



**CAPITAL  
APPRECIATION**

# **Group and company audited financial statements**

FOR THE YEAR ENDED 31 MARCH 2024

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# Approval of the financial statements

To the shareholders of Capital Appreciation Limited

## **RESPONSIBILITY FOR AND APPROVAL OF THE GROUP AND COMPANY FINANCIAL STATEMENTS**

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

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

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

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

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

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

**M Pimstein**

*Executive Chairman*

**A Salomon**

*Chief Financial Officer*

**B Sacks**

*Chief Executive Officer*

4 June 2024

# Preparation and presentation of the financial statements

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

## Statement on internal financial controls

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

- The financial statements, set out on pages 16 to 90, fairly present in all material respects the financial position, financial performance and cash flows of Capital Appreciation Limited in terms of IFRS Accounting Standards as issued by the International Accounting Standards Board;
- To the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
- Internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer;
- The internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls;
- There were no deficiencies in design and operational effectiveness of the internal financial controls; and
- We are not aware of any fraud's involving directors.

**A Salomon**

*Chief Financial Officer*

4 June 2024

**B Sacks**

*Chief Executive Officer*

## Company Secretary's certification

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



**Peter Katz**

*Consultant*

PKF Octagon  
Johannesburg

4 June 2024

# Independent auditor's report

*To the Shareholders of Capital Appreciation Limited*

## **Report on the Audit of the Consolidated and Separate Financial Statements**

### **Opinion**

We have audited the consolidated and separate financial statements of Capital Appreciation Limited and its subsidiaries ("the group") and company set out on pages 16 to 90, which comprise of the consolidated and separate statements of financial position as at 31 March 2024, and the consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including material accounting policy information.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the group and company as at 31 March 2024, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act of South Africa.

### **Basis for Opinion**

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

### **Key Audit Matters**

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

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

## Independent auditor's report (continued)

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

| Key Audit Matter   | How the matter was addressed in the audit  |
|--|--|
| <p><b>Business combination</b></p> <p>As described in note 6.2 to the group financial statements, on 3 July 2023 Capital Appreciation Limited acquired 100% of the issued share capital and control of Dariel Solutions for a total of R151.1 million that will be settled through a combination of cash and allotment of shares out of the treasury shares.</p> <p>Accounting for the purchase is a key audit matter due to the size of the acquisition and the high level of judgement and complexity relating to the valuation and purchase price allocation ("PPA").</p> <p>The group engaged an independent valuation expert to advise on the identification and measurement of acquired assets and liabilities, in particular determining the allocation of purchase consideration to goodwill and separately identifiable intangible assets.</p> <p>These conditions and associated complexity in accounting for the acquisition and disclosures required by accounting standards required significant audit effort and involvement of senior team members.</p> | <p>Our audit procedures included amongst others the following:</p> <ul style="list-style-type: none"> <li>• We evaluated the methodology used for the acquisition, including fair value accounting adjustments to the tangible assets and liabilities acquired, against the relevant accounting frameworks.</li> <li>• We worked with our strategies and transactions ("SaT") specialists to assess and challenge key assumptions used in the PPA to identify and value separate assets by: <ul style="list-style-type: none"> <li>– Assessing the objectivity, competence and experience of the Group's independent valuation expert.</li> <li>– Comparing inputs used by the Group's independent valuation expert with the Group's strategic plans and approved business forecasts; and</li> <li>– Evaluating the group's significant judgmental assumptions such as identification of separate identifiable intangible assets and the approach and methodology used for valuing the intangible assets.</li> </ul> </li> <li>• We assessed the adequacy of the group's disclosures of quantitative and qualitative considerations in relation to the business acquisition based on our understanding of the acquisition and the requirements with the applicable financial reporting framework.</li> </ul> |

### Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Capital Appreciation Integrated Report for the year ended 31 March 2024" and the 92 page document titled "Capital Appreciation Limited Group and Company audited financial statements for the year ended 31 March 2024", which includes the Directors' Report, the Audit and Risk and Opportunity Committee's Report and the Company Secretary's Certification as required by the Companies Act of South Africa, which we obtained prior to the date of this report, and the Integrated Report, which is expected to be made available to us after that date. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

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

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

### Responsibilities of the Directors for the Consolidated and Separate Financial Statements

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

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

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

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

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

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

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

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

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

#### Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Ernst & Young Inc. has been the auditor of Capital Appreciation Limited for 10 years.

*Ernst & Young Inc.*

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

Date: 4 June 2024

102 Rivonia Road  
Sandton  
Johannesburg

# Report of the Audit and Risk and Opportunity Committee (the committee)

## DUTIES AND RESPONSIBILITIES

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

## MEMBERS OF THE AUDIT AND RISK AND OPPORTUNITY COMMITTEE

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

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

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

## ATTENDANCE OF MEETINGS

The committee performs the duties set out in section 94(7) of the Companies Act, 71 of 2008, holding sufficient scheduled meetings to discharge its duties, subject to a minimum of two meetings per year. Four committee meetings were held from 1 April 2023 to the date of this report. Unrestricted access was granted to the external auditors.

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

## EXTERNAL AUDIT AND INDEPENDENCE

The committee has satisfied itself through enquiry that the external auditors, Ernst & Young Inc., are independent as defined by the Companies Act, 71 of 2008 and as per the standards stipulated by the auditing profession.

Requisite assurance was sought in terms of the Companies Act, 71 of 2008 that internal governance processes within the audit firm support and demonstrate their claim to independence.

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

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

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

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

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



The committee has assessed the accreditation documents including inspection documents from IRBA submitted by Ernst & Young for the purpose of conducting the suitability assessment of Ernst & Young and the designated partner in terms of the JSE Listings Requirements.

### KEY AUDIT MATTERS

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

### STATEMENT OF INTERNAL FINANCIAL CONTROLS

The opinion of the Board on the effectiveness of the Group's internal control environment is informed by the conclusion reached by the Audit Committee. BDO South Africa Proprietary Limited (BDO) was appointed as the internal audit service provider for the 2024 financial year. The committee and Board have approved the appointment of BDO as internal auditor for the financial year ending 31 March 2025.

The committee assessed the results of the internal audits conducted by BDO and other identified assurance providers in terms of the evolving combined assurance model of the Group's system of internal financial controls and risk management, including the design, implementation and the effectiveness of the internal financial controls. The assessment, when considered with the information and explanations given by management and discussions with both the internal and external auditors on the results of their audits, led to the conclusion that nothing has come to the attention of the Board that caused it to believe that the Group's system of internal financial controls and risk management are not effective and that the internal financial controls do not form a sound basis for the preparation of reliable financial statements.

### GOVERNANCE OF RISK

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

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

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

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

### REGULATORY COMPLIANCE AND CODE OF ETHICS

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

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

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

### INSURANCE

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

### COMBINED ASSURANCE

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

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

## EXPERTISE OF THE FINANCIAL DIRECTOR AND FINANCE FUNCTION

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

## GOING CONCERN

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

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

## RECOMMENDATION OF THE FINANCIAL STATEMENTS FOR APPROVAL BY THE BOARD

The committee has assessed the Group's and Company's accounting policies and the consolidated and separate financial statements for the year ended 31 March 2024 and is satisfied that they comply in all material aspects with IFRS Accounting Standards as issued by the International Accounting Standards Board, the requirements of the Companies Act and the JSE Listings Requirements.

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

## CONTINGENT LIABILITIES

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

A general meeting of shareholders was held on 27 August 2019 where 97.8% of shareholders voted in favour of repurchasing 245 million shares from the relevant persons in terms of a circular posted to shareholders on 29 July 2019. One shareholder, First National Nominees Proprietary Limited and Nedbank Limited, on behalf of Rozendal Partners Proprietary Limited (Rozendal), who held 18 234 829 shares voted against the shareholders resolution and exercised their share appraisal rights in terms of the circular issued to shareholders. A dispute arose between the Company and Rozendal, which went to the Supreme Court upon which a judgement was made by the court requiring the Company to repurchase Rozendal's shares at a price to be determined by a valuation of an independent expert, appointed by the court. The independent expert has determined that the Company must repurchase Rozendal's shares at a price of R1.06 per share, which will amount to R19 328 919. The repurchased shares will be held in treasury shares. The costs relating to the matter amounted to R2 000 057 have been expensed in the 2024 financial results. A court date has been set for 5 May 2025 to hear the matter.

## POST-YEAR-END EVENTS

The Group has not experienced any material operating and servicing disruptions or any material deterioration in trading performance for the period from the financial year-end, dated 31 March 2024, to the date of this report.

On behalf of the committee

**Victor Sekese**

*Chairman*

Johannesburg

4 June 2024

## MEMBERS OF THE SOCIAL AND ETHICS COMMITTEE

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

### Members

K Dlamini (Chairman) – Independent (appointed 26 November 2020)

V Sekese – Independent (appointed 26 November 2020)

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

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

## MEMBERS OF THE NOMINATIONS AND REMUNERATION COMMITTEE

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

### Members

K Dlamini – Lead Independent director (appointed 19 July 2022)

V Sekese – Independent (appointed 19 July 2022)

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

|  | Number of<br>Nominations and<br>Remuneration<br>Committee<br>meetings held | Number of<br>Nominations and<br>Remuneration<br>Committee<br>meetings attended |
|--|--|--|
| <b>Committee members</b>                   |  |  |
| K Dlamini ( <i>Chairman</i> )              | 1  | 1  |
| V Sekese                                   | 1  | 1  |
| R Maqache                                  | 1  | 1  |
| <b>Directors' attendance by invitation</b> |  |  |
| M Pimstein                                 | 1  | 1  |
| B Sacks                                    | 1  | 1  |
| A Salomon                                  | 1  | 1  |

## MEMBERS OF THE INVESTMENT COMMITTEE

### Members

E Kruger – Independent (appointed 9 May 2018)

B Bulu – Independent (appointed 15 September 2015)

M Pimstein – Executive Chairman (appointed 3 March 2015)

B Sacks – Executive Director (appointed 19 March 2015)

A Salomon – Executive Director (appointed 3 March 2015)

|            |   |   |
|------------|---|---|
| E Kruger   | 1 | 1 |
| B Bulu     | 1 | 1 |
| M Pimstein | 1 | 1 |
| B Sacks    | 1 | 1 |
| A Salomon  | 1 | 1 |

# Directors' report

## ABOUT CAPITAL APPRECIATION LIMITED

Capital Appreciation Limited is a holding company with investments in businesses which operate in the Fintech and Financial Services Sector. The Group has three business segments – Payments and Payment Infrastructure and Services (Payments), Software and Services (Software) and an International segment.

The Company maintains a listing on the Main Board of the JSE and a Secondary listing on the A2X market, in the Technology: Software and Computer Services.

## PAYMENTS

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

## SOFTWARE

The software segment comprises three businesses: Synthesis, the Responsive Group and Dariel Software. The businesses are highly specialised software and systems developers, offering consulting, integration services and technology-based product solutions to banking, financial services, retail, telecommunications, healthcare and other enterprises in South Africa and other emerging markets. Synthesis is uniquely positioned in Africa, given its Amazon Web Services (AWS) Advanced Consulting Partner Accreditation for a broad range of specialist competencies. The Group acquired the Dariel group on 3 July 2024. Dariel provides similar products and services as Synthesis.

## AUTHORISED AND ISSUED SHARE CAPITAL

At 31 March 2024, the authorised share capital of the Group comprises 10 000 000 000 ordinary shares of no par value and 4 000 constituent ordinary shares of no par value. The issued share capital of the Group comprises 1 310 000 000 ordinary shares of no par value (2023: 1 310 000 000) and nil constituent ordinary shares of no par value (2023: Nil).

