an experienced value investor, with more than 45 years of investment experience.

The occupation and relevant business experience of **Lourens Erasmus Louw** is set out below:

Qualifications: B.Com (Stellenbosch)

Role:

- Financial Director

Lourens studied at the University of Stellenbosch, after which he moved to Johannesburg and qualified as a member of the SA Institute of Stockbrokers. In 1996 Lourens was appointed Financial Director and Compliance Officer of stock broking firm Irish & Menell Rosenberg (Pty) Ltd and its successors in the Appleton Group. He remained with Appleton until June 2003 when he joined Conduit Capital. Lourens became the Financial Director of Conduit Capital in October 2004. Lourens became the CFO of the Constantia Insurance Group in February 2021 and was reappointed the Financial Director of Conduit Capital in January 2023.

XI. Proxy Form

CONDUIT CAPITAL LIMITED

Incorporated in the Republic of South Africa (Registration number 1998/017351/06)

Share code: CND ISIN: ZAE000073128

("Conduit Capital" or "the Company" or "the Group")

For use only by ordinary shareholders who:

- hold ordinary shares in certificated form ("certificated ordinary shareholders"); or
- have dematerialised their ordinary shares ("dematerialised ordinary shareholders") and are registered with "own-name" registration;

at the annual general meeting ("AGM") of shareholders of the Company to be held entirely via a remote interactive electronic platform MS Teams at **14:00 on Tuesday, 1 October 2024** and any adjournment thereof.

Certificated shareholders, "own name" dematerialised shareholders and dematerialised shareholders other than "own name", who have requested a Letter of Representation from their CSDP or broker in order to vote during the meeting and who have provided the Transfer Secretary with their details and email address will be provided with the necessary instructions on how to vote. These ordinary shareholders must not use this form of proxy.

Name of beneficial shareholder _____

Name of registered shareholder _____

Address _____

Telephone work () _____ Telephone home () _____ Cell: _____

being the holder/custodian of _____ ordinary shares in the Company, hereby appoint (see note):

1. _____ or failing him/her,

2. _____ or failing him/her,

3. the Chairperson of the meeting,

as my/our proxy to attend and act for me/us on my/our behalf at the AGM of the Company convened for purpose of considering and, if deemed fit, passing, with or without modification, the special and ordinary resolutions to be proposed thereat ("resolutions") and at each postponement or adjournment thereof and to vote for and/or against such resolutions, and/or abstain from voting, in respect of the ordinary shares in the issued share capital of the Company registered in my/our name/s in accordance with the following instructions:

	Number of ordinary shares		
	For	Against	Abstain
Ordinary resolutions 1 Adoption of annual financial statements			
Ordinary resolution 2.1 Election of Mr Christian Richard Solberg as director			
Ordinary resolution 2.2 Election of Mr Geoffrey Edgar Bolton Hacking as director			
Ordinary resolution 2.3 Election of Mr Peter Goeffrey Todd as director			
Ordinary resolution 2.4 Election of Mr Lourens Erasmus Louw as director			
Ordinary resolutions 3.1 Appointment of Mr Christian Richard Solberg as Chairperson and as member of the Audit and Risk Committee			
Ordinary resolutions 3.2 Re-appointment of Mr Melvyn Lubega as member of the Audit and Risk Committee			
Ordinary resolutions 3.3 Appointment of Mr Geoffrey Edgar Bolton Hacking as member of the Audit and Risk Committee			
Ordinary resolutions 4 Re-appointment of Nexia SAB&T as auditors and Mr Fazel Sulaman as the designated audit partner			
Ordinary resolutions 5.1 Approval of the remuneration policy			
Ordinary resolution 5.2 Approval of the remuneration implementation report			
Ordinary resolution 6 Control of authorised but unissued ordinary shares			
Ordinary resolution 7 General issue of shares for cash			
Ordinary resolution number 8 Signature of documents			
Special resolution number 1 General approval to acquire shares			
Special resolution number 2 Loans or other financial assistance to subsidiaries and other related or inter-related companies			
Special resolution number 3 Approval of non-executive directors' remuneration			

Please indicate instructions to proxy in the space provided above by the insertion therein of the relevant number of votes exercisable.

A member entitled to attend and vote at the AGM may appoint one or more proxies to attend and act in his stead. A proxy so appointed need not be a member of the Company.

Signed at _____ on _____ 2024

Signature _____

Assisted by (if applicable) _____

FORM FOR ELECTRONIC PARTICIPATION AT THE ANNUAL GENERAL MEETING

CONDUIT CAPITAL LIMITED

Incorporated in the Republic of South Africa (Registration number 1998/017351/06)
 Share code: CND ISIN: ZAE000073128
 (“Conduit Capital” or “the Company” or “the Group”)

ANNUAL GENERAL MEETING – 14:00 ON TUESDAY, 1 OCTOBER 2024 (“AGM”)

Capitalised terms which are not defined herein shall bear the meanings assigned in the notice of AGM to which this form is attached and forms part.

Instructions

Shareholders or their proxies, have the right, as provided for in the Company’s MOI and the Companies Act, to participate in the AGM by way of electronic communication. Shareholders or their duly appointed proxies who wish to participate in the AGM must complete this application form and email it (together with the relevant supporting documents referred to below) to the Company’s Transfer Secretaries at proxy@computershare.co.za and to the Company at companysecretarial@computershare.co.za as soon as possible, but in any event by no later than **14:00 on Friday, 27 September 2024**

Upon receiving a completed Electronic Participation Application Form, the Company’s Transfer Secretaries will follow a verification process to verify each applicant’s entitlement to participate in and/or vote at the AGM. The Company’s Transfer Secretaries will provide the Company with the email address of each verified shareholder or their duly appointed proxy (each, “a **Participant**”) to enable the Company to forward the Participant a MS Teams meeting invitation required to access the AGM.

The Company will send each Participant a MS Teams meeting invitation with a link to “Join the MS Teams Meeting” on **Tuesday, 1 October 2024** to enable Participants to link up and participate electronically in the AGM. This link will be sent to the email address nominated by the Participant in the table below.

Please note

The electronic platform to be utilised for the AGM does not provide for electronic voting during the meeting. Accordingly, shareholders are strongly encouraged to submit votes by proxy in advance of the AGM, by completing the Form of Proxy and lodging it together with this Electronic Participation Application Form with the Company’s Transfer Secretaries.

Participants who indicate in this form that they wish to vote during the electronic meeting, will be contacted by the Company’s Transfer Secretaries to make the necessary arrangements.

Participants will be liable for their own network charges in relation to electronic participation in and/or voting at the AGM. Any such charges will not be for the account of the Company’s Transfer Secretaries or the Company who will also not be held accountable in the case of loss of network connectivity or other network failure due to insufficient airtime, internet connectivity, internet bandwidth and/or power outages which prevents any such Participant from participating in and /or voting at the AGM.

By signing this application form, the Participant indemnifies and holds the Company harmless against any loss, injury, damage, penalty or claim arising in any way from the use of the telecommunication lines to participate in the AGM or any interruption in the ability of the Participant to participate in the AGM via electronic communication, whether or not the problem is caused by any act or omission on the part of the Participant or anyone else, including without limitation the Company and its employees.

Full name of shareholder:
Identity or registration number of shareholder:
Full name of authorised representative (if applicable):
Identity number of authorised representative:
Email address: <i>*Note: this email address will be used by the Company to share the meeting invitation required to access the AGM electronically</i>
Cell phone number:
Telephone number, including dialing codes: <i>*Note: The electronic platform to be utilised for the AGM does not provide for electronic voting during the meeting. Accordingly, shareholders are strongly encouraged to submit votes by proxy in advance of the AGM, by completing the proxy form.</i>
Indicate (by marking with an ‘X’) whether: <input type="checkbox"/> votes will be submitted by proxy (in which case, please enclose the duly completed proxy form with this form); or <input type="checkbox"/> the Participant wishes to exercise votes during the AGM. If this option is selected, the Company’s Transfer Secretaries will contact you to make the necessary arrangements.
By signing this application form, I consent to the processing of my personal information above for the purpose of participating in Conduit Capital’s AGM.
Signed at _____ on _____ 2024
Signed: _____

Documents required to be attached to this application form

- In order to exercise their voting rights at the AGM, shareholders may appoint a proxy, which proxy may participate in the AGM, provided that a duly completed proxy form has been submitted in accordance with the instructions on that form, and as envisaged in the notice of the AGM.
- Documentary evidence establishing the authority of the named person, including any person acting in a representative capacity, who is to participate in the AGM, must be attached to this application.
- A certified copy of the valid identity document/passport/ of the person attending the AGM by electronic participation, including any person acting in a representative capacity, must be attached to this application.

Applications to participate by electronic communication will only be considered if this application form is completed in full, signed by the shareholder, its proxy or representative, and delivered as detailed above. The Company may in its sole discretion accept any incomplete application forms.

NOTES TO PROXY

1. The form of proxy must only be completed by shareholders who hold shares in certificated form or who are recorded on the sub-register in electronic form in "own name".
2. All other beneficial owners who have dematerialised their shares through a CSDP or broker and wish to attend the AGM must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker.
3. A shareholder entitled to attend and vote at the AGM may insert the name of a proxy or the names of two alternate proxies (none of whom need be a shareholder of the Company) of the shareholder's choice in the space provided, with or without deleting "the Chairperson of the meeting". The person whose name stands first on this form of proxy and who is present at the AGM will be entitled to act as proxy to the exclusion of those proxy(ies) whose names follow. Should this space be left blank, the proxy will be exercised by the Chairperson of the meeting.
4. A shareholder is entitled to one vote on a show of hands and, on a poll, one vote in respect of each ordinary share held. A shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that shareholder in the appropriate space provided. If an "X" has been inserted in one of the blocks to a particular resolution, it will indicate the voting of all the shares held by the shareholder concerned. Failure to comply with this will be deemed to authorise the proxy to vote or to abstain from voting at the AGM as he/she deems fit in respect of all the shareholder's votes exercisable thereat. A shareholder or the proxy is not obliged to use all the votes exercisable by the shareholders or by the proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the shareholder or the proxy.
5. A vote given in terms of an instrument of proxy shall be valid in relation to the AGM notwithstanding the death, insanity or other legal disability of the person granting it, or the revocation of the proxy, or the transfer of the ordinary shares in respect of which the proxy is given, unless notice as to any of the aforementioned matters shall have been received by the Transfer Secretaries at any time prior to the start of the AGM, or prior to voting on any resolution proposed at the AGM.
6. If a shareholder does not indicate on this form that his/her proxy is to vote in favour of or against any resolution or to abstain from voting, or gives contradictory instructions, or should any further resolution(s) or any amendment(s) which may properly be put before the AGM be proposed, such proxy shall be entitled to vote as he/she thinks fit.
7. The Chairperson of the AGM may reject or accept any form of proxy which is completed and/or received other than in compliance with these notes.
8. A shareholder's authorisation to the proxy including the Chairperson of the AGM, to vote on such shareholder's behalf, shall be deemed to include the authority to vote on procedural matters at the AGM.
9. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the AGM and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.
10. Documentary evidence establishing the authority of a person signing the form of proxy in a representative capacity must be attached to this form of proxy, unless previously recorded by the Company's Transfer Secretaries or waived by the Chairperson of the AGM.
11. A minor or any other person under legal incapacity must be assisted by his/her parent or guardian, as applicable, unless the relevant documents establishing his/her capacity are produced or have been registered by the Transfer Secretaries of the Company.
12. Where there are joint holders of ordinary shares:
 - any one holder may sign the form of proxy;
 - the vote(s) of the senior ordinary shareholders (for that purpose seniority will be determined by the order in which the names of ordinary shareholders appear in the Company's register of ordinary shareholders) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint shareholder(s).
13. The Board requests that completed forms of proxy are received at the office of the Company's Transfer Secretaries:

Computershare Investor Services Proprietary Limited,
Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2001
(Private Bag x9000, Saxonwold, 2132), or via email to
proxy@computershare.co.za by **14:00 on Friday, 27 September 2024.**

Any forms of proxy not lodged by this time may still be lodged by email to: proxy@computershare.co.za and to companysecretarial@computershare.co.za prior to the commencement of the meeting.
14. A deletion of any printed matter and the completion of any blank space need not be signed or initialled. Any alteration or correction must be signed and not merely initialled.
15. Summary of the rights of a shareholder to be represented by proxy, as set out in section 58 of the Companies Act:
 - **A proxy appointment must be in writing, dated and signed by the shareholder appointing a proxy, and, subject to the rights of a shareholder to revoke such appointment (as set out below), remains valid only until the end of the relevant shareholders' meeting.**
 - **A proxy may delegate the proxy's authority to act on behalf of a shareholder to another person, subject to any restrictions set out in the instrument appointing the proxy.**
 - **The appointment of a proxy is suspended at any time and to the extent that the shareholder who appointed such proxy chooses to act directly and in person in the exercise of any rights as a shareholder.**
 - **The appointment of a proxy is revocable by the shareholder in question cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and to the Company. 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:**
 - (a) the date stated in the revocation instrument, if any; and
 - (b) the date on which the revocation instrument is delivered to the Company as required in the first sentence of this paragraph.
 - **If the instrument appointing the proxy or proxies has been delivered to the Company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the MOI to be delivered by the Company to the shareholder, must be delivered by the Company to:**
 - (a) the shareholder, or
 - (b) the proxy or proxies, if the shareholder has (i) directed the Company to do so in writing; and (ii) paid any reasonable fee charged by the Company for doing so.
 - **The completion of a form of proxy does not preclude any shareholder from attending the AGM.**

XII. Financial Performance

Directors Report

The directors have pleasure in presenting their report for the year ended 30 June 2022.

NATURE OF BUSINESS

Conduit Capital is an investment holding company that, through its subsidiaries and associates, carries on business in the financial services industry with the main focus being on insurance and related investment activities.

On 30 June 2023 Conduit Capital announced by way of a Stock Exchange News Service (SENS) notice that with effect from 1 July 2023 the Group will apply the Investment Entity exemption in accordance with IFRS 10: Consolidated Financial Statements.

DIVIDENDS

In line with the Group's strategy, the details of which appear in the Chief Executive Officer's Letter, the Board has not recommended any dividend payment to ordinary shareholders (2021: Nil).

AUDIT AND RISK COMMITTEE

The Audit and Risk Committee's report appears on page 15 and 16 of the integrated report.

DIRECTORS

Persons who acted as directors during the financial year ended 30 June 2022 and until the date of this report, unless otherwise stated, are set out below. Additionally, persons who were appointed as directors after the year ended 30 June 2022 are also set out below.

CHOU, LEO CHIH HAO

Roles fulfilled: Chairman, Chief Executive Officer

Statutory Committees: Audit and Risk Committee, Remuneration Committee, Social and Ethics Committee
Executive Director

- appointed as a non-executive director on 9 October 2017
- appointed as Chairman on 29 November 2022
- status changed to an executive director and CEO on 1 October 2023

HACKING, GEOFFREY EDGAR BOLTON

Roles fulfilled: Lead Independent

Statutory Committees: Audit and Risk Committee, Remuneration Committee, Social and Ethics Committee
Independent Non-executive Director

- appointed as an independent non-executive director on 3 April 2023

- appointed as a lead independent on 1 October 2023

LOUW, LOURENS ERASMUS

Roles fulfilled: Financial Director

- appointed as an executive director on 1 January 2023

LUBEGA, MELVYN

Roles fulfilled: Lead Independent, Chairman

Statutory Committees: Audit and Risk Committee, Remuneration Committee, Social and Ethics Committee
Independent Non-executive Director

- appointed as a non-executive director on 15 March 2021
- appointed as lead independent on 1 July 2023
- appointed as Chairman on 1 October 2023

MAIZEY, ADRIAN

Non-executive Director

- appointed as a non-executive director on 20 February 2017
- resigned as a non-executive director on 18 July 2022

NAPIER, RONALD STUART

Roles fulfilled: Chairman

Statutory Committees: Audit and Risk Committee, Remuneration Committee

- appointed as a non-executive director on 31 March 2015
- resigned as a non-executive director and Chairman on 17 November 2023

RISKOWITZ, SEAN MICHAEL

Roles fulfilled: Chief Executive Officer

- appointed as a non-executive director on 31 March 2015
- appointed as an executive director and CEO on 1 July 2015
- resigned as an executive director and CEO on 21 July 2022

SOLBERG, CHRISTIAN RICHARD

Independent Non-executive Director

- appointed as an independent non-executive director on 3 April 2023

SIYOTULA, NONZUKISO

Roles fulfilled: Lead Independent

Statutory Committees: Audit and Risk Committee, Remuneration Committee

- appointed as an independent non-executive director on 24 March 2020
- appointed as lead independent on 19 November 2021
- resigned as an independent non-executive director on 9 December 2022

TODD, PETER GOEFFREY*Roles fulfilled: Chief Executive Officer*

Statutory Committees: Audit and Risk Committee

Executive Director

- appointed as an executive director and interim-CEO on 21 July 2022
- appointed as the full-time CEO on 29 November 2022
- resigned as CEO on 1 October 2023, remains an executive director of Conduit Capital in his capacity as CEO of CRIH

YAN-COHEN, BIANCA*Roles fulfilled: Financial Director*

- appointed as an executive director on 5 February 2021
- resigned as financial director and an executive director on 31 December 2022

The names of the directors in office at the date of the report appear on page 6 of the integrated report.

No directors will this year be required to retire by rotation in terms of the Memorandum of Incorporation.

SECRETARY AND REGISTERED OFFICE

The address of the Company Secretary and the registered office of the Company is recorded on page 5 of the integrated report.

DIRECTORS' SHAREHOLDINGS

As at 30 June 2022, certain directors beneficially owned 154.46 million (2021: 155.07 million) ordinary shares in Conduit Capital. The directors held no rights to share options (2021: Nil). Full details of these holdings are disclosed in note 50 to the Financial Statements.

AUTHORISED AND ISSUED STATED CAPITAL

The authorised stated capital of the Company is 1 500 000 000 (2021: 1 500 000 000) ordinary shares with no par value. The issued stated capital of the Company is 764 443 900 (2021: 764 443 900) ordinary shares with no par value.

During the year the Group acquired none of its own shares (2021: 17 170 401 shares at an average consideration of 58.39 cents per share). These shares are currently being held as treasury shares by subsidiary companies.

There were no other changes to the issued share capital or treasury shares during the reporting period. Please refer to notes 28 and 46.5 of the Annual Financial Statements for further details.

SUBSIDIARIES AND ASSOCIATES

Details of the Group's subsidiaries and associate companies can be obtained in notes 21, 22, 40 and 48 of the Annual Financial Statements.

Please note that on 26 July 2022 Constantia Insurance Company Limited ("CICL"), the Group's largest operating subsidiary, was placed under provisional curatorship. The conditions of the provisional curatorship, which included the suspension of its capacity to receive new business premiums, made it impossible for CICL to retain its clients, which in turn resulted in its reinsurers also terminating their reinsurance arrangements with the company. Given the enormous negative impact that the curatorship and the terms associated therewith ultimately had on CICL, the company was placed under liquidation on 14 September 2022, by order of the High Court on application by the Prudential Authority ("PA"). SENS announcements relating to CICL's liquidation were released during the 2022 calendar year and can be found on the Group's **website**. With the liquidation of CICL, the Group ceased having full control over the affairs of CICL. As at the reporting date, CICL continues to be consolidated and forms part of the financial results. However, as at the next reporting date CICL and its wholly owned subsidiaries will be deconsolidated from the Group results.

ACQUISITIONS, DISPOSALS AND IMPAIRMENTS OF PROPERTY, PLANT AND EQUIPMENT, SOFTWARE, INVESTMENTS AND FINANCIAL ASSETS

The Group made the following cash acquisitions and investments during the year:

- property, plant and equipment, software and other intangible assets to the value of approximately R3.18 million (2021: R3.57 million);
- listed investments held at fair value through profit and loss, to the value of approximately R0.20 million (2021: R0.13 million);
- no unlisted investments were acquired during the year (2021: R0.98 million);
- an associate company was acquired for R42.0 million (2021: Nil), and loans to the value of R3.40 million were granted to associates (2021: R3.65 million); and
- no subsidiaries were acquired during the year (2021: Nil).

The Group disposed of and impaired the following assets and investments during the year:

- listed investments held at fair value through profit and loss to the value of approximately R1.93 million were disposed of (2021: R32.45 million);
- unlisted investments held at fair value through profit and loss to the value of approximately R37.62 million were disposed of (2021: Nil);
- trade debtors, loans and other receivables of R14.54 million were impaired and written off through profit and loss (2021: R98.18 million). No previous period impairments were reversed through profit and loss (2021: Nil);

- property, plant and equipment were disposed of for R0.87 million (2021: R1.19 million) at a loss of R2.32 million (2021: R4.82 million). Software to the value of R8.53 million was impaired (2021: Nil);
- no property held for sale was disposed of (2021: R14.50 million);
- no associate companies were disposed of (2021: R5.39 million). The impairment of associate companies amounted to R47.38 million (2021: Nil);
- a subsidiary company was disposed of for R1.00 (2021: R161.00) at a profit of R3.02 million (2021: R0.71 million); and
- goodwill to the value of R45.44 million was impaired (2021: R5.51 million).

STATUTORY CAPITAL BELOW REGULATORY REQUIREMENTS

The PA that governs the South African assurance companies came into effect on 1 July 2018, following the promulgation of the Insurance Act No 18 of 2017. This also brought about the Financial Soundness Standards that govern all insurers. These financial soundness standards necessitated a change to insurers' solvency capital requirement ("SCR") and minimum capital requirement ("MCR") calculations.

The Financial Soundness Standards defines two levels of capital that an insurer is required to comply with at all times:

- The prescribed MCR that refers to the absolute minimum level of eligible own funds that an insurer must hold to protect all its policyholders. The minimum MCR is 1.00; and
- The prescribed SCR, which refers to the level of eligible own funds that an insurer must hold to ensure that the value of its assets will exceed the technical provisions and other liabilities at a 99.50% confidence level over a one-year time horizon. The minimum SCR is 1.00.

The SCR model requires an additional surplus of assets (buffer) above liabilities to take account of potential adverse outcomes of both the inherent risk of underwritten portfolios and the future cost of claims of these portfolios and should the insurer not have a sufficient buffer in place (i.e. the SCR is below 1.00), the PA has various rights of response and intervention, commencing with closer supervision of the insurer.

CICL's liquidation shortly after the year-end (refer to the Subsidiaries and Associates section above), together with the direct and indirect impact of the liquidation on a number of group assets, and the CICL Liquidator's decision not to provide audited annual financial statements for CICL for the 2022 financial year, made it impossible to determine what a fair MCR and SCR for CICL would have been as at the year-end.

The negative impact of CICL's liquidation on some of the unlisted investments held by Constantia Life and Health Assurance Company Limited ("CLAH"), resulted in CLAH's MCR and SCR ratios falling below the statutory minimum at 0.50 (2021: 1.99) and 0.56 (2021: 1.07), respectively. The MCR and SCR ratios of Constantia Life Limited ("CLL") were 0.45 (2021: 0.81) and 2.09 (2021: 2.48) respectively.

The Constantia Group's ongoing correspondence with the PA included various action plans to restore the SCR and MCR of CLAH and CLL above 1.00 and to add an additional safety margin. These action plans included the sale of the companies to third parties who will introduce new equity into the businesses (please refer to the Subsequent Events paragraph below). It should however be noted that, notwithstanding the substantive remediation efforts already underway, should the planned initiatives not be successful, the companies' SCR and MCR may not be restored to a minimum level of 1.00 in the short term.

Please refer to notes 49.7 and 53 of the Annual Financial Statements for further details.

RISK MANAGEMENT AND INSURANCE

It is the Group's belief that its risk should be managed to protect its assets and earnings against unacceptable financial loss and to safeguard against legal liabilities. Possible catastrophic risks are insured at minimum cost with satisfactory cover.

Non-catastrophic risks are self-insured. Property, plant, and equipment are insured at current replacement values.

GOING CONCERN

The Group reflects a Net Asset Value ("NAV") of *negative* R299.67 million, down R316.92 million from a positive R17.25 million in the prior year and is therefore technically insolvent as at the reporting date. The main reason for the reduction is due to the non-cash flow impairment of a number of assets, the majority hereof linked to the demise of CICL after the year-end. The Company, however, reflects a positive NAV of R80.97 million (2021: R404.12 million), backed by cash, investments in subsidiaries and loans to fellow group companies. The Company is thus solvent.

In addition, the Group's Consolidated Statement of Financial Position as at 30 June 2022 reflects that the Group's current liabilities exceed its current assets by R539.04 million (2021: R539.58 million). The Company's current liabilities exceed current assets by R4.21 million (2021: R22.23 million).

The directors of the Group's insurance companies, with management, are in constant communication with the PA regarding the solvency ratios being below statutory levels,

which has ultimately resulted in the forced liquidation of CICL by the PA post the year-end.

The PA has taken note of the various corrective actions being implemented and the measures put in place in order to restore statutory capital to the prescribed minimum levels in CLAH and CLL and has undertaken to work with the companies in order to resolve the matter, rather than enforce an immediate suspension of the companies' activities until the matter has been resolved.

The directors have reviewed the Group's and Company's cash flow forecasts and, in light of this review and the current financial position, are satisfied that the Group and Company are able to meet its' working capital requirements through the initiatives taken by management to secure the required working capital.

These matters are more fully discussed in note 52 of the Annual Financial Statements.

Despite significant doubt being cast on the Group and the Company's ability to continue as going concerns due to the material uncertainty created by:

- the curatorship and subsequent liquidation of CICL, the Group's largest subsidiary, with effect from 31 August 2022; and
- the excess of the Group and the Company's current liabilities over current assets as at the reporting date;

the Board believes that:

- the post-balance sheet events detailed in the Subsequent Events section below;
- its comfort that the cash flow budgets that were presented can realistically be achieved; and
- the PA's approach to the Constantia Risk and Insurance Holdings ("CRIH"), CLL and CLAH disposals;

will provide the Group and the Company with adequate financial resources to continue in operation for the foreseeable future. Accordingly, the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the Group and the Company are both in a sound financial position and that both have access to sufficient cash and borrowing facilities to meet their foreseeable cash requirements. Other than those disclosed in this financial report, the directors are not aware of any material changes that may adversely impact the Group and the Company. The directors are unaware of any allegations that the Group or the Company is in breach of its statutory or regulatory obligations or of any pending changes to legislation which may affect the Group or the Company.

SUBSEQUENT EVENTS

1. As detailed above, on 14 September 2022 CICL, the Group's largest operating subsidiary, was placed

under liquidation by order of the High Court on application by the PA.

2. On 1 September 2022 the Group disposed of its:
 - 58.6% effective interest in Kulundleko Solutions Proprietary Limited trading as Repair Solutions;
 - 46.8% effective interest in Corporate Specialist Investigations Proprietary Limited; and
 - 28.7% effective interest in 24 Fix Proprietary Limited; for a consideration of R1.00 (one Rand). The disposals were brought about by the demise of CICL, given that CICL was anticipated to be a core patron of these businesses going forward.
3. On 23 September 2022 CRIH disposed of its rights to the "Ethiqal" trademark that was used in connection with the Medical Malpractice business, operated by CICL, for a total consideration of R5.22 million. The disposal was brought about by CICL's liquidation. The proceeds from the sale were used to partially repay some of the funds previously advanced by CICL to CRIH.
4. In December 2022 CRIH commenced arbitration proceedings against Trustco Property Holdings (Proprietary) Limited for the recovery of R50.0 million together with other relief arising from an alleged breach of contract. The arbitration concluded in April 2024 and in June 2024 judgment was awarded in favour of CRIH.
5. As per a SENS announcement released on 28 December 2022, CRIH entered into a share sale and purchase agreement with Affinity Financial Services Proprietary Limited ("Affinity"), an unrelated third party, to dispose of the entire issued share capital of CLAH (a wholly-owned subsidiary) for a consideration of R20.00 million with an effective date of 31 January 2023 or such later date as may be agreed in writing between the parties. The transaction was subject to the fulfilment of certain suspensive conditions, including the approval of the transaction by the PA. As recorded in a further SENS announcement released on 11 July 2023, the effective date of the disposal became 3 July 2023. Affinity's stated objective is to introduce additional business and equity into CLAH. On 11 September 2023 CLAH changed its name to Affinity Life Limited.
6. As per a SENS announcement released on 24 May 2023 (and updated by various subsequent announcements, the most recent of which was released at the end of June 2024) Copper Sunset Trading 186 Proprietary Limited entered into an agreement with TMM Holdings Proprietary Limited ("TMM"), an unrelated third party, to dispose of the entire issued share capital of CRIH and therefore its wholly owned subsidiary, CLL, for a consideration of R55.0 million. The transaction is subject to the fulfilment of certain suspensive conditions, including the approval of the transaction by the PA. On

3 June 2024 the PA notified CRIH that it declined to approve the transaction, but that their decision was subject to appeal. CRIH continues to engage with the PA in this regard.