## MOVEMENT IN TREASURY SHARES

In terms of the general authority granted to the Company to repurchase its ordinary shares, the latest being the shareholder authority obtained at the AGM of shareholders held on 6 September 2023, the Company purchased 44 771 999 treasury shares (2023: 200 000 treasury shares), costing R58 055 071 (2023: R297 333).

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

## PURCHASE OF TREASURY SHARES DURING THE CLOSED PERIOD

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

## ACQUISITIONS

The Group acquired on 3 July 2023, 100% of Dariel Solutions Proprietary Limited (Dariel) for a total consideration of R151.1 million, to be settled by a combination of cash and an allotment of ordinary shares out of treasury shares (the acquisition). Dariel is the holding company of Dariel Software Proprietary Limited (Dariel Software).

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

The Group acquired 100% of Dariel for an initial aggregate purchase consideration of R84.0 million to be settled by way of (i) a cash payment of R46.9 million and (ii) the allotment out of treasury shares of 25 243 779 shares at R1.47 per share amounting to R37.1 million

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

## CHANGE IN DIRECTORATE

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

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

## DIVIDENDS

### Dividends paid during the year

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

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

### Dividends declared

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

We note the following:

- Dividends are subject to dividends withholding tax
- The payment date for the dividend is Monday, 1 July 2024
- Dividends have been declared out of profits available for distribution
- Local dividends withholding tax is 20%
- Gross dividend amount is 5.75 cents per ordinary share which is 4.60 cents net of withholding tax
- Capital Appreciation Limited has 1 310 000 000 ordinary shares in issue at the declaration date
- Capital Appreciation Limited's Income Tax Reference number is 9591281176

The salient dates relating to the dividend are as follows:

- Last day to trade cum dividend: Tuesday, 25 June 2024
- Shares commence trading ex-dividend: Wednesday, 26 June 2024
- Dividend record date: Friday, 28 June 2024
- Dividend payment date: Monday, 1 July 2024

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

# Directors' report (continued)

## Material resolutions

The following material resolutions were passed during the year:

### Board ordinary resolutions

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

### Shareholders' ordinary resolutions

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

### Shareholders' special resolutions

- 6 September 2023, approval of non-executive directors' remuneration for the period from the 2023 AGM to the date of the 2024 AGM.
- 6 September 2023, approval of the authority to the repurchase of the Company's ordinary shares.
- 6 September 2023, authority granted to provide financial assistance to subsidiaries and other related and interrelated entities.

## DIRECTORATE

The names of the directors and the number of meetings attended by each of the directors from 1 April 2023 up until the date of this report, are as follows:

| Directors                                       | Appointment date  | Number of Board meetings held | Number of Board meetings attended |
|---|-------------------|-------------------------------|-----------------------------------|
| <b>Non-executive</b>                            |                   |                               |                                   |
| B Bulo <sup>2</sup>                             | 15 September 2015 | 4                             | 4                                 |
| K Dlamini <sup>2, 3</sup>                       | 9 May 2018        | 4                             | 4                                 |
| E Kruger <sup>2</sup>                           | 9 May 2018        | 4                             | 4                                 |
| R Maqache <sup>1</sup>                          | 4 December 2020   | 4                             | 4                                 |
| V Sekese <sup>2</sup>                           | 15 September 2015 | 4                             | 4                                 |
| C Valkin <sup>2</sup> (retired 31 October 2023) | 15 September 2015 | 4                             | 1                                 |
| A Dambuza <sup>2</sup>                          | 4 December 2023   | 4                             | 2                                 |
| <b>Executive</b>                                |                   |                               |                                   |
| M Pimstein                                      | 3 March 2015      | 4                             | 4                                 |
| B Sacks   | 19 March 2015     | 4                             | 4                                 |
| A Salomon                                       | 3 March 2015      | 4                             | 4                                 |
| M Shapiro                                       | 12 June 2019      | 4                             | 4                                 |

<sup>1</sup> Non-independent

<sup>2</sup> Independent

<sup>3</sup> Lead independent

## Directors' shareholding

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

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

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

There have been no changes in the Director's shareholding held in the Group from 31 March 2024 to 4 June 2024, being the date that the Group's Financial Statements have been approved by the Board.

## Directors' report (continued)

### DIRECTORS' REMUNERATION

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

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

\* Remuneration paid to Centric Capital Ventures LLC.

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

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

### DIRECTORS' AND OFFICERS' DISCLOSURE OF INTEREST IN CONTRACTS

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

### SHAREHOLDERS

Shareholders with a holding greater than 5% in the Company share capital as at 31 March 2024 are as follows:

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

### SHARE OPTION PLAN AND CONDITIONAL SHARE PLAN

#### Share option plan

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

#### Conditional share plan

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



**YEAR-END**

The Group's year-end is 31 March.

**GOING CONCERN**

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

**DATE OF ISSUE OF GROUP FINANCIAL STATEMENTS**

The audited Group financial statements were approved by the Board of directors on 4 June 2024.

**AUDITORS**

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

**FORWARD-LOOKING STATEMENTS**

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

# Group statement of financial position

AT 31 MARCH 2024

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

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

# Group statement of comprehensive income

FOR THE YEAR ENDED 31 MARCH 2024

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

# Group statement of cash flows

FOR THE YEAR ENDED 31 MARCH 2024

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



# Group statement of changes in equity

FOR THE YEAR ENDED 31 MARCH 2024

| Figures in R'000   | Ordinary<br>share capital | Share-based<br>payment<br>reserve |
|--|---------------------------|-----------------------------------|
| <b>Balance at 1 April 2022</b>   | 1 008 639                 | 20 455                            |
| Profit for the year  | -                         | -                                 |
| Other comprehensive income   | -                         | -                                 |
| Total comprehensive income   | -                         | -                                 |
| Share-based payment expense  | -                         | 15 987                            |
| Settlement of vested share options   | -                         | (3 090)                           |
| Purchase of treasury shares (200 000 shares)   | (297)                     | -                                 |
| Exercised share options out of treasury shares (4 015 054 shares)                        | 6 387                     | -                                 |
| Cash dividends paid  | -                         | -                                 |
| <b>Balance at 31 March 2023</b>  | 1 014 729                 | 33 352                            |
| Profit for the year  | -                         | -                                 |
| Other comprehensive income   | -                         | -                                 |
| <b>Total comprehensive income</b>  | -                         | -                                 |
| Share-based payment expense  | -                         | 18 489                            |
| Settlement of vested conditional share awards and share option awards                    | -                         | (25 052)                          |
| Contingent consideration reserve   | -                         | -                                 |
| Allotment of 5 538 539 shares to Responsive Group: warranty consideration                | 7 089                     | -                                 |
| Allotment of conditional share awards 35 637 894 treasury shares                         | 48 799                    | -                                 |
| Purchase of treasury shares (44 771 999 shares)  | (58 055)                  | -                                 |
| Exercised share options out of treasury shares (3 486 500 shares)                        | 4 833                     | -                                 |
| Allotment of treasury shares for the acquisition of the Dariel Group (25 243 799 shares) | 37 108                    | -                                 |
| Cash dividends paid  | -                         | -                                 |
| <b>Balance at 31 March 2024</b>  | <b>1 054 503</b>          | <b>26 789</b>                     |

| Contingent consideration reserve | Foreign currency translation reserve | Retained income  | Total equity attributable to shareholders of the company | Non-controlling interest | Total equity     |
|----------------------------------|--------------------------------------|------------------|--|--------------------------|------------------|
| 9 582                            | 42                                   | 443 813          | 1 482 531  | 1 096                    | 1 483 627        |
| -                                | -                                    | 90 953           | 90 953   | 958                      | 91 911           |
| -                                | (751)                                | -                | (751)  | -                        | (751)            |
| -                                | (751)                                | 90 953           | 90 202   | 958                      | 91 160           |
| -                                | -                                    | -                | 15 987   | -                        | 15 987           |
| -                                | -                                    | -                | (3 090)  | -                        | (3 090)          |
| -                                | -                                    | -                | (297)  | -                        | (297)            |
| -                                | -                                    | -                | 6 387  | -                        | 6 387            |
| -                                | -                                    | (98 447)         | (98 447)   | -                        | (98 447)         |
| 9 582                            | (709)                                | 436 319          | 1 493 273  | 2 054                    | 1 495 327        |
| -                                | -                                    | <b>170 754</b>   | <b>170 754</b>   | <b>172</b>               | <b>170 926</b>   |
| -                                | <b>(344)</b>                         | -                | <b>(344)</b>   | -                        | <b>(344)</b>     |
| -                                | <b>(344)</b>                         | <b>170 754</b>   | <b>170 410</b>   | <b>172</b>               | <b>170 582</b>   |
| -                                | -                                    | -                | <b>18 489</b>  | -                        | <b>18 489</b>    |
| -                                | -                                    | -                | <b>(25 052)</b>  | -                        | <b>(25 052)</b>  |
| <b>19 981</b>                    | -                                    | -                | <b>19 981</b>  | -                        | <b>19 981</b>    |
| <b>(9 582)</b>                   | -                                    | <b>2 493</b>     | -  | -                        | -                |
| -                                | -                                    | <b>(25 790)</b>  | <b>23 009</b>  | -                        | <b>23 009</b>    |
| -                                | -                                    | -                | <b>(58 055)</b>  | -                        | <b>(58 055)</b>  |
| -                                | -                                    | -                | <b>4 833</b>   | -                        | <b>4 833</b>     |
| -                                | -                                    | -                | <b>37 108</b>  | -                        | <b>37 108</b>    |
| -                                | -                                    | <b>(103 794)</b> | <b>(103 794)</b>   | <b>(479)</b>             | <b>(104 273)</b> |
| <b>19 981</b>                    | <b>(1 053)</b>                       | <b>479 982</b>   | <b>1 580 202</b>   | <b>1 747</b>             | <b>1 581 949</b> |

## Group segment analysis

FOR THE YEAR ENDED 31 MARCH 2024

| Figures in R'000                                      | Payments Segment |           | Software Segment |         |
|---|------------------|-----------|------------------|---------|
|   | 2024             | 2023      | 2024             | 2023    |
| Revenue received from all customers*                  | <b>562 756</b>   | 524 791   | <b>618 766</b>   | 469 855 |
| Revenue received from all customers                   | <b>562 756</b>   | 524 791   | <b>624 656</b>   | 471 178 |
| Less: Revenue received from inter segmental customers | -                | -         | <b>(5 890)</b>   | (1 323) |
| EBITDA profit/(loss)                                  | <b>248 036</b>   | 206 325   | <b>79 376</b>    | 89 668  |
| Operating profit/(loss)                               | <b>218 421</b>   | 185 477   | <b>56 539</b>    | 79 430  |
| Expected credit loss raised                           | <b>(488)</b>     | (2 230)   | -                | (1 650) |
| Total assets  | <b>808 237</b>   | 1 113 710 | <b>545 880</b>   | 382 241 |
| Total liabilities                                     | <b>38 606</b>    | 72 343    | <b>112 039</b>   | 74 226  |
| <b>Net assets</b>                                     | <b>769 631</b>   | 1 041 367 | <b>433 841</b>   | 308 015 |
| <b>Geographical information</b>                       |                  |           |                  |         |
| <b>Revenue</b>  | <b>562 756</b>   | 524 791   | <b>618 766</b>   | 469 855 |
| South Africa  | <b>557 939</b>   | 519 133   | <b>487 079</b>   | 325 062 |
| Rest of Africa and Indian Ocean Islands               | <b>4 817</b>     | 5 658     | <b>12 356</b>    | 24 811  |
| Asia Pacific  | -                | -         | <b>112 964</b>   | 101 904 |
| United States of America                              | -                | -         | <b>6 004</b>     | 7 924   |
| United Kingdom  | -                | -         | <b>125</b>       | 8 129   |
| Europe  | -                | -         | <b>238</b>       | 2 025   |
| <b>Total assets</b>                                   | <b>808 237</b>   | 1 113 710 | <b>545 880</b>   | 382 241 |
| South Africa  | <b>808 237</b>   | 1 113 710 | <b>545 880</b>   | 382 241 |
| Europe  | -                | -         | -                | -       |
| <b>Total liabilities</b>                              | <b>38 606</b>    | 72 343    | <b>112 039</b>   | 74 226  |
| South Africa  | <b>38 606</b>    | 72 343    | <b>112 039</b>   | 74 226  |
| Europe  | -                | -         | -                | -       |

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

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

- The Payments segment generates revenue from the sale of terminals, the rental of terminals, maintenance and service fees from terminals and transaction-related revenue from terminals.

The Payments segment is an aggregation of African Resonance and Dashpay as they both generate revenue from similar types of transactions.
- The Software segment generates revenue from services and consultancy fees, licence and subscription fees and sale of security hardware and third party license fees.

The Software segment is an aggregation of Synthesis, the Responsive group and the Dariel group as they all generate revenue from similar types of transactions.
- The international segment consists of an offshore company in the Netherlands, Synthesis Labs B.V, which is a wholly-owned subsidiary of Synthesis Europe B.V. The International segment has a similar transaction profile with the South African Software segment.

No reliance is placed on one major customer.

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



| International Segment |         | Corporate |           | Group     |           |
|-----------------------|---------|-----------|-----------|-----------|-----------|
| 2024                  | 2023    | 2024      | 2023      | 2024      | 2023      |
| 467                   | 467     | -         | -         | 1 181 989 | 995 113   |
| 7 037                 | 2 174   | -         | -         | 1 194 449 | 998 143   |
| (6 570)               | (1 707) | -         | -         | (12 460)  | (3 030)   |
| (10 150)              | (7 220) | (64 437)  | (123 845) | 252 825   | 164 928   |
| (10 206)              | (7 257) | (48 992)  | (64 693)  | 215 762   | 192 957   |
| -                     | -       | (12 985)  | (66 905)  | (13 473)  | (70 785)  |
| 4 819                 | 3 465   | 416 797   | 163 976   | 1 775 733 | 1 663 392 |
| 742                   | 699     | 42 397    | 20 797    | 193 784   | 168 065   |
| 4077                  | 2 766   | 374 400   | 143 179   | 1 581 949 | 1 495 327 |
| 467                   | 467     | -         | -         | 1 181 989 | 995 113   |
| -                     | -       | -         | -         | 1 045 018 | 844 195   |
| -                     | -       | -         | -         | 17 173    | 30 469    |
| -                     | -       | -         | -         | 112 964   | 101 904   |
| -                     | -       | -         | -         | 6 004     | 7 924     |
| -                     | -       | -         | -         | 125       | 8 129     |
| 467                   | 467     | -         | -         | 705       | 2 492     |
| 4 819                 | 3 465   | 416 797   | 163 976   | 1 775 733 | 1 663 392 |
| -                     | -       | 416 797   | 163 976   | 1 770 914 | 1 659 927 |
| 4 819                 | 3 465   | -         | -         | 4 819     | 3 465     |
| 742                   | 699     | 42 397    | 20 797    | 193 784   | 168 065   |
| -                     | -       | 42 397    | 20 797    | 193 042   | 167 366   |
| 742                   | 699     | -         | -         | 742       | 699       |

# Notes to the Group financial statements

FOR THE YEAR ENDED 31 MARCH 2024

## Accounting policies

### 1. PRESENTATION OF FINANCIAL STATEMENTS

The Group financial statements for the year ended 31 March 2024 have been prepared in compliance with the Listings Requirements of the JSE Limited, the requirements of the IFRS Accounting Standards as issued by the International Accounting Standards Board and Financial Pronouncements, as issued by the Financial Reporting Standards Council and the Companies Act, No. 71 of 2008. These accounting policies are consistent with the previous period's accounting policies. The amounts presented are rounded to the nearest Rand thousands.

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

#### Basis of consolidation

The Group financial statements comprise the financial statements of the Group and its subsidiaries as at 31 March 2024. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

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

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

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

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

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

#### 1.1 Significant judgements and sources of estimation uncertainty

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

#### Non-financial assets

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

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

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

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

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

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

### **Residual values and useful lives of tangible and intangible assets**

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

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

### **Deferred tax assets**

Deferred tax assets are recognised to the extent that future taxable profits will be available against which temporary differences can be utilised. Future taxable profits are estimated based on business plans which include estimates and assumptions regarding economic growth, inflation, taxation rates and competitive forces. Refer to note 10 for details.

### **Fair value of share allocations**

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

This fair value was calculated by applying a valuation model which is in itself judgemental and takes into account certain inherently uncertain assumptions (detailed in note 15).

### **Investment in associates**

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

## **1.2 Property, plant and equipment**

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

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

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

# Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

## Accounting policies (continued)

### 1. PRESENTATION OF FINANCIAL STATEMENTS (continued)

#### 1.2 Property, plant and equipment (continued)

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

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

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

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

#### Derecognition of property, plant and equipment

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

#### 1.3 Intangible assets

An intangible asset is recognised when:

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

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

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

| Item                   | Average useful life |
|------------------------|---------------------|
| Computer software      | 3-5 years           |
| Customer relationships | 6-10 years          |

#### Derecognition of intangible assets

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

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

#### 1.4 Impairment of non-financial assets

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

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

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

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

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

## 1.5 Business combinations and goodwill

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

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

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

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

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

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

## 1.6 Investment in associates

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

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

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

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

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

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

# Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

## Accounting policies (continued)

### 1. PRESENTATION OF FINANCIAL STATEMENTS (continued)

#### 1.6 Investment in associates (continued)

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

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

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

#### 1.7 Financial instruments

##### Initial recognition and measurement

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

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

##### *Financial assets which are equity instruments:*

Mandatorily at fair value through the Statement of Comprehensive Income.

##### *Financial assets which are debt instruments:*

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

##### *Financial liabilities:*

Amortised cost.

Note 33 Financial instruments and risk management presents the financial instruments held by the Group based on their specific classifications.

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

##### Loans receivable at amortised cost

###### *Classification*

Loans to associates (note 8 and company note 4), and to employees (note 12) and to subsidiaries (company note 7) as well as other financial assets (note 9) are classified as financial assets and subsequently measured at amortised cost.

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

##### Recognition and measurement

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

They are subsequently measured at amortised cost.

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

## Impairment

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

## Trade and other receivables

### *Classification*

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 12).

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

## Recognition and measurement

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

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

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

## Impairment

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

## Interest on financial assets

Interest income, calculated on the effective interest method, is included in profit and loss (note 23). They are subsequently measured at amortised cost using the effective interest rate method.

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

## Cash and cash equivalents

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

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

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

A financial asset is classified as held for trading if:

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

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

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

## Trade and other payables

### *Classification*

Trade and other payables (note 19), excluding VAT are classified as financial liabilities subsequently measured at amortised cost.

# Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

## Accounting policies (continued)

### 1. PRESENTATION OF FINANCIAL STATEMENTS (continued)

#### 1.7 Financial instruments (continued)

##### Recognition and measurement

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

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

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

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in the profit and loss in finance costs (note 24).

##### Financial liabilities at FVTPL

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

#### 1.8 Tax

##### Current income tax

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

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

##### Deferred tax

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

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

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

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

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

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



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

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

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

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

### Value added taxes

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

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

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

## 1.9 Leases

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

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

Lease liabilities are measured at the present value of the contractual payments with a discount rate determined by reference to the incremental borrowing rate (IBR) on commencement of the lease as the interest rate implicit in the lease cannot be readily determined. The Group utilised an IBR between 7.6% and 11.8% for offices premises. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

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

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

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

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

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

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

# Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

## Accounting policies (continued)

### 1. PRESENTATION OF FINANCIAL STATEMENTS (continued)

#### 1.9 Leases (continued)

When the Company revises its estimate of the term of any lease, it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised.

In both cases, an equivalent adjustment is made to the carrying value of the right-of use asset, with the revised carrying amount being amortised over the remaining lease term.

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

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

#### Short-term leases or leases of low-value assets

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

#### Operating leases – lessor

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

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

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

#### 1.10 Inventories

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

#### 1.11 Share capital and equity

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

#### 1.12 Treasury shares

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

#### 1.13 Employee benefits

##### Short-term employee benefits

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

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

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

## Share-based payments

### *Share incentive scheme*

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

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made, using an appropriate valuation model, further details of which are given in note 15.

The cost of equity-settled transactions is recognised in the employee benefits expense (note 22), together with a corresponding increase in the share-based payment reserve, over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period).

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

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

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

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

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share (note 32).

### *Conditional share plan*

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

## 1.14 Provisions and contingencies

Provisions are recognised when:

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

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

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

# Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

## Accounting policies (continued)

### 1. PRESENTATION OF FINANCIAL STATEMENTS (continued)

#### 1.15 Revenue

##### Revenue recognition

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

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

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

The Group has no complex agent/principal arrangements.

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

##### Revenue from contracts with customers

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

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

##### Payments division

###### *Terminal rental income*

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

###### *Maintenance and support service fees from terminals*

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

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

###### *Sale of terminals*

Revenue from the sale of terminals is recognised at the point in time when control of the asset is transferred to the customer, i.e. on delivery of the terminals. The normal credit term is 30 to 90 days upon delivery. The Group does not make any promises in the contract of sale with customers, that are separate performance obligations to which a portion of the transaction price needs to be allocated.

###### *Transaction-related income from terminals*

The Group recognises transaction-related income from terminals when the transaction is completed.

##### Software division

###### *Service and consultancy fees*

These contracts are time-based and the revenue recognition is based on the actual time spent on the provision of the relevant services to the customer and is recognised over time.

The performance obligation is based on the time allocated and expended on the software and consultancy project as delivered to the customer. The fees are based on a technical labour resource's role and experience.

There is no contractual obligation to provide an output that is deliverable in nature other than labour hours expended per month to a customer.

###### *Licence and subscription fees*

Fees earned from licensing internally developed software, installed on the customer premises, is recognised at the point that the licence is granted to the customer. This licence is granted for a period of 12 months and gives the customer the right to use the software as it exists at that date.

Fees earned from subscriptions to internally developed software, that is hosted on the Group's infrastructure, is recognised over the period that the licence is granted. This subscription gives the customer the right to access the entity's software as it exists throughout the licence period.

The performance obligation is the delivery and access to the software licence granted in an executable format to the customer.

#### *Security hardware and third party licence fees*

Revenue from the sale of Hardware Security Modules is recognised at the point in time when control of the asset is transferred to the customer, i.e. when the hardware is delivered.

#### **Determination of cost of sales**

The cost of sales of imported terminals, spare parts and accessories is determined from the landed cost of these products in our warehouse.

The cost of sales for maintenance services on terminals within the Payments division, services and consultancy fees within the Software division are determined from the cost of direct labour, other direct costs and include an appropriate portion of overheads, but excludes interest expenses.

#### **Trade receivables**

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due).

#### **Contract liabilities**

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

#### **Refund liabilities**

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Group ultimately expects it will have to refund to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

### **1.16 Related parties**

Related parties are entities which have the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Key management is defined as individuals with the authority and responsibility for planning, directing and controlling the activities of the entity. All individuals from the level of executive management up to the Board of Directors are regarded as key management per the definition of the standard. Close family members of key management personnel are considered to be those family members who may be expected to influence, or be influenced by key management individuals in their dealings with the entity. Other related party transactions are also disclosed in terms of the requirements of IAS 24.