7. On 29 June 2021 CRIH entered into a subscription agreement, subject to certain conditions, with OracleMed Health Group Holdings Proprietary Limited and OracleMed Health Investments Proprietary Limited (“OMHI”) to acquire 75% of the shares in OMHI, in stages, for a consideration (the Subscription Consideration) that would be based on OMHI's profitability during the year ended 31 August 2022. OMHI is a global Medical Insurance Underwriting Manager and Administrator that provides a unique range of International Medical Insurance products in Africa, then underwritten by CICL. OMHI further has access to a worldwide network of 3,200 hospitals and established partnerships with 7,000 health providers across Africa. This transaction had an effective date of 31 August 2021 with an initial allotment by OMHI of 30% of its shares for a prepayment of R42 million, with the remaining 45% to be allotted in exchange for the balance of the Subscription Consideration payable on or about 1 October 2022.

CICL was placed under administration in July 2022 and wound up with effect from 31 August 2022. CICL's capacity to receive new business premiums was also suspended. As a result hereof CRIH was in breach of agreements with OMHI, was unable to raise the funds to pay the balance of the Subscription Consideration, and CICL was unable to pay OMHI the administration fees and underwriting profit to which it was entitled.

CRIH entered into agreements with OMHI in terms whereof, with effect from 1 October 2023 (1) OMHI

would abandon its claims against CRIH, (2) CRIH purchased OMHI's claim against CICL for R100 000 and (3) OMHI bought back CRIH's shareholding in OMHI for R9 million.

8. During June 2022 CICL elected to repay loans in the aggregate of R111.8 million owing by it to CRIH. CICL intended to give effect to this election by issuing shares to CRIH. Due to CICL being placed under curatorship and into liquidation the shares were never issued and the R111.8 million remains unpaid. In April 2024 CRIH lodged a claim against CICL's estate for the amount owed to it by CICL.
9. Shareholders were advised in an announcement released on SENS on 4 April 2024 that on 2 April 2024 the liquidators of CICL filed applications with the Western Cape High Court (“the Court”) for orders to provisionally wind-up the Company and its wholly owned subsidiary, Conduit Ventures Proprietary Limited (“the Applications”). Given that the Applications were opposed, the Court postponed the hearing thereof to 2 August 2024. On that date the Court dismissed the Applications with costs.

BORROWING LIMITATIONS OF DIRECTORS

In terms of the Memorandum of Incorporation of the Company, the directors may exercise all the powers of the Company to borrow money, as they consider appropriate. At 30 June 2022 and 30 June 2021, the Company's borrowings totalled as follows:

				2022 R'000	2021 R'000
Borrowings from other Group companies				41 184	24 154

Directors' Responsibility and Approval of the Annual Financial Statements

The Conduit Capital board of directors ("the Board") accepts responsibility for the integrity, objectivity and reliability of the Group and Company Financial Statements of Conduit Capital.

The consolidated and separate financial statements in accordance with International Financial Reporting Standards (IFRS), the interpretations adopted by the International Accounting Standards Board, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the JSE LR and in terms of the requirements of the Companies Act of South Africa.

CEO and Financial Director Responsibility Statement

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

- the annual financial statements set out on pages 40 to 126, fairly present in all material respects the financial position, financial performance and cash flows of the Group and Company in terms of IFRS;
- to the best of our knowledge and beliefs, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
- internal financial controls have been put in place to ensure that material information relating to the Group and its consolidated subsidiaries have been provided to effectively prepare the annual financial statements of the Group and Company;
- 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 Committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls, and have taken steps to remedy the deficiencies; and
- We are not aware of any fraud involving directors.

The directors' responsibility also includes maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the Group's and Company's ability to continue as a going concern and there is no reason to believe that the Group and Company will not be going concerns in the year ahead.

The auditors are responsible for reporting on whether the consolidated and separate financial statements are fairly presented in accordance with IFRS and in terms of the requirements of the Companies Act of South Africa and their report is presented on pages 37 to 39.

The consolidated and separate financial statements of the Group and Company for the year ended 30 June 2022 were approved by the Board of directors on 21 August 2024 and are signed on its behalf by:



LCH CHOU
Chief Executive Officer

Cape Town
21 August 2024



LE LOUW
Financial Director

Johannesburg
21 August 2024

Preparation of the Financial Statements

The preparation of the financial statements in accordance with International Financial Reporting Standards for the year ended 30 June 2022, which appear on pages 40 to 126, has been supervised by the Financial Director of Conduit Capital Limited, Mr LE Louw.



LE LOUW
Financial Director

Johannesburg
21 August 2024

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Conduit Capital Limited

Disclaimer of Opinion on Consolidated Financial Statements and Unqualified Opinion on the Separate Financial Statements

We were engaged to audit the consolidated financial statements and have audited the separate financial statements of Conduit Capital Limited (the group and company) set out on pages 40 to 126, which comprise the consolidated and separate statements of financial position as at 30 June 2022, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including material accounting policy information.

We do not express an opinion on the consolidated financial statements of Conduit Capital Limited. Because of the significance of the matters described in the Basis for Disclaimer of Opinion on Consolidated Financial Statements section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

In our opinion, the separate financial statements present fairly, in all material respects, the separate financial position of Conduit Capital Limited as at 30 June 2022, and its separate financial performance and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Disclaimer of Opinion on Consolidated Financial Statements

As indicated in Note 53 to the financial statements, Constantia Insurance Company Limited (CICL), the group's largest operating subsidiary, was placed under provisional curatorship on 26 July 2022 and went under provisional liquidation on 14 September 2022 by order of the High Court on application by the Prudential Authority ("PA"). With the liquidation of CICL, the group ceased having full control over the affairs of CICL, including over the financial reporting function and should have been deconsolidated. As at the reporting date, the accounts of CICL formed part of the consolidated financial statements, however we were unable to gain access to the supporting documents used in the preparation of the consolidated financial statements. The financial results of CICL are material in respect of the consolidated financial statements. The possible effect of the matter did not affect the separate financial statements.

Due to the matter above, we were unable to obtain sufficient appropriate audit evidence that the consolidated financial statements as at 30 June 2022 were free of material misstatement. We were also unable to satisfy ourselves by alternative means concerning the consolidated financial statements.

Basis for Opinion on Separate Financial Statements

We conducted our audit of the separate financial statements in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the group and company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements 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).

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

Audit. Tax. Advisory.

Chairperson: Mrs A Ramasike
Chief Executive Officer: Mr MF Sulaman

SAB&T Chartered Accountants Incorporated t/a Nexia SAB&T

Company Registration Number: 1997/018869/21 | IRBA Registration Number: 921297

Offices in: Bloemfontein, Cape Town, Centurion, Durban, Johannesburg, Kimberley, Nelspruit, Polokwane, Port Elizabeth, Rustenburg

B-BBEE rating: Level 1 Contributor in terms of Generic Scorecard - B-BBEE Codes of Good Practice

SAB&T Chartered Accountants Incorporated is a member of Nexia, a leading, global network of independent accounting and consulting firms.

SAB&T Chartered Accountants Incorporated is an authorised financial services provider.

* A full list of directors is available for inspection at the company's registered office or on request.

Material uncertainty related to going concern

We draw attention to Note 52 in the financial statements. The company incurred a net loss of R323,2 million during the year ended 30 June 2022 and, as of that date, the company's current liabilities exceeded its current assets by R4,2 million. As stated in Note 52, these events or conditions, along with other matters as set forth in Note 52, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion on the company is not modified in respect of this matter.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Conduit Capital Limited Integrated Annual Report 2022", which includes the Directors' Report, the Audit Committee's Report, the Company Secretary's Certificate as required by the Companies Act of South Africa and the Directors' Responsibility and Approval of the Annual Financial Statements which includes the Directors Confirmation as required by the JSE Limited Listing Requirements. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

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

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

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

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

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the group and company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group and/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 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 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 the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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 Nexia SAB&T has been the auditor of Conduit Capital Limited for 2 years.

Nexia SAB&T

Nexia SAB&T
M F Sulaman
Director
Registered Auditor
21 August 2024

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	GROUP		COMPANY	
		30 June 2022 R'000	30 June 2021 R'000	30 June 2022 R'000	30 June 2021 R'000
ASSETS					
Non-current assets		315 935	640 354	85 291	426 442
Property, plant and equipment	15	38 191	58 901	-	-
Intangible assets	16	21 108	89 376	-	-
Finance lease receivables	17	14 653	-	-	-
Loans receivable	18	1 162	1 044	-	-
Insurance, trade and other receivables	19	87 556	100 921	320	-
Deferred taxation	20	666	116 330	114	88
Investment in associates	21 & 40	46 023	37 080	-	-
Investment in subsidiaries	22	-	-	84 857	426 354
Investments held at fair value	23	106 573	236 702	-	-
Current assets		1 004 858	765 775	38 249	2 989
Insurance assets	24	561 561	448 381	-	-
Finance lease receivables	17	2 410	-	-	-
Loans receivable	18	5 629	-	-	-
Inventory	25	-	-	-	-
Insurance, trade and other receivables	19	197 504	158 274	422	642
Taxation		677	350	-	-
Cash and cash equivalents	26	237 077	158 770	37 827	2 347
Assets held for sale	27	-	2 715	-	-
Total assets		1 320 793	1 408 844	123 540	429 431
EQUITY AND LIABILITIES					
Capital and reserves		(299 669)	17 253	80 967	404 120
Stated capital	28	1 158 569	1 158 569	1 339 250	1 339 250
Accumulated losses		(1 459 032)	(1 140 525)	(1 258 283)	(935 130)
Equity attributable to owners of the parent		(300 463)	18 044	80 967	404 120
Non-controlling interest		794	(791)	-	-
Non-current liabilities		76 565	86 237	114	88
Policyholder liabilities under insurance contracts	29	27 063	26 872	-	-
Lease liabilities	31	45 748	49 073	-	-
Deferred taxation	20	3 754	10 292	114	88
Current liabilities		1 543 897	1 305 354	42 459	25 223
Insurance liabilities	24	771 315	636 714	-	-
Interest-bearing borrowings	30	-	-	3 792	3 707
Lease liabilities	31	8 409	8 801	-	-
Advances payable	32	8 539	11 089	37 392	20 447
Insurance, trade and other payables	33	752 184	647 080	1 275	1 069
Taxation		3 450	1 670	-	-
Total equity and liabilities		1 320 793	1 408 844	125 540	429 431

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	GROUP		COMPANY	
		30 June 2022 R'000	30 June 2021 R'000	30 June 2022 R'000	30 June 2021 R'000
Gross written premium	34.1	2 110 519	1 949 246	-	-
Reinsurance premium		(1 829 894)	(1 685 437)	-	-
Net written premium		280 625	263 809	-	-
Net change in provision for unearned premium		(6 444)	5 236	-	-
Net premium income		274 181	269 045	-	-
Reinsurance commissions received		845 215	832 077	-	-
Other income	34.2	16 960	19 944	-	-
Rental income	36.1	1 673	1 510	-	-
Income from insurance operations		1 138 029	1 122 576	-	-
Total insurance expenses		(1 135 114)	(1 131 376)	-	-
Net claims and movement in claims reserves	35	(138 404)	(153 907)	-	-
Insurance contract acquisition costs		(316 101)	(287 345)	-	-
Administration and marketing expenses		(658 892)	(680 863)	-	-
Other operating expenses	36.2	(21 717)	(9 261)	-	-
Net underwriting profit (loss)		2 915	(8 800)	-	-
Net non-insurance expenses		(27 835)	(27 415)	(10 633)	(16 687)
Other income	34.2	64 245	69 340	-	-
Cost of sales	37	(31 816)	(19 049)	-	-
Administration and marketing expense		(54 195)	(72 466)	(10 615)	(16 861)
Other operating expenses	36.3	(6 069)	(5 240)	(21)	174
Operating loss		(24 920)	(36 215)	(10 633)	(16 687)
Investment (loss) income	38	(84 300)	(138 031)	964	80
Finance charges	39	(9 153)	(8 117)	(87)	(71)
Share of profit (loss) of associate	21	5 017	(4 029)	-	-
Other non-operating expenses and losses	36.4	(93 351)	(95 474)	(313 397)	(200 000)
Loss before taxation	41	(206 707)	(281 866)	(323 153)	(216 678)
Taxation	44	(113 532)	136 104	-	-
Loss for the year		(320 239)	(145 762)	(323 153)	(216 678)
Total comprehensive loss		(320 239)	(145 762)	(323 153)	(216 678)
Attributable to:					
Equity holders of the parent		(318 507)	(145 774)		
Non-controlling interest		(1 732)	12		
Total comprehensive loss		(320 239)	(145 762)		
Loss per share (cents)					
- Basic and diluted	46.6.1	(46.3)	(21.1)		

STATEMENT OF CHANGES IN EQUITY

GROUP	Notes	Stated capital	Treasury shares	Accumulated losses	Non-controlling interest	Total
		R'000	R'000	R'000	R'000	R'000
Balance at 1 July 2020		1 314 964	(146 370)	(994 751)	1 617	175 460
Total comprehensive (loss) profit for the year		-	-	(145 774)	12	(145 762)
Dividends paid		-	-	-	(200)	(200)
Treasury stock acquired through subsidiaries		-	(10 025)	-	-	(10 025)
Disposal of subsidiaries	47.4	-	-	-	(735)	(735)
Loan funding repaid		-	-	-	(1 485)	(1 485)
Balance at 30 June 2021		1 314 964	(156 395)	(1 140 525)	(791)	17 253
Total comprehensive loss for the year		-	-	(318 507)	(1 732)	(320 239)
Dividends paid		-	-	-	(686)	(686)
Disposal of subsidiaries	47.4	-	-	-	4 169	4 169
Loan funding repaid		-	-	-	(166)	(166)
Balance at 30 June 2022		1 314 964	(156 395)	(1 459 032)	794	(299 669)
		(Refer note 28)	(Refer note 28)			

COMPANY

	Stated capital	Accumulated losses	Total
	R'000	R'000	R'000
Balance at 1 July 2020	1 339 250	(718 452)	620 798
Total comprehensive loss for the year	-	(216 678)	(216 678)
Balance at 30 June 2021	1 339 250	(935 130)	404 120
Total comprehensive loss for the year	-	(323 153)	(323 153)
Balance at 30 June 2022	1 339 250	(1 258 283)	80 967

STATEMENTS OF CASH FLOWS

	Notes	GROUP		COMPANY	
		30 June 2022	30 June 2021	30 June 2022	30 June 2021
		R'000	R'000	R'000	R'000
Cash flows from operating activities		109 111	(7 480)	(9 565)	(17 458)
Cash generated by (utilised in) operations	47.2	109 887	(6 557)	(10 527)	(17 538)
Interest received	38	4 253	2 141	964	80
Finance charges	39	(2 834)	(352)	(2)	-
Dividends received from investments	38	716	1 168	-	-
Taxation paid	47.3	(2 911)	(3 880)	-	-
Cash flows from investing activities		(15 299)	43 719	45 045	16 979
Payments for loan funding advanced: Finance lease receivables	17	(1 206)	-	-	-
Payments for loans advanced to third parties	18	(5 747)	(150)	-	-
Proceeds from loans repaid by third parties	18	-	4 936	-	-
Payments for acquisition of associates	21	(42 000)	-	-	-
Proceeds from disposal of associates	21	-	5 394	-	-
Payments for loans advanced to associates	21	(3 392)	(3 646)	-	-
Proceeds from disposal of subsidiaries (net cash disposed of)	47.4	16	-	-	-
Outflows on disposal of subsidiaries (net of cash disposed of)		-	(6 271)	-	-
Payments for loans advanced to associates	22 & 48.3	-	-	(7 729)	(7 707)
Proceeds from loans repaid from subsidiaries	22 & 48.3	-	-	35 829	4 239
Proceeds from advances received from subsidiaries	32 & 48.3	-	-	16 948	20 447
Payments for acquisition of property, plant and equipment	15	(2 323)	(2 051)	-	-
Proceeds from disposal of property, plant and equipment	15	868	1 190	-	-
Proceeds from disposal of property held for sale		-	14 500	-	-
Payments for acquisition of intangible assets	16	(859)	(1 520)	-	-
Payments for acquisition of financial investments	23	(204)	(1 111)	-	-
Proceeds from disposal of financial investments	23	39 548	32 448	-	-
Cash flows from financing activities		(15 505)	(26 601)	-	(30)
Payments for shares repurchased	28	-	(10 025)	-	-
Dividends paid to minorities		(686)	(200)	-	-
Repayments of minority shareholders' loans		(166)	(1 485)	-	-
Interest bearing borrowings repaid	30	-	-	-	(30)
Proceeds from advances received from third parties	32	-	75	-	-
Advances by third parties repaid	32	(400)	-	-	-
Proceeds from loan funding received: Leases	31	751	650	-	-
Loan funding repaid: Leases	31	(15 004)	(15 616)	-	-
Net increase (decrease) in cash and cash equivalents		78 307	9 638	35 480	(509)
Cash and cash equivalents at the beginning of the year		158 770	149 132	2 347	2 856
Cash and cash equivalents at the end of the year	26	237 077	158 770	37 827	2 347

SEGMENTAL ANALYSIS OF EARNINGS

Segment Reporting

The Group operates two main business segments: Insurance and Risk, and Investments. In identifying its operating segments, Mr Sean Riskowitz (Group CEO), the chief operating decision maker during the year under review, generally followed the Group's product lines, which represent the main services provided by the Group.

The Group's products relating to the Insurance and Risk segment comprise insurance policies sold to clients. Selling of these products also gives rise to associated sources of income, e.g. reinsurance commissions, other fee income and commissions, etc.

The Group's products relating to the Investments segment include property sales and claims management services provided by investee companies that are classified as subsidiaries of the Group, as well as long-term listed and unlisted investment holdings that are not classified as subsidiaries and that generate investment, and/or equity accounted profits and losses throughout the investment term.

Each of these operating segments is managed separately as each one requires different technologies and other resources, as well as marketing approaches (if any). All inter-segment transfers are carried out at arm's length prices.

The segment information provided to the chief operating decision maker, the Group's executive committee and the board of directors for the year ended 30 June 2022 is reflected below. The table indicates from where the Group's revenue has been earned. The revenue earned by associates of the Group, in their own capacities, has been disclosed in note 21.

The measurement policies the Group uses for segment reporting under IFRS 8 are the same as those used in its financial statements.

	Notes	Insurance and Risk R'000	Investments R'000	Total R'000
YEAR ENDED 30 JUNE 2022				
Income from operations	1A	1 138 029	32 429	1 170 458
Expenses	1B	(1 135 114)	(46 044)	(1 181 158)
Operating result		2 915	(13 615)	(10 700)
Equity accounted profit		4 962	55	5 017
Investment (loss) profit		2 731	(88 077)	(85 346)
Other	1C	(14 610)	(53 521)	(68 131)
Loss before head office expenses and taxation		(4 002)	(155 158)	(159 160)
Unallocated net head office expenses		-	-	(47 547)
Taxation		(113 282)	(250)	(113 532)
Loss for the year		(117 284)	(155 408)	(320 239)
Capital utilised				
Capital employed at end of year		(293 684)	295 620	(299 669)
Reallocation		295 620	(295 620)	-
Capital utilised at end of year		1 936	-	(299 669)
Average capital utilised during the year		45 831	8 351	(31 830)

The Group does not report measures of total assets or liabilities per reportable segment to the chief operating decision maker.

The Group has no foreign non-current assets, other than certain rights under insurance contracts, which are fully covered by a similar sized creditor reflected under current liabilities.

SEGMENTAL ANALYSIS OF EARNINGS CONTINUED

	Notes	Insurance and Risk R'000	Investments R'000	Total R'000
Domestic revenue and total revenue can be reconciled to income from operations as follows:				
- Domestic insurance revenue		1 935 786	-	1 935 786
- Non-insurance revenue		16 960	74 745	91 705
- Total domestic revenue		1 952 746	74 745	2 027 491
- Inter-segment revenue		-	(10 500)	(10 500)
- Domestic revenue from external customers		1 952 746	64 245	2 016 991
- Foreign insurance revenue		174 733	-	174 733
- Total revenue from external customers, as reported	34	2 127 479	64 245	2 191 724
- Reinsurance premium		(1 829 894)	-	(1 829 894)
- Net change in provision for unearned premium		(6 444)	-	(6 444)
- Reinsurance commission received		845 215	-	845 215
- Rental income	36.1	1 673	-	1 673
- Cost of sales	37	-	(31 816)	(31 816)
- Consolidation adjustment		-	-	-
- Income from operations		1 138 029	32 429	1 170 458
The Group has no single customer that contributes more than 2.0% of total revenue. No foreign country contributes to more than 2.0% of total Group revenue.				
Expenses have been derived as follows:				
- Total insurance expenses		(1 135 114)	-	(1 135 114)
- Administration and marketing expense (non-insurance)		-	(54 195)	(54 195)
- Other operating expenses (non-insurance)		-	(6 069)	(6 069)
Unallocated net head office expenses excluded from the above				
- As reported		-	47 547	47 547
- Impairment of goodwill reflected in other non-operating expenses and losses		-	(34 371)	(34 371)
- Consolidation adjustment		-	1 044	1 044
		(1 135 114)	(46 044)	(1 181 158)
Included in the Operating result are the following items:				
- Net claims and movement in claims reserves		(138 404)	-	(138 404)
- Insurance contract acquisition costs		(316 101)	-	(316 101)
- Fees paid to outsourced service providers		(411 835)	-	(411 835)
- Consulting fees paid		(11 951)	(687)	(12 638)
- Depreciation and amortisation		(10 905)	(13 610)	(24 515)
- Foreign exchange losses		(398)	(29)	369
- Impairments		(8 518)	(5 941)	(14 459)
- Legal fees		(3 850)	(68)	(3 918)
- Short term lease charges		(728)	(382)	(1 110)
- Secretarial fees		(14)	(14)	(28)
- Staff costs		(111 584)	(19 893)	(131 477)
Included in Other are the following items:				
- Impairments (non-operational)		(1 232)	-	(1 232)
- Impairment of associates		(2 112)	(45 264)	(47 376)
- Impairment of goodwill		-	(11 068)	(11 068)
- Interest paid		(8 896)	(255)	(9 151)
- Profit on disposal of subsidiaries		-	3 020	3 020
-(Loss) profit on disposal of property, plant and equipment		(2 370)	46	(2 324)
		(14 610)	(53 521)	(68 131)

SEGMENTAL ANALYSIS OF EARNINGS CONTINUED

	Notes	Insurance and Risk R'000	Investments R'000	Total R'000
In addition to the items detailed above, the Loss before head office expenses and taxation include the following items:				
- Interest income		2 846	1 988	4 834
YEAR ENDED 30 JUNE 2021				
Income from operations	2A	1 122 576	50 261	1 172 837
Expenses	2B	(1 131 376)	(55 597)	(1 186 973)
Operating result		(8 800)	(5 336)	(14 136)
Equity accounted loss		-	(4 029)	(4 029)
Investment loss		(8 793)	(128 651)	(137 444)
Other	2C	(100 269)	(4 042)	(104 311)
Loss before head office expenses and taxation		(117 862)	(142 058)	(259 920)
Unallocated net head office expenses		-	-	(21 946)
Taxation		101 862	34 242	136 104
Loss for the year		(16 000)	(107 816)	(145 762)
Capital utilised				
Capital employed at end of year		3 928	51 003	17 253
Reallocation		48 959	(48 959)	-
Capital utilised at end of year		52 887	2 044	17 253
Average capital utilised during the year		82 357	32 920	86 895
Domestic revenue and total revenue can be reconciled to Income from operations as follows:				
- Domestic insurance revenue		1 865 677	-	1 865 677
- Non-insurance revenue		19 944	79 756	99 700
- Total domestic revenue		1 885 621	79 756	1 965 377
- Inter-segment revenue		-	(10 416)	(10 416)
- Domestic revenue from external customers		1 885 621	69 340	1 954 961
- Foreign insurance revenue		83 569	-	83 569
- Total revenue from external customers, as reported	34	1 969 190	69 340	2 038 530
- Reinsurance premium		(1 685 437)	-	(1 685 437)
- Net charge in provision for unearned premium		5 236	-	5 236
- Reinsurance commission received		832 077	-	832 077
- Rental income	36.1	1 510	-	1 510
- Cost of sales	37	-	(19 049)	(19 049)
- Consolidation adjustment		-	(30)	(30)
- Income from operations		1 122 576	50 261	1 172 837
Expenses have been derived as follows:				
From the Statement of Profit or Loss and Other Comprehensive Income				
- Total insurance expenses		(1 131 376)	-	(1 131 376)
- Administration and marketing expense (non-insurance)		-	(72 466)	(72 466)
- Other operating expenses (non-insurance)		-	(5 240)	(5 240)
Unallocated net head office expenses excluded from the above		-	21 946	21 946
Consolidation adjustment		-	163	163
		(1 131 376)	(55 597)	(1 186 973)

SEGMENTAL ANALYSIS OF EARNINGS CONTINUED

	Notes	Insurance and Risk R'000	Investments R'000	Total R'000
Included in Loss before head office expenses and taxation are the following:				
- Net claims and movement in claims reserves		(153 907)	-	(153 907)
- Insurance contract acquisition costs		(287 345)	-	(287 345)
- Fees paid to outsourced service providers		(449 130)	-	(449 130)
- Consulting fees paid		(13 768)	(7 002)	(20 770)
- Depreciation and amortisation		(13 892)	(10 783)	(24 675)
- Foreign exchange losses		(4 054)	-	(4 054)
- Impairments		(5 207)	(4 514)	(9 721)
- Legal fees		(3 970)	(176)	(4 146)
- Short term lease charges		(447)	(619)	(1 066)
- Secretarial fees		(196)	(42)	(238)
- Staff costs		(123 279)	(19 249)	(142 528)
Included in Other are the following items:				
- Impairments (non-operational)		(87 591)	-	(87 591)
- Impairment of goodwill		-	(5 505)	(5 505)
- Interest paid		(7 317)	(677)	(7 994)
- (Loss) profit on disposal of property, plant and equipment		(5 361)	411	(4 950)
- Profit on disposal of associate		-	1 729	1 729
In addition to the items above, the Loss before head office expenses and taxation include the following items:				
- Interest income		3 445	1 747	5 192

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The Group's consolidated Financial Statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS"), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the IFRIC Interpretations by the IFRS Interpretations Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the South African Companies Act, No. 71 of 2008 and the Listings Requirements of JSE Limited. The Group's Financial Statements have been prepared on the historical cost basis, except for the measurement of investment properties and certain financial instruments at fair value, the application of the equity method in accounting for investments in associate and the valuation of long-term policyholder liabilities on a financial soundness valuation basis. The Financial Statements incorporate the principal accounting policies set out below and which are consistent with those applied in the annual financial statements for the year ended 30 June 2021, except for the adoption of IFRS 7: Financial Instruments: Disclosures. There was no material impact to the Group on adopting the amendments.

It should be noted that, as IFRS is implemented internationally, evolving practices with regard to the interpretation and application of standards under IFRS could impact future reported results and disclosure.

The significant accounting policies have been included in the relevant notes in the Financial Statements. Those accounting policies considered to be of a general nature and not relating to a specific note have been disclosed below.

2. SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of annual financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The significant judgements made by management in applying accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognised in the financial statements, are outlined as follows:

Key sources of estimation uncertainty

Impairment testing

The Group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

Refer to notes 16.2, 1.4, 18, 21, 23.2, 27 and 40 for further information.