### **1.17 Foreign currencies**

Transactions in foreign currencies are translated at the rates of exchange ruling at the transaction date.

Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the statement of financial position date. Translation differences are recognised in profit and loss.

## **2. NEW STANDARDS AND INTERPRETATIONS**

### **2.1 Standards and interpretations effective and adopted in the current year**

In the current period, the Group has adopted the following standards and interpretations that are effective for the current financial period and that are relevant to its operations:

IFRS 17 Insurance Contracts

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

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

Definition of Accounting Estimates – Amendments to IAS 8

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

# Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

## Accounting policies (continued)

### 2. NEW STANDARDS AND INTERPRETATIONS (continued)

#### 2.2 Standards and interpretations not yet effective

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

### 3. PROPERTY, PLANT AND EQUIPMENT

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

#### Reconciliation of property plant and equipment

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

| Figures in R'000        | 2023          |                          |                |
|-------------------------|---------------|--------------------------|----------------|
|                         | Cost          | Accumulated depreciation | Carrying value |
| Office and IT equipment | 28 687        | (16 744)                 | 11 943         |
| Motor vehicles          | 411           | (252)                    | 159            |
| Furniture and fixtures  | 3 680         | (2 517)                  | 1 163          |
| Plant and machinery     | 1 679         | (110)                    | 1 569          |
| Leasehold Improvements  | 8 356         | (4 219)                  | 4 137          |
| Rental terminals        | 41 443        | (17 933)                 | 23 510         |
| <b>Total</b>            | <b>84 256</b> | <b>(41 775)</b>          | <b>42 481</b>  |

#### Reconciliation of property, plant and equipment

|                         | 2023            |               |                |                 |                              |                |
|-------------------------|-----------------|---------------|----------------|-----------------|------------------------------|----------------|
|                         | Opening balance | Additions     | Disposals      | Depreciation    | Foreign currency translation | Carrying value |
| Office and IT equipment | 8 301           | 8 818         | (225)          | (4 951)         | -                            | 11 943         |
| Motor vehicles          | 199             | -             | -              | (40)            | -                            | 159            |
| Furniture and fixtures  | 878             | 759           | -              | (478)           | 4                            | 1 163          |
| Plant and machinery     | -               | 1 679         | -              | (110)           | -                            | 1 569          |
| Leasehold Improvements  | 1 421           | 3 876         | -              | (1 160)         | -                            | 4 137          |
| Rental terminals        | 13 266          | 18 413        | (809)          | (7 360)         | -                            | 23 510         |
| <b>Total</b>            | <b>24 065</b>   | <b>33 545</b> | <b>(1 034)</b> | <b>(14 099)</b> | <b>4</b>                     | <b>42 481</b>  |

# Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

## 4. INTANGIBLE ASSETS

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

### Reconciliation of intangible assets

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

| Figures in R'000  | 2023           |                          |                |
|---|----------------|--------------------------|----------------|
|   | Cost           | Accumulated amortisation | Carrying value |
| Computer software   | 78 201         | (28 824)                 | 49 377         |
| Trademark   | 75             | (2)                      | 73             |
| Intangible assets recognised on acquisition of businesses | 96 389         | (77 468)                 | 18 921         |
| Customer relationships                                    | 80 859         | (61 938)                 | 18 921         |
| Computer software   | 15 530         | (15 530)                 | -              |
| <b>Total</b>  | <b>174 665</b> | <b>(106 294)</b>         | <b>68 371</b>  |



#### 4. INTANGIBLE ASSETS (continued)

##### Reconciliation of intangible assets

|   | 2023            |               |                 | Carrying value |
|---|-----------------|---------------|-----------------|----------------|
|   | Opening balance | Additions     | Amortisation    |                |
| Computer software   | 37 041          | 23 105        | (10 769)        | 49 377         |
| Trademark   | -               | 75            | (2)             | 73             |
| Intangible assets recognised on acquisition of businesses | 31 155          | -             | (12 234)        | 18 921         |
| Customer relationships                                    | 31 155          | -             | (12 234)        | 18 921         |
| <b>Total</b>  | <b>68 196</b>   | <b>23 180</b> | <b>(23 005)</b> | <b>68 371</b>  |

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

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

#### 5. RIGHT-OF-USE ASSETS

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

##### Reconciliation of right-of-use assets

| Figures in R'000 | 2024            |  |                           |                | Carrying value |
|------------------|-----------------|--|---------------------------|----------------|----------------|
|                  | Opening balance | Acquisition through business combination | Additions <sup>1, 2</sup> | Depreciation   |                |
| Office premises  | <b>17 325</b>   | <b>3 763</b>                             | <b>14 653</b>             | <b>(7 995)</b> | <b>27 746</b>  |

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

##### Reconciliation of right-of-use assets

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

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

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

The company has an option to renew the leased premises for a further three-year period after the expiry of the initial five-year period, subject to rental and other charges for the renewable period being agreed by both the lessor and lessee.

<sup>2</sup> Dariel software entered into a new three-year lease for the period 1 February 2024 to 31 January 2027 for premises measuring 1 183 m<sup>2</sup>, located in Bramley, Johannesburg.

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

The company has an option to renew the leased premises for a further two-year period after the expiry of the initial three-year period, subject to rental and other charges for the renewable period being agreed by both the lessor and lessee.

# Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

## 6. GOODWILL

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

### 6.1 Acquisitions of businesses

On 5 May 2017, the Group acquired 100% of the shares in African Resonance Business Solutions Proprietary Limited (African Resonance), Rinwell Investments Proprietary Limited, which is 100% shareholder of Dashpay Proprietary Limited (Rinwell Group), and Synthesis Software Technologies Proprietary Limited (Synthesis).

The Group performed an annual test for impairment of the CGU's, which were acquired in May 2017, to which goodwill of R728.6 million is attributed. The recoverable amount of the CGU's has been determined based on a value-in-use calculation. The calculations use cash flow projections based on financial budgets approved by management and a discount rate, calculated using a risk free rate adjusted for risk factors, of 20.2% (2023: 19.2%) for the Payments division and 21.7% (2023: 20.3%) for the Software business. Comparable pre-tax discount rates for purpose of impairment testing would be 26.9% (2023: 25.1%) and 29.1% (2023: 26.2%) for the Payments and Software CGUs respectively. Cash flows and trading forecasts have been projected for a period of five years.

The Payments division has forecasted compounded revenue growth of 9.7% over the next five-year period. Trading and operating margins have been assumed to remain consistent with the 2024 financial year results.

The Software division has forecasted compounded revenue growth of 16.6% over the next five-year period. Trading and operating margins have been assumed to remain consistent with the 2024 financial year results.

Management believes that no reasonable possible change in any of the above key assumptions would cause the carrying value of any CGU to exceed its recoverable amount.

The Group performed an annual test for impairment of the CGU's, which were acquired in March 2022, to which goodwill of R17.6 million and R14.0 million is attributed for Responsive Build and Rethink Digital Solutions respectively. The recoverable amount of the CGU's has been determined based on a value-in-use calculation. The calculations use cash flow projections based on financial budgets approved by management and a discount rate, calculated using a risk free rate adjusted for risk factors, of 22.7% (2023: 21.4%) for Responsive Build and 22.5% (2023: 21.4%) for Rethink Digital Solutions. Comparable pre-tax discount rates for purpose of impairment testing would be 29.8% (2023: 28.2%) and 29.5% (2023: 28.0%) for Responsive Build and Rethink Digital Solutions CGUs respectively. Cash flows and trading forecasts have been projected for a period of five years.

Responsive Build has forecasted compounded revenue growth of 10.6% over the next five-year period. Trading and operating margins have been assumed to remain consistent with the 2024 financial year results.

Rethink Digital Solutions has forecasted compounded revenue growth of 16.2% over the next five-year period. Trading and operating margins have been assumed to remain consistent with the 2024 financial year results.

Management believes that no reasonable possible change in any of the above key assumptions would cause the carrying value of any CGU to exceed its recoverable amount.

## 6. GOODWILL (continued)

### 6.2 Acquisition of businesses during the year

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

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

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

| Figures in R'000  | Fair value<br>recognised<br>on<br>acquisition |
|---|---|
| <b>Assets</b>   |   |
| Property, plant and equipment (refer note 3)  | 2 714   |
| Intangible assets (refer note 4)  | 24  |
| Right-of-use assets (refer note 5)  | 3 763   |
| Deferred tax asset (refer note 10)  | 3 453   |
| Trade and other receivables   | 24 932  |
| Loans receivables   | 410   |
| Taxation receivable   | 2   |
| Cash and cash equivalents   | 32 406  |
|   | <b>67 704</b>                                 |
| <b>Liabilities</b>  |   |
| Lease liabilities (refer note 18)   | (5 892)                                       |
| Trade and other payables  | (17 611)                                      |
| Current tax payable   | (90)  |
|   | <b>(23 593)</b>                               |
| Total identifiable net assets at fair value   | 44 111  |
| Goodwill arising on acquisition   | 80 023  |
| Intangible asset arising on acquisition (refer note 4)  | 37 000  |
| Deferred tax on intangible asset arising on acquisition   | (9 990)                                       |
| Purchase consideration transferred  | 151 144                                       |
| Dariel has provided the Group with a profit warranty of R62,2 million EBITDA for the 24 month period, 1 April 2023 to 31 March 2025, that, if achieved, will result in an aggregate warranty purchase consideration, which should not exceed R45.9 million. This profit warranty consideration will be settled by way of (i) cash payment of R25 260 716 and (ii) an allotment out of treasury shares of 13 592 804 shares. |   |
| Cash: R25 260 716 at present value (refer to note 16)   | 23 267  |
| Shares: 13 592 804 at 147 cents per share (refer to note 16)  | 19 981  |
| <b>Total</b>  | <b>43 248</b>                                 |
| Acquisition costs (included in cash flows from operating activities)  | 1 295   |
| Net cash acquired with the subsidiary (included in cash flows from investing activities)  | 32 406  |
| Cash paid (included in cash flows from investing activities)  | (72 179)                                      |
| Net cash flow on acquisition  | (38 478)                                      |

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

# Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

## 7. INVESTMENTS IN ASSOCIATES

### Unlisted investments

#### 7.1 GovChat Proprietary Limited

The Group acquired a 35% interest in GovChat Proprietary Limited on 21 May 2019. GovChat provides a technology platform that connects people to government and government to people. The principal business is in Cape Town and the Company is incorporated in South Africa. The business is currently under business rescue.

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

\* Investments in associate in aggregate amounts to less than R1 000. Refer to note 8.1 for further information on GovChat.

#### 7.2 GroEx Proprietary Limited

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

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

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

#### 7.3 LayUp Technologies Proprietary Limited

The Group holds a 27.4% interest in LayUp. LayUp is a fully digital Lay-By and recurring payments business. The principal place of business is in Johannesburg and the Company is incorporated in South Africa.

| Figures in R'000                             | 2024    | 2023    |
|--|---------|---------|
| 122 517 shares at cost                       | 6 378   | 6 378   |
| Carrying and fair value at beginning of year | 2 731   | 4 842   |
| Share of equity accounted loss in associate  | (2 731) | (2 111) |
| Carrying and fair value                      | *       | 2 731   |

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

#### 7.4 Regal Digital B.V.

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

| Figures in R'000                             | 2024 | 2023 |
|--|------|------|
| 392 shares at cost                           | 106  | 106  |
| Carrying and fair value at beginning of year | 61   | -    |
| Shares purchased                             | -    | 106  |
| Share of equity accounted loss in associate  | (61) | (45) |
| Carrying and fair value                      | *    | 61   |

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

## 8. LOANS TO ASSOCIATES

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

### 8.1 GovChat Proprietary Limited

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

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

In May 2019 an interest-free enterprise development loan was granted to GovChat Proprietary Limited and was repayable on demand. This loan was converted during the 2022 financial year to a long-term loan.