Insurance liabilities

Insurance contract accounting requires that estimates and judgements be made. In particular, judgement is required in the determination of the Outstanding Claims Reserve and Incurred but Not Reported ("IBNR") provision. These estimates are based on best practice applications of actuarial and claims estimation techniques. These techniques essentially rely on developments measured in the past, applied into the future and judgement applied. The key judgement relates to the extent to which the past can be used as a measure of the current expectations, where operational and business expert input help ensure appropriate judgement is applied. In addition, estimation is required in projecting liability outflow and expected future premiums and discounting these cashflows at the valuation date based on the valuation interest rate.

Refer to notes 29.3, 24 and 49.6 for a detailed explanation of the reserves raised and the effect of COVID-19 on the assumptions and significant judgements.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

2. SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY (continued)

Taxation

The tax expense and liability are management's estimate of the final tax liability of the entity, which will be finalised once assessed by the Revenue authorities.

Management believes that the estimates and assumptions that were used in order to make these judgements at the end of the reporting period are reasonable.

Refer to notes 20 and 44 for further information.

Investment in unlisted equities

Estimates and judgements are exercised in the valuation of unlisted shares (note 23.2). Fair values are determined either by way of discounting future cash flows where reliable information is available or by using the net asset value of the investment, as appropriate to the circumstances of each individual investment.

3. BASIS OF CONSOLIDATION

The consolidated Financial Statements include the financial position, results and cash flow information of the Company and its subsidiaries, including its share trust. The results of subsidiaries acquired and disposed of during the reporting period are included in the consolidated Financial Statements from the date that effective control was acquired and up to the date that effective control ceased. Control exists when the Group is exposed or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its ability to direct the relevant activities over the entity.

On acquisition, the Group recognises the subsidiary's identifiable assets, liabilities and contingent liabilities at fair value, except for assets classified as held-for-sale, which are recognised at fair value less cost to sell. The excess of cost of shares acquired over the fair value of subsidiaries' identifiable net assets at dates of acquisition is expressed as goodwill. Goodwill is carried at cost and is assessed annually for impairment.

Business combinations

The Group accounts for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values of assets given, liabilities incurred or assumed, and equity instruments issued. Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt which are amortised as part of the effective interest and costs to issue equity which are included in equity.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the recognition conditions of IFRS 3: Business combinations are recognised at their fair values at acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5: Non-current assets Held For Sale and Discontinued Operations, which are recognised at fair value less costs to sell.

On acquisition, the acquiree's assets and liabilities are reassessed in terms of classification and are reclassified where the classification is inappropriate for group purposes. This excludes lease agreements and insurance contracts; whose classification remains as per their inception date.

4. FINANCIAL INSTRUMENTS

4.1. Initial recognition

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

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

4. FINANCIAL INSTRUMENTS (continued)

4.1 Initial recognition (continued)

Financial assets

- Equity instruments which are mandatorily recognised at fair value through profit or loss; and
- Loans to fellow group companies, loans receivable and trade and other receivables which are recognised at amortised cost.

Financial liabilities

- Amortised cost

Note 11 presents the financial instruments held by the Group based on their specific classifications.

The Group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial assets and financial liabilities are recognised on the statement of financial position when the Group or the Company becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group or Company has transferred substantially all risks and rewards of ownership.

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expired.

Financial assets carried at amortised cost are subject to impairment testing.

4.2. Initial and subsequent measurement

These instruments are measured as follows:

Financial instruments are initially measured at fair value, except for trade receivables which are measured at the transaction price. Refer to detail provided below for each type of financial instrument.

Third party loans, insurance, trade and other receivables

Loans, insurance, trade and other receivables are initially measured at fair value and are subsequently measured at amortised cost using the effective interest method, provided that the Group's and the Company's objective in holding the assets is to realise the contractual cashflows and that cashflows associated with the assets comprise only payments of principal and interest amounts thereon, on specified dates. If these conditions are not met, they are subsequently measured at fair value.

Cash and cash equivalents

Cash and cash equivalents comprise cash-on-hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents are measured at amortised cost.

Financial liabilities

Financial liabilities, including insurance, trade and other payables, loans payable and other liabilities, are initially recognised at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

4. FINANCIAL INSTRUMENTS (continued)

4.3. Gains or losses

A gain or loss arising from a change in a financial asset or liability is recognised as follows:

- a gain or loss on a financial asset or liability classified as at fair value through profit or loss is recognised in profit or loss; and
- where financial assets and liabilities are carried at amortised cost, a gain or loss is recognised in profit or loss through the amortisation process, or when the financial asset or liability is derecognised or impaired.

4.4. Loans and advances to/from group companies

These include loans and advances to/from subsidiaries, associates and fellow subsidiaries and are carried at amortised cost.

4.5. Impairment of financial assets

The Group considers a broad range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions and reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have a low credit risk (Stage 1);
- financial assets that have deteriorated significantly in quality since initial recognition and whose credit risk is not low (Stage 2); and
- financial assets that have objective evidence of impairment at the reporting date (Stage 3).

12 month expected credit losses are recognised for Stage 1, while lifetime expected credit losses are recognised for Stages 2 and 3.

Measurement of the expected credit losses is determined by the probability-weighted estimate of credit losses over the expected life of the financial instrument, taking into account the time value of money.

A loan is in default when there is evidence that the borrower is in significant financial difficulty such that it will have insufficient funds to repay the loan on demand. This is assessed based on a number of factors including cash flow projections and various liquidity and solvency ratios.

Insurance, trade and other receivables are in default when a debtor has exceeded their payment terms as prescribed by the Group or Company or shows signs of financial difficulty, such as not being liquid or solvent or being under business rescue.

A significant increase in credit risk ("SICR") assessment is performed qualitatively by reference to the borrower's cash flow and liquid asset position. The risk that the borrower will default on a demand loan depends on whether the borrower has enough cash or other liquid assets to repay the loan immediately (low risk of default) or insufficient cash or other liquid assets to repay the loan immediately (potential risk of default).

At year end, the Group considers whether there was a SICR based on the accounting policy. In respect of loans repayable on demand, if there is no SICR, then it can be concluded that the risk of default is 0%, thus no expected credit loss ("ECL") allowance should be recognised. If there is a SICR, then the Group evaluates the different recovery options and credit loss scenarios to assess the risk of default.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

4. FINANCIAL INSTRUMENTS (continued)

4.5 Impairment of financial assets (continued)

The Group makes use of a simplified approach in accounting for trade and other receivables and records the loss allowances as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the lifetime of the financial instrument. In calculating the potential for default, the Group uses its historical experience, external indicators and forward-looking information to calculate the ECL by using a provision matrix and analysis. The general approach is used in accounting for insurance and reinsurance receivables and recognises loss allowances on either a twelve-month expected credit loss or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk.

The Group and Company will only write off any long outstanding balances considered to be irrecoverable after having made every practicable effort to recover those balances. Efforts to recover include the involvement of client relationship managers and/or portfolio managers responsible for the client, incorporating the appropriate escalation processes where necessary. No further enforcement activity takes place subsequent to the write-off.

Reinsurance assets

The Group assesses at each statement of financial position date whether there is objective evidence that reinsurance assets are in default. The reinsurance assets are assessed as being in default only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the reinsurance asset that can be reliably estimated.

Objective evidence that a reinsurance asset is in default includes observable data that comes to the attention of the Group about the following events:

- significant financial difficulty of the reinsurer;
- a breach of contract, such as default; or
- it becomes probable that the reinsurer will enter bankruptcy or other financial reorganisation.

The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed in profit or loss.

The Group makes use of a simplified approach in accounting for reinsurance assets and records the loss allowances as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the lifetime of the financial instrument. In calculating the potential for default, the Group uses its historical experience, external indicators and forward-looking information.

Receivables related to insurance contracts

The Group assesses its insurance receivables, which includes amounts due from insurance contract holders, for impairment at the end of each reporting period and makes judgements as to whether there is observable data indicating a measurable decrease in the estimated cash flows from a financial asset. The areas of uncertainty lies with assessing the recoverability of the receivables and the ability of the third party to meet the obligation of payment. Forward looking factors like cash flows, which are not certain, are also considered.

4.6. Impairment of other assets

The Group assesses at each statement of financial position date whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined. The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

4. FINANCIAL INSTRUMENTS (continued)

4.6 Impairment of other assets (continued)

If the recoverable amount of an asset is less than its carrying value, the carrying amount of the asset is reduced to its recoverable amount. The reduction is an impairment loss which is immediately recognised in profit or loss.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss.

5. INSURANCE CONTRACTS

5.1. Classification of insurance contracts

A contract is classified as an insurance contract if it is a contract under which the Group's insurance entities accept significant insurance risk from another party, the policyholder, by agreeing to compensate the policyholder or other beneficiary if a specified uncertain future event, the insured event, adversely affects the policyholder. Such contracts are accounted for in terms of IFRS 4 - Insurance Contracts.

Insurance risk is risk other than financial risk, transferred from the holder of a contract to the issuer. Financial risk is defined as the risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

An insurance risk is significant if the benefits to be paid under the contract, if the insured event occurs, are materially higher than any benefit to be paid under the contract should the insured event not occur.

The Group classifies financial guarantee contracts as insurance contracts.

5.2. Recognition and measurement of insurance contracts

5.2.1. Premiums

Premium income relates to premiums received on insurance contract business entered into during the reporting period, irrespective of whether the risk cover in terms of that contract relates in whole or in part to later accounting periods, together with any adjustments to premiums recognised in prior accounting periods and changes to the unearned premium liability. Premiums are shown gross of commission payable to intermediaries and management fees payable to underwriting managers and exclude value added taxation levied on premiums, where applicable.

Premiums are recognised as revenue (earned premiums) proportionally over the period of cover provided by the insurance contract. The portion of premium received on in-force contracts that relates to unexpired risks at the reporting date is reported as the unearned premium liability. The liability is generally calculated on a time proportionate basis.

5.2.2. Acquisition costs and deferred acquisition costs

Acquisition costs, which include commissions paid to intermediaries, are recognised over the period in which the related premiums are earned. A deferred acquisition cost asset is recognised in respect of costs paid relating to premium income which remains unearned as at the reporting date.

5.2.3. Claims

Claims paid are recognised in profit or loss and consists of claims and related expenses paid during the reporting period and changes in the provision for outstanding claims, together with any other adjustments to claims estimates from previous years. Where applicable, adjustments are made for salvage and subrogation recoveries received.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

5. INSURANCE CONTRACTS (continued)

5.2 Recognition and measurement of insurance contracts (continued)

The provision for outstanding claims comprises the Group's estimate of the undiscounted ultimate cost of settling all claims incurred but unpaid at the reporting date, whether reported or not, and related internal and external claims handling expenses. Related anticipated reinsurance recoveries are disclosed separately as assets. These estimated reinsurance and other recoveries are assessed in a manner similar to the assessment of the claims outstanding. Outstanding claims are stated net of expected subrogation and salvage recoveries.

Adjustments to the amounts of claims provisions established in prior years are reflected in the Financial Statements for the period in which the adjustments are made. Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to the Group and statistical analyses, including an implicit risk margin to allow for the ultimate cost of claims incurred but not reported, and to estimate the expected ultimate cost of more complex claims that may be affected by external factors such as court rulings. The methods used to value these provisions, and the estimates made, are reviewed regularly.

5.2.4. Profit commission

In terms of agreements entered into with the underwriting managers, whereby a profit commission will become due and payable if a loss ratio below a stipulated level is achieved, a provision is made to cover estimated profit commissions payable. The provision is based on the performance of the affected underwriting managers as at the reporting date. However, this provision may change should the results be affected by any claims developments after this date. Final payment of profit commissions is only made after these subsequent claims developments.

5.2.5. Reinsurance

Reinsurance contracts are contracts entered into by the Group with reinsurers under which the Group is compensated for the entire or a portion of losses arising on one or more of the insurance contracts issued by the Group.

The Group cedes reinsurance in the normal course of business for the purpose of limiting its net loss exposure. Reinsurance arrangements do not relieve the Group from its direct obligations to its policyholders.

Only contracts that give rise to a significant transfer of insurance risk are accounted for as reinsurance. Amounts recoverable under such contracts are recognised in the same year as the related claim.

The benefits to which the Group is entitled under its reinsurance contracts held are recognised as reinsurance assets. These assets consist of short-term balances due from reinsurers as well as longer-term receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due.

Outward reinsurance premiums are recognised as an expense in accordance with the pattern of reinsurance services received.

Amounts recoverable under reinsurance contracts are assessed for default at the reporting date. Such assets are considered in default if there is objective evidence, as a result of an event that occurred after its initial recognition, that the Group may not recover all amounts due and that there is a reliably measurable impact on the amounts that the Group will receive from the reinsurer. Impairment losses are recognised in profit or loss.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

5. INSURANCE CONTRACTS (continued)

5.2 Recognition and measurement of insurance contracts (continued)

The Group makes use of a simplified approach in accounting for reinsurance assets and records the loss allowances as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the lifetime of the financial instrument. In calculating the potential for default, the Group uses its historical experience, external indicators and forward-looking information.

5.2.6. Reinsurance commission

Commission on reinsurance contracts placed with reinsurers is received to cover the administration costs of the Group and is earned over the period over which the premium is earned. The commission is earned consistent with the pattern of risk of the underlying direct insurance policies.

5.2.7. Policyholder liabilities under long-term insurance contracts

The Group's liabilities under unexpired policies of long-term insurance contracts are calculated at the reporting date by the Independent Statutory Actuary in accordance with prevailing legislation, on the 'Financial Soundness Valuation' basis using a discounted cash flow methodology as prescribed by SAP 104 issued by the Actuarial Association of South Africa. The transfer to or from the policyholder liabilities under insurance contracts reflected in profit or loss represents the increase or decrease in actuarial liabilities.

6. LEASES

Operating leases as lessor

Leases under which the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Rights and obligations incurred under operating leases are accrued in profit or loss over the period of the lease on a straight-line basis.

Leases acting as lessee

The Group 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 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.

The 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 41) 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.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

6. LEASES (continued)

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

- the initial amount of the corresponding lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred; and
- less any lease incentives received.

The 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 costs (refer note 39).

Right-of-use assets

Right-of-use assets are presented in property, plant and equipment on the Statement of Financial Position and are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. Depreciation starts at the commencement date of a lease and the charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Initial measurement is at the amount of the lease liability, reduced for any lease incentives received, and increased for:

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

7. EMPLOYEE BENEFITS

Short-term employee benefits

The cost of short-term employee benefits (those payable within 12 months after the service is rendered, such as paid leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

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

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

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

8. TAXATION

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from, or paid to, the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

9. FOREIGN CURRENCIES

A foreign currency transaction is recorded on initial recognition in Rand, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At each reporting date:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined.

10. STANDARDS AND INTERPRETATIONS

Standards and interpretations effective and adopted in the current year

During the current year, the Company and the Group adopted the following standard that is effective for the current financial year and that is relevant to its operations:

Interest Rate Benchmark Reform (Phase 2) - Amendments to IFRS 4: Insurance Contracts and IFRS 7: Financial Instruments: Disclosures

The amendments finalise the response to the ongoing reform of inter-bank offered rates (IBOR) and other interest rate benchmarks and focus on the effects on financial statements when the old interest rate benchmark is replaced with an alternative benchmark rate as a result of the reform.

The effective date of the amendments is for years beginning on or after 1 January 2021. The Group adopted the amendments for the first time in the 2022 annual financial statements. There was no material impact to the Group on adopting the amendments.

Standards and interpretations not yet effective

The Group has chosen not to early adopt the following standards and interpretations which have been published and are believed to be mandatory for the Group's accounting periods beginning on or after 1 July 2022 or later periods:

Amendments to IAS 1: Presentation of Financial Statements

Classification of Liabilities as Current or Non-current: The amendments clarify how to classify debt and other liabilities as current or non-current.

The effective date of the amendments is for years beginning 1 January 2024. The Group will adopt the amendments for the first time in the 2025 annual financial statements and it is unlikely that the amendments will have a material impact on the Group's annual financial statements.

Amendments to IAS 1: Disclosure of accounting policies

IAS 1 was amended to require that only material accounting policy information shall be disclosed in the annual financial statements. The amendment will not result in changes to the measurement or recognition of financial statement items.

The effective date of the amendments is for years beginning 1 January 2023. The Group will adopt the amendments for the first time in the 2024 annual financial statements and it is unlikely that the amendments will have a material impact on the Group's annual financial statements.

Amendments to IAS 1: Presentation of Financial Statements and IFRS Practice Statement 2

Disclosure initiative: The amendments require that only material accounting policy information shall be disclosed in the annual financial statements and will not result in changes to the measurement or recognition of financial statement items. Management will be required to perform a review of accounting policies to ensure only material accounting information is disclosed.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

10. STANDARDS AND INTERPRETATIONS (continued)

The effective date of the amendments is for years beginning 1 January 2023. The Group will adopt the amendments for the first time in the 2024 annual financial statements and it is unlikely that the amendments will have a material impact on the Group's annual financial statements.

Amendments to IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors

The amendments introduce a definition of "accounting estimates" and distinguish changes in accounting policies from changes in accounting estimates.

The effective date of the amendments is for years beginning 1 January 2023. The Group will adopt the amendments for the first time in the 2024 annual financial statements and it is unlikely that the amendments will have a material impact on the Group's annual financial statements.

Amendments to IAS 12: Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the recognition exemption so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The effective date of the amendments is for years beginning 1 January 2023. The Group will adopt the amendments for the first time in the 2024 annual financial statements and it is unlikely that the amendments will have a material impact on the Group's annual financial statements.

Amendments to IAS 37: Provisions, Contingent Liabilities and Contingent Assets

The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

The effective date of the amendments is for years beginning 1 January 2022. The Group will adopt the amendments for the first time in the 2023 annual financial statements and it is unlikely that the amendments will have a material impact on the Group's annual financial statements.

Amendments to IFRS 3: Business Combinations

The amendments update the reference to the Conceptual Framework and add an exception to the requirement for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability.

The effective date of the amendments is for years beginning on or after 1 January 2022. The Group will adopt the amendments for the first time in the 2023 annual financial statements and it is unlikely that the amendments will have a material impact on the Group's annual financial statements.

IFRS 17: Insurance contracts

The IFRS establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. It will replace IFRS 4 – Insurance Contracts (IFRS 4).

The effective date of the standard is for years beginning on or after 1 January 2023 and the Group expects to adopt the standard for the first time in the 2024 annual financial statements, with comparative numbers for 2023.

The key objectives of IFRS 17 are comparable recognition and measurement of contracts in the scope of the standard, the recognition of insurance service results based on the services provided to the policyholder and provision of disclosures that will enable the users of the financial statements to assess the impact of these contracts on the financial position, financial results and cash flows of the entity. The standard distinguishes between the sources of profit and quality of earnings between insurance service results and insurance finance income and expense (reflecting the time value of money and financial risk).

The granular level of modelling and accounting required to meet the requirements of IFRS 17 requires significant cost and effort to develop the necessary underlying valuation models, systems, processes and data enhancements. The Group established a group wide IFRS 17 implementation programme to coordinate these efforts and deliver the required models, systems and processes for all of the Constantia Insurance Group's insurance entities. A financial impact assessment was undertaken.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

10. STANDARDS AND INTERPRETATIONS (continued)

This was a high-level exercise to estimate and evaluate the impact of IFRS 17 on the 30 June 2021 balance sheet, as well as other statement impacts for 2021. This will be rolled forward to also include the 2022 financial year. The exercise is still in progress (it was hampered by the curatorship and ultimate liquidation of Constantia Insurance Company Limited ("CICL")) and as a result the Group is not yet in a position to publish the quantitative impact of implementing IFRS 17.

The Group does not expect significant changes to its non-IFRS key performance indicators. There will however be different reconciling items between the IFRS financial statements and management information under IFRS 17 compared to the current reconciling items under IFRS 4.

11. GROUP FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

The carrying amounts presented in the statement of financial position relate to the following categories of assets and liabilities:

11.1. Assets

	2022		2021	
	Financial assets at amortised cost R'000	Fair value through profit or loss R'000	Financial assets at amortised cost R'000	Fair value through profit or loss R'000
Non-current				
Loans receivable (note 18)	1 162	-	1 044	-
Insurance, trade and other receivables (note 19)	87 556	-	100 921	-
Investments (note 23)	-	106 576	-	236 702
Listed investments	-	83 154	-	179 635
Unlisted investments	-	23 422	-	57 067
Current				
Loans receivable (note 18)	5 629	-	-	-
Insurance assets (note 24.2)	561 561	-	448 381	-
Insurance, trade and other receivables (note 19)	192 185	-	148 404	-
Cash and cash equivalents (note 26)	237 077	-	158 770	-
	1 085 170	106 576	857 520	236 702

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

11. GROUP FINANCIAL ASSETS AND LIABILITIES BY CATEGORY (continued)

11.2. Liabilities

	2022		2021	
	Financial assets at amortised cost R'000	Fair value through profit or loss R'000	Financial assets at amortised cost R'000	Fair value through profit or loss R'000
Non-current				
Policyholder liabilities under insurance contracts (note 29)	27 063	-	26 872	-
Current				
Insurance liabilities (note 24.1)	771 315	-	636 714	-
Advances payable (note 32)	8 539	-	11 089	-
Insurance, trade and other payables (note 33)	752 184	-	647 080	-
	1 559 101	-	1 321 755	-

The carrying value of assets and liabilities approximates the fair value, determined as follows:

The carrying amounts of current assets and liabilities approximates fair value due to their short-term nature.

The carrying values of the non-current assets approximate the fair values as the determination of the carrying values considered the following market-related factors:

- Loans receivable are denominated at market rates;
- Insurance, trade and other receivables have been calculated using market related interest and exchange rates in combination with underlying collateral balances;
- Listed investments have been reflected at published traded prices on a recognised stock exchange; and
- Unlisted investments utilised inputs, assumptions and unobservable data that were considered to be market related and appropriate for the fair value determination.

Also refer to the note references for each non-current asset for further information.

Policyholder liabilities have been determined by the Group's statutory actuaries, utilising appropriate estimates and assumptions to ensure the results of the valuations performed are reflected at fair value.

12. COMPANY FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

All financial assets and all financial liabilities for the Company are held at amortised cost.

The carrying amounts of current assets and liabilities approximate fair value due to their short-term nature, while the carrying amounts of non-current assets and liabilities approximate fair value as the rates are market related.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

13. GAINS AND LOSSES ON FINANCIAL ASSETS AND FINANCIAL LIABILITIES PER CATEGORY

The following table presents the total net gains or losses for each category of financial assets and financial liabilities:

13.1. Group

	Financial assets at amortised cost R'000	Fair value through profit or loss R'000	Financial liabilities at amortised cost R'000	Total R'000
13.1.1 2022				
Interest received (note 38)	4 253	-	-	4 253
Finance charges (note 39)	-	-	(2 834)	(2 834)
Dividend income (note 38)	-	716	-	716
Realised fair value adjustment of financial assets (note 38)	-	(107 394)	-	(107 394)
Unrealised fair value adjustment of financial assets (note 38)	-	16 612	-	16 612
Amounts impaired / written off (notes 36.2 to 36.4)	(14 542)	-	-	(14 542)
	(10 289)	(90 066)	(2 834)	(103 189)
13.1.2 2021				
Interest received (note 38)	2 141	-	-	2 141
Finance charges (note 39)	-	-	(78)	(78)
Dividend income (note 38)	-	1 168	-	1 168
Realised fair value adjustments of financial assets (note 38)	-	(41 303)	-	(41 303)
Unrealised fair value adjustment of financial assets (note 38)	-	(108 650)	-	(108 650)
Amounts impaired / written off (notes 36.2 to 36.4)	(98 181)	-	-	(98 181)
	(96 040)	(148 785)	(78)	(244 903)

13.2. Company

	Financial assets at amortised cost R'000	Fair value through profit or loss R'000	Financial liabilities at amortised cost R'000	Total R'000
13.2.1 2022				
Interest received (note 38)	964	-	-	964
Finance charges (note 39)	-	-	(87)	(87)
Amounts impaired (notes 36.2 to 36.4)	(6)	-	-	(6)
	958	-	(87)	871
13.2.2 2021				
Interest received (note 38)	80	-	-	80
Finance charges (note 39)	-	-	(71)	(71)
	80	-	(71)	9

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

14. GROUP FINANCIAL ASSETS BY CATEGORY

14.1. Fair value hierarchy

	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
2022				
Assets				
Listed investments	83 154	-	-	83 154
Unlisted investments	-	-	23 422	23 422
	83 154	-	23 422	106 576
2021				
Assets				
Listed investments	179 635	-	-	179 635
Unlisted investments	-	-	57 067	57 067
	179 635	-	57 067	236 702

There have been no transfers between Levels 1, 2 and 3 during the reporting period.

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period:

- Financial assets classified in Level 1 have been valued with reference to quoted prices and market rates (unadjusted) in active markets for identical assets or liabilities; and
- The fair value of the financial assets classified in Level 3 has been determined by inputs that are not based on observable market data in that the future expected cash flows from the underlying unlisted entities have been discounted at market related rates. The financial instruments within this level can be reconciled from beginning to ending balances as follows:

	2022 R'000	2021 R'000
Current		
<i>Financial assets at fair value through profit or loss</i>		
Opening balance	57 067	68 342
Additions	-	977
Disposals	(37 622)	-
Reclassification of Investment in Associates	-	(1 156)
Unrealised losses recognised in profit or loss	(13 561)	(11 096)
Realised profits recognised in profit or loss	17 538	-
Closing balance	23 422	57 067

Changing inputs to the Level 3 valuations to reasonable alternative assumptions would not significantly change amounts recognised in profit or loss, total assets, total liabilities or total equity.

The inputs, assumptions and judgements used in the valuation of the unlisted investments in Level 3 are described in note 23.2.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

15. PROPERTY, PLANT AND EQUIPMENT

Accounting policy

Property, plant and equipment are carried at cost, less accumulated depreciation and impairment losses. Each item's useful life and residual value is reassessed on an annual basis and its carrying value is determined by applying an appropriate depreciation charge against profit or loss.

Depreciation is provided on all property, plant and equipment (other than land) to write down the cost, less expected residual value, by equal instalments over their useful lives. The current estimated useful lives are as follows:

Category	Expected useful life
Motor vehicles	5 years
Computer hardware	3 – 6 years
Furniture and fittings	6 – 10 years
Office equipment	5 – 10 years
Leasehold improvements	1 – 5 years
Right-of-use assets – Property	1 – 8 years
Owner occupied property	20 years

Group	2022			2021		
	Cost R'000	Accumulated depreciation R'000	Net carrying value R'000	Cost R'000	Accumulated depreciation R'000	Net carrying value R'000
Owner occupied properties (Land)	1 199	-	1 199	-	-	-
Owner occupied properties (Buildings)	1 401	-	1 401	-	-	-
Right-of-use assets – Property	38 855	(13 773)	25 082	68 470	(22 366)	46 104
Leasehold improvements	6 136	(2 378)	3 758	5 900	(1 627)	4 273
Computer hardware	10 731	(8 163)	2 568	11 130	(7 789)	3 341
Office equipment	1 004	(696)	308	1 530	(1 283)	247
Furniture and fittings	4 957	(1 736)	3 221	5 996	(1 712)	4 284
Motor vehicles	1 254	(600)	654	1 417	(765)	652
	65 537	(27 346)	38 191	94 443	(35 542)	58 901

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

15. PROPERTY, PLANT AND EQUIPMENT (continued)

	Owner occupied properties (Land) R'000	Owner occupied properties (Buildings) R'000	Right-of-use assets – Property R'000	Leasehold improvements R'000	Computer hardware R'000	Office equipment R'000	Furniture and fittings R'000	Motor vehicles R'000	Total R'000
2022									
<i>Movement for the year</i>									
Opening carrying value	-	-	46 104	4 273	3 341	247	4 24	652	58 901
Reclassification from assets held for sale	1 199	1 401	-	-	-	-	-	-	2 600
Additions	-	-	8 884	235	1 135	193	47	713	11 207
Disposals and sub-lease	-	-	(18 134)	-	(124)	(26)	(641)	(502)	(19 427)
Depreciation	-	-	(8 436)	(750)	(1 744)	(103)	(469)	(154)	(11 656)
Lease cancellation	-	-	(2 808)	-	-	-	-	-	(2 808)
Lease modification	-	-	(528)	-	-	-	-	-	(528)
Disposed of with sale of subsidiary	-	-	-	-	(40)	(3)	-	(55)	(98)
	1 199	1 401	25 082	3 758	2 568	308	3 221	654	38 191

The Group has chosen to use the cost model under IAS 16 to depreciate the right-of-use assets. Since the leases do not transfer ownership of the underlying assets to the lessee by the end of the lease term, the Group depreciates the assets over the shorter of the lease term and the assets' useful economic life. The Group has assessed that the useful economic life of the underlying assets exceeds the lease term, so the depreciation of the right-of-use assets will begin on the adoption date and be charged evenly over the remaining lease term, as this best represents the consumption of the economic benefits of the asset. In terms of IFRS 16, refer to note 31 for further detail of the related lease liabilities.

Motor vehicles with a net book value of R0.65 million (2021: R0.55 million) are encumbered as security for interest-bearing borrowings (note 31).

	Owner occupied properties (Land) R'000	Owner occupied properties (Buildings) R'000	Right-of-use assets – Property R'000	Leasehold improvements R'000	Computer hardware R'000	Office equipment R'000	Furniture and fittings R'000	Motor vehicles R'000	Total R'000
2021									
<i>Movement for the year</i>									
Opening carrying value	-	-	50 305	9 666	4 324	526	7 368	661	72 850
Reclassification	-	-	-	-	-	6	(6)	-	-
Additions	-	-	8 074	20	1 385	11	10	625	10 125
Disposals	-	-	(525)	(3 998)	(25)	(49)	(2 172)	(323)	(7 092)
Depreciation	-	-	(11 750)	(1 415)	(2 175)	(247)	(882)	(311)	(16 780)
Disposed of with sale of subsidiary	-	-	-	-	(168)	-	(34)	-	(202)
	-	-	46 104	4 273	3 341	247	4 284	652	58 901

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

16. INTANGIBLE ASSETS

Accounting policy

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interests in the fair value of the identifiable assets, liabilities and contingent liabilities of a subsidiary at the date of acquisition. Goodwill on the acquisition of subsidiaries is included in intangible assets, while goodwill on the acquisition of associates is included in investments in associates. Internally generated goodwill is not recognised as an asset.

Intangible assets are recognised only when the cost can be measured reliably and if it is probable that the expected future economic benefits that are attributable to the asset will flow to the Group.

The costs relating to many internally generated intangible assets cannot be capitalised and are expensed as incurred. This includes research, start-up and advertising costs. Expenditure on internally generated brands, customer lists and items similar in substance are not recognised as intangible assets.

Intangible assets are initially recognised at cost.

The useful life of intangible assets is assessed at the individual asset level as having either a finite or indefinite life. Where an intangible asset has a finite life, it is amortised over its useful life through profit or loss. Amortisation periods and methods of amortisation for intangible assets with a finite useful life are reviewed annually, or earlier where an indicator of impairment exists.

The expected useful lives of the different categories of intangible assets are estimated to be as follows:

Category	Expected useful life
Computer software	2 – 6 years
Goodwill	Indefinite
Licences	13 years

	GROUP	
	30 June 2022 R'000	30 June 2021 R'000
Goodwill (note 16.1)	-	47 721
Computer software (note 16.2)	2 903	21 265
Licences (note 16.3)	18 205	20 390
	21 108	89 376
16.1 Goodwill		
16.1.1 Net carrying value		
Cost	57 740	57 740
Disposed of through sale of subsidiary	(2 282)	-
Accumulated impairment	(55 458)	(10 019)
Net carrying value	21 108	89 376

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

16. INTANGIBLE ASSETS (continued)

		GROUP	
		30 June 2022	30 June 2021
		R'000	R'000
16.1.2	Goodwill per cash generating unit		
	24Fix Proprietary Limited		
	- Cost	4 365	4 365
	- Accumulated impairment	(2 083)	(2 083)
	- Disposed of through sale of subsidiary (note 47.4)	(2 282)	-
	Black Ginger 92 Proprietary Limited		
	- Cost	1 992	1 992
	- Accumulated impairment	(1 992)	-
	Constantia Risk and Insurance Holdings Proprietary Limited		
	- Cost	32 379	32 379
	- Accumulated impairment	(32 379)	-
	Deal Design Commercial Property and Business Broking Proprietary Limited trading as Century 21		
	- Cost	5 155	5 155
	- Accumulated impairment	(5 155)	-
	Fixico South Africa Proprietary Limited		
	- Cost	3 725	3 725
	- Accumulated impairment	(3 725)	-
	Kulundleko Solutions Proprietary Limited trading as Repair Solution		
	- Cost	10 124	10 124
	- Accumulated impairment	(10 124)	(7 936)
		-	47 721
16.1.3	Movement for the year		
	Carrying amount at beginning of the year	47 721	53 226
	Disposed of as part of subsidiaries' sale (note 47.4)	2 282	-
	Impairment	(45 439)	(5 505)
		4 564	47 721
16.2	Computer software		
16.2.1	Net carrying value		
	Cost	4 625	62 098
	Accumulated amortisation	(1 722)	(40 833)
	Net carrying value	2 903	21 265
16.2.1	Movement for the year		
	Carrying amount at beginning of the year	21 265	30 283
	Additions	859	510
	Development costs capitalised	-	1 010
	Impairment	(8 529)	-
	Amortisation	(10 692)	(10 538)
		2 903	21 265

Also refer to note 16.4.2.

The remaining expected useful life of computer software is 2 – 5 years (2021: 2 – 6 years)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

16. INTANGIBLE ASSETS (continued)

	GROUP	
	30 June 2022 R'000	30 June 2021 R'000
16.3 Licences		
16.3.1 Net carrying value		
Cost	28 400	28 400
Accumulated amortisation	(10 195)	(8 010)
Net carrying value	18 205	20 390
16.3.1 Movement for the year		
Carrying amount at beginning of the year	20 390	22 574
Amortisation	(2 185)	(2 184)
Net carrying value	18 205	20 390

The average expected useful life of Licences is 8.3 years (2021: 9.3 years)

16.4 Impairment testing of intangible assets

16.4.1 Impairment testing of goodwill

Goodwill acquired through business combinations has been allocated to the following individual cash generating units, which have different risk profiles and underlying assets and are separate cash generating units for impairment testing:

- Black Ginger 92 Proprietary Limited ("Black Ginger");
- Constantia Risk and Insurance Holdings Proprietary Limited ("CRIH");
- Deal Design Commercial Property and Business Broking Proprietary Limited trading as Century 21 ("Century 21");
- Fixico South Africa Proprietary Limited ("Fixico"); and
- Kulundleko Solutions Proprietary Limited trading as Repair Solutions ("Repair Solutions").

Black Ginger and CRIH

The recoverable amount for each of Black Ginger and CRIH has been determined based on a "sum of the parts" calculation that incorporates fair value less costs to sell and that:

- utilised the values at which Constantia Life and Health Assurance Company Limited ("CLAH") and Constantia Life Limited ("CLL") are to be disposed of on an arms-length basis, as published in various SENS announcements during the financial year (Net asset value plus R20.00 million for CLAH and R30.00 million for CLL);
 - applied a value of R42.85 million to CRIH's investment in Oraclemed Health Investments (Pty) Ltd, as detailed in notes 21 and 40;
 - valued a trademark owned by CRIH at R5.22 million, in line with the value at which it was disposed of to a third party post the year-end; and
 - adjusted the final result with the value of the R54.67 million loan owing by CRIH to Constantia Insurance Company Limited as at the year-end;
- for a total valuation of R54.30 million (2021: R350.00 million - R370.00 million, including CICL).

No marketability or any other discounts were applied to the value obtained from the sum of the above (2021: 5.5%).

These calculations indicated that the carrying value of goodwill relating to these entities had to be fully impaired by R1.99 million for Black Ginger and R32.38 million for CRIH during the current financial period (2021: Nil).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

16. INTANGIBLE ASSETS (continued)

Century 21

The recoverable amount for Century 21 has been determined on a basis that limits the value of the business to the lower of:

- the value of the Century 21 licence which, in terms of the agreement with the global master franchisor, would be valued at three times the average annual income generated by Century 21 during the past three years; or
- a recoverable amount that has been determined on a "value in use" calculation that:
 - uses free cash flow projections based on the budgeted operating results of the company, covering a five-year period;
 - based on normalised, pre-Covid experience, assumes a 0.7% decline in revenues over the next year, whereafter revenue levels will again increase on an annual basis by between 1.2% and 6.5% during years 2 - 5 (2021: average 5.7% decline over the first 2 years, thereafter annual increase of between 2.1% and 5.2% during years 3 – 5);
 - extrapolates cash flows beyond the fifth year (the terminal growth rate) by using a growth rate of 6.1% (2021: 5.8%); and
 - discounts free cash flows by using a risk adjusted pre-tax weighted average cost of capital rate of 25.8% (2021: 12.8%), whilst assuming no gearing of capital by utilising long-term loans (2021: 70% gearing).

The key assumptions applied in respect of this exercise are either based on past experience or are consistent with external sources of information (e.g. inputs to determine the discount rate). The terminal growth rate of 6.1% includes an assumption that the number of franchises in operation will increase by an average of two per year over the next 25 years (compared to an annual average of 3.6 new franchises over the previous 11 years).

These calculations indicated that the carrying value of goodwill relating to this entity had to be fully impaired by R5.16 million during the current financial period (2021: Nil).

Fixico

The recoverable amount for Fixico has been determined based on a "value in use calculation" that:

- uses free cash flow projections based on the budgeted operating results for the company, covering a five-year period;
- based on past experience and contracts in place assumes a 39.1% increase in gross margin (revenue less cost of sales) over the next year, which reduces to an average 20.6% p.a. increase in the following 4 years (2021: average 9.4% increase in revenue over the first year, which reduces to an average 7.9% p.a. increase in the following 4 years);
- extrapolates cash flows beyond the fifth year (terminal growth rate) by using a growth rate of 6.0% (2021: 4.0%); and
- discounts free cash flows by using a risk adjusted pre-tax weighted average cost of capital rate of 27.3% (2021: 18.0%), whilst assuming no gearing of capital by utilising long-term loans (2021: 50% gearing).

The key assumptions applied in respect of this exercise are either based on past experience or are consistent with external sources of information (e.g. inputs to determine the discount rate). The terminal growth rate of 6.0% is limited to the expected long-term inflation rate in the country.

These calculations indicated that the carrying value of goodwill relating to this entity had to be fully impaired by R3.73 million during the current financial period (2021: Nil).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

16. INTANGIBLE ASSETS (continued)

Repair Solutions

The recoverable amount for Repair Solutions has been determined based on a “value in use calculation” that:

- uses free cash flow projections based on the budgeted operating results for the company, covering a five-year period;
- based on normalised, pre-COVID experience, assumes a 10.0% increase in revenue over the next year, which increases to a 20.8% p.a. annual increase in each of years 2 and 3, a 15.5% annual increase in year 4 and a 12.9% annual increase in year 5 (2021: 9.5% increase in revenue in year 1, which increases to a 50.3% p.a. annual increase in
- extrapolates cash flows beyond the fifth year (terminal growth rate) by using a growth rate of 0.0% (2021: 4.0%); and
- discounts free cash flows by using a risk adjusted pre-tax cost of equity rate of 27.3% (2021: 26.0%), whilst assuming no gearing of capital by utilising long-term loans.

The key assumptions applied in respect of this exercise are either based on past experience or are consistent with external sources of information (e.g. inputs to determine the discount rate). The terminal growth rate is limited to 0.0% as the cash flow forecast reflects negative cash flows for at the next 5 years, and possibly thereafter.

These calculations indicated that the carrying value of goodwill relating to this entity had to be impaired by R2.88 million during the current financial period (2021: R3.42 million).

16.4.2 Impairment testing of other intangible assets

The useful life and residual value of each asset is assessed twice annually and its carrying value is restated by applying the appropriate amortisation charge against the profit or loss.

These assessments indicate that there is no need for further impairment of the carrying value of other intangible assets in the current financial period.

17. FINANCE LEASE RECEIVABLES

The finance lease receivables recognised relate to leased buildings (also refer note 15). There is no option to purchase the subject of the lease at a nominal amount on completion of the lease term.

An incremental borrowing rate of 11.55% was applied to finance lease receivables in respect of properties recognised in the statement of financial position at the date of initial application.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

17. FINANCE LEASE RECEIVABLES (continued)

	GROUP	
	30 June 2022 R'000	30 June 2021 R'000
Leased buildings		
Additions (non-cash component)	14 904	-
Agent's commission (cash component)	1 206	-
Interest income (non-cash component)	953	-
	17 063	-
Maximum lease repayments		
Within one year	4 261	-
In second to five years	18 193	-
	22 454	-
Less: Finance charges component	(5 391)	-
	17 063	-
Non-current assets	14 653	-
Current assets	2 410	-
	17 063	-

18. LOANS RECEIVABLE

Accounting policy

Loans receivable are financial assets measured at amortised cost. Refer to the financial instruments accounting policy, note 4.

	GROUP	
	30 June 2022 R'000	30 June 2021 R'000
Unsecured loans		
Opening balances	1 044	632
Deconsolidation of inter-company loan due to disposal of subsidiary (note 47.4)	-	5 198
Other advances	5 604	-
Interest	143	150
Repayments	-	(4 936)
	6 791	1 044
Unsecured loans can further be broken down into the following:		
Non-current	1 162	1 044
Current	5 629	-
	6 791	1 044

Unsecured loans' repayment and interest terms are as follows:

- The R1.16 million unsecured loan (2021: R1.04 million) that was extended in respect of the sale of a subsidiary in the prior year carried interest linked to the prime overdraft rate (an average 10.4% p.a. during the year). The loan was partly repaid out of cash reserves within the ex-subsiary during the prior year and is fully repayable by the end of the 2024 financial year.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

18. LOANS RECEIVABLE (continued)

- The R3.20 million unsecured loan that was extended in respect of the start-up of an underwriting manager that was going to introduce new business opportunities to the Group carried interest at the prime overdraft rate plus 3.6% p.a. (although no such interest has been accounted for as at the reporting date). The loan is repayable within 12 months from being granted, or such later date as may be agreed in writing.
- The R1.50 million unsecured loan that was extended in respect of the start-up of an underwriting manager that was going to introduce new business opportunities to the Group, as well as restructure and consolidate certain parts of the Group's non-profitable business, carried no interest, subject to certain conditions being met. The loan is repayable within 12 months from being granted, or such later date as may be agreed in writing.
- The R0.63 million unsecured loan that was extended in respect of the start-up of an underwriting manager that introduced a new line of business to the Group carried interest at the prime overdraft rate. The loan is repayable by 31 August 2022, or such later date as may be agreed in writing.
- The R0.30 million unsecured loan that was extended to ultimately help with the interim funding of a BEE structure in an associate company carried interest at the prime overdraft rate plus 3%. The loan is repayable by 31 August 2022, or such later date as may be agreed in writing.

	Loan amount R'000	Risk of default R'000	Possible credit loss R'000	ECL R'000	Net R'000
Group – 30 June 2022					
Chris Brits (“Brits”)	1 161	Low	Low	-	1 161
The credit risk associated with this loan is low, considering the history of repayments received during the prior year and forecasted income and cash flows for Brits with reference to the ex-subsidiary that was disposed of to him. Should repayment not take place in accordance with the agreement, management considers the loan to be recoverable by way of enforcing certain conditions in the agreement. These conditions include the lender's rights to cancel the agreement, withdraw the loan, claim immediate payment and/or specific performance by Brits, which may include a request for Brits to provide additional security in a form and nature that is satisfactory to the lender. The 12-month ECL was evaluated and the probability weighted risk of exposure to default over the next twelve months indicated an immaterial ECL. No ECL was therefore recognised.					
Arella Underwriting Management Agency Proprietary Limited (“Arella”)	3 200	Low	Low	-	3 200
The credit risk associated with this loan is low, considering the forecasted income and cash flows for Arella in terms of their business plan and the opportunities already seen. Should repayment not take place in accordance with the agreement, management considers the loan to be recoverable by way of enforcing certain conditions in the agreement. These conditions include the lender's rights to cancel the agreement, claim immediate payment and/or specific performance by Arella or its shareholders and directors on a joint and several basis. The 12-month ECL was evaluated and the probability weighted risk of exposure to default over the next twelve months indicated an immaterial ECL. No ECL was therefore recognised.					
Ami Underwriting Managers Proprietary Limited (“AMI”)	1 500	Low	Low	-	1 500
The credit risk associated with this loan is low, considering the forecasted income and cash flows for AMI in terms of their business plan and the opportunities already seen. Should repayment not take place in accordance with the agreement, management considers the loan to be recoverable by way of enforcing certain conditions in the agreement. These conditions include the lender's rights to cancel the agreement, claim immediate payment and/or specific performance by AMI or its shareholders and directors on a joint and several basis. The 12-month ECL was evaluated and the probability weighted risk of exposure to default over the next twelve months indicated an immaterial ECL. No ECL was therefore recognised.					
Terra Marine Proprietary Limited (“Terra Marine”)	627	Low	Low	-	627
The credit risk associated with this loan is low, considering the forecasted income and cash flows for Terra Marine in terms of their business plan and the business already introduced to the Group. Should repayment not take place in accordance with the agreement, management considers the loan to be recoverable by way of enforcing certain conditions in the agreement, which include the withholding of fees payable to Terra Marine (at the reporting date these fees amounted to more than R220,000 per month, based on business already introduced to the Group). The 12-month ECL was evaluated and the probability weighted risk of exposure to default over the next twelve months indicated an immaterial ECL. No ECL was therefore recognised.					

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

18. LOANS RECEIVABLE (continued)

	Loan amount R'000	Risk of default R'000	Possible credit loss R'000	ECL R'000	Net R'000
Group – 30 June 2022 (continued)					
Aleeshen Kisten (“Kisten”)	302	Low	Low	-	302

The credit risk associated with this loan is low considering that, should repayment not take place in accordance with the agreement, management considers the loan to be recoverable by way of enforcing certain conditions in the agreement, which include the withholding of salary and/or any monies due to Kisten by the Group. The 12-month ECL was evaluated and the probability weighted risk of exposure to default over the next twelve months indicated an immaterial ECL. No ECL was therefore recognised.

The loans receivable by the Group exposes it to various risks, including credit and interest rate risks. Refer to note 49.4 for details of risk exposure and the processes and policies adopted to mitigate these risks.

The directors are of the opinion that the value of the above loan approximates their fair value.

Group – 30 June 2021

Brits

	1 044	Low	Low	-	1 044
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The credit risk associated with this loan is low, considering the history of repayments received during the reporting period and forecasted income and cashflows for Brits with reference to the ex-subsiary that was disposed of to him. Should repayment not take place in accordance with the agreement, management considers the loan to be recoverable by way of enforcing certain conditions in the agreement. These conditions include the lender's rights to cancel the agreement, withdraw the loan, claim immediate payment and/or specific performance by Brits, which may include a request for Brits to provide additional security in a form and nature that is satisfactory to the lender. The 12-month ECL was evaluated and the probability weighted risk of exposure to default over the next twelve months indicated an immaterial ECL. No ECL was therefore recognised.

The loans receivable by the Group exposes it to various risks, including credit and interest rate risks. Refer to note 49.4 for details of risk exposure and the processes and policies adopted to mitigate these risks.

19. INSURANCE, TRADE AND OTHER RECEIVABLES

Accounting policy

Insurance, trade and other receivables are financial assets measured at amortised cost using the effective interest method. Refer to the financial instruments accounting policy, note 4.

Significant judgement

The Group assesses its insurance, trade and other receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the Group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset. The areas of uncertainty lies with assessing the recoverability of the receivables and the ability of the third party to meet the obligation of payment. The expected credit loss is assessed by taking into account forward looking factors like cash flows, which are not certain. Refer to notes 49.4.5 and 49.4.6 for additional detail.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

19. INSURANCE, TRADE AND OTHER RECEIVABLES (continued)

	GROUP		COMPANY	
	30 June 2022 R'000	30 June 2021 R'000	30 June 2022 R'000	30 June 2021 R'000
<i>Non-financial assets</i>				
Deposits and prepaid expenses	5 319	9 870	422	316
<i>Financial assets</i>				
Insurance receivables	310 422	269 278	-	-
Trade receivables	5 453	12 838	-	6
Other receivables – Secured	51 106	54 534	-	-
Other receivables - Unsecured	9 675	9 078	320	320
Less: Allowance for impairment	(96 915)	(96 403)	-	-
	285 060	259 195	742	642

The secured receivable of R51.11 million relates to a settlement of claims agreement that was entered into between Trustco Property Holdings Proprietary Limited, Legal Shield Holdings Limited and Constantia (“the Parties”) regarding the repayment of R61.28 million receivable (“Outstanding Receivable”) by Constantia in respect of lapsed transactions that the Parties were involved in (the termination of negotiations between Trustco and the Group was announced on SENS on 18 March 2021). Payment of the Outstanding Receivable is anticipated to take place no earlier than August 2024.

Despite the Outstanding Receivable having been fully secured, it will not accrue interest until the date on which payment becomes due, resulting in it having been amortised to a net present value of R51.11 million, as reflected.

The bulk of unsecured receivables of R9.56 million relates to receivable accruals in respect of:

- a profit commission receivable that arose from a mismatch between the values of the right-of-use asset and the lease liability for a division of Constantia (R0.15 million) that will be recovered through the unwinding of the right-of-use asset and the lease liability over the life of the lease;
- section J12 investments made in terms of the Group's Broad-based Black Economic Empowerment programme (R0.82 million); and
- a profit commission receivable that will be settled through the unwinding of certain insurance reserves over time (R8.55 million).

Both the profit commission receivables effectively arose as a result of a timing difference whereby the profit commissions are accounted for on an accrual basis and the settlement payment is done on a cash basis.

Insurance, trade and other receivables can further be broken down into the following:

Non-current	87 556	100 921	320	-
Current	197 504	158 274	422	642
	285 060	259 195	742	642

The directors are of the opinion that the value of the above receivables approximates their fair value as at the reporting date (refer notes 11 and 49.4) due to either their short-term nature, or the steps that were taken to write it down to a current realisable value.

The insurance, trade and other receivables held by the Group expose it to various risks, including credit and interest rate risks. Refer to note 49 for details of risk exposure and the processes and policies adopted to mitigate these risks.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

20. DEFERRED TAX

Accounting policy

Deferred tax is accounted for using the liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the Financial Statements and the corresponding tax base (or tax value) used in the computation of current taxable profits.

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

In respect of temporary differences arising out of the fair value adjustment on investment properties, properties held for sale or investments held at fair value, deferred taxation is provided at the capital gains tax rate to the extent that the carrying value is expected to be recovered through sale of the asset.

	GROUP		COMPANY	
	30 June 2022 R'000	30 June 2021 R'000	30 June 2022 R'000	30 June 2021 R'000
Balance at beginning of year	106 038	(32 502)	-	-
(Reduction increase in liability due to (disposal) acquisition of subsidiary	-	(511)	-	-
Charge against the statement of profit or loss and other comprehensive income	(109 126)	139 051	-	-
<i>Accruals</i>				
Audit fees	348	904	-	-
Bonuses	(2 943)	1 827	-	-
Compensation for loss of office	-	(420)	-	-
Consulting fees	314	-	-	-
Leavepay	126	85	-	-
Legal fees	(80)	85	-	-
Levies and subscriptions	40	250	-	-
Management fees	189	-	-	-
Other	(4)	250	-	-
Accelerated capital allowances for tax purposes	3 926	(2 665)	-	-
Allowance for bad debts	2 225	25 501	-	-
Capital losses – Equity loans, listed and unlisted shares	193 392	58 362	70 201	189 818
Deferred lease liability	-	39	-	-
Donations	-	14	-	-
IFRS 16: <i>Properties & vehicles</i>	63	(295)	-	-
Investment expenses	2	3	-	-
Prepayments	(123)	1 093	(30)	(88)
<i>Revaluations</i>				
Licences	671	612	-	-
Property	26	2 067	-	-
Salvages	-	115	-	-
Tax losses	(43 070)	242 263	(1 939)	10 626
Change in tax rate	(16 219)	-	(9 592)	-
Limitation of deferred tax assets	(248 009)	(191 771)	(58 640)	(200 356)
Balance at end of year	(3 088)	106 038	-	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

20. DEFERRED TAX (continued)

	GROUP		COMPANY	
	30 June 2022 R'000	30 June 2021 R'000	30 June 2022 R'000	30 June 2021 R'000
Deferred tax assets	19 953	136 632	114	88
Provisions and accruals				
Audit fees	1 208	915	-	-
Bonuses	399	3 502	-	-
Consulting fees	335	-	-	-
Leave pay	2 105	2 057	-	-
Legal fees	762	870	-	-
Levies and subscriptions	280	250	-	-
Management fees	182	-	-	-
Other	88	242	-	-
Allowances for bad debts	24 282	25 501	-	-
Capital losses – Equity loans, listed and unlisted shares	229 935	41 384	250 733	189 818
Donations	276	286	-	-
IFRS 16: <i>Liability adjustment</i>	14 448	16 028	-	-
Investment expenses	7	5	-	-
Estimated tax losses	193 638	244 339	8 377	10 626
Limitation of deferred tax assets	(440 992)	(198 746)	(258 996)	(200 356)
Deferred tax liabilities	(23 041)	(30 594)	(114)	(88)
Accelerated capital allowances	(3 683)	(7 745)	-	-
Capital gain				
Investment properties	(98)	(127)	-	-
Listed and unlisted securities	(3 979)	(5 219)	-	-
IFRS 16: <i>Right-of-use assets</i>	(6 772)	(12 909)	-	-
IFRS 16: <i>Finance lease receivables</i>	(4 607)	-	-	-
Prepayments	(258)	(145)	(114)	(88)
Revaluation of licences	(3 644)	(4 449)	-	-
Disclosed as follows per IAS 12 requirements:				
Deferred tax assets	666	116 330	114	88
Deferred tax liabilities	(3 754)	(10 292)	(114)	(88)

Despite continuing the turnaround experienced in Constantia Insurance Company Limited ("CICL") since February 2020 (with substantial and sustained improvements in the underwriting result and a reduction in operating expenses) during the period under review, the liquidation by the Prudential Authority of CICL post the year-end resulted in a reversal of a deferred tax asset of R100.00 million that was recognised in respect of historical tax losses in the 2021 financial results. The asset raised at the time related to tax losses incurred in CICL during the years 2016 to 2021 and, based on management's forecasts and estimates of future taxable earnings at the time, it was expected that this asset would be recovered within a reasonable period, utilising the following assumptions:

- the effects of the corrective action on claims and expenses that was implemented in CICL since February 2020 were permanent, subject to some expected increase in loss ratios associated with some new books of business being introduced;
- the negative impact that the corrective action had on premium volumes in the property and casualty books have come to an end and premium growth will resume going forward, with a reasonable portion of growth coming from organic opportunities;
- average expense inflation remains at slightly higher than current levels;
- interest on cash call account balances will remain at current levels;
- equity investments will not produce any realised profits or losses; and
- the company tax rate will remain at 28%.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

20. DEFERRED TAX (continued)

Results from a sensitivity analysis done at the time indicated that:

- a 5% reduction in the estimated average annual premium growth rates (e.g. reducing the growth rate from, say 10% to 5%) will add 3 - 6 months to the recovery period, whereas a 5% increase in the estimated average annual premium growth rates (e.g. increasing the growth rate from, say 7% to 12%) will reduce the recovery period by 0 - 3 months;
- a 1% increase in the estimated average loss ratio over the forecast period will add 11 - 14 months to the recovery period, whereas a 1% reduction in the estimated average loss ratio over the forecast period will reduce the recovery period by 4 - 7 months;
- the recovery period is not particularly sensitive to moderate increases or reductions in the average expense inflation rate or the call interest rate; and
- a 2% reduction in the company tax rate over the forecast period will add 2 - 5 months to the recovery period, whereas a 2% increase in the company tax rate over the forecast period will reduce the recovery period by 2 - 4 months.

21. INVESTMENT IN ASSOCIATES

Accounting policy

Group

Interests in associates are accounted for under the equity method. The equity method of accounting is the method whereby the investment is initially recorded at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate. The use of the equity method is discontinued from the date that the Group ceases to have significant influence over an associate.