In April 2021, an additional enterprise development loan was granted, bearing interest at prime less 3%.

GovChat has pledged as a security for the loan from Capital Appreciation Limited, all its rights, title and interest in and to all of GovChat's intellectual property and specifically including all the software rights, trade mark rights and technology source codes.

GovChat went into business rescue on 22 December 2022. During February 2023, the Group engaged with the business rescue practitioner to provide post commencement funding to GovChat. Management is in regular communication with the business rescue practitioner and expects that further details of any amount recoverable will be clarified in the period after the reporting date. At year end, the full amount due has been recognised as an expected credit loss.

### 8.2 LayUp Technologies Proprietary Limited

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

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

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

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

# Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

## 8. LOANS TO ASSOCIATES (continued)

### 8.3 Regal Digital B.V.

| Figures in R'000             | 2024   | 2023  |
|------------------------------|--------|-------|
| Opening balance              | 9 526  | -     |
| Loan granted during the year | -      | 8 437 |
| Foreign exchange movement    | 538    | 1 089 |
| Closing balance              | 10 064 | 9 526 |

The Group granted Regal Digital B.V. a long term-loan of EUR493 822 (R9.5 million), which is non-interest-bearing and has no fixed terms of repayment. The loan is mark to market at the foreign exchange rate of EUR1 = 20.38 (2023: 19.29) at 31 March 2024.

## 9. OTHER FINANCIAL ASSETS

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

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

## 10. DEFERRED TAX

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

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

### Recognition of deferred tax asset

Deferred tax assets have been recognised in respect of temporary differences where there is a high probability that these assets will be recovered in the foreseeable future.

## 11. INVENTORIES

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

Inventories are measured at the lower of cost and net realisable value in the ordinary course of business, on the first-in-first-out basis. The value of inventory that has been expensed to cost of sales represents the landed cost of goods sold. There has been no write-down from cost to net realisable value (2023: Nil). There has been no impairment for obsolete inventory (2023: Nil).

## 12. TRADE AND OTHER RECEIVABLES

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

The enterprise development loans were made in accordance with the Group's transformation programme and spend in terms of the B-BBEE codes.

The repayment terms for trade and other receivables are between 30 and 60 days and are interest free.

### Categorisation of trade and other receivables

Trade and other receivables are categorised in accordance with IFRS 9: Financial Instruments as follows:

| Figures in R'000          | 2024           | 2023    |
|---------------------------|----------------|---------|
| At amortised cost         | 175 860        | 192 676 |
| Non-financial instruments | 10 297         | 7 584   |
|                           | <b>186 157</b> | 200 260 |

### Fair value of trade and other receivables

Due to the short-term nature of trade and other receivables, the carrying value approximates fair value.

### Expected credit loss

<sup>1</sup>The expected credit loss relates to the B-BBEE enterprise developments loans to GovChat through K2017220477 (South Africa) NPC.

<sup>2</sup>The expected credit loss relates to VAT receivable from SARS.

There are no estimated credit losses relating to trade receivables.

# Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

## 12. TRADE AND OTHER RECEIVABLES (continued)

### Exposure to currency risk

The majority of trade and other receivables are denominated in South African Rand and therefore, have no material exposure to foreign currency fluctuations.

The following net carrying amounts, in Rand, of trade and other receivables, which are exposed to foreign currency, have been presented in Rand by converting the foreign currency amount at the closing rate at the reporting date.

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

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

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

## 13. CASH AND CASH EQUIVALENTS

Figures in R'000

|  | 2024    | 2023    |
|--|---------|---------|
| <b>Cash and cash equivalents consist of:</b> |         |         |
| Bank balances                                | 37 707  | 97 102  |
| Bank call and notice deposits                | 429 723 | 397 754 |
|  | 467 430 | 494 856 |

Cash and cash equivalents comprise call and notice deposits with banks maturing within three months. These attract interest at market-related rates. Cash and cash equivalents are measured at amortised cost. The maximum exposure to credit risk at the reporting date is the carrying amount. The Group only has deposits with major banks with high-quality ratings assigned by recognised credit rating agencies such as Fitch, Moodys and Standard and Poors Financial Services. For this reason, the credit quality at year-end of cash and cash equivalents is considered to be high.



## 14. SHARE CAPITAL

| Figures in R'000  | 2024             | 2023             |
|---|------------------|------------------|
| Ordinary shares of no par value   | 1 054 503        | 1 014 728        |
|   | Number of shares | Number of shares |
| <b>Authorised shares</b>  |                  |                  |
| Ordinary shares of no par value   | 10 000 000 000   | 10 000 000 000   |
| Constituent ordinary shares of no par value   | 4 000            | 4 000            |
| <b>Issued shares</b>  |                  |                  |
| Ordinary shares of no par value in issue at beginning of the year   | 1 310 000 000    | 1 310 000 000    |
| Ordinary shares of no par value in issue at end of year   | 1 310 000 000    | 1 310 000 000    |
| Ordinary shares of no par value repurchased (treasury shares)   | (51 961 828)     | (77 096 541)     |
| Ordinary shares of no par value, net of treasury shares at the end of the year                                      | 1 258 038 172    | 1 232 903 459    |
| <b>Reconciliation of movement of issued ordinary shares</b>   |                  |                  |
| Ordinary shares, net of treasury shares at the beginning of the year  | 1 232 903 459    | 1 229 088 405    |
| Ordinary shares of no par value repurchased during the year (treasury shares)                                       | (44 771 999)     | (200 000)        |
| Ordinary shares allotted for contingent consideration of Responsive group   | 5 538 539        | -                |
| Ordinary shares allotted for the purchase of Dariel   | 25 243 779       | -                |
| Ordinary shares of no par value sold during the year from treasury shares to settle vested share options            | 3 486 500        | 4 015 054        |
| Ordinary shares of no par value sold during the year from treasury shares to settle vested conditional share awards | 35 637 894       | -                |
| Number of issued ordinary shares, net of treasury shares at end of the year   | 1 258 038 172    | 1 232 903 459    |

## 15. SHARE-BASED PAYMENTS RESERVE

The Group has two Incentive Schemes:

- 15.1 The Group's Share Incentive Scheme ("Scheme"), which was introduced on the date the Company was listed on 16 October 2015, grants share options to employees of the Group. The Scheme has been classified as an equity-settled scheme and therefore, an equity-settled share-based payment reserve has been recognised in terms of IFRS 2.
- 15.2 The Group's Conditional Share Plan ("CSP") was introduced on 11 March 2020, and grants share awards to Executive directors and senior management of the Group. The CSP has been classified as an equity-settled scheme and therefore, an equity-settled share-based payment reserve has been recognised in terms of IFRS 2.

| Figures in R'000                     | 2024   | 2023   |
|--------------------------------------|--------|--------|
| Group share incentive scheme reserve | 9 231  | 6 959  |
| Group conditional share plan reserve | 17 558 | 26 393 |
| Total share-based payment reserve    | 26 789 | 33 352 |

# Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

## 15. SHARE-BASED PAYMENTS RESERVE (continued)

### 15.1 Group's Share Incentive Scheme

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

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

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

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

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

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

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

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

| Details of directors outstanding share options | Number of share options |           |
|--|-------------------------|-----------|
|  | 2024                    | 2023      |
| M Shapiro                                      | 2 300 000               | 2 300 000 |

## 15. SHARE-BASED PAYMENTS RESERVE (continued)

### 15.1 Group's Share Incentive Scheme (continued)

#### Vesting conditions

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

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

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

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

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

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

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

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

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

### 15.2 Group's Conditional Share Plan

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

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

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

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

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

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

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

# Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

## 15. SHARE-BASED PAYMENTS RESERVE (continued)

### 15.2 Group's Conditional Share Plan (continued)

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

#### Details of directors outstanding conditional share plan awards:

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

#### Vesting conditions

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

The performance metrics consists of financial objectives, non-financial objectives and key individual performance indicators, details of which are disclosed in the Remuneration Report in the Group 2023 Integrated Report.

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

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

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

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

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

## 16. CONTINGENT CONSIDERATION

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

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

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

## 17. DEFERRED REVENUE

Deferred revenue to be realised:

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

  

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

Deferred revenue arises from advanced payments from customers in respect of future professional services and licensed software and maintenance services. The amount of revenue recognised in the current year was R14.1 million (2023: R10.5 million). In the 2025 financial year, R16.1 million will be recognised in revenue.

# Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

## 18. LEASE LIABILITY

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

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

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

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

The company has an option to renew the leased premises for a further three-year period after the expiry of the initial five-year period, subject to rental and other charges for the renewable period being agreed by both the lessor and lessee.

<sup>2</sup> Dariel software entered into a new three-year lease for the period 1 February 2024 to 31 January 2027 for premises measuring 1 183 m<sup>2</sup>, located in Bramley, Johannesburg.

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

The company has an option to renew the leased premises for a further two-year period after the expiry of the initial three-year period, subject to rental and other charges for the renewable period being agreed by both the lessor and lessee.

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

## 19. TRADE AND OTHER PAYABLES

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

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

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

### Fair value of trade and other payables

Due to the short-term nature of trade and other payables, the carrying value approximates fair value.

## 20. REVENUE

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

### Disaggregation of revenue from contracts with customers

The Group disaggregates revenue from customers as follows:

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

### Group as a lessor

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

\* *The payments division enters into merchant rental agreements for point of sale terminals with the following salient terms:*

- *The term for each rental agreement is three years*
- *Rental fees has an annual escalation, based on CPI*
- *At the end of the term, the lessee has a responsibility to return the terminal to the lessor in good, working condition, fair wear and tear accepted*
- *There is a 15% residual value of the terminal at end of term*
- *The lessee is not allowed to acquire any title to the terminal, and the lessor will retain ownership of the terminal at all times.*

# Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

## 20. REVENUE (continued)

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

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

There were no unsatisfied revenue obligations at year-end.

## 21. OTHER INCOME

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

## 22. OPERATING PROFIT

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



## 23. FINANCE INCOME

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

## 24. FINANCE COSTS

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

## 25. TAXATION

| Figures in R'000   | 2024     | 2022     |
|--|----------|----------|
| <b>Major components of the tax expense</b>                           |          |          |
| <b>Current</b>   |          |          |
| Local income tax current year  | 68 846   | 63 307   |
| <b>Deferred</b>  |          |          |
| Originating and reversing temporary differences                      | 7 063    | 850      |
| Originating and reversing temporary differences on assessed tax loss | (826)    | 167      |
| South African normal tax   | 75 083   | 64 324   |
|  | <b>%</b> | <b>%</b> |
| <b>Reconciliation of rate of taxation</b>                            |          |          |
| South African normal tax   | 27.0     | 27.0     |
| Adjusted for:  |          |          |
| - Permanent differences*   | 3.5      | 14.0     |
| - Foreign withholding tax  | -        | 0.2      |
| Effective tax rate   | 30.5     | 41.2     |

\* Includes non-deductible expenses relating to share-based payments, acquisition costs, expected credit loss raised on loan to associate as well as Section 12H allowances and Section 11(d) allowances.

# Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

## 26. CASH GENERATED FROM OPERATIONS

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

## 27. CONTINGENT LIABILITIES

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

A general meeting of shareholders was held on 27 August 2019 where 97.77% of shareholders voted in favour of repurchasing 245 million shares from the relevant persons in terms of a circular posted to shareholders on 29 July 2019. One shareholder, First National Nominees Proprietary Limited and Nedbank Limited, on behalf of Rozendal Partners Proprietary Limited (Rozendal), who held 18 234 829 shares voted against the shareholders resolution and exercised their share appraisal rights in terms of the circular issued to shareholders. A dispute arose between the Company and Rozendal, which went to the Supreme Court upon which a judgement was made by the court requiring the Company to repurchase Rozendal's shares at a price to be determined by a valuation of an independent expert appointed by the court. The independent expert has determined that the Company must repurchase Rozendal's shares at a price of R1.06 per share, which will amount to R19 328 919. The repurchased shares will be held in treasury shares. The costs relating to the matter which amounted to R2 000 057 have been expensed in the 2024 financial results. A court date has been set for 5 May 2025 to hear the matter.