Impairment losses reduce the carrying amount of investments in associates.

Distributions received from the associate reduce the carrying amount of the investment.

Company

Interests in associates are stated at cost, less any impairment losses.

	GROUP	
	30 June 2022 R'000	30 June 2021 R'000
At beginning of year	37 080	39 972
Loan funding granted (financial instruments)	3 392	3 646
Acquisition (disposals)	42 000	(5 394)
Attributable portion of (loss) earnings	5 017	(4 029)
Profit on disposal (refer notes 36.4 and 40)	-	1 729
Impairment (refer notes 36.4 and 40)	(47 376)	-
Reclassified from unlisted investments (refer note 23.2)	-	1 156
Reclassification from subsidiaries (refer note 47.4)	5 910	-
	46 023	37 080
Broken down as follows:		
Carrying value of investment	42 850	1 587
Loans net of impairment	3 173	35 493
Balance at end of year	46 023	37 080

Details of the impairment calculation are set out in note 40 and further details of the investments are set out in note 48.1.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

21. INVESTMENT IN ASSOCIATES (continued)

Associates' summary information

The aggregate assets, liabilities, revenue and profits of the associates, all of which are unlisted, were as follows:

	24Fix Proprietary Limited (49.0%) R'000	OracleMed Health Investments Proprietary Limited (30.0%) R'000	Mobility Insurance Underwriting Managers Proprietary Limited (26.0%) R'000	Rikatec Proprietary Limited (30.5%) R'000	Total R'000
30 June 2022					
Non-current assets	99	790	1 618	608	3 115
Current assets	1 604	76 098	542	16 547	94 791
Non-current liabilities	(8 000)	-	(3 639)	(38 187)	(49 826)
Current liabilities	(2 530)	(11 928)	(1 129)	(84)	(15 661)
Revenue	2 530	37 639	11 099	(1)	51 267
After-tax profit (loss) for the year	104	16 539	170	(2 971)	13 842
Total comprehensive income (loss)	104	16 539	170	(2 971)	13 842
<i>Reconciliation from share of net asset (liability) to carrying value</i>					
Net asset (liability)	(8 817)	64 960	(2 608)	(21 116)	32 419
Share of net asset (liability)	(4 320)	19 488	(678)	(6 441)	8 049
Loan balances (refer note 48.1)	-	-	3 173	-	3 173
Goodwill	4 320	23 362	678	6 441	34 801
Carrying value	-	42 850	3 173	-	46 023

	Loan amount R'000	Risk of default R'000	Possible credit loss R'000	ECL R'000	Net R'000
Mobility Insurance Underwriting Managers Proprietary Limited ("Mobility")	3 173	Low	Low to medium	-	3 173

The credit risk associated with this loan is low to medium, considering the forecasted cash flows and income for Mobility. Should repayment not take place, management considers the loan to be recoverable by way of converting the full amount or part thereof into further equity in Mobility, which currently has an estimated fair value of in excess of R3.8 million, should the full loan balance be capitalised. The lifetime ECL was evaluated and a probability weighted risk of default over the lifetime of the loan that was applied to exposure at default indicated an immaterial ECL. No ECL was therefore recognised.

The loans receivable by the Group exposes it to various risks, including credit and interest rate risks. Refer to note 49 for details of risk exposure and the processes and policies adopted to mitigate these risks.

The directors are of the opinion that the values of the above loans approximate their fair value.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

21. INVESTMENT IN ASSOCIATES (continued)

	Rikatec Proprietary Limited (30.5%) R'000	Mobility Insurance Underwriting Managers Proprietary Limited (26.0%) R'000	Total R'000
30 June 2021			
Non-current assets	608	1 633	2 241
Current assets	16 547	253	16 800
Non-current liabilities	(35 216)	(3 531)	(38 747)
Current liabilities	(84)	(1 133)	(1 217)
Revenue	212	10 723	10 935
After-tax profit (loss) for the year	(5 284)	(1 068)	(6 352)
Other comprehensive income	-	-	-
Total comprehensive loss	(5 284)	(1 068)	(6 352)
<i>Reconciliation from share of net asset (liability) to carrying value</i>			
Net asset (liability)	(18 145)	(2 778)	(20 923)
Share of net (liability) asset	(6 642)	1 678	(4 964)
Loan balances (refer note 48.1)	32 591	2 902	35 493
Goodwill (Write-down to carrying value)	6 642	(91)	6 551
Carrying value	32 591	4 489	37 080

	Loan amount R'000	Risk of default R'000	Possible credit loss R'000	ECL R'000	Net R'000
Rikatec Proprietary Limited ("Rikatec")	32 591	Low	Low	-	32 591

The credit risk associated with this loan is low, considering the forecasted cash flows and income for Rikatec. Should repayment not take place, management considers the loan to be recoverable by way of converting the full amount or part thereof into further equity in Rikatec, which currently has an estimated fair value of in excess of R60.0 million, should the full loan balance be capitalised. The lifetime ECL was evaluated and a probability weighted risk of default over the lifetime of the loan that was applied to exposure at default indicated an immaterial ECL. No ECL was therefore recognised.

Mobility Insurance Underwriting Managers Proprietary Limited ("Mobility")	2 902	Low	Low	-	2 902
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The credit risk associated with this loan is low, considering the forecasted cash flows and income for Mobility. Should repayment not take place, management considers the loan to be recoverable by way of converting the full amount or part thereof into further equity in Mobility, which currently has an estimated fair value of in excess of R18.0 million, should the full loan balance be capitalised. The lifetime ECL was evaluated and a probability weighted risk of default over the lifetime of the loan that was applied to exposure at default indicated an immaterial ECL. No ECL was therefore recognised.

The loans receivable by the Group exposes it to various risks, including credit and interest rate risks. Refer to note 49 for details of risk exposure and the processes and policies adopted to mitigate these risks.

The directors are of the opinion that the values of the above loans approximate their fair value.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

22. INVESTMENT IN SUBSIDIARIES

Accounting policy

Company

Investments in subsidiaries are stated at cost, less any impairment losses. Loans to subsidiaries are accounted for as financial instruments.

Breakdown of Investments in Subsidiaries

	COMPANY	
	30 June 2022 R'000	30 June 2021 R'000
22.1 Net carrying value		
Unlisted shares at cost, less amounts written off	781	958
Cost	20 725	20 725
Accumulated impairment	(19 944)	(19 767)
Loans (terms detailed in note 48.2)	84 076	425 396
Cost	1 258 932	1 287 032
Accumulated impairment	(1 174 856)	(861 636)
Net carrying value (refer notes 48.2 and 48.3)	84 857	426 354
22.2 Movement for the year		
Carrying amount at beginning of the year	426 354	622 886
Loans advanced	7 729	7 707
Loans repaid	(35 829)	(4 239)
Impairment of investment (refer note 36.4)	(177)	-
Impairment of loans (refer note 36.4)	(313 220)	(200 000)
	84 857	426 354

Impairment indicators were noticed on the investment in Copper Sunset Trading 186 Proprietary Limited ("Copper Sunset"), the holding company of Constantia, due to the decrease in the value of its investment in Constantia resulting from the post year-end liquidation of CICL. An impairment adjustment of R262.6 million (2021: R200.0 million) was passed in terms of IAS 36.

The decrease in Constantia's value also resulted in impairments in Conduit's investments in Black Ginger (R15.3 million), Marble Gold 213 Proprietary Limited ("Marble Gold") (R300k) and Conduit Management Services Proprietary Limited ("CMS") (R35.2 million), due to these companies' cross shareholdings into Constantia.

The recoverable amount for the investment in Copper Sunset has been determined based on the fair value of its underlying investment in Constantia, less costs to sell. Fair value is determined in accordance with IFRS 13. The fair value measurement is categorised within level 3 of the fair value hierarchy. The methods and valuation techniques used for the purpose of measuring fair value are detailed in note 16.4.1.

It should be noted that the valuation of Constantia was neither high enough to cover the R34.37 million in total goodwill brought about by the consolidation of the company (hence its impairment in note 16.1), nor high enough to cover the pre-impairment investment value of R332.45 million for Copper Sunset in Conduit's accounts, hence the R262.6 million (2021: R200.0 million) impairment of the investment in Copper Sunset by Conduit.

The fair value measurement is categorised within level 3 of the fair value hierarchy.

The directors' valuation of the underlying shares for trading entities is based on cash flow projections using the same principles as described in section 16.4.1, while the valuation of non-trading entities is based on the entities' Net Asset Value, adjusted for the recoverability or forgiveness of inter-group loans receivable or payable. These assets would fit into Level 3 of the fair value hierarchy.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

23. INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS

Accounting policy

Investments in equity securities are recognised on a trade-date basis and are initially measured at fair value. Investments are classified as "at fair value through profit or loss" and at subsequent reporting dates investments in equity securities are valued at fair value, with changes in fair value being recognised in profit or loss.

Refer to the financial instruments accounting policy, note 4 for further details.

	COMPANY	
	30 June 2022 R'000	30 June 2021 R'000
Long-term investments		
Listed investments (note 23.1)	83 154	179 635
Unlisted investments (note 23.2)	23 422	57 067
	106 576	236 702
23.1 Listed equities at valuation*		
Opening net book value	179 635	350 806
Additions	204	134
Disposals	(1 926)	(32 448)
Fair value adjustment (refer note 38)	(94 759)	(138 857)
Closing net book value	83 157	179 635
<i>* The Group's listed equity portfolio is reflected under long-term investments due to its strategy of buying and holding companies on a long-term basis.</i>		
23.2 Unlisted investments at valuation		
Opening net book value	57 067	68 342
Additions	-	977
Disposals	(37 622)	-
Reclassification at fair value to Investment in Associates (refer to note 21)	-	(1 156)
Fair value adjustment (refer note 38)	3 977	(11 096)
Closing net book value	23 422	57 067

The unlisted investments classified in:

- Level 3 of the fair value hierarchy have been valued by an independent third party using the net asset value of the underlying assets in the investment, adjusted for the impact of expected future earnings, as a basis. The valuation performed used observable market data as inputs to the extent that it was available.

The main assumptions applied in the valuations were:

- South African risk-free rate	10.6%	(2021: 7.5%)
- South African equity risk premium	6.1%	(2021: 7.9%)
- Sustainable long-term growth	6% - 7%	(2021: 6% - 7%)
- Comparable valuation for a SME trading discount	20% to 30%	(2021: 20% to 30%)

Changing inputs to the Level 3 valuations to reasonable alternative assumptions would not significantly change amounts recognised in profit or loss, total assets, total liabilities or total equity.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

24. INSURANCE ASSETS AND LIABILITIES

Accounting policy

Refer to the insurance contracts accounting policy, note 5 for further details.

Significant judgement

Judgement is required in estimating reserves in respect of reported claims which have not yet been settled, in the determination of the Incurred But Not Reported ("IBNR") provision and in estimating future cash flows in respect of salvages and claims recoveries. Also refer to notes 2 and 24.4 for further details.

	GROUP	
	30 June 2022 R'000	30 June 2021 R'000
24.1 Gross insurance liabilities		
Claims reported but not paid	(397 177)	(310 644)
Claims incurred but not reported (refer note 24.4 below)	(193 361)	(179 949)
Unearned premiums, net of deferred acquisition costs	(180 777)	(147 121)
Unearned premiums	(213 447)	(174 214)
Deferred acquisition costs	32 670	27 093
Total insurance liabilities	(771 315)	(636 714)
24.2 Recoverable from reinsurers		
Claims reported but not paid	266 860	201 977
Claims incurred but not reported (refer note 24.4 below)	163 812	142 096
Unearned premiums, net of deferred reinsurance commission revenue	130 889	104 308
Unearned premiums	171 475	137 798
Deferred reinsurance commission revenue	(40 586)	(33 490)
Reinsurers' share of insurance liabilities	561 561	448 381
24.2 Recoverable from reinsurers		
Claims reported but not paid	(130 317)	(108 667)
Claims incurred but not reported (refer note 24.4 below)	(29 549)	(36 853)
Unearned premiums	(49 888)	(42 813)
Total net insurance liabilities	(209 754)	(188 333)

24.4 IBNR provision

At the reporting date the Group performed a detailed exercise (that included the use of cumulative chain ladder calculations) in order to assess the required provisions and run-off assets in the insurance division. Although showing quite significant variances between the IBNR and asset levels in the various books, it was determined that overall levels of current provisioning is sufficient when compared to the best estimate of what these provisions should be. The average IBNR value across the Group, determined as a result of this exercise, approximates the gross IBNR to amount to 9.2% (2021: 9.2%) of the gross insurance premium for the year.

For the period since April 2020 significant judgement was required to allow for the impact of the COVID-19 pandemic. With the help of business experts, together with new measures such as Google mobility data and feedback from the private healthcare sector on hospitalisation volumes, judgement was applied to adjust expected ultimate claims and thus the IBNR provision. These adjustments were necessary to allow for both reduced exposure to risk events due to lockdown restrictions, as well as slower receipt and processing of claims notifications. The IBNR estimates were back-tested, and late adjustments made at the year-end of

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

24. INSURANCE ASSETS AND LIABILITIES (continued)

24.4 Incurred But Not Reported ("IBNR") provision (continued)

the prior year in some instances to utilise the latest available data and where the impact was significant, ensuring the most accurate estimation of IBNR provisions were achieved.

25. INVENTORY

Accounting policy

Inventories are stated at the lower of cost and estimated selling price, less costs to complete and sell. Cost is determined using the first-in, first-out ("FIFO") method.

At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

	GROUP		COMPANY	
	30 June 2022 R'000	30 June 2021 R'000	30 June 2022 R'000	30 June 2021 R'000
25.1 Net carrying value			-	-
25.2 Movement for the year				
At beginning of the year			-	2 033
Movement due to disposal of subsidiary			(101)	-
Acquisitions			353	503
Write-off (obsolete and missing stock)			-	(2 536)
Disposed of (cost of sales)			(252)	-
			-	-

26. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	30 June 2022 R'000	30 June 2021 R'000	30 June 2022 R'000	30 June 2021 R'000
<i>Comprising:</i>				
Call accounts	186 080	109 046	37 756	2 306
Current accounts – Local	48 804	48 152	71	41
Current accounts – Foreign	2 193	1 572	-	-
	237 077	158 770	37 827	2 347
Bank overdraft	-	-	-	-
Net cash and cash equivalents	237 077	158 770	37 827	2 347

Balances on call include amounts held on call at banks and at stockbrokers. The directors are of the opinion that the value of the above approximates fair value.

The cash and cash equivalents held by the Group expose it to various risks, including credit and interest rate risks. Refer to note 49 for further detail.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

27. ASSETS HELD FOR SALE

Accounting policy

The carrying amount of non-current assets (and disposal groups) classified as held for sale will be recovered through a sale transaction rather than through continuing use.

This condition is regarded as met only when the sale is highly probable, and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification. As at the reporting date, the remaining property is still being actively marketed.

Non-current assets are classified as held for sale from the date these conditions are met and are measured at the lower of their carrying amount and their fair value less costs to sell. Any resulting impairment is reported through the statement of comprehensive income.

On classification as held for sale the assets are no longer depreciated. Comparative amounts are not adjusted.

	GROUP		COMPANY	
	30 June 2022 R'000	30 June 2021 R'000	30 June 2022 R'000	30 June 2021 R'000
27.1 Net carrying value				
Cost	-	3 432	-	-
Fair value adjustment	-	(717)	-	-
Net carrying value	-	2 715	-	-
27.2 Movement for the year				
At beginning of the year	2 715	11 779	-	-
Reclassification to owner occupied properties (refer note 15)	(2 600)	-	-	-
Disposals	-	(14 500)	-	-
Fair value adjustment (refer note 38)	(115)	5 436	-	-
	-	2 715	-	-

The property has been on the market and was reflected as held for sale since the 2020 financial year. No suitable offers have however been received to date, given the depressed property market in the area. A number of smaller group companies took occupation of the property during the year, leading to management's decision to reclassify the property to "owner occupied" for the foreseeable future at the current estimated fair value as determined by the directors. The valuation utilised the income/investment approach (by way of the capitalisation of net income), based on the work done in June 2021 by M.R.B. Gibbons (Professional Valuer, Nat. Dip. Prop. Val. MIVSA, MRICS) from Mills Fitchet Magnus Penny Proprietary Limited, an independent valuator, adjusted for more recent market conditions after taking the following factors into consideration:

- Location, size and nature of the building;
- Supply, demand and ability to let of similar properties in the area;
- Market rentals ranging between R55 and R80 per square meter in the general vicinity of the properties; and
- A capitalisation rate ranging between 10% and 12%, as recently experienced in the market for similar type properties.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

28. STATED CAPITAL

	GROUP		COMPANY	
	30 June 2022 R'000	30 June 2021 R'000	30 June 2022 R'000	30 June 2021 R'000
Authorised				
Number of ordinary shares of no par value	1 500 000 000	1 500 000 000	1 500 000 000	1 500 000 000
Issued				
Number of ordinary shares of no par value	764 443 900	764 443 900	764 443 900	764 443 900
<u>Treasury shares acquired in prior periods</u>				
- Conduit Management Services Proprietary Limited	(1 353 356)	(1 353 356)	-	-
- Constantia Insurance Company Limited	(15 472 981)	(2 971 495)	-	-
- Constantia Life Limited	(155 000)	(155 000)	-	-
- Midbrook Lane Proprietary Limited	(18 186 171)	(13 517 256)	-	-
- Snowball Wealth Proprietary Limited	(41 000 000)	(41 000 000)	-	-
Opening balance	688 276 392	705 446 793	764 443 900	764 443 900
<u>Treasury shares acquired during the year</u>				
- Constantia Insurance Company Limited	-	(12 501 486)	-	-
- Constantia Life Limited	-	-	-	-
- Midbrook Lane Proprietary Limited	-	(4 668 915)	-	-
Closing balance	688 276 392	688 276 392	764 443 900	764 443 900
	R'000	R'000	R'000	R'000
Opening balance	1 158 569	1 168 594	1 339 250	1 339 250
<u>Treasury shares acquired sold</u>				
- Constantia Insurance Company Limited	-	(7 203)	-	-
- Constantia Life Limited	-	-	-	-
- Midbrook Lane Proprietary Limited	-	(2 822)	-	-
Closing balance	1 158 569	1 158 569	1 339 250	1 339 250
In terms of a resolution passed at the most recent Annual General Meeting, all authorised and unissued shares are placed under the control of the Company's directors.				

29. POLICYHOLDER LIABILITIES UNDER INSURANCE CONTRACTS

Accounting policy

Refer to the insurance contracts accounting policy, note 5 for further details.

Significant judgement

The policyholder liabilities arising from long term insurance contracts are determined by the statutory actuaries based on appropriate estimates and assumptions.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

29. POLICYHOLDER LIABILITIES UNDER INSURANCE CONTRACTS (continued)

Group	GROSS		REINSURANCE	
	30 June 2022 R'000	30 June 2021 R'000	30 June 2022 R'000	30 June 2021 R'000
Opening balance	(26 872)	(34 990)	-	12
Transfer from profit or loss (note 35)	(191)	8 118	-	(12)
- Movement in individual business	(894)	(2 294)	-	-
- Movement in incurred but not reported reserve	(475)	1 737	-	(12)
- Movement in deficiency reserve	(3 016)	6 962	-	-
- Movement in expense reserve	3 093	1 820	-	-
- Movement in COVID-19 reserve	1 101	(107)	-	-
	(27 063)	(26 872)	-	-
29.1 Analysis of policyholder (liabilities) assets				
Individual funeral cover	(16 651)	(5 581)	-	-
Group funeral cover	(10 412)	(21 291)	-	-
	(27 063)	(26 872)	-	-
29.2 Maturity analysis of policyholder (liabilities) assets				
Policyholder liabilities are expected to become payable as follows:				
Up to one year	(12 632)	(13 375)	-	12
One year to five years	(1 858)	(1 741)	-	-
More than five years	(12 573)	(11 756)	-	(12)
	(27 063)	(26 872)	-	-

For Group business the maturity levels correspond to the contract boundary for each Group. Where the contract boundary is determined to be less than or equal to 12 months the liability is determined to less than a year.

For Individual business the maturity levels are determined on a best-estimate basis where the liability is calculated by projecting all the expected future cash flows on each policy and discounting them at the appropriate interest rate.

29.3 Key assumptions

There were no changes to the valuation basis from the prior year.

In the calculation of liabilities, provision was made for the best estimate of the future experience plus the compulsory margins prescribed by the Actuarial Society of South Africa's Standard of Actuarial Practice ("SAP") 104. SAP 104 is intended to provide for a minimum level of financial resilience in the liabilities to ensure that profits are not recognised prematurely.

For the Group funeral business an IBNR reserve was established based on the most recent claims run-off numbers. These claims run-off numbers were based on the results of "experience investigations" and current and expected future market conditions. In certain instances, a deficiency reserve was established to allow for any expected losses on the Group funeral policies.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

29. POLICYHOLDER LIABILITIES UNDER INSURANCE CONTRACTS (continued)

29.3 Key assumptions (continued)

For individual business units, a prospective valuation is carried out with the following principal assumptions:

- Inflation rate 5.31% (2021: 3.73%)
- Interest rate 6.67% - 6.72% (2021: 5.56% - 8.22%)
- Withdrawal assumptions were based on experience in the portfolio and in the market
- Mortality rates were based on SA85/90 Heavy (2021: SA85/90 Heavy) and the relevant AIDS tables, adjusted to reflect the most recent claims experience

All business is non-participating business and policyholders would have a reasonable expectation that contractual benefits would be met and that there would be no undue delay in the processing of claims and queries.

COVID-19

In response to the COVID-19 pandemic, an additional provision was raised to cover claims anticipated as a result of the pandemic over the 12-months following the year-end.

The COVID-19 reserve is derived from projected fatality and hospitalisation rates based on local expected experience for the 12 months from 30 June 2022. It should be noted however that, due to data limitations around how the pandemic has affected the Group up to the valuation date and how the pandemic is likely to develop in future, significant judgement exists in the establishment of the COVID-19 reserve.

29.4 Matching of assets and liabilities

The Group only underwrites assistance insurance business and, to that extent, the matching of assets and liabilities is reasonably simple. In the settlement of policyholder liabilities, cash resources and (where required) the equity investments are utilised. Cash resources and the equity investments provide sufficiently liquid funds for the settlement of liabilities and are therefore suitable for the matching of assets and liabilities and in providing for the settlement patterns of the funeral business.

29.5 Sensitivities

Net policyholder liabilities have been calculated at R27.06 million by the statutory actuary as at 30 June 2022 (2021: R26.87 million). The following scenarios indicate the value of the liabilities if the factors influencing the valuation had to change by the percentages given:

Factor	Level of change	2022		2021	
		Resulting liability R'000	Change % R'000	Resulting liability R'000	Change % R'000
Main basis	None	(27 063)	0.00	(26 872)	0.00
Mortality (and other claims)	10% increase	(29 872)	10.39	(29 772)	10.79
Expenses	10% increase	(28 944)	6.95	(29 149)	8.47
Investment returns	1% reduction	(28 596)	5.66	(28 256)	5.15
Withdrawals	10% reduction	(26 715)	(1.29)	(26 598)	(1.02)
Inflation	1% increase	(27 944)	3.26	(27 548)	2.52

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

30. INTEREST-BEARING BORROWINGS

Accounting policy

Interest-bearing borrowings are classified as financial liabilities at amortised cost. Refer to the financial instruments accounting policy, note 4.

	COMPANY	
	30 June 2022 R'000	30 June 2021 R'000
<i>Unsecured</i>		
Opening balance	3 707	3 666
Interest (non-cash component)	85	71
Repayment (cash component)	-	(30)
	3 792	3 707
<i>Split as follows:</i>		
Non-current liabilities	-	-
Current liabilities	3 792	3 707

The amount borrowed from the IMR Share Trust is unsecured, attracts interest at rates linked to prime and is repayable by mutual consent.

31. LEASE LIABILITIES

The lease liabilities recognised relate to leased buildings and motor vehicles. The Group has the option to purchase one of the buildings at a nominal amount on completion of the lease term.

An incremental borrowing rate of between 8.00% and 12.00% was applied to the lease liabilities in respect of properties recognised in the statement of financial position at the date of initial application.

It is Group policy to lease motor vehicles in some of the non-insurance subsidiaries. The average lease term is 4 to 5 years, and the average effective borrowing rate was 6.6% (2021: 7.0%). The Group's obligations are secured by the lessor's charge over certain leased assets (refer note 15).

	GROUP		COMPANY	
	30 June 2022 R'000	30 June 2021 R'000	30 June 2022 R'000	30 June 2021 R'000
Leased buildings				
Opening balance	57 288	57 827	-	-
Additions (non-cash component)	8 884	8 074	-	-
Interest expense (non-cash component)	6 315	7 761	-	-
Lease adjustment (non-cash component)	(791)	-	-	-
Lease adjustment (cash component)	-	1 495	-	-
Lease cancellation (non-cash component)	(3 876)	(1 083)	-	-
Lease payments (cash component)	(14 310)	(16 786)	-	-
	53 510	57 288	-	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

31. LEASE LIABILITIES (continued)

	GROUP		COMPANY	
	30 June 2022 R'000	30 June 2021 R'000	30 June 2022 R'000	30 June 2021 R'000
Motor vehicle and equipment				
Opening balance	586	257	-	-
Additions (cash component)	751	650	-	-
Interest expense (non-cash component)	4	4	-	-
Lease payments (cash component)	(694)	(325)	-	-
	647	586	-	-
Minimum lease repayment				
Within one year	14 163	14 840	-	-
In second to five years	56 332	53 785	-	-
After more than five years	-	9 780	-	-
	70 495	78 405	-	-
Less: Finance charges component	(16 338)	(20 531)	-	-
	54 157	57 874	-	-
Non-current liabilities	45 748	49 073	-	-
Current liabilities	8 409	8 801	-	-
	54 157	57 874	-	-

32. ADVANCES PAYABLE

Accounting policy

Advances payable are financial liabilities measured at amortised cost. Refer to the financial instruments accounting policy, note 4.

	GROUP		COMPANY	
	30 June 2022 R'000	30 June 2021 R'000	30 June 2022 R'000	30 June 2021 R'000
Current – unsecured advances				
Opening balance	11 089	11 014	20 447	-
Acquisition as part of subsidiaries' purchase (non-cash component) (refer note 47.4)	(2 150)	-	-	-
Advances (cash component)	-	75	16 948	20 447
Repayments (cash component)	(400)	-	-	-
	8 539	11 089	37 392	20 447

Unsecured advances' repayment and interest terms are as follows:

Group

- R5.963 million in unsecured advances from the vendors of the Leymic Group carry no interest, have no specific repayment dates and will be repaid out of cash profits generated by the Leymic Group.
- R2.576 million in unsecured advances from the vendors of the Leymic Group carry no interest, have no specific repayment dates and will be repaid out of cash profits generated by the Leymic Group.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

32. ADVANCES PAYABLE (continued)

Company

- R37.392 million in advances owing to Constantia Insurance Company Limited, is unsecured, attracts no interest and is repayable by mutual consent (refer note 48.2).

33. INSURANCE, TRADE AND OTHER PAYABLES

Accounting policy

Insurance, trade and other payables are financial instruments measured at amortised cost. Refer to the financial instruments accounting policy, note 4.

	GROUP		COMPANY	
	30 June 2022 R'000	30 June 2021 R'000	30 June 2022 R'000	30 June 2021 R'000
Accruals	21 423	31 988	799	575
Insurance payables	699 055	587 922	-	-
Trade payables	31 675	27 139	445	457
Dividends payable	31	31	31	31
	752 184	647 080	1 275	1 063

The directors are of the opinion that the value of the above payables approximates their fair value (refer note 49.5) due to their short-term nature.

34. REVENUE

Accounting policy

The Group and Company currently have several revenue streams that include the following:

- Advisory, consulting and management fees;
- Fees for repair services rendered in insurance-adjacent businesses; and
- Commission and royalty fees.

To determine whether to recognise revenue, the Group and Company follow a five-step process:

- identifying the contract with a client;
- identifying the performance obligations;
- determining the transaction price;
- allocating the transaction price to the performance obligations; and
- recognising revenue as/when performance obligation(s) are satisfied.

Advisory, consulting and management fees, fees for repair services rendered, as well as commission received and royalty income from contracts with clients to provide services to such clients is recognised when the performance obligation is satisfied at a point in time upon completion of the services.

Commission earned on the sale and purchase of property by third parties and the associated royalties are only recognised upon the registration of the property sale with title deeds office.

Repair service fees comprise fees received for insurance claims assessment and management. This fee revenue is generally based on pre-determined fixed rates per claim received for processing and assessment, together with a recovery component for the cost of parts, labour or outsourced services, where applicable. Revenue is recognised at a point in time as recognition takes place only once the service has been completed and delivered to the client. This is considered a faithful depiction of the transfer of services as the contracts are initially priced on the basis of completion of the assessment and therefore also represents the amount to which the Group would be entitled based on the performance of the services. Revenue is recognised at the transaction price. Once invoiced, payment terms thereon are generally 30 days from date of invoice.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

34. REVENUE (continued)

Advisory, consulting and management fees comprise fees for services offered by the Group to third parties. This fee revenue is generally pre-determined based on the services provided. Revenue is recognised at a point in time as recognition takes place only once the service has been completed and delivered to the client. This is considered a faithful depiction of the transfer of services as the contracts are initially priced on the basis of completion of the assessment and therefore also represents the amount to which the Group would be entitled based on the performance of the services. Revenue is recognised at the transaction price. Once invoiced, payment terms thereon are generally 30 days from date of invoice.

There are no significant judgements involved in the determination of the timing of the satisfaction of performance obligations or the transaction price and its allocation to performance obligations.

For insurance contract accounting, refer to note 5.2 for further details.

	GROUP	
	30 June 2022 R'000	30 June 2021 R'000
34.1 Insurance revenue		
Gross insurance premiums	2 110 519	1 949 246
Domestic	1 935 786	1 865 677
Foreign	174 733	83 569
34.2 Non-insurance revenue (domestic)	81 205	89 284
Included in Income from Insurance Operations	16 960	19 944
Advisory, consulting, management fees and fees received from third parties	16 960	19 944
Included in Net non-insurance income	64 245	69 340
Advisory, consulting and management fees received from third parties and group companies	9 690	25 688
Repair services fees	37 533	28 551
Commissions and royalties	17 022	15 101
	2 191 724	2 038 530

35. NET CLAIMS AND MOVEMENT IN CLAIMS RESERVES

	GROUP	
	30 June 2022 R'000	30 June 2021 R'000
Gross claims paid	(905 510)	(892 326)
Change in provision for outstanding claims and IBNR (note 24)	(108 416)	(3 076)
Transfer to policyholder liabilities (note 29)	(191)	8 118
Gross claims and movement in claims reserves	(1 014 117)	(887 284)
Reinsurers' share of claims paid	789 145	741 984
Reinsurers' share of provisions	86 568	(8 595)
Transfer to reinsurer's share of policyholder liabilities (note 29)	-	(12)
Net claims and movement in claims reserves	(138 404)	(153 907)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

36. OTHER (LOSSES) (EXPENSES) INCOME

	GROUP		COMPANY	
	30 June 2022 R'000	30 June 2021 R'000	30 June 2022 R'000	30 June 2021 R'000
36.1 Rental income				
Since it is not considered to be part of the main revenue generating activities, the Group presents Rental income separate from Revenue	1 673	1 510	-	-
36.2 Insurance				
Foreign exchange gains (losses)	398	(4 054)	-	-
Impairment / write-off of financial assets (refer note 13.1.1)	(7 286)	(5 207)	-	-
Software impairment (refer note 16.2.2)	(8 529)	-	-	-
Out of court settlement brought about by the introduction of the Insurance Act (No. 18 of 2017)	(6 300)	-	-	-
	(21 717)	(9 261)	-	-
36.3 Non-insurance				
Impairment / write-off of financial assets (refer note 13.1.1)	(6 024)	(5 383)	(6)	-
Foreign exchange (losses) gains	(45)	143	(15)	174
	(6 069)	(5 240)	(21)	174
36.4 Non-operational				
Impairment of Associates (refer note 21 & 40)	(47 376)	-	-	-
Profit on disposal of Associate (refer note 21)	-	1 729	-	-
Goodwill: Impairment (refer note 16.1.3)	(45 439)	(5 505)	-	-
Impairment / write-off of financial assets (refer note 13.1.1)	(1 232)	(87 591)	-	-
Property, plant and equipment: (Loss) profit on disposal	(2 324)	(4 819)	-	-
Subsidiaries: Profit on disposal (refer note 47.4)	3 020	712	-	-
Subsidiaries: Loss on fair valuations (refer note 22.2)	-	-	(177)	-
Subsidiaries: Impairment of loans (refer note 22.2)	-	-	(313 220)	(200 000)
	(93 351)	(95 474)	(313 397)	(200 000)

37. COST OF SALES

Cost of sales are incurred in connection with the Group's insurance-adjacent activities (recovery and repair services) and include the following associated expenses:

	GROUP		COMPANY	
	30 June 2022 R'000	30 June 2021 R'000	30 June 2022 R'000	30 June 2021 R'000
Assessment and contractors' fees	(25 408)	(12 524)	-	-
Broker fees	(102)	(334)	-	-
Cost of parts	(3 445)	(3 324)	-	-
Inventory expensed	(252)	-	-	-
Labour	(2 141)	(2 631)	-	-
Software costs and associated license fees	(420)	(167)	-	-
Other	(48)	(69)	-	-
	(31 816)	(19 049)	-	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

38. INVESTMENT (LOSS) INCOME

Accounting policy

Dividends are recognised when the right to receive payment, which is registered ownership on the last day to register, is established.

Interest is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity of the financial instrument.

	GROUP		COMPANY	
	30 June 2022 R'000	30 June 2021 R'000	30 June 2022 R'000	30 June 2021 R'000
Interest income: Finance lease receivables (note 17)	953	-	-	-
Interest income: Banks and investments	4 253	2 141	964	80
Interest income: Other	675	3 177	-	-
Investment income and fair value adjustments (listed shares)	(94 759)	(138 857)	-	-
Fair value adjustment (unrealised) (refer note 23.1)	30 173	(97 554)	-	-
Fair value adjustment (realised) (refer note 23.1)	(124 932)	(41 303)	-	-
Investment income (unlisted shares)	4 693	(9 928)	-	-
Dividend income	716	1 168	-	-
Fair value adjustment (unrealised) (refer note 23.2)	(13 561)	(11 096)	-	-
Fair value adjustment (realised) (refer note 23.2)	17 538	-	-	-
Fair value adjustment (properties held for sale) (refer note 27)	(115)	5 436	-	-
	(84 300)	(138 031)	964	80

39. FINANCE CHARGES

	GROUP		COMPANY	
	30 June 2022 R'000	30 June 2021 R'000	30 June 2022 R'000	30 June 2021 R'000
Interest paid: Lease liabilities (note 31)	(6 319)	(7 765)	-	-
Interest paid: Underwriting managers' experience accounts	(2 608)	(274)	-	-
Interest paid: Other	(226)	(78)	(87)	(71)
	(9 153)	(8 117)	(87)	(71)

40. PROFIT AND LOSS ON ASSOCIATES

During the prior year, the investment in ASOC Management Company was disposed of to a third party for a consideration of R5.39 million. The disposal resulted in a profit of R1.73 million. Refer note 21 for further details.

The investments in the various associate companies, other than Rikatec, were tested for impairment comparing the book value of the investment against a "recoverable amount", which was determined based on a "value in use calculation" that:

- uses free cash flow projections based on budgeted operating results for each entity, covering a five year period;
- assumes a 69.7% increase in Oraclemed's revenue for the next year, which normalises to increases ranging between 5.0% and 7.1% from years 2 to 5, whereas 24 Fix's revenue is assumed to increase by 2.0% in year 1 and 7.5% from years 2 to 5 and the corresponding revenue increases for Mobility is assumed to range between 6.0% and 6.6%;
- extrapolates cash flows beyond the fifth year by using a growth rate of 0.0% for 24 Fix and Mobility, and 4.6% for Oraclemed.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

40. PROFIT AND LOSS ON ASSOCIATES (continued)

Cash flows for 24 Fix have been discounted using a risk adjusted pre-tax weighted cost of capital rate of 27.3%, whereas the discount rates in respect of Oraclemed and Mobility were 26.8% and 18.0%, respectively (2021: 26.7% for Mobility).

The key assumptions applied in respect of this exercise are either based on experience or are consistent with external sources of information (e.g. inputs to determine the discount rate). The terminal growth rates are based on the the lower of the forecast inflation rate and the actual forecast growth in free cash flows between years 4 and 5, subject to a minimum of 0.0%.

These calculations indicated impairment adjustments for 24 Fix (R6.11 million), Oraclemed (R4.11 million) and Mobility (R1.59 million) in order for the carrying value to match the recoverable amount for each entity at the end of the current financial period.

Given:

- the dependency of Rikatec on CICL from both a funding and business perspective;
- the fact that CICL's demise immediately put all negotiations with new business prospects on hold indefinitely; and
- the directors agreed that the investment in Rikatec should be impaired in full, resulting in an impairment adjustment of R35.57 million.

The directors believe that any reasonable change in the key assumptions would not cause the carrying amounts of the cash generating units to exceed the recoverable amounts that remain.

41. PROFIT AND LOSS ON ASSOCIATES

The loss before taxation includes:

	GROUP		COMPANY	
	30 June 2022 R'000	30 June 2021 R'000	30 June 2022 R'000	30 June 2021 R'000
Consulting fees paid	(13 089)	(7 008)	(407)	(1 452)
Depreciation and amortisation	(24 533)	(29 502)	-	-
Legal fees	(4 262)	(4 536)	(342)	-
Short term lease charges	(1 110)	(1 887)	-	-
Equipment	(141)	(188)	-	-
Premises	(969)	(1 699)	-	-
Secretarial fees	(134)	(411)	(96)	(140)
Staff costs	(133 781)	(150 193)	-	-
Salaries and wages (excluding directors' remuneration)	(122 988)	(140 862)	-	-
Provident fund (defined contribution plan)	(10 793)	(9 331)	-	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

42. DIRECTORS' REMUNERATION

	Directors' fees	Basic salary	Bonuses	Consulting fees	Provident fund	Other benefits	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
42.1 2022							
<i>Paid for by Company</i>							
NON-EXECUTIVE							
Napier, R	785	-	-	-	-	-	782
Chou, L	373	-	-	-	-	-	373
Lubega, M	428	-	-	-	-	-	428
Maizey, A	373	-	-	865	-	-	1 238
Siyotula, N	540	-	-	-	-	-	540
	2 496	-	-	865	-	-	3 361
<i>Paid for by subsidiaries</i>							
NON-EXECUTIVE							
Lubega, M	451	-	-	-	-	-	451
Siyotula, N	451	-	-	-	-	-	451
EXECUTIVE							
Riskowitz, S	-	2 448	-	-	3	6	2 457
Yan, B	-	1 532	98	-	18	46	1 693
	902	3 980	97	-	21	52	5 052
	3 398	3 980	97	865	21	52	8 413
42.2 2021							
<i>Paid for by Company</i>							
NON-EXECUTIVE							
Napier, R	656	-	-	-	-	-	656
Chou, L	359	-	-	-	-	-	359
Lubega, M	106	-	-	-	-	-	106
Maizey, A	359	-	-	835	-	-	1 194
Siyotula, N	453	-	-	-	-	-	453
Thorndike, W	343	-	-	-	-	-	343
Xaba, R	226	-	-	-	-	-	226
	2 502	-	-	835	-	-	3 337
<i>Paid for by subsidiaries</i>							
NON-EXECUTIVE							
Siyotula, N	500	-	-	-	-	-	500
Xaba, R	211	-	-	-	-	-	211
EXECUTIVE							
Louw, L	-	1 661	-	-	-	290	1 951
Riskowitz, S	-	2 363	-	-	-	5	2 368
Yan, B	-	423	-	-	-	11	434
	711	4 447	-	-	-	306	5 464
	3 213	4 447	-	835	-	306	8 801

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

43. RETIREMENT BENEFITS

It is believed that during the year in excess of 60.0% (2021: 60.7%) of the Group's employees contributed to the GTC Umbrella Provident Fund, of which the Group is a participant, and which is a defined contribution plan. Once the contributions have been paid, the Group has no further payment obligations. The regular contributions constitute net periodic costs for the period in which they are due and as such are included in staff costs.

Contributions for the period under consideration amounted to R10.79 million (2021: R9.33 million). The umbrella fund and its participants are registered in terms of and regulated by the Pension Funds Act.

The rest of the Group has no formal or informal retirement benefit arrangements for employees or directors.

44. TAXATION

Accounting policy

Current tax and deferred tax are charged against profit or loss and are based on the expected taxable income for the year, as adjusted for items which are non-taxable or disallowed, as well as any adjustment of tax payable for previous years, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, directly in equity; or
- a business combination.

	GROUP		COMPANY	
	30 June 2022 R'000	30 June 2021 R'000	30 June 2022 R'000	30 June 2021 R'000
44.1 Taxation				
South African normal taxation	(4 406)	(2 947)	-	-
Current period	(4 737)	(4 021)	-	-
Prior period under provision	331	1 074	-	-
Deferred tax	(109 126)	139 051	-	-
Originating and reversing temporary differences	(227 293)	125 731	1 939	-
Prior period under (over) provision	118 167	13 320	(1 939)	-
Taxation per statement of profit or loss and other comprehensive income	(113 532)	136 104	-	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

44. TAXATION (continued)

	GROUP		COMPANY	
	30 June 2022 R'000	30 June 2021 R'000	30 June 2022 R'000	30 June 2021 R'000
44.2 Taxation reconciliation				
Loss before tax	(206 707)	(281 866)	(323 153)	(216 678)
Standard South African normal taxation	57 878	78 922	90 483	60 670
Non-taxable income				
- Dividends received	201	327	-	-
- Equity accounted income	1 405	-	-	-
- SARS ETI rebates	592	888	-	-
Non-deductible expenses				
- 5-Funds losses in Life companies	(8 475)	(2 431)	-	-
- Donations	(9)	(61)	-	-
- Equity accounted losses	-	(1 128)	-	-
- Fines, penalties and interest paid to SARS	(23)	(43)	-	-
- Goodwill impairment	(12 723)	(1 541)	-	-
- Interest	(747)	-	-	-
- Keyman insurance	(39)	(35)	-	-
- Legal fees	(1 781)	(2 749)	(9)	(2 444)
- Expenses incurred in respect of non-taxable income	(5 073)	(841)	(2 753)	(287)
Prior period under provision – Normal taxation	331	1 074	-	-
Prior period under (over) provision – Deferred taxation	118 167	13 320	(1 939)	-
Deferred tax asset not raised in companies with losses	(248 009)	(7 516)	(58 640)	(46 739)
Utilisation of previously unrecognised tax losses	10 408	65 790	-	-
Change in tax rate	(16 219)	-	(9 592)	-
Tax rate differential on share trusts	(15)	(11)	-	-
Tax rate differential on capital gains	(9 401)	(7 861)	(17 550)	(11 200)
Taxation per statement of profit or loss and other comprehensive income	(113 532)	136 104	-	-

Deferred tax assets have not been recognised in group companies that do not anticipate generating sufficient taxable income to utilise these assets in the foreseeable future.

The unused tax losses for which no deferred tax asset has been raised as at the reporting date amounted to R1,633.13 million (2021: R684.90 million). The estimated tax losses available for set off against future taxable income at Group level is also R1,633.13 million (2021: R684.90 million). At Company level the amount available for set off is R959.24 million (2021: R715.56 million).

45. CONTINGENT LIABILITIES

45.1 A portfolio acquisition agreement, effective 1 September 2015, exists between CICL and Dealers Indemnity Proprietary Limited ("Dealers"). Dealers receives a monthly annuity of R45 000 for the remainder of the vendor's natural life, subject to a minimum payment of R1.5 million ("the Minimum Payment").

The present value of the annuity payments in excess of the Minimum Payment as at 30 June 2022 amounted to R2,534,701 (2021: R2,630,297) ("the Maximum Liability") per an actuarial calculation based on published mortality tables. The Group has initially raised a liability to the value of R1.5 million, which was the minimum amount payable. This amount has now been paid in full. The Group therefore confirms that it has a contingent liability of R2,534,701 as at the reporting date.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

45. CONTINGENT LIABILITIES (continued)

45.2 The Group is not aware of any current or pending legal cases that would have a material adverse effect on its results.

46. LOSS / ASSET VALUE PER SHARE

	GROUP	
	30 June 2022 R'000	30 June 2021 R'000
46.1 Calculation of basic loss		
<i>The loss amounts used in the calculation of basic loss per share are as follows:</i>		
Loss for the year	(320 239)	(145 762)
Non-controlling interest	1 732	(12)
	(318 507)	(145 774)

46.2 Reconciliation between basic loss and headline loss

	2022		2021	
	Gross R'000	Net R'000	Gross R'000	Net R'000
<i>Headline loss is determined as follows:</i>				
Loss attributable to ordinary shareholders	-	(318 507)	-	(145 774)
Loss (profit) on disposal of property, plant and equipment	2 324	2 345	4 819	4 879
Impairment of associates	43 376	47 376	(1 729)	(1 309)
Impairment of goodwill	45 439	45 439	5 505	5 505
Impairment of computer software	8 529	8 529	-	-
Profit on revaluation of properties held for sale	115	115	(5 436)	(4 919)
Loss on disposal of subsidiary	(3 020)	(3 020)	(712)	(712)
Non-controlling interest on the items above (after taxation)	(329)	(329)	-	-
Headline loss	(218 052)		(142 330)	

	GROUP	
	30 June 2022 R'000	30 June 2021 R'000
46.3 Calculation of net asset value		
<i>The net asset value amounts used in the calculation of net asset per share are as follows:</i>		
Capital and reserves	(299 669)	17 253
Non-controlling interest	(794)	791
Equity attributable to owners of the parent/Net asset value	(300 463)	18 044

This performance measure is not required in terms of IFRS; however it is considered an appropriate measurement of the Group's financial performance.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

46. LOSS / ASSET VALUE PER SHARE (continued)

46.4 Reconciliation between net asset value and tangible net asset value

	GROUP	
	30 June 2022 R'000	30 June 2021 R'000
<i>Tangible net asset value is determined as follows:</i>		
Net asset value	(300 463)	18 044
Intangible assets	(21 108)	(89 376)
Tangible net asset value	(321 571)	(71 332)

46.5 Shares in issue

	GROUP	
	30 June 2022 R'000	30 June 2021 R'000
46.5.1 Number of shares ('000)		
Shares in issue	764 444	764 444
Shares held as treasury shares	(76 168)	(76 168)
	688 276	688 276
46.5.2 Weighted average number of shares ('000)		
Shares in issue	764 444	764 444
Shares held as treasury shares	(76 168)	(74 423)
	688 276	690 021
46.6 Loss per share		
46.6.1 Basic and Diluted loss per share	(46.3)	(21.1)
46.6.2 Headline and Diluted Headline loss per share	(31.7)	(20.6)
46.7 Asset value per share (cents)		
46.7.1 Net asset value per share (cents)	(43.7)	2.6
46.7.2 Tangible net asset value per share (cents)	(46.7)	(10.4)

This performance measure is not required in terms of IFRS; however it is considered an appropriate measurement of the Group's financial performance.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

47. NOTES TO THE CASH FLOW STATEMENT

47.1 Outflows of cash are represented by amounts in brackets, while inflows are represented by amounts without brackets.

47.2 Reconciliation of loss before taxation to cash utilised in operations

	GROUP		COMPANY	
	30 June 2022 R'000	30 June 2021 R'000	30 June 2022 R'000	30 June 2021 R'000
Loss before taxation	(206 707)	(281 866)	(323 153)	(216 678)
<u>Adjustments for:</u>				
Depreciation and amortisation	24 533	29 502	-	-
Dividend income	(716)	(1 168)	-	-
Finance charges				
- Lease liabilities	6 319	7 765	-	-
- Other	2 834	352	87	71
Interest income				
- Finance lease receivables	(953)	-	-	-
- Other	(4 253)	(2 141)	(964)	(80)
Profit on disposal of associates	-	(1 729)	-	-
Impairment of associates	47 376	-	-	-
Impairment of computer software	8 529	-	-	-
Impairment of goodwill	45 439	5 505	-	-
Impairment of financial assets	14 542	98 181	6	-
Investment losses	90 782	149 953	-	-
Loss (profit) on disposal of property, plant and equipment	2 324	4 819	-	-
Revaluation of property held for sale	115	(5 436)	-	-
(Profit) loss on disposal of subsidiaries	(3 020)	(712)	-	-
Impairment of subsidiaries loans	-	-	313 220	200 000
Impairment of subsidiaries	-	-	177	-
Share of profit from associate	(5 017)	4 029	-	-
Operating cash flows before working capital changes	22 127	7 054	(10 627)	(16 687)
Working capital changes	87 760	(13 611)	100	(851)
- Increase in trade and other receivables	(42 010)	77 711	(106)	1 173
- (Decrease) increase in trade and other payables	108 259	(80 300)	206	(2 024)
- (Increase) decrease in inventory	(101)	(503)	-	-
- Decrease in reinsurers' share of policyholder liabilities	-	12	-	-
- Decrease in policyholder liabilities	191	(8 118)	-	-
- Increase in insurance assets	(113 180)	(9 169)	-	-
- Increase in insurance liabilities	134 601	6 756	-	-
Cash utilised in operations	109 887	(6 557)	(10 527)	(17 538)

47.3 Taxation paid

	GROUP		COMPANY	
	30 June 2022 R'000	30 June 2021 R'000	30 June 2022 R'000	30 June 2021 R'000
Opening balance	(1 320)	(2 217)	-	-
Disposal of subsidiaries	42	(36)	-	-
Movement on statement of comprehensive income	(4 406)	(2 947)	-	-
Closing balance	2 773	1 320	-	-
	(2 911)	(3 880)	-	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

47. NOTES TO THE CASH FLOW STATEMENT (continued)

47.4 Reconciliation of assets acquired and sold in subsidiaries to cash paid

During the year the Group reduced its interest in 24 Fix Proprietary Limited ("24 Fix") from 51% to 49% in a transaction that aimed to improve 24 Fix's Black Economic Empowerment credentials. The disposal generated a profit of R3.02 million, but also resulted in a loss of control and the investment being accounted for as an associate with effect from 1 April 2022. The reconciliation of assets and liabilities disposed of in subsidiaries to cash inflow is as follows:

Group	24Fix (51%) R'000	Total 2021 R'000
Effective date of change of control	1 Apr '22	
Fair value of assets disposed of:		
- Property, plant and equipment	98	98
- Inventory	101	101
- Trade and other receivables	1 643	1 643
- Loans payable	(2 150)	(2 150)
- Trade and other payables	(3 155)	(3 155)
- Net tax payable	(42)	(42)
- Minority interest	4 169	4 169
- Net liability value disposed of	664	664
- Goodwill disposed of	2 282	2 282
- Sale price	2 946	2 946
- Profit on disposal	3 020	3 020
- Transferred to investment in associates	(5 910)	(5 910)
- Settlement amount outstanding, reflected in receivables	(40)	(40)
- Net cash inflow on disposal	16	16

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

48. INVESTMENT IN SUBSIDIARIES AND ASSOCIATES

48.1 The following information relates to the Group's investment in associate companies

	Nature of business	Country of incorporation	Number of shares held		Beneficial interest		Book value of investment		Indebtedness to Group	
			2022	2021	2022	2021	2022	2021	2022	2021
					%	%	R'000	R'000	R'000	R'000
Held through a subsidiary										
24Fix Proprietary Limited	Home assistance services, Auto glass replacement	RSA	4 083 111	-	28.7	-	-	-	-	-
Mobility Insurance Underwriting Managers Proprietary Limited	Underwriting manager	RSA	52	52	26.0	26.0	-	1 587	3 173	2 902
OracleMed Health Investments Proprietary Limited	Underwriting manager	RSA	43	-	30.0	-	42 850	-	-	-
Rikatec Proprietary Limited	Information management and analytics	RSA	3 050	3 050	30.5	30.5	-	-	-	32 591
							42 850	1 587	3 173	35 493

Note:

- All associates of the Group are unlisted companies.
- The loan to Rikatec Proprietary Limited (fully impaired) is secured by a shareholding pledged by the majority shareholders of the company, attracts interest at rates linked to prime and is repayable subject to certain performance conditions being met, including an income-related target as a percentage of gross receipts, within 48 months from the date of the funds transferred.
- The loan to Mobility Insurance Underwriting Managers Proprietary Limited is secured by personal sureties from key management and directors, cession of 25% of the shareholding by the majority shareholders and subordination, attracts interest at rates linked to prime and is repayable by mutual consent.
- Refer to note 21 for further details relating to the ECL and credit risk management on the various loans to associates.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

48. INVESTMENT IN SUBSIDIARIES AND ASSOCIATES (continued)

48.2 The following information relates to the Company's investment in subsidiary companies

	Nature of business	Country of incorporation	Issued ordinary share capital		Beneficial interest		Shares at cost less amounts written off		Indebtedness to (by) Conduit Capital	
			2022	2021	2022 %	2021 %	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Directly owned										
Conduit Management Services Proprietary Limited	Management services; equities investment	RSA	140 000	140 000	100.0	100.0	140	140	3 700	31 302
Coper Sunset Trading 186 Proprietary Limited	Holding company	RSA	100	100	100.0	100.0	2	2	69 852	332 434
Marble Gold 213 Proprietary Limited	Holding company	RSA	100	100	100.0	100.0	54	231	-	71
On Line Lottery Services Proprietary Limited	Dormant	RSA	150	150	80.0	80.0	585	585	-	-
Held through a subsidiary										
24Fix Proprietary Limited ^(Note C)	Home assistance services; Auto glass replacement	RSA	-	4 249 769	-	29.9	-	-	-	-
Black Ginger 92 Proprietary Limited	Investment company	RSA	100	100	100.0	100.0	-	-	-	15 236
Conduit Fund Managers Proprietary Limited	Asset manager	RSA	1	1	100.0	100.0	-	-	10 524	46 353
Conduit Ventures Proprietary Limited	Holding company	RSA	1 000	1 000	100.0	100.0	-	-	-	-
Constantia Insurance Company Limited	Short-term insurance	RSA	2 247 500	2 247 500	100.0	100.0	-	-	(37 392)	(20 447)
Constantia Insurance Holdings Proprietary Limited	Investment company	RSA	120	120	100.0	100.0	-	-	-	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

48. INVESTMENT IN SUBSIDIARIES AND ASSOCIATES (continued)

48.2 The following information relates to the Company's investment in subsidiary companies (continued)

	Nature of business	Country of incorporation	Issued ordinary share capital		Beneficial interest		Shares at cost less amounts written off		Indebtedness to (by) Conduit Capital	
			2022	2021	2022	2021	2022	2021	2022	2021
					%	%	R'000	R'000	R'000	R'000
Constantia Life and Heath Assurance Company Limited	Long-term insurer	RSA	13 772 380	13 772 380	100.0	100.0	-	-	-	-
Constantia Life Limited	Long-term insurer	RSA	696 000	696 000	100.0	100.0	-	-	-	-
Constantia Risk and Insurance Holdings Proprietary Limited	Holding company	RSA	200	200	100.0	100.0	-	-	-	-
Corporate Specialist Investigations Proprietary Limited ^(Note C)	Claims investigations	RSA	352 000	352 000	46.8	46.8	-	-	-	-
Deal Design Property and Business Broking Proprietary Limited trading as Century 21	Commercial property and business broking	RSA	100	100	51.0	51.0	-	-	-	-
Fixico South Africa Proprietary Limited ^(Note C)	Insurer motor assessment platform services	RSA	120	120	29.9	29.9	-	-	-	-
General Legal and Administration Services Limited	Administration services provider	RSA	1 002	1 002	100.0	100.0	-	-	-	-
Goodall and Bourne Properties Proprietary Limited	Property company	RSA	2 000	2 000	100.0	100.0	-	-	-	-
Goodall and Bourne Trust Company Proprietary Limited	Holding company (Dormant)	RSA	200	200	100.0	100.0	-	-	-	-
IMR Share Trust	Dormant	RSA	-	-	-	-	-	-	(3 792)	(3 707)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED**48. INVESTMENT IN SUBSIDIARIES AND ASSOCIATES (continued)****48.2 The following information relates to the Company's investment in subsidiary companies (continued)**

	Nature of business	Country of incorporation	Issued ordinary share capital		Beneficial interest		Shares at cost less amounts written off		Indebtedness to (by) Conduit Capital	
			2022	2021	2022	2021	2022	2021	2022	2021
					%	%	R'000	R'000	R'000	R'000
Internetwork Property Services Proprietary Limited	Administrative company	RSA	100	100	100.0	100.0	-	-	-	-
Kulundleko Solutions Proprietary Limited trading as Repair Solutions	Insurer and motor body repairer alignment	RSA	100	100	58.6	58.6	-	-	-	-
Leymic Holdings Proprietary Limited	Holding company	RSA	4 685	4 685	58.6	58.6	-	-	-	-
Midbrook Lane Proprietary Limited	Equity investment	RSA	4 093 942	4 093 943	100.0	100.0	-	-	-	-
Midbrook Lane Ventures Proprietary Limited	Investment company	RSA	100	100	100.0	100.0	-	-	-	-
PartsTrader SA Proprietary Limited	Platform provider of automotive parts for insurers, repairers & suppliers	RSA	120	120	58.6	58.6	-	-	-	-
Snowball Wealth Proprietary Limited	Equities investment	RSA	24 960	24 960	100.0	100.0	-	-	-	-
TGI Investment Holding Limited	Investment company	RSA	9 680 036	9 680 036	100.0	100.0	-	-	-	-
							781	958	42 892	401 242

Note C. Although the effective holding in this entity is less than 50%, Conduit has control over the entity through its majority interest in Leymic Holdings Proprietary Limited, which in turn owns a majority interest in the entity.