## 28. POST-RETIREMENT OBLIGATIONS

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

## 29. RELATED PARTIES

- 29.1 In terms of International Accounting Standards (IAS 24), the Group is obliged to disclose parties that directly or indirectly fall within the scope and definition of a related party.
- 29.2 The Group established the Capital Appreciation Empowerment Trust (“the Trust”) with the object of facilitating economic empowerment of, and advancing the interests of Black persons, by conferring vested interests in ordinary shares held by the Trust. The Trust initially subscribed for 50 000 000 ordinary shares and 25 000 000 founders initial ordinary shares in the Group. These shares are currently held by CAET Holdings Proprietary Limited of which the Trust is a 100% shareholder. The funding for the initial subscription was facilitated through loans granted to CAET Holdings Proprietary Limited of the Trust. The Trust is included as a related party as the previous Chairman of the Group serves as one of the trustees of the Trust.
- 29.3 Given the 26.7% shareholding by the Government Employees Pension Fund in the Group, their interest is deemed to enable them to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the Group. Accordingly, the Government Employees Pension Fund falls within the definition of a related party.

### 29.4 Transactions with directors

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

### 29.5 Relationships

|                                     |  | 2024   | 2023   |
|-------------------------------------|--|--------|--------|
| Subsidiaries                        | African Resonance Business Solutions Proprietary Limited | 100.0% | 100.0% |
|                                     | Rinwell Investments Proprietary Limited                  | 100.0% | 100.0% |
|                                     | Dashpay Proprietary Limited                              | 100.0% | 100.0% |
|                                     | Synthesis Software Technologies Proprietary Limited      | 100.0% | 100.0% |
|                                     | CAPPREC Management Services Proprietary Limited          | 100.0% | 100.0% |
|                                     | Synthesis Europe B.V.                                    | 100.0% | 100.0% |
|                                     | Synthesis Labs B.V.                                      | 100.0% | 100.0% |
|                                     | Responsive Tech Proprietary Limited                      | 100.0% | 100.0% |
|                                     | Responsive Digital Proprietary Limited                   | 100.0% | 100.0% |
|                                     | Rethink Digital Solutions Proprietary Limited            | 71.0%  | 71.0%  |
|                                     | Dariel Solutions Proprietary Limited                     | 100.0% | -      |
| Dariel Software Proprietary Limited | 100.0%   | -      |        |
| Associates                          | GovChat Proprietary Limited                              | 35.0%  | 35.0%  |
|                                     | GroEx Proprietary Limited (sold: 7 March 2024)           | -      | 15.0%  |
|                                     | LayUp Technologies Proprietary Limited                   | 27.4%  | 27.4%  |
|                                     | Regal Digital B.V.                                       | 20.0%  | 20.0%  |

|           |                                       |
|-----------|---------------------------------------|
| Directors | M Pimstein                            |
|           | B Sacks                               |
|           | A Salomon                             |
|           | B Bulo                                |
|           | K Dlamini                             |
|           | E Kruger                              |
|           | R Maqache                             |
|           | V Sekese                              |
|           | C Valkin (retired 31 October 2023)    |
|           | A Dambuza (appointed 4 December 2023) |

# Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

## 29. RELATED PARTIES (continued)

### 29.6 Companies with common directors

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

K2017220477 (South Africa) NPC<sup>1</sup>

LayUp Technologies Proprietary Limited

Regal Digital B.V.

### 29.7 Transactions with related parties

Figures in R'000

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

<sup>1</sup> K2017220477 (South Africa) NPC is regarded as a related party because an executive of one of the Group's subsidiaries is a non-executive director of the NPC, which enables him to exercise significant influence.

<sup>2</sup> Payments to B Sacks, relate to directors emoluments, amounting to R4 500 000 (2023: R3 600 000) and reimbursement of expenses, amounting to R866 000 (2023: R1 551 000).

\* In aggregate amounts to less than R1 000.

### 30. DIRECTORS' EMOLUMENTS

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

\* Emoluments paid to Centric Capital Ventures LLC.

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

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

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

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

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

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

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

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

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

# Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

## 30. DIRECTORS' EMOLUMENTS (continued)

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

## 31. DIRECTORS' SHAREHOLDING

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

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

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

There have been no changes in the Director's shareholding held in the Group from 31 March 2024 to 4 June 2024, being the date that the Group's Financial Statements have been approved by the Board.

## 32. EARNINGS PER SHARE

The following table reflects the information used in the calculation of the basic, headline and diluted earnings per share:

| Figures in R'000   | 2024             | 2023             |
|--|------------------|------------------|
| Profit for the year attributable to ordinary shareholders                      | 170 754          | 90 953           |
| Loss on disposal of property, plant and equipment and intangible assets        | 307              | 791              |
| Tax on loss on disposal of property, plant and equipment and intangible assets | (83)             | (214)            |
| Headline earnings  | 170 978          | 91 530           |
|  | Number of shares | Number of shares |
| Number of ordinary shares in issue ('000)                                      | 1 310 000        | 1 310 000        |
| Weighted average number of ordinary shares in issue ('000)                     | 1 256 113        | 1 230 959        |
| Diluted weighted average number of ordinary shares in issue ('000)             | 1 307 253        | 1 324 634        |

### 32. EARNINGS PER SHARE (continued)

|  | 2024            | 2023            |
|--|-----------------|-----------------|
| Calculation of weighted average number of shares   |                 |                 |
| Opening balance of weighted average number of ordinary shares in issue ('000)            | 1 232 903       | 1 229 088       |
| Weighted number of ordinary shares repurchased ('000)                                    | (13 597)        | (113)           |
| Weighted number of ordinary shares options and conditional share awards exercised ('000) | 7 730           | 1 984           |
| Weighted number of ordinary shares issued ('000)   | 29 077          | -               |
| Closing balance of weighted average number of ordinary shares in issue ('000)            | 1 256 113       | 1 230 959       |
| Weighted average number of shares in issue ('000)  | 1 256 113       | 1 230 959       |
| Dilutive number of shares ('000)   | 51 140          | 93 675          |
| Diluted weighted average number of shares in issue ('000)                                | 1 307 253       | 1 324 634       |
|  | 2024            | 2023            |
|  | Cents per share | Cents per share |
| Earnings per share   |                 |                 |
| Basic earnings per share   | 13.59           | 7.39            |
| Headline earnings per share  | 13.61           | 7.44            |
| Diluted earnings per share   | 13.06           | 6.87            |
| Diluted headline earnings per share  | 13.08           | 6.91            |

### 33. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

#### Categories of financial instruments

| Figures in R'000                           | Amortised cost | Fair value through profit and loss | Total   | Fair value |
|--|----------------|------------------------------------|---------|------------|
| <b>Categories of financial assets</b>      |                |                                    |         |            |
| <b>2024</b>                                |                |                                    |         |            |
| Trade and other receivables                | 175 860        | -                                  | 175 860 | 175 860    |
| Loan to associates                         | 30 681         | -                                  | 30 681  | 30 681     |
| Other financial assets                     | 11 800         | -                                  | 11 800  | 11 800     |
| Cash and cash equivalents                  | 467 430        | -                                  | 467 430 | 467 430    |
|  | 685 771        | -                                  | 685 771 | 685 771    |
| <b>2023</b>                                |                |                                    |         |            |
| Trade and other receivables                | 192 676        | -                                  | 192 676 | 192 676    |
| Loan to associates                         | 21 680         | -                                  | 21 680  | 21 680     |
| Cash and cash equivalents                  | 494 856        | -                                  | 494 856 | 494 856    |
|  | 709 212        | -                                  | 709 212 | 709 212    |
| <b>Categories of financial liabilities</b> |                |                                    |         |            |
| <b>2024</b>                                |                |                                    |         |            |
| Lease liability                            | 32 899         | -                                  | 32 899  | 32 899     |
| Trade and other payables                   | 87 446         | 7                                  | 87 453  | 87 453     |
|  | 120 345        | 7                                  | 120 352 | 120 352    |
| <b>2023</b>                                |                |                                    |         |            |
| Lease liability                            | 17 973         | -                                  | 17 973  | 17 973     |
| Trade and other payables                   | 106 191        | 619                                | 106 810 | 106 810    |
|  | 124 164        | 619                                | 124 783 | 124 783    |

# Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

## 33. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

### Pre-tax gains and losses on financial instruments

| Figures in R'000                                     | Amortised<br>cost | Total  |
|--|-------------------|--------|
| <b>Gains on financial assets</b>                     |                   |        |
| <b>2024</b>  |                   |        |
| Recognised in the statement of comprehensive income: |                   |        |
| Finance income                                       | 50 953            | 50 953 |
| <b>Gains on financial assets</b>                     |                   |        |
| <b>2023</b>  |                   |        |
| Recognised in the statement of comprehensive income: |                   |        |
| Finance income                                       | 36 943            | 36 943 |
| <b>Losses on financial liabilities</b>               |                   |        |
| <b>2024</b>  |                   |        |
| Recognised in the statement of comprehensive income: |                   |        |
| Finance costs  | 4 441             | 4 441  |
| <b>Losses on financial liabilities</b>               |                   |        |
| <b>2023</b>  |                   |        |
| Recognised in the statement of comprehensive income: |                   |        |
| Finance costs  | 724               | 724    |

### Capital risk management

For the purpose of the Group's capital management, capital includes issued share capital and all other equity reserves attributable to the equity shareholders of the parent. The primary objective of the Group's capital management is to maximise the shareholders' value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. Although the Group has no debt, should the need to raise debt arise, capital risk management will be monitored and measured on a formula to be determined by the Board at the appropriate time.

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

In order to achieve this overall objective, the Group's capital management, among other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. The Group had no interest-bearing loans and borrowings during the reporting period and therefore have no breaches of any financial covenants in the reporting period.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2024 and 2023.



### 33. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

#### Financial risk management

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as, interest rate risk, credit risk and investment of excess liquidity.

#### Currency risk management

The Group is exposed to currency risk as a result of revenues and costs in United States Dollars, Euros, Singapore Dollars and British Pounds, which are currencies other than the Group's reporting currency. The Group enters into various types of foreign exchange contracts as part of the management of its foreign exchange exposure arising from its current and anticipated business activities.

It is estimated that a general increase of 25 cents in the value of the Rand against other foreign currencies would decrease the Group's profit before and after tax for the year by approximately R586 647 and R428 253 respectively (31 March 2023: R676 817 and R494 076 respectively). A decrease of 25 cents would have an equal, but opposite effect.

#### Interest rate risk

Cash flow interest rate risk arises on cash balances held and loans receivables. Financial assets and liabilities affected by interest rate fluctuations include bank and cash deposits. At the reporting date, the Group cash deposits were accessible immediately or had maturity dates up to three months.

The interest earned on these deposits closely approximate the market rates prevailing. The directors have determined that a fluctuation in an interest rate of 50 basis points is reasonably possible. An increase in 50 basis points in interest rates as at the reporting date would have increased the profit before and after tax for the year by approximately R2.3 million and R1.7 million respectively (31 March 2023: R2.5 million and R1.8 million respectively). A decrease of 50 basis points would have an equal, but opposite effect. The analysis assumes that all other variables remain constant.