Notes:

- All subsidiaries in the Group are unlisted companies.
- The loan to Black Ginger 92 Proprietary Limited (fully impaired), is unsecured, attracts no interest and is repayable at the election of the borrower.
- The loan to Conduit Management Services Proprietary Limited, is unsecured, attracts no interest and is repayable at the election of the borrower.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

48. INVESTMENT IN SUBSIDIARIES AND ASSOCIATES (continued)

48.2 The following information relates to the Company's investment in subsidiary companies (continued)

Notes (continued):

- The loan to Copper Sunset Trading 186 Proprietary Limited is unsecured, attracts no interest and is repayable at the election of the borrower.
- The loan to Conduit Fund Managers Proprietary Limited is unsecured, attracts no interest and is repayable at the election of the borrower.
- The advance from Constantia Insurance Company Limited is unsecured, attracts no interest and is repayable by mutual consent.
- The loan to Marble Gold 213 Proprietary Limited is unsecured, attracts no interest and is repayable by mutual consent.
- The amount borrowed from the IMR Share Trust is unsecured, attracts interest at rates linked to prime and is repayable by mutual consent.

48.3 Allocated as follows:

	COMPANY	
	30 June 2022 R'000	30 June 2021 R'000
Shares at cost, less impairment (refer note 22.1)	781	958
Loans (refer note 22.1)	84 076	425 396
Investment in subsidiaries (refer note 22)	84 857	426 354
Interest bearing borrowings (refer note 30)	(3 92)	(3 707)
Advances payable (refer note 32)	(37 392)	(20 447)
	43 673	402 200

49. RISK MANAGEMENT

49.1 Current risk

Currency risk is the risk that the value of a financial instrument denominated in a foreign currency will fluctuate against the Rand ("ZAR" or "R") as a result of changes in foreign exchange rates.

The Group is exposed to currency risk with regards to its reinsurance operations in Africa and its aviation business. Premium income from these operations, which contributed approximately 8.3% to the Group's gross premium income for the current financial period (2021: 4.3%), was earned in US Dollar ("USD" or "\$") and fluctuations in the ZAR/USD exchange rate may influence underwriting results and asset values (as it relates to USD denominated assets) to a material extent.

At 30 June 2022, the applicable spot rate used to translate foreign currency balances was R16.332955/\$1 (2021: R14.309907/\$1).

The table below demonstrates the implied sensitivity in the fair value at the reporting date of the USD denominated assets and liabilities based on assumed changes to the ZAR/USD exchange rate. The methods and assumptions used for the purposes of the sensitivity analysis are unchanged compared to the prior year.

As at the reporting date the Group had the following USD exposure:

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

49. RISK MANAGEMENT (continued)

49.1 Current risk (continued)

	Exposure in USD '000	Converted to ZAR '000	Rand weakens 10% R'000	Rand strengthens 10% R'000
30 June 2022				
Assets	5 776	94 335	103 769	84 902
Liabilities	(5 253)	(85 805)	(94 385)	(77 224)
Net assets	523	8 530	9 384	7 678
30 June 2021				
Assets	5 931	84 89	93 356	76 382
Liabilities	(5 655)	(80 916)	(89 008)	(72 825)
Net assets	276	3 953	4 348	3 557

49.2 Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market interest rates.

The Group has some investments, receivables and borrowings that might be subject to interest rate risk. Details of these investments and receivables are set out in notes 19 (Insurance, trade and other receivables), 23 (Investments held at fair value), 30 (Interest-bearing borrowings) and 31 (Lease liabilities), respectively. Additional exposure to interest rate risk is in the form of cash balances held at call with banks (see note 26), which earn interest at rates that vary on a daily basis and loans receivable that earn interest at rates that are linked to the prime lending rate (see notes 18 and 21).

Interest rates applied in the sensitivity analysis are as follows:

- Average annual call rate	3.88%	(2021: 3.52%)
- Loans receivables	7.63%	(2021: 8.25%)
- Other receivables	0.00%	(2021: 33.58%)

The methods and assumptions used for the purpose of the sensitivity analysis are unchanged compared to the prior year. The tables below demonstrate the implied sensitivity in the fair values of the financial instruments at the reporting date.

49.2.1 An increase or decrease of 2% in the respective interest rates would result in the following changes in the fair values of these financial instruments of the Group:

	2022 2% increase R'000	2021 2% increase R'000	2022 2% decrease R'000	2021 2% decrease R'000
Financial assets				
Cash and interest bearing loans	1 147	1 646	(1 147)	(1 646)
Financial liabilities				
Interest bearing borrowings	(62)	(101)	62	101

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

49. RISK MANAGEMENT (continued)

49.2 Interest rate risk (continued)

49.2.2 An increase or decrease of 2% in the respective interest rates would result in the following changes in the fair values of these financial instruments of the Company:

	2022 2% increase R'000	2021 2% increase R'000	2022 2% decrease R'000	2021 2% decrease R'000
Financial assets				
Cash and cash equivalents	496	46	(496)	(46)
Financial liabilities				
Interest bearing borrowings	(73)	(70)	73	70

The Group and the Company monitor and manage this risk through its Investment Committee and the Board's oversight.

49.3 Market risk

Market risk is the risk of an adverse financial impact due to changes in fair values or future cash flows of financial instruments from fluctuations in interest rates, equity prices, property prices and foreign currency exchange rates, besides those disclosed more specifically under currency and interest rate risks.

Key areas where the Group is exposed to market risk are:

- listed investments; and
- unlisted investments.

Management is of the view that when considering:

- the length of the remaining investment horizon for each of the investments currently in the investment portfolio; and
- the exaggerated impact that the current illiquidity of the investment portfolio could have on share price movements, despite the fact that the underlying value of each individual investment might remain intact;

any sensitivity analysis of the investment portfolio, based on potential share price movements, would provide very limited value at this time.

The table below offers an indication of the levels of volatility that can be experienced in the Group's listed equity portfolio based on mark-to-market movements, as compared to the JSE All Share Index. It should however be emphasised that these short-term share price movements do not necessarily have any connection to the underlying long-term value of the investments in the portfolio over the remaining term of the investments:

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

49. RISK MANAGEMENT (continued)

49.3 Market risk (continued)

		2022		2021	
		Portfolio	JSE All Share Index	Portfolio	JSE All Share Index
Market value as at reporting date (R'000)	A	83 154	66 223	179 635	66 249
Market value based on highest closing price achieved by individual portfolio components during the reporting year (R'000)	B	230 260	78 297	445 740	69 049
Market value based on lowest closing price achieved by individual portfolio components during the reporting year (R'000)	C	58 584	60 894	130 352	51 685
Premium: B vs A (%)		176.9	18.2	148.1	4.2
Discount: C vs A (%)		(29.5)	(8.0)	(27.4)	(22.0)
Premium: B vs C (%)		293.0	28.6	242.0	33.6

The Group's Investment Committee reviews and manages market risk by focusing on the qualitative aspects of each investment, supported by quantitative measures such as the analysis of changes in look-through earnings. Further quantitative measures such as sensitivities to share price movements will be introduced at the appropriate time, i.e. when the investment portfolio is more mature, or when the investment horizon reduces to such an extent that the portfolio (or parts thereof) might be liquidated in the foreseeable future.

49.4 Credit risk

Credit risk is the risk of loss in the value of financial assets due to counterparties failing to meet all or part of their obligations.

Key areas where the Group is exposed to credit risk are:

- cash and cash equivalents;
- amounts due from insurance policyholders and intermediaries;
- amounts due from reinsurers and reinsurers' share of insurance liabilities;
- loans receivable; and
- trade and other receivables.

The Group determines counterparty credit quality by reference to ratings from independent ratings agencies or, where such ratings are not available, by internal analysis. The Group seeks to avoid concentration of credit risk by counterparty, business sector, product type and geographical segment.

Counterparty risk relating to reinsurers is mitigated in accordance with the Reinsurance Risk Mitigation policy and includes the minimum requirements reinsurers must satisfy in terms of credit rating thresholds and equivalent jurisdictions.

The following tables provide information regarding the aggregated credit risk exposure for financial assets with external credit ratings as at:

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

49. RISK MANAGEMENT (continued)

49.4 Credit risk (continued)

	Credit rating						Carrying value R'000
	AA- R'000	A+ to A R'000	BBB+ to BBB- R'000	BB+ to BB- R'000	B+ to B- R'000	Not rated R'000	
49.4.1 GROUP							
30 June 2022							
Loans receivable	-	-	-	-	-	6 791	6 791
Loans to associates	-	-	-	-	-	3 173	3 173
Recoverable from reinsurers*	-	-	-	-	-	561 561	561 561
Insurance, trade and other receivables	-	-	-	-	-	279 741	279 741
Cash and cash equivalents	-	-	-	237 045	-	32	237 077
	-	-	-	237 045	-	851 298	1 088 343
30 June 2021							
Loans receivable	-	-	-	-	-	1 044	1 044
Loans to associates	-	-	-	-	-	35 493	35 493
Recoverable from reinsurers	270 411	172 501	-	-	2 280	3 189	448 381
Insurance, trade and other receivables	-	-	-	-	-	249 325	249 325
Cash and cash equivalents	14	-	-	158 725	-	31	158 770
	270 425	172 501	-	158 725	2 280	289 082	893 013

* Ratings not available for the 2022 financial year

	Credit rating						Carrying value R'000
	AA- R'000	A+ to A R'000	BBB+ to BBB- R'000	BB+ to BB- R'000	B+ to B- R'000	Not rated R'000	
49.4.2 COMPANY							
30 June 2022							
Trade and other receivables	-	-	-	-	-	320	320
Cash and cash equivalents	-	-	-	37 827	-	-	37 827
	-	-	-	37 827	-	320	38 147
30 June 2021							
Trade and other receivables	-	-	-	-	-	326	326
Cash and cash equivalents	-	-	-	2 347	-	-	2 347
	-	-	-	2 347	-	326	2 673

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

49. RISK MANAGEMENT (continued)

49.4 Credit risk (continued)

Loans, insurance, trade and other receivables and reinsurance receivables consist mainly of accounts receivable from the Group's customer base, its reinsurers, subsidiaries and associates. Group companies and contracted underwriting managers monitor the financial position of their customers, which include insurance clients, on an ongoing basis. Credit, other than in the insurance division, is extended in terms of an agreement and allowances are made for expected credit losses.

The credit risk is assessed on an ongoing basis to assess the performance of credit facilities extended taking into account past experience and knowledge, including the financial position of the borrower, industry and economic factors impacting the borrower, historical breaches and defaults, ability to pay, probability of default, expected credit losses and also incorporating forward-looking information and general economic conditions of the industry as at the reporting date.

The information is used to determine the probability of default, loss given default and the exposure given default.

Investments held in listed and non-listed shares (note 23) have not been rated as these represent investments in equities of private entities or entities listed on the securities exchange operated by JSE Limited.

The carrying amount of assets included on the statement of financial position represents the maximum credit exposure. At the reporting date management did not consider there to be any material credit risk exposure that was not already covered by a loss allowance.

Impairment history

The following tables provide information regarding the carrying value of financial assets that have been impaired and the ageing of financial assets that have not been impaired:

		Ageing of financial assets					Allow-	Carrying
		Not past	1 – 3	4 – 6	7 – 12	Greater	ance for	value
		due	months	months	months	than 12	impair-	
		R'000	R'000	R'000	R'000	months	ment	R'000
						R'000	R'000	R'000
49.4.1	GROUP							
	30 June 2022							
	Loans receivable	6 791	-	-	-	-	-	6 791
	Loans to associates	3 173	-	-	-	-	-	3 173
	Recoverable from reinsurers*	561 561	-	-	-	-	-	561 561
	Insurance, trade and other receivables	166 390	10 720	8 485	9 670	181 391	(96 915)	279 741
	Cash and cash equivalents	237 077	-	-	-	-	-	237 077
		974 992	10 720	8 485	9 670	181 391	(96 915)	1 088 343
	30 June 2021							
	Loans receivable	1 044	-	-	-	-	-	1 044
	Loans to associates	35 493	-	-	-	-	-	35 493
	Recoverable from reinsurers	448 381	-	-	-	-	-	448 381
	Insurance, trade and other receivables	121 273	19 488	8 846	1 844	194 277	(96 403)	249 325
	Cash and cash equivalents	158 770	-	-	-	-	-	158 770
		764 961	19 488	8 846	1 844	194 277	(96 403)	893 013

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

49. RISK MANAGEMENT (continued)

49.4 Credit risk (continued)

	Ageing of financial assets					
	Not past due	1 – 3 months	4 – 6 months	7 – 12 months	Greater than 12 months	Total
	R'000	R'000	R'000	R'000	R'000	R'000
<i>Expected credit loss – 30 June 2022</i>						
Insurance, trade and other receivables	166 390	10 720	8 485	9 670	181 391	376 656
Gross receivables	166 390	10 720	8 485	9 670	181 391	376 656
ECL rate	0.0%	0.0%	1.0%	0.0%	53.4%	
Impairment	-	-	(89)	-	(96 826)	(96 915)
	166 390	10 720	8 396	9 670	84 565	279 741
<i>Expected credit loss – 30 June 2021</i>						
Insurance, trade and other receivables	121 273	19 488	8 846	1 844	194 277	345 728
Gross receivables	121 273	19 488	8 846	1 844	194 277	345 728
ECL rate	0.0%	0.0%	1.8%	66.5%	48.9%	
Impairment	-	(3)	(157)	(1 227)	(95 016)	(96 403)
	121 273	19 485	8 689	617	99 261	249 325

	Ageing of financial assets						Carrying value
	Not past due	1 – 3 months	4 – 6 months	7 – 12 months	Greater than 12 months	Allowance for impairment	
	R'000	R'000	R'000	R'000	R'000	R'000	
49.4.4 COMPANY							
30 June 2022							
Trade and other receivables	320	-	-	-	-	-	320
Cash and cash equivalents	37 827	-	-	-	-	-	37 827
	38 147	-	-	-	-	-	38 147
30 June 2021							
Trade and other receivables	326	-	-	-	-	-	326
Cash and cash equivalents	2 347	-	-	-	-	-	2 347
	2 673	-	-	-	-	-	2 673

No expected credit loss provisions were raised for the Company as at either 30 June 2022 or 30 June 2021.

No independent credit ratings are available for any of the trade receivables or loans. The credit quality of trade receivables has been assessed using historical information of the counterparties including any evidence of financial distress.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

49. RISK MANAGEMENT (continued)

49.4 Credit risk (continued)

The Group and the Company apply the IFRS 9 simplified approach to measure expected credit losses using a lifetime expected credit loss allowance for trade receivables. To measure expected credit losses ("ECL") on a collective basis, trade receivables are grouped based on similar credit risk and ageing. The Group and the Company apply the IFRS 9 simplified approach of measuring ECL using the lifetime expected credit loss allowance for insurance and other receivables, whereas the general approach is used for loans.

The expected loss rates are based on the Group and the Company's historical credit losses up to the end of the reporting period. The determined historical rates are then adjusted for current and forward-looking information on factors affecting the Group and the Company's client base.

The lifetime expected loss provision for insurance, trade and other receivables is as per the commentary to the tables shown below:

Expected credit loss

		Ageing of financial assets					Allow- ance for impair- ment R'000	Carrying value R'000
		Not past due R'000	1 – 3 months R'000	4 – 6 months R'000	7 – 12 months R'000	Greater than 12 months R'000		
49.4.5	GROUP							
	30 June 2022							
	Loans receivable	6 791	-	-	-	-	-	6 791
	Loans to associates	3 173	-	-	-	-	-	3 173
	Recoverable from reinsurers*	561 561	-	-	-	-	-	561 561
	Insurance, trade and other receivables	166 390	10 720	8 485	9 670	181 391	(96 915)	279 741
		737 915	10 720	8 485	9 670	181 391	(96 915)	851 266
	30 June 2021							
	Loans receivable	1 044	-	-	-	-	-	1 044
	Loans to associates	35 493	-	-	-	-	-	35 493
	Recoverable from reinsurers	448 381	-	-	-	-	-	448 381
	Insurance, trade and other receivables	121 273	19 488	8 846	1 844	194 277	(96 403)	249 325
		606 191	19 488	8 846	1 844	194 277	(96 403)	734 243

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

49. RISK MANAGEMENT (continued)

49.4 Credit risk (continued)

		Ageing of financial assets						Carrying value R'000
		Not past due	1 – 3 months	4 – 6 months	7 – 12 months	Greater than 12 months	Allow- ance for impair- ment	
		R'000	R'000	R'000	R'000	R'000	R'000	
49.4.6 COMPANY								
	30 June 2022							
	Trade and other receivables	320	-	-	-	-	320	
	Cash and cash equivalents	37 827	-	-	-	-	37 827	
		38 147	-	-	-	-	38 147	
	30 June 2021							
	Trade and other receivables	326	-	-	-	-	326	
	Cash and cash equivalents	2 347	-	-	-	-	2 347	
		2 673	-	-	-	-	2 673	

The majority of the insurance, trade and other receivable outstanding for longer than 12 months relates to:

- R95.0 million owed by a third-party collection agency that was put into liquidation during June 2021. A loss allowance for the full lifetime expected credit loss has been provided for on the outstanding balance. The credit risk has been assessed as high given that the entity was placed in liquidation. The current expected credit loss was raised at 100% given the current market values of the underlying assets compared to total unsecured debt of R1.74 billion in the public domain, in addition to the entity's secured debt;
- R51.1 million owed by Trustco Property Holdings Proprietary Limited and Legal Shield Holdings Limited in respect of the lapsed transactions that the entities and Constantia were involved in (the termination of negotiations between Trustco and the Company was announced on SENS on 18 March 2021). Payment of the Outstanding Receivable is disputed and currently the subject of an arbitration. The outstanding amount is however fully secured and the credit risk and risk of default for these debtors are considered to be low;
- R33.4 million in long outstanding premiums on the medical evacuation book. Due to restrictions with the availability of foreign exchange in some African countries, minimal payments have been received from certain in-country insurers that reinsures into Constantia. Any claims to be settled in those countries have however been settled directly by the local insurer to the policyholder. To mitigate the risk of non-recoverability of the outstanding premium, any amounts due to in-country insurers and the underwriting manager responsible for the business (comprising mainly claims owing, profit commissions and underwriting management fees) have also been held back or were settled on a net basis. The credit risk and risk of default for this debtor is considered to be low; and
- R1.4 million in long outstanding premiums on the taxi insurance book, together with a further R1.4 million on the medical malpractice insurance book. The credit risk has been assessed as high in both instances and the current expected credit loss was raised at 100%.

The majority of the insurance receivable outstanding for 4 - 6 months and 7 - 12 months relates to:

- R1.6m of outstanding fees that should normally be settled within 30 days of invoice. The credit risk has been assessed as high given that the amount has been outstanding for so long. Given the nature of the amounts outstanding and the period for which it had been outstanding, the current expected credit loss on these outstanding amounts was raised at 29%.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

49. RISK MANAGEMENT (continued)

49.4 Credit risk (continued)

- R10.8 million in long outstanding premiums on the medical evacuation book. Due to restrictions with the availability of foreign exchange in certain African countries, minimal payments have been received from insurers in those countries. Any claims to be settled in those countries have however been settled directly by the local insurer to the policyholder. To mitigate the risk of non-recoverability of the outstanding premium, any amounts due to the local insurers and the underwriting manager responsible for the business (comprising mainly claims owing, profit commissions and underwriting management fees) have also been held back or were settled on a net basis. The credit risk and risk of default for this debtor is considered to be low;
- R5.3m of outstanding premium that is normally settled on completion of certain work by the insured. The amount is deemed to be fully recoverable and the credit risk and risk of default for these debtors are considered to be low as outstanding amounts have historically been settled after completion of the work; and
- R0.5 million of outstanding commissions that would normally be settled on the transfer of properties being sold. Although the credit risk and risk of default for these debtors are considered to be low, an expected credit loss of 10% of the long outstanding amount has been raised, given the period that it has been outstanding.

ECL rate: 0 - 12 months

An assessment of the ECL was performed for individual significant debtors using a provision matrix over the remainder of the debtors. This assessment resulted in an allowance of less than R1 million, which is considered immaterial and therefore no additional allowance was raised.

The carrying amounts as disclosed above are shown net of impairment.

The due date for receivables due from contract holders or intermediaries who collect premiums on the insurers' behalf, is by way of an agreement with the contract holders or intermediaries. In terms of the agreement, payment is due by no later than fifteen days after the end of the month in which premiums are collected, in accordance with Insurance Legislation.

Please refer to notes 18, 21 and 22 for further details relating to the ECL and credit risk management on various Group and Company loans.

49.5 Liquidity risk

Liquidity risk is defined as the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Management monitors this risk on a daily basis through a review of available cash resources and expected and possible future commitments.

The following maturity analysis provides details on expected settlement of financial liabilities recognised at reporting date:

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

49. RISK MANAGEMENT (continued)

49.5 Liquidity risk (continued)

	Within 1 year R'000	2 to 5 years R'000	More than 5 years R'000	Total R'000
49.5.1 GROUP				
2022				
Lease liabilities, including finance charges component	14 163	56 332	-	70 495
Insurance liabilities and policyholder liabilities under insurance contracts	783 947	1 858	12 573	798 378
Insurance, trade and other payables	752 184	-	-	752 184
	1 550 294	58 190	12 573	1 621 057
2021				
Lease liabilities, including finance charges component	14 840	53 785	9 780	78 405
Insurance liabilities and policyholder liabilities under insurance contracts	650 089	1 741	11 756	663 586
Insurance, trade and other receivables	647 080	-	-	647 080
	1 312 009	55 526	21 536	1 389 071
49.5.1 COMPANY				
2022				
Interest-bearing borrowings	3 792	-	-	3 792
Advances payable	37 392	-	-	37 392
Trade and other payables	1 275	-	-	1 275
	42 459	-	-	42 459
2021				
Interest-bearing borrowings	3 707	-	-	3 707
Advances payable	20 447	-	-	20 447
Trade and other payables	1 069	-	-	1 069
	25 223	-	-	25 223

49.6 Insurance risk

The insurance division has a risk management function and a portfolio management function that manage and continuously monitor and report the risks relating to the Group's insurance operations to the division's Risk and Compliance Committee and to management.

49.6.1 Types of insurance policies

The Group writes both short-term and long-term insurance business. The long-term business consists mainly of funeral cover, comprising both individual business and group schemes. Several lines of short-term business are written, providing cover to individuals and insuring business risks. The main short-term lines of business are as follows:

Guarantee:

The insurer assumes obligations in the event that a specified party fails to discharge certain specified obligations, financial or otherwise.

Liability:

The insurer assumes obligations for liabilities incurred by the insured which are not more specifically defined in the contract.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

49. RISK MANAGEMENT (continued)

49.6 Insurance risk (continued)

Medical malpractice (also reflected as Liability):

The insurer assumes obligations linked to the occurrence of certain health events or on death or disability of the patient of the insured resulting from certain medical malpractice incidents.

Motor:

The insurer assumes obligations for damage to or theft of the insured vehicle and for damage caused by the vehicle to third party property or other legal liability arising from the use or ownership of the vehicle. This class of business encompasses light vehicles used for both personal and commercial purposes as well as heavy commercial vehicles.

Accident and Health:

The insurer assumes obligations linked to the occurrence of certain health events and on death or disability of the insured resulting from the occurrence of certain personal accidents.

Aviation:

The insurer assumes obligations for damage to or loss of the aircraft of the insured or other liability arising from ownership of the aircraft.

Property:

The insurer assumes obligations arising from damage to or loss of property of the insured or other liability arising from the ownership of the property.

49.6.2 Concentration of insurance risk

The Group limits its exposure to any one risk through a reinsurance strategy combining both proportional and non-proportional elements.

The insurance division has no specific concentration of insurance risk by policy type or geographic area, except for liabilities that would arise in the event of a natural disaster. The Group mitigates such risk through reinsurance catastrophe cover.

Using gross earned premium as an indicator, the table below illustrates the division's distribution of risks underwritten across the classes of business:

Gross premium written per class of business	2022* R'000	2021 R'000
Short term		
Accident and Health	1 159 126	1 073 880
Aviation	79 400	68 821
Guarantee	42 602	45 696
Liability	240 963	215 759
Motor	279 142	360 337
Property	101 243	116 559
Transport	3 842	4 326
Miscellaneous (including legal expenses, retrenchment cover)	58 315	15 682
Long term	45 886	48 186
	2 110 519	1 949 246

* Estimate, as actuals are not available for the 2022 financial year

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

49. RISK MANAGEMENT (continued)

49.6 Insurance risk (continued)

49.6.3 Management of insurance risk

The acceptance of insurance risk is the core activity of the insurance division. As a result the risk management approach is to ensure that risks are within acceptable limits rather than totally nullified. The principal risk is that the frequency or severity of claims are greater than expected or that premiums have not been correctly rated for the level of risk adopted.

The underwriting results of each underwriting manager or scheme and of each risk class are monitored on a regular basis by the portfolio management function and management and corrective measures are actioned where applicable. This can include the review of underwriting manager procedures for the acceptance of new business, rating procedures and claims administration, the re-rating of existing business, where applicable, or the cancellation of contracts with underwriting managers or policyholders when justified. There are clearly defined limits within which business may be written.

The Group has a programme for the regular internal audit of underwriting activities to identify potential risk areas proactively.

Underwriting risk is further mitigated by a clear reinsurance policy that incorporates both proportional and non-proportional reinsurance programs which are reviewed and monitored by management by individual lines of business. As part of the Group's risk management regime, it annually reviews its reinsurance program to ensure that an appropriate level of risk is retained in the Group.

The Group's short-term insurance risks are spread across various geographical areas and amongst various lines of business, both personal and commercial, including guarantee, liability, motor, accident and health, and property cover. In respect of long-term policies, a reputable actuary is utilised to ensure that adequate premiums are being levied and that the Capital Adequacy Reserve is well covered by assets.

49.6.4 Key insurance risk

Reinsurance credit risk

There is a risk that a reinsurer does not perform in accordance with the reinsurance contract. The risk is limited as risk premiums are paid quarterly to reinsurers and claims can be offset against risk premiums.