#### Liquidity risk

Liquidity risk is the risk where the Group fails to maintain adequate levels of financial resources to enable it to meet its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Group could be required to pay its liabilities earlier than expected or because of any inability to realise assets in order to meet obligations as they fall due or is only able to realise assets by suffering financial loss.

The Group's liquidity risk derives from the need to have sufficient funds available to cover future commitments. The Group manages liquidity risk through an ongoing review of future cash requirements.

Cash flow forecasts are compared to cash available.

The maturity profile of contractual cash flows of non-derivative financial liabilities, and financial assets held to mitigate the risk, are presented in the below table. The cash flows are undiscounted contractual amounts.

| Figures in R'000         | 0 - 6 months  | 7 - 12 months | 1 - 5 years   | Total          | Finance costs  | Carrying amount |
|--------------------------|---------------|---------------|---------------|----------------|----------------|-----------------|
| <b>2024</b>              |               |               |               |                |                |                 |
| Trade and other payables | 87 453        | -             | -             | 87 453         | -              | 87 453          |
| Lease liability          | 4 755         | 4 957         | 31 074        | 40 786         | (7 887)        | 32 899          |
| Contingent consideration | -             | -             | 25 261        | 25 261         | (1 994)        | 23 267          |
|                          | <b>92 208</b> | <b>4 957</b>  | <b>56 335</b> | <b>153 500</b> | <b>(9 881)</b> | <b>143 619</b>  |
| <b>2023</b>              |               |               |               |                |                |                 |
| Trade and other payables | 106 810       | -             | -             | 106 810        | -              | 106 810         |
| Lease liability          | 3 354         | 2 280         | 16 949        | 22 583         | (4 610)        | 17 973          |
| Contingent consideration | 6 646         | -             | -             | 6 646          | -              | 6 646           |
|                          | 116 810       | 2 280         | 16 949        | 136 039        | (4 610)        | 131 429         |

# Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

## 33. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

### Credit risk

Credit risk relates to the secure and unfettered access to and recovery of cash deposits, cash equivalents and trade and other receivables. The Group limits its counterparty exposure arising from financial instruments by only dealing with well-established institutions with high-quality ratings assigned by credit ratings agencies such as Fitch, Moody's and Standard and Poors Financial Services.

The carrying amount of financial assets represents the Group's maximum exposure to credit risk. The maximum exposure of each class of financial asset are as follows:

| Figures in R'000            | Gross carrying amount | Expected credit loss allowance | Amortised cost/fair value |
|-----------------------------|-----------------------|--------------------------------|---------------------------|
| <b>2024</b>                 |                       |                                |                           |
| Trade and other receivables | 179 740               | (3 880)                        | 175 860                   |
| Loans to associates         | 110 571               | (79 890)                       | 30 681                    |
| Other financial assets      | 11 800                | -                              | 11 800                    |
|                             | <b>302 111</b>        | <b>(83 770)</b>                | <b>218 341</b>            |
| <b>2023</b>                 |                       |                                |                           |
| Trade and other receivables | 196 556               | (3 880)                        | 192 676                   |
| Loans to associates         | 88 585                | (66 905)                       | 21 680                    |
|                             | 285 141               | (70 785)                       | 214 356                   |

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

### Trade and other receivables

The credit quality of trade and other receivables is assessed by reference to historical information about counterparty default rates. Historical levels of customers' defaults are minimal and, as a result, the credit quality of year-end trade and other receivables is considered to be high.

### Loans to associates

The purpose of the loans is to allow the associates to utilise the funding for software and other development costs which will, in due course, be revenue generating and generate profitability and from this profitability, the loans will be repaid.

### Cash and cash equivalents

The maximum exposure to credit risk at the reporting date is the carrying amount. The Group only deposits funds with major banks with high-quality credit ratings assigned by credit rating agencies such as Fitch, Moodys and Standard and Poors Financial Services. For this reason, the credit quality at year-end of cash and cash equivalents is considered to be high.

### Expected credit loss allowance

The Group's definition of default are the amounts that will not be repaid in terms of the terms of all financial assets in future timing periods. The amounts are written-off as and when the amounts are not recoverable. The expected credit loss is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information, like for example, forecast economic conditions and other related micro and macro economic factors. The Group calculates the expected credit loss allowance by comparing the year-end balance against the future expected amount receivable as per the terms of the agreements and recording the difference between the two.

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

The GovChat loan is secured by a pledge of all the associate's rights, title and interest in its intellectual property and specifically including all the software rights, trade mark rights and technology source codes. The value of which cannot be determined due to GovChat going into business rescue on 22 December 2022. The Group has recognised an expected credit loss on the loan receivable at 31 March 2024.

### 34. GROUP INFORMATION

| Holding Company  |                             | % Equity interest |
|--|-----------------------------|-------------------|
| <b>Capital Appreciation Limited</b>                      | Holding Company             |                   |
| <b>Subsidiaries</b>                                      | <b>Principal Activities</b> |                   |
| Capprec Management Services Proprietary Limited          | Corporate administration    | 100               |
| African Resonance Business Solutions Proprietary Limited | Payment solutions           | 100               |
| Rinwell Investments Proprietary Limited                  | Payment solutions           | 100               |
| Dashpay Proprietary Limited                              | Payment solutions           | 100               |
| Synthesis Software Technologies Proprietary Limited      | Software solutions          | 100               |
| Synthesis Europe B.V.                                    | Software solutions          | 100               |
| Synthesis Labs B.V.                                      | Software solutions          | 100               |
| Responsive Tech Proprietary Limited                      | Software solutions          | 100               |
| Responsive Digital Proprietary Limited                   | Software solutions          | 100               |
| Rethink Digital Proprietary Limited                      | Software solutions          | 71                |
| Dariel Software Proprietary Limited                      | Software solutions          | 100               |
| Dariel Solutions Proprietary Limited                     | Software solutions          | 100               |
| <b>Associates</b>  |                             |                   |
| GovChat Proprietary Limited                              | Software solutions          | 35                |
| Regal Digital B.V. (Netherlands)                         | Software solutions          | 20                |
| LayUp Technologies Proprietary Limited                   | Payment solutions           | 27                |

### 35. FAIR VALUE

Financial instruments are normally held by the Group until they close out in the normal course of business. The fair values of the Group's financial instruments, which principally comprise forward exchange contracts approximate their carrying value. The maturity profile of those financial instruments fall due within 12 months.

There are no significant differences between carrying fair value and fair value of financial assets and liabilities.

Loans to associates, other financial assets, trade and other receivables and trade and other payables carried on the statement of financial position approximate the fair values.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: Other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The foreign exchange contract liabilities are recognised at fair value under level 2. The inputs into the valuation include the market interest rates and foreign exchange rates, as well as yield curves. There have been no transfers between the levels during the year.

| Figures in R'000                   | 2024  | Level 1 | Level 2 | Level 3 |
|------------------------------------|-------|---------|---------|---------|
| Financial instrument               |       |         |         |         |
| Foreign exchange forward contracts | (7)   | -       | (7)     | -       |
|                                    | 2023  | Level 1 | Level 2 | Level 3 |
| Financial instrument               |       |         |         |         |
| Foreign exchange forward contracts | (619) | -       | (619)   | -       |

# Notes to the Group financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

## 36. DIVIDENDS

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

## 37. GOING CONCERN

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

## 38. POST-YEAR-END EVENTS

38.1 The Group has not experienced any material operating and servicing disruptions or any material deterioration in trading performance for the period from the financial year-end, dated 31 March 2024, to the date of this report.

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

# Company statement of financial position

AS AT 31 MARCH 2024

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

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

# Company statement of comprehensive income

FOR THE YEAR ENDED 31 MARCH 2024

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

# Company statement of cash flows

FOR THE YEAR ENDED 31 MARCH 2024

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

## Company statement of changes in equity

FOR THE YEAR ENDED 31 MARCH 2024

| Figures in R'000  | Ordinary<br>share capital | Share-based<br>payment<br>reserve | Contingent<br>consideration<br>reserve | Retained<br>income | Total equity     |
|---|---------------------------|-----------------------------------|--|--------------------|------------------|
| <b>Balance at 31 March 2022</b>   | 1 058 981                 | 9 546                             | 9 582                                  | 22 138             | 1 100 247        |
| Share-based payment expense   | -                         | 7 967                             | -                                      | -                  | 7 967            |
| Settlement of vested share options  | -                         | (289)                             | -                                      | -                  | (289)            |
| Cash dividends paid   | -                         | -                                 | -                                      | (104 800)          | (104 800)        |
| Total comprehensive loss  | -                         | -                                 | -                                      | (5 393)            | (5 393)          |
| <b>Balance at 31 March 2023</b>   | 1 058 981                 | 17 224                            | 9 582                                  | (88 055)           | 997 732          |
| Share-based payment expense   | -                         | <b>8 253</b>                      | -                                      | -                  | <b>8 253</b>     |
| Settlement of vested conditional share awards                             | -                         | <b>(14 739)</b>                   | -                                      | -                  | <b>(14 739)</b>  |
| Contingent consideration reserve  | -                         | -                                 | <b>19 981</b>                          | -                  | <b>19 981</b>    |
| Allotment of 5 538 539 shares to Responsive Group: warranty consideration | -                         | -                                 | <b>(9 582)</b>                         | <b>2 493</b>       | <b>(7 089)</b>   |
| Allotment of conditional share awards                                     | -                         | -                                 | -                                      | <b>(17 322)</b>    | <b>(17 322)</b>  |
| Cash dividends paid   | -                         | -                                 | -                                      | <b>(108 075)</b>   | <b>(108 075)</b> |
| Total comprehensive income  | -                         | -                                 | -                                      | <b>59 695</b>      | <b>59 695</b>    |
| <b>Balance at 31 March 2024</b>   | <b>1 058 981</b>          | <b>10 738</b>                     | <b>19 981</b>                          | <b>(151 264)</b>   | <b>938 436</b>   |



# Notes to the Company financial statements

FOR THE YEAR ENDED 31 MARCH 2024

## Accounting policies

Refer to the Group accounting policies in Notes 1 and 2

### 1. PROPERTY, PLANT AND EQUIPMENT

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

#### Reconciliation of property, plant and equipment

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

| Figures in R'000       | 2023            |                          |                |
|------------------------|-----------------|--------------------------|----------------|
|                        | Opening balance | Accumulated depreciation | Carrying value |
| Computer hardware      | 1 029           | (937)                    | 92             |
| Computer software      | 15              | (15)                     | -              |
| Office equipment       | 182             | (182)                    | -              |
| Furniture and fixtures | 1 037           | (849)                    | 188            |
| Leasehold improvements | 825             | (678)                    | 147            |
| <b>Total</b>           | <b>3 088</b>    | <b>(2 661)</b>           | <b>427</b>     |

#### Reconciliation of property, plant and equipment

| Figures in R'000       | 2023            |            |              |                |
|------------------------|-----------------|------------|--------------|----------------|
|                        | Opening balance | Additions  | Depreciation | Carrying value |
| Computer hardware      | 150             | 98         | (156)        | 92             |
| Computer software      | -               | -          | -            | -              |
| Office equipment       | -               | -          | -            | -              |
| Furniture and fixtures | 323             | 41         | (176)        | 188            |
| Leasehold improvements | 149             | 135        | (137)        | 147            |
| <b>Total</b>           | <b>622</b>      | <b>274</b> | <b>(469)</b> | <b>427</b>     |

# Notes to the company financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

## 2. INVESTMENTS IN SUBSIDIARIES

| Figures in R'000            | 2024             | 2023    |
|-----------------------------|------------------|---------|
| <b>Opening balance</b>      | <b>938 924</b>   | 938 924 |
| Investments during the year |                  |         |
| 100% of Dariel              | <b>151 144</b>   | -       |
| <b>Balance at 31 March</b>  | <b>1 090 068</b> | 938 924 |