The risk is mitigated by the choice of reinsurers. The Group currently deals with the following reputable reinsurers:

- African Reinsurance Corporation (SA) Limited;
- Arch Reinsurance Corporation Limited;
- Aspen Syndicate;
- Beazley Syndicate;
- Canopus Syndicate;
- Coverys Syndicate;
- Dale Syndicate;
- Echo Reinsurance Limited;
- Everest Reinsurance Limited;
- General Reinsurance Africa Limited;
- GIC Re South Africa Limited;
- Hannover Re Group Africa Limited;
- Hannover Rück SE (Societas Europaea);
- Itoo Special Risks Proprietary Limited;
- Liberty Mutual Surety;
- Munich Reinsurance Company of Africa Limited;

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

49. RISK MANAGEMENT (continued)

49.6 Insurance risk (continued)

- N.V. Nationale Borg Maatchappij;
- One Re Limited;
- PartnerRe Limited;
- R&V Versicherung AG;
- SCOR SE (Societas Eurpaea); and
- Swiss Re Corporate Solutions Limited

Claims risk

Claims risk is the risk that the Group may pay claims not legitimately incurred. The legitimacy of claims is verified by internal, financial and operating controls that are designed to contain and monitor claims, including reviews of individual claims by the claims centre and claims forum, where required. Claims costs are further mitigated by the activities of salvages and recoveries and claims procurement department.

Lapse risk

Lapse risk relates to the risk of financial loss due to negative lapse experience, particularly as it impacts the actuarially assessed policyholder liabilities. Lapse experience is monitored to ensure that negative experience is timeously identified, and corrective action taken.

Expense risk

Expense risk is the risk of loss due to actual expense experience being worse than that assumed in premium rates and actuarially calculated policy liabilities. Expenses are continuously monitored and managed through the Group's budgeting and financial reporting processes.

Pricing and Underwriting risk

Pricing and Underwriting risks are the risks that inappropriate business is accepted or that business is not correctly priced relative to the level of risk assumed. These risks are mitigated by an ongoing review of underwriting activities, claims experience and financial performance, as well as periodic reviews of product rating by the Group's actuarial resource.

49.7 Capital risk management

The Group's objectives when managing capital are:

- to safeguard the Group's ability as a going concern in order to provide returns for shareholders and benefits for other stakeholders; and
- to maintain an optimal capital structure that balances the required returns on shareholders' capital with the risks associated with the entity's business.

The capital structure of the Group consists of invested share capital, retained earnings and non-controlling shareholders' interest as disclosed on the Group's statement of financial position.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, raise additional capital from shareholders, sell assets to reduce debt or review the quantum of risk carried by the Group by passing on risk to reinsurers through proportional reinsurance structures.

The Group's insurance businesses are required by law to maintain a minimum level of solvency in terms of the Insurance Act, no. 18 of 2017 and submit returns on a quarterly and annual basis to the Prudential Authority ("PA"). Solvency for this purpose is calculated in terms of the Act.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

49. RISK MANAGEMENT (continued)

49.7 Capital risk management (continued)

The Prudential Authority, which governs South African assurance companies, came into effect on 1 July 2018, following the promulgation of the Insurance Act No 18 of 2017. This also brought about the Financial Soundness Standards which governs all insurers. These Financial Soundness Standards necessitated a change to insurers' capital requirement calculation by introducing the Solvency Assessment and Management ("SAM") regime as the industry standard for measuring an insurance company's solvency capital requirements. The key measures of capital adequacy under SAM are the Minimum Capital Requirement ("MCR") ratio and the Solvency Capital Requirement ("SCR") ratio.

The MCR refers to the absolute minimum level of eligible own funds that an insurer must hold to protect all its policyholders and the prescribed minimum MCR ratio is 1.00.

The SCR on the other hand refers to the level of eligible own funds that an insurer must hold to ensure that the value of its assets will exceed the technical provisions and other liabilities at a 99.50% confidence level over a one-year time horizon. The SCR model therefore requires an additional surplus of assets (buffer) above liabilities to take account of potential adverse outcomes of both the inherent risk of underwritten portfolios and the future cost of claims of these portfolios. The prescribed minimum SCR ratio is 1.00.

Should an insurer not have a sufficient buffer in place (MCR or SCR below 1.00), the PA has various rights of response and intervention, commencing with closer supervision of the insurer.

Consistent with others in the industry, the Group monitors capital in its insurance businesses by utilising the SCR and MCR ratios, together with the International Solvency Ratio ("ISR"). Over the medium to long term the Group targets:

- an ISR of in excess of 45% and MCR and SCR ratios in excess of 1.20 for its short-term insurance business; and
- MCR and SCR ratios of 1.50 for its long-term insurance businesses.

The ISR is calculated as the short-term insurer's net assets divided by net written premium, while the MCR and SCR ratios are calculated as the insurer's statutory net assets divided by the relevant capital adequacy requirement as calculated in terms of SAM.

Constantia Insurance Company Limited's ("CICL") liquidation shortly after the year-end (refer note 53: Subsequent Events for further detail), together with the direct and indirect impact of the liquidation on a number of group assets, and the CICL Liquidator's decision not to provide audited annual financial statements for CICL for the 2022 financial year, made it impossible to determine what a fair ISR, MCR and SCR for CICL would have been as at the year-end.

The negative impact of CICL's liquidation on some of the unlisted investments held by Constantia Life and Health Assurance Company Limited ("CLAH"), resulted in CLAH's MCR and SCR ratios falling below the statutory minimum at 0.50 (2021: 1.99) and 0.56 (2021: 1.07), respectively. The MCR and SCR ratios of Constantia Life Limited ("CLL") were 0.45 and 2.09, respectively.

MCR and SCR below regulatory requirements

CLAH's MCR and SCR ratios of 0.50 and 0.56, respectively, was primarily the result of unrealised losses on its unlisted investment portfolio, brought about by CICL's liquidation, with preliminary numbers before CICL's liquidation reflecting an MCR ratio of 2.20 and an SCR ratio of 1.27.

CLL's MCR ratio of 0.45 was primarily the result of unrealised losses in the listed equity portfolio and the higher reserving on the policyholder liabilities, both during the prior financial year. A section 50 transfer, which was initiated in order to remedy the situation, was indefinitely put on hold due to the CICL liquidation.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

49. RISK MANAGEMENT (continued)

49.7 Capital risk management (continued)

Given that CLL's MCR ratio of 0.45 and CLAH's MCR and SCR ratios of 0.50 and 0.56, respectively, as at 30 June 2022 were below the PA's prescribed minimum of 1.00, both insurers have entered into ongoing correspondence with the PA, detailing various action plans to restore the respective companies' SCR and MCR to levels above 1.00 and to add an additional safety margin.

The correspondence with the PA included various action plans to restore the SCR and MCR above 1.00 and to add an additional safety margin. These plans include, but are not limited to:

- Continued intervention to improve the cash generative ability of each company, including the sale of equities in the short term, underwriting and operational interventions and improved risk management processes;
- Increased and improved efforts in cost reduction and maintenance, where possible;
- The introduction of new equity in CLAH (when the shortfall in CLAH became apparent in September 2022, additional capital was introduced, which increased the SCR ratio to 1.85 and the MCR ratio to 2.05, on a pro forma basis) and CLL (additional capital was introduced to the company in September 2023, which increased the SCR ratio to 1.52 and the MCR ratio to 1.31 at the time); and
- The possible sale of the companies to third party shareholders that would be able to recapitalise the businesses (a SENS announcement released on 11 July 2023 confirmed the sale of CLAH with effect from 3 July 2023, whereas a SENS announcement on 24 May 2023 announced the sale of CLL and CRIH, its holding company, subject to certain conditions still to be met ["Disposal of CRIH and CLL"]).

Shareholders have subsequently been informed by way of SENS announcements of the extensions to the date of fulfilment of the conditions to the Disposal of CRIH and CLL (refer to note 53: Subsequent Events for further detail). Further SENS announcements relevant to this transaction will be made available, as and when appropriate.

It should however be noted that, notwithstanding the substantive remediation efforts already underway, should the planned initiatives not be successful, CLL's SCR and MCR may not be restored to a minimum level of 1.00 in the short term.

49.8 Impact of COVID-19

Since February 2020 the government implemented strict measures to control the COVID-19 pandemic, straining an already weak economy and resulting in a significant decrease in economic activity that is slow to recover. The persistent uncertainty as to the eventual extent and impact of COVID-19 resulted in significant volatility in equity, interest rate and currency markets thereby impacting the Group results for the 2021 financial year. The areas most significantly impacted are further discussed below.

Gross premium earned

There was limited growth in gross premium earned in the current year compared to the prior year as a result of the cancellation of a number of non-performing books and a decrease in the growth of new business, compounded by the impact of Covid-19. This was coupled with the premium relief provided to insured clients to ease the financial pressure experienced over this period.

Underwriting result

Introduced in the prior year, deliberate remedial interventions implemented across each segment of the insurance group achieved the objective of mitigating exposure. These interventions included improved controls and enforced discipline in underwriting processes. It is evident from the improved underwriting result compared to the prior year, that the remedial action undertaken resulted in the stabilisation of the books and continues to contribute to the sustained turnaround of the insurance business.

The strict lockdown measures implemented due to COVID-19, resulted in a further positive impact on the claims experience, with fewer claims being reported over this period. As the measures were relaxed, the claims frequency started to normalise however at a lower rate compared to the prior year.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

49. RISK MANAGEMENT (continued)

49.8 Impact of COVID-19 (continued)

Contingent Business Interruption (“CBI”) exposure

The Group's Contingent Business Interruption (CBI) exposure, as a result of the COVID-19 pandemic, is limited as a result of the specific policy wording relating to the CBI extension for contagious and infectious diseases.

This type of cover is generally considered to be perils based, in that a peril has to occur, causing damage to insured property before the policy can respond. In this instance, and for example, business operations must be interrupted as a result of or as a consequence of physical damage caused by one of the perils listed under the fire section of the insurance policy occurring at the premises and be directly attributable to a localised infection (COVID-19) in order for it to be covered. COVID-19 or any other pandemic would foreseeably not cause such damage to property in the manner as listed under the Fire section of the policy. This view is shared by both the Financial Sector Conduct Authority (“FSCA”) and the majority of the reinsurers in response to the industry's COVID-19 CBI claims. It is critical to note the treaties with the Group's reinsurers only cover those claims covered in terms of our policies. To lodge a claim with our reinsurance partners under an alternative interpretation of the policy wording to our own, would result in the interpretation being definitively decided upon in the South African judicial system.

Investment result

The listed equity portfolio (refer note 23) contributes a significant amount to the capital of the Group. The market value of the portfolio was adversely impacted by the downturn in the financial markets resulting from COVID-19 and deteriorating economic conditions that are slow to recover.

During the current period, R138.86 million (2021: R138.86 million) in net investment losses was reported on the listed equities portfolio (excluding treasury stock).

50. DIRECTORS’ INTEREST IN SHARES

	Direct	Indirect	Total
30 June 2022			
Chou, Leo *	73 157 606	55 188 565	128 346 171
Lubega, Melvyn	838 720	-	838 720
Maizey, Adrian**	955 095	6 189 910	7 145 005
Napier, Ronald	-	-	-
Riskowitz, Sean**	8 393 722	9 712 695	18 106 417
Siyotula, Nonzukiso	-	-	-
Yan, Bianca	22 339	-	22 339
	83 367 482	71 091 170	154 458 652

* During April 2022 and May 2022 Mr Leo Chou's indirect beneficial interest in Conduit reduced by 609,897 shares.

** In addition to their personal direct or indirect beneficial interest in Conduit Capital shares, Messrs Sean Riskowitz and Adrian Maizey control Protea Asset Management (“Protea”) and Riskowitz Capital Management (“RCM”). Protea is the Investment Advisor, and RCM is the General Partner, to Ithuba Investments LP and Riskowitz Value Fund LP, both investment partnerships which directly own Conduit Capital shares. Through Protea and RCM, Messrs Riskowitz and Maizey control an additional 221 139 662 Conduit Capital shares.

There were no movements in any of the above shareholdings between the year-end and the earlier of the date on which an individual might have resigned as a director, or the date of this report.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

50. DIRECTORS' INTEREST IN SHARES (continued)

	Direct	Indirect	Total
30 June 2021			
Chou, Leo	73 157 606	55 798 462	128 956 068
Lubega, Melvyn	838 720	-	838 720
Maizey, Adrian*	955 095	6 189 910	7 145 005
Napier, Ronald	-	-	-
Riskowitz, Sean*	8 393 722	9 712 695	18 106 417
Siyotula, Nonzukiso	-	-	-
Yan, Bianca	22 339	-	22 339
	83 367 482	71 701 067	155 068 549

51. RELATED PARTY TRANSACTIONS

The Company and its subsidiaries, in the ordinary course of business, entered into various transactions with related parties, as detailed below:

51.1 Shareholders

The principal shareholders of the Company are detailed in the section dealing with shareholder information. There were no dealings with the Company's principal shareholders, other than those who are also directors of the Company. These dealings are disclosed in note 51.3.

51.2 Companies within the group

51.2.1 Subsidiaries

Details of investments in and loans and advances to/from subsidiary companies are disclosed in notes 48.2 and 48.3. Additional information about the impact that these balances have on the Group and the Company's Financial Statements are disclosed in note 22. Details of trading transactions with subsidiary companies and outstanding balances are reflected in note 51.4.1.

51.2.2 Associates

Details of investments in associate companies are disclosed in note 48.1.

Details of trading transactions with associate companies are reflected in notes 20 and 51.4.2.

51.3 Directors and key management

51.3.1 Dealings in capacity as a director of the company

The directors' report and the notes to the Financial Statements disclose details relating to directors' emoluments (note 42) and shareholdings in the Company (note 50).

51.3.2 Companies transacted with and controlled by a director or a director of a major subsidiary

Mr Sean Riskowitz controls and manages:

- Ithuba Investments LP;
- Protea Asset Management LLC;
- Riskowitz Capital Management LLC; and
- Riskowitz Value Fund LP;

(together "the Riskowitz Group").

Mr Adrian Maizey also perform duties for, and is compensated for performing those duties, by the Riskowitz Group. Mr. Maizey has an interest in the Riskowitz Group.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

51. RELATED PARTIES TRANSACTIONS (continued)

51.3 Directors and key management (continued)

51.3.3 Dealings in capacities other than as a director of the company

During the year ended 30 June 2022 the Group has had no dealings with directors other than in their capacity as directors.

51.4 Trading transactions and outstanding balances other than loan balances and advances

	GROUP		COMPANY	
	30 June 2022 R'000	30 June 2021 R'000	30 June 2022 R'000	30 June 2021 R'000
51.4.1 Subsidiaries				
<i>IMR Share Trust</i>				
- Interest paid	-	-	(86)	(71)
51.4.2 Associates				
<i>Mobility Insurance Underwriting Managers Proprietary Limited</i>				
- Interest paid	272	195	-	-
- Management fees paid	(13 525)	(10 720)	-	-
- Balance due by	313	338	-	-
<i>Oraclemed Health Investments Proprietary Limited</i>				
- Management fees and profit commission paid	(32 229)	-	-	-
- Balance due by	(53 303)	-	-	-
<i>Rikatec Proprietary Limited</i>				
- Interest received	1 815	1 555	-	-

52. GOING CONCERN

The Board assesses the going concern status of each legal entity in the Group on an annual basis, with the assessment involving making a judgement, at a particular point in time, about the future outcome of events or conditions which are inherently uncertain. The assessment is further complicated by the post year-end liquidation of Constantia Insurance Company Limited ("CICL"), the Group's largest subsidiary that historically contributed in excess of 95% of Group revenue and in excess of 85% of total Group assets (refer note 53: Subsequent Events for further details).

Despite the difficulties highlighted above, the directors believe that the Group and Company have adequate financial resources to continue in operation for the foreseeable future. Accordingly, the annual financial statements have been prepared on a going concern basis.

Group and company liquidity position

- The Group reflects a Net Asset Value ("NAV") of negative R299.7 million, down R317.0 million from a positive R17.3 million in the prior year. The main reason for the reduction is due to the non-cash flow impairment of a number of assets (the majority hereof linked to the demise of CICL after the year-end), as follows:

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED**52. GOING CONCERN (continued)**

	R'000
a. Listed and unlisted investments, properties	90 897
b. Subsidiaries and associates	44 356
c. Deferred tax	109 421
d. Goodwill	45 440
e. Computer software	8 529
f. Property, plant and equipment	1 822
	300 465

The Group is therefore technically insolvent, although the technical insolvency is only due to the impairment of non-operating assets with no impact on operating cash flows.

It should be noted that CICL is responsible for the largest part of the Group's excess of total liabilities over total assets, i.e. should CICL's impact be excluded from the calculation (as would be the case after its liquidation), the Group NAV would change to a negative R46.7 million. This shortfall is the result of R156.8 million owing by the remainder of the Group to CICL. Other than for ~R2.6 million that must be settled by January 2025, no specific repayment dates have been established for these amounts owing, as they are all repayable either at the election of the borrower or by mutual consent.

2. The Company reflects a positive NAV of R81.0 million, backed by cash, investments in subsidiaries and loans to fellow group companies. The Company is thus solvent.
3. The Group and the Company's net current liabilities exceed current assets by R539.0 million and R4.2 million respectively, due to, amongst other:
 - listed equity investments (Group: R83.2 million and Company: Nil);
 - unlisted equity investments (Group: R23.4 million and Company: Nil);
 - investments in associates (Group: R46.0 million and Company: Nil);
 - an Oraclemed long-outstanding premium receivable of R33.4 million being reflected under non-current assets. The Oraclemed long-outstanding premium debtor is effectively funded by a similar-sized creditor, currently reflected under current liabilities, that would only become payable when the premium is received; and
 - a R53.7 million receivable (in respect of monies paid to the Trustco Group while negotiations for the Herboth's property acquisition were in progress, together with deposits made i.r.o. Constantia's property rentals) also being reflected under non-current assets due to the repayment date thereof being confirmed as after June 2024; and
 - borrowings and advances with no predetermined repayment dates (Group: R8.5 million and Company R41.2 million) being reflected as current liabilities, even though there is no intention or requirement to settle these liabilities in the short term.

It should be noted that CICL is responsible for R596.0 million of the Group's excess of current liabilities over current assets, i.e. should CICL's impact be excluded from the calculation (as would be the case after its liquidation), current assets of the remaining Group would actually exceed current liabilities by R56.9 million.

4. The Group and Company have positive cash reserves of R237.1 million and R37.8 million, respectively. With CICL and its subsidiaries being excluded from the calculation, the Group's cash changes to R77.5 million. A cash flow forecast for the next year indicates that this, together with the cash expected to be generated during the period, will be more than sufficient for the Group and the Company to settle all of its cash obligations during the next year. Cash generation initiatives would include the sale of assets, where required.
5. In terms of liquidity, although the Group and the Company reflect net current ratios of less than 1, the Group and Company have positive unencumbered cash reserves of R77.5 million and R37.8 million (as detailed in 4 above), respectively. Overall available cash balances for the Group and Company amount to R237.1 million and R37.8 million, respectively (Group, excl. CICL: R77.5 million). Also refer to the cash flow forecast comment in paragraph 4 above.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

52. GOING CONCERN (continued)

6. To efficiently and effectively manage cash flows and reserves, creditor terms are noted and utilised in the monthly payment cycles. Should there be delays in payments, this is usually as a result of account queries.

Despite significant doubt being cast on the Group and the Company's ability to continue as going concerns due to the material uncertainty created by:

- the curatorship and subsequent liquidation of CICAL (the Group's largest subsidiary) with effect from 31 August 2022; and
- the excess of the Group and the Company's current liabilities over current assets as at the reporting date;

the Board believes that:

- the post-balance sheet events detailed in note 53: Subsequent Events;
- its comfort that the cash flow budgets that were presented can realistically be achieved; and
- the PA's approach to the CRIH, CLL and CLAH disposals;

will provide the Group and the Company with adequate financial resources to continue in operation for the foreseeable future. Accordingly, the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the Group and the Company are both in a sound financial position and that both have access to sufficient cash and borrowing facilities to meet their foreseeable cash requirements. Other than those disclosed in this financial report, the directors are not aware of any material changes that may adversely impact the Group and the Company. The directors are unaware of any allegations that the Group or the Company is in breach of its statutory or regulatory obligations or of any pending changes to legislation which may affect the Group or the Company.

53. SUBSEQUENT EVENTS

- On 26 July 2022 CICAL, the Group's largest operating subsidiary, was placed under provisional curatorship. The conditions of the provisional curatorship, which included the suspension of its capacity to receive new business premiums, made it impossible for CICAL to retain its clients, which in turn resulted in its reinsurers also terminating their reinsurance arrangements with the company. Given the enormous negative impact that the curatorship and the terms associated therewith ultimately had on CICAL, the company was placed under liquidation on 14 September 2022, by order of the High Court on application by the PA. SENS announcements relating to CICAL's liquidation were released during the 2022 calendar year and can be found on the Group's website at www.conduitcapital.co.za. With the liquidation of CICAL, the Group ceased having full control over the affairs of CICAL. As at the reporting date, CICAL continues to be consolidated and forms part of the financial results. However, as at the next reporting date CICAL and its wholly owned subsidiaries will be deconsolidated from the Group results.
- On 1 September 2022 the Group disposed of its interests in:
 - Kulundleko Solutions Proprietary Limited trading as Repair Solutions (Nature of Business: Insurer and Motor Body Repairer Alignment - 58.6% effective interest); and
 - Corporate Specialist Investigations Proprietary Limited (Nature of Business: Claims Investigations - 46.8% effective interest);

for a total consideration of R1.00 (one Rand). The disposals were brought about by the demise of CICAL, given that CICAL was anticipated to be a core patron of these businesses going forward.

- On 23 September 2022 CRIH disposed of its rights to the "Ethiqal" trademark that was used in connection with the Medical Malpractice business, operated by CICAL, for a total consideration of R5.2 million. The disposal was brought about by CICAL's liquidation. The proceeds from the sale were used to partially repay some of the funds previously advanced by CICAL to CRIH.
- In December 2022 CRIH commenced arbitration proceedings against Trustco Property Holdings (Proprietary) Limited for the recovery of R50.0 million together with other relief arising from an alleged breach of contract. The arbitration concluded in April 2024 and in June 2024 judgment was awarded in favour of CRIH.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS CONTINUED

53. SUBSEQUENT EVENTS (continued)

- As per a SENS announcement released on 28 December 2022, CRIH entered into a share sale and purchase agreement with Affinity Financial Services Proprietary Limited ("Affinity"), an unrelated third party, to dispose of the entire issued share capital of its wholly-owned subsidiary, CLAH, for a consideration of R20.0 million with an effective date of 31 January 2023 or such later date as may be agreed in writing between the parties. The transaction was subject to the fulfilment of certain suspensive conditions, including the approval of the transaction by the PA. As recorded in a further SENS announcement released on 11 July 2023, the effective date of the disposal became 3 July 2023. Affinity's stated objective is to introduce additional business and equity into CLAH. On 11 September 2023 CLAH changed its name to Affinity Life Limited.
- As per a SENS announcement released on 24 May 2023 (and updated by various subsequent announcements, the most recent of which was released at the end of June 2024), Copper Sunset Trading 186 Proprietary Limited entered into an agreement with TMM Holdings Proprietary Limited ("TMM"), an unrelated third party, to dispose of the entire issued share capital of CRIH and therefore its wholly-owned subsidiary, CLL, for a consideration of R55.0 million ("Purchase Price"). The transaction is subject to the fulfilment of certain suspensive conditions, including the approval of the transaction by the PA. On 3 June 2024 the PA notified CRIH that it has declined to approve the transaction and that, in terms of the Insurance Act and the Financial Sector Regulation Act, TMM has the right to appeal the decision. On 25 June 2025 shareholders were notified via SENS that:
 - TMM is engaging with the PA to appeal its decision to decline TMM's application as it relates to the transaction; and
 - the parties have entered into a further addendum to the Agreement to, *inter alia*, extend the date of fulfilment of the suspensive conditions to 31 January 2025 and to insert and vary certain clauses of the agreement to provide for certain of CLL's operating costs to be paid by TMM with effect from 1 July 2024 and to confirm that the aggregate of such costs paid by TMM will be deducted from the Purchase Price.
- On 29 June 2021 CRIH entered into a subscription agreement, subject to certain conditions, with OracleMed Health Group Holdings Proprietary Limited and OracleMed Health Investments Proprietary Limited ("OMHI") to acquire 75% of the shares in OMHI, in stages, for a consideration (the Subscription Consideration) that would be based on OMHI's profitability during the year ended 31 August 2022. OMHI is a global Medical Insurance Underwriting Manager and Administrator that provides a unique range of International Medical Insurance products in Africa, then underwritten by CICL. OMHI further has access to a worldwide network of 3,200 hospitals and established partnerships with 7,000 health providers across Africa. This transaction had an effective date of 31 August 2021 with an initial allotment by OMHI of 30% of its shares for a prepayment of R42 million, with the remaining 45% to be allotted in exchange for the balance of the Subscription Consideration payable on or about 1 October 2022.

CICL was placed under administration in July 2022 and wound up with effect from 31 August 2022. CICL's capacity to receive new business premiums was also suspended. As a result hereof, CRIH was in breach of agreements with OMHI, was unable to raise the funds to pay the balance of the Subscription Consideration, and CICL was unable to pay OMHI the administration fees and underwriting profit to which it was entitled.

CRIH entered into agreements with OMHI in terms whereof, with effect from 1 October 2023 (1) OMHI would abandon its claims against CRIH, (2) CRIH purchased OMHI's claim against CICL for R100 000 and (3) OMHI bought back CRIH's shareholding in OMHI for R9 million.

- During June 2022 CICL elected to repay loans in the aggregate of R111.8 million owing by it to CRIH. CICL intended to give effect to this election by issuing shares to CRIH. Due to CICL being placed under curatorship and into liquidation the shares were never issued and the R111.8 million remains unpaid. In April 2024 CRIH lodged a claim against CICL's estate for the amount owed to it by CICL.
- Shareholders were advised in an announcement released on SENS on 4 April 2024 that on 2 April 2024 the liquidators of CICL filed applications with the Western Cape High Court ("the Court") for orders to provisionally wind-up the Company and its wholly owned subsidiary, Conduit Ventures Proprietary Limited ("the Applications"). Given that the Applications were opposed, the Court postponed the hearing thereof to 2 August 2024. On that date the Court dismissed the Applications with costs.

SHAREHOLDER INFORMATION

SHAREHOLDER SPREAD

	Number of shareholders	%	Number of shares	%
1 – 1 000 shares	6 047	87.64	736 888	0.10
1 001 – 10 000 shares	564	8.17	1 784 846	0.23
10 001 – 100 000 shares	163	2.36	4 953 806	0.65
100 001 – 1 000 000 shares	77	1.12	25 488 407	3.33
1 000 001 shares and over	49	0.71	731 479 953	95.69
	6 900	100.00	764 443 900	100.00

DISTRIBUTION OF SHAREHOLDERS

	Number of shareholders	%	Number of shares	%
Close corporations	4	0.06	25 265 585	3.31
Individuals	6 712	97.27	189 928 478	24.05
Nominees and trusts	35	0.51	82 102 658	10.74
Other persons and corporations	109	1.58	332 649 336	43.52
Private companies	33	0.48	116 792 551	15.28
Public companies	6	0.09	23 685 290	3.10
Share trusts	1	0.01	20 002	-
	6 900	100.00	764 443 900	100.00

PUBLIC/NON-PUBLIC SHAREHOLDERS

	Number of shareholders	%	Number of shares	%
Non-public shareholders	29	0.41	499 237 755	65.32
Directors' holdings	12	0.17	154 458 652	20.21
Associates' holdings	10	0.14	268 591 593	35.14
Own holdings	6	0.09	76 16 508	9.96
Share trust	1	0.01	20 002	0.01
Public shareholders	6 871	99.59	265 206 145	34.68
	6 900	100.00	764 443 900	100.00

REGISTERED SHAREHOLDERS, INCLUDING DIRECTORS AND THEIR ASSOCIATES, HOLDING 3% OR MORE

	Number of shares	%
Pershing LLC	236 452 402	30.93
Chou Leo Chih Hao Mr	73 157 606	9.57
Citiclient Nominees No 8 NY GW	58 716 422	7.68
Snowball Wealth Proprietary Limited	41 000 000	5.36
Morgan Stanley Smith Barney LLC	33 973 318	4.44
Lollapalooza Proprietary Limited	33 494 038	4.38
Appias Proprietary Limited	28 913 857	3.78
Cindles Investments CC	25 265 000	3.31
	530 972 643	69.45

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