- 2.1 On 5 May 2017, the Company acquired 100% of the shares in African Resonance Proprietary Limited, Rinwell Investments Proprietary Limited, Dashpay Proprietary Limited, Synthesis Software Technologies Proprietary Limited and CAPPREC Management Services Proprietary Limited. Investments in subsidiaries are valued at cost, which in aggregate amounts to R890.5 million.
- 2.2 On 21 June 2021, the Company acquired 100% of the shares in Synthesis Europe B.V., a company registered in the Netherlands. Synthesis Europe B.V. is the holding Company of Synthesis Labs B.V. which is an operating company in the Netherlands. The investment in the subsidiary is valued at cost of EUR 1 = (R17.00).
- 2.3 On 1 March 2022, the Company acquired:
- 100 % of the issued share capital of Responsive Tech Proprietary Limited and 100% of the issued share capital of Responsive Digital Proprietary Limited (collectively called "Responsive Build") and
  - 71% of the issued share capital of Rethink Digital Solutions Proprietary Limited (Rethink Digital Solutions)
- Investments in the Responsive Group are valued at cost which in aggregate amounts to R48.4 million.
- 2.4 On 3 July 2023, the Company acquired:
- 100% of the issued share capital of Dariel Solutions Proprietary Limited, which holds 100% of the issued share capital in Dariel Software Proprietary Limited. Investments in Dariel are valued at cost which in aggregate amounts to R151,1 million. See note 6 of the group financial statements.
- Dariel has also provided the Group with a profit warranty of R62,2 million EBITDA for the 24 month period, 1 April 2023 to 31 March 2025, that, if achieved, will result in an aggregate warranty purchase consideration, which should not exceed R45.9 million. This profit warranty consideration will be settled by way of (i) cash payment of R25 260 716 and (ii) an allotment out of treasury shares of 13 592 804 shares at 147 cents per share.

## 3. INVESTMENTS IN ASSOCIATES

### Unlisted investments

#### 3.1 GovChat Proprietary Limited

The Company acquired a 35% interest in GovChat Proprietary Limited on 21 May 2019. GovChat provides a technology platform that connects people to government and government to people. The principal place of business is in Cape Town and the company is incorporated in South Africa. The business is currently under business rescue.

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

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

#### 3.2 LayUp Technologies Proprietary Limited

The Company holds a 27.4% interest in LayUp. LayUp is a fully digital Lay-By and recurring payments business. The principal place of business is in Johannesburg and the Company is incorporated in South Africa.

| Figures in R'000                             | 2024           | 2023    |
|--|----------------|---------|
| 122 517 shares at cost                       | <b>6 378</b>   | 6 378   |
| Carrying and fair value at beginning of year | <b>2 731</b>   | 4 842   |
| Share of loss of associate                   | <b>(2 731)</b> | (2 111) |
| <b>Carrying and fair value</b>               | <b>*</b>       | 2 731   |

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

### 3. INVESTMENTS IN ASSOCIATES (continued)

#### 3.3 Regal Digital B.V.

The Company subscribed, on 13 May 2022, for 392 shares, being 20% of the issued share capital of Regal Digital B.V., which is a technology company, for a cash consideration of EUR6 178 (R105 551). The principal place of business is in Amsterdam, Netherlands, and the company is incorporated in the Netherlands.

| Figures in R'000                             | 2024 | 2023 |
|--|------|------|
| 392 shares at cost                           | 106  | 106  |
| Carrying and fair value at beginning of year | 61   | -    |
| Shares purchased                             | -    | 106  |
| Share of equity accounted loss in associate  | (61) | (45) |
| Carrying and fair value                      | *    | 61   |

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

### 4. LOANS TO ASSOCIATES

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

#### 4.1 GovChat Proprietary Limited

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

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

In May 2019 an interest-free enterprise development loan was granted to GovChat Proprietary Limited and was repayable on demand. This loan was converted during the 2022 financial year to a long-term loan.

In April 2021, an additional enterprise development loan was granted, bearing interest at prime less 3%.

GovChat has pledged as a security for the loan from Capital Appreciation Limited, all its rights, title and interest in and to all of GovChat's intellectual property and specifically including all the software rights, trade mark rights and technology source codes.

GovChat went into business rescue on 22 December 2022. During February 2023, the Group engaged with the business rescue practitioner to provide post commencement funding to GovChat. Management is in regular communication with the business rescue practitioner and expects that further details of any amount recoverable will be clarified in the period after the reporting date. At year-end, the full amount due has been recognised as an expected credit loss.

# Notes to the company financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

## 4. LOANS TO ASSOCIATES (continued)

### 4.2 Layup Technologies Proprietary Limited

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

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

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

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

### 4.3 Regal Digital B.V.

| Figures in R'000             | 2024          | 2023  |
|------------------------------|---------------|-------|
| Opening balance              | 9 526         | -     |
| Loan granted during the year | -             | 8 437 |
| Foreign exchange movement    | 538           | 1 089 |
| <b>Closing balance</b>       | <b>10 064</b> | 9 526 |

The Company granted Regal Digital B.V. a long-term loan of EUR493 822 (R9.5 million), which is non-interest-bearing and has no fixed terms of repayment. The loan is mark to market at the foreign exchange rate of EUR1 = R20.38 (2023: R19.29) at 31 March 2024.

## 5. DEFERRED TAX

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

\* Included are timing differences relating to provisions.

## 6. OTHER RECEIVABLES

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

### Categorisation of other receivables

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

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

### Fair value of other receivables

Due to the short-term nature of other receivables, the carrying value approximates fair value.

### Estimated credit losses

There are no estimated credit losses relating to other receivables.

### Exposure to currency risk

Other receivables are denominated in South African Rand and therefore have no material exposure to foreign currency.

# Notes to the company financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

## 7. OTHER FINANCIAL ASSETS

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

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

All remaining other financial assets are receivable, interest free and are repayable on demand.

## 8. CASH AND CASH EQUIVALENTS

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

Cash and cash equivalents comprise call and notice deposits with banks maturing within three months. These attract interest at market-related rates. Cash and cash equivalents are measured at amortised cost. The maximum exposure to credit risk at the reporting date is the carrying amount. The Company only has deposits with major banks with high-quality ratings assigned by recognised credit rating agencies such as Fitch, Moodys and Standard and Poors Financial Services. For this reason, the credit quality at year-end of cash and cash equivalents is considered to be high.

## 9. SHARE CAPITAL

| Figures in R'000   | 2024                    | 2023                    |
|--|-------------------------|-------------------------|
| Ordinary shares of no par value                          | 1 058 981               | 1 058 981               |
| <b>Number of shares</b>                                  | <b>Number of shares</b> | <b>Number of shares</b> |
| Authorised shares  |                         |                         |
| Ordinary shares of no par value                          | 10 000 000 000          | 10 000 000 000          |
| Constituent ordinary shares of no par value              | 4 000                   | 4 000                   |
| Issued shares  |                         |                         |
| Ordinary shares of no par value at beginning of the year | 1 310 000 000           | 1 310 000 000           |
| Ordinary shares of no par value at end of year           | 1 310 000 000           | 1 310 000 000           |

## 10. SHARE-BASED PAYMENTS RESERVES

### The Company has two Incentive Schemes:

- 10.1 The Company's Share Incentive Scheme ("Scheme"), which was introduced on the date the Company was listed on 16 October 2015, grants share options to employees of the Company. The Scheme has been classified as an equity-settled scheme and therefore, an equity-settled share-based payment reserve has been recognised in terms of IFRS 2.
- 10.2 Company's Conditional Share Plan ("CSP") was introduced on 11 March 2020, and grants share awards to Executive directors and senior management of the Company. The CSP has been classified as an equity-settled scheme and therefore, an equity-settled share-based payment reserve has been recognised in terms of IFRS 2.

| Figures in R'000                         | 2024          | 2023          |
|--|---------------|---------------|
| Company share incentive scheme reserve   | 400           | 216           |
| Company conditional share plan reserve   | 10 338        | 17 008        |
| <b>Total share-based payment reserve</b> | <b>10 738</b> | <b>17 224</b> |

### 10.1 Company's Share Incentive Scheme

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

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

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

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

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

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

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

# Notes to the company financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

## 10. SHARE-BASED PAYMENTS RESERVES (continued)

### 10.1 Company's Share Incentive Scheme (continued)

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

|  | Number of share options |           |
|--|-------------------------|-----------|
|  | 2024                    | 2023      |
| <b>Details of directors' outstanding share options</b> |                         |           |
| M Shapiro  | 2 300 000               | 2 300 000 |

#### Vesting conditions:

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

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

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

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

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

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

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

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

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



## 10. SHARE-BASED PAYMENTS RESERVES (continued)

### 10.2 The Company's Conditional Share Plan

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

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

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

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

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

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

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

|  | 2023                   |                 |
|--|------------------------|-----------------|
|  | Number of share awards | Exercise price  |
| <b>The number of share awards are:</b> |                        |                 |
| Beginning of the year                  | 44 374 439             | 89 cents        |
| Granted                                | 9 992 411              | 144 cents       |
| <b>End of the year</b>                 | <b>54 366 850</b>      | <b>99 cents</b> |

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

#### Vesting conditions

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

The performance metrics consists of financial objectives, non-financial objectives and key individual performance indicators, details of which will be disclosed in the Remuneration Report in the Group Integrated Annual Report.

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

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

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

# Notes to the company financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

## 10. SHARE-BASED PAYMENTS RESERVES (continued)

### 10.2 The Company's Conditional Share Plan (continued)

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

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

## 11. CONTINGENT CONSIDERATION

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

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

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

## 12. TRADE AND OTHER PAYABLES

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

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

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

### 13. OTHER FINANCIAL LIABILITIES

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

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

### 14. OTHER INCOME

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

### 15. OPERATING PROFIT

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

### 16. FINANCE INCOME

| Figures in R'000       | 2024          | 2023          |
|------------------------|---------------|---------------|
| Bank                   | 34 147        | 29 975        |
| Loans to associates    | 8 607         | 3 831         |
| Other financial assets | 800           | -             |
|                        | <b>43 554</b> | <b>33 806</b> |

# Notes to the company financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

## 17. FINANCE COSTS

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

## 18. TAXATION

| Figures in R'000   | 2024         | 2023     |
|--|--------------|----------|
| Major components of the tax expense                                  |              |          |
| <b>Current</b>   |              |          |
| Local income tax current year  | 6 657        | 960      |
| <b>Deferred</b>  |              |          |
| Originating and reversing temporary differences                      | 25           | (4)      |
| Originating and reversing temporary differences on assessed tax loss | -            | 1 771    |
| <b>South African normal tax</b>                                      | <b>6 682</b> | 2 727    |
|  | <b>%</b>     | <b>%</b> |
| Reconciliation of rate of taxation                                   |              |          |
| South African normal tax   | 27.0         | 27.0     |
| Adjusted for:  |              |          |
| - Permanent differences*   | (16.9)       | 75.2     |
| Effective tax rate   | 10.1         | 102.2    |

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

## 19. CASH UTILISED FROM OPERATIONS

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

## 20. DIRECTORS' EMOLUMENTS

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

\* Emoluments paid to Centric Capital Ventures LLC.

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

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

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

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

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

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

# Notes to the company financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

## 20. DIRECTORS' EMOLUMENTS (continued)

### Directors' long-term incentives

Figures in R'000

|                                    | 2024         | 2023         |
|------------------------------------|--------------|--------------|
| <b>Share-based payment expense</b> |              |              |
| M Pimstein                         | 2 560        | 2 537        |
| B Sacks                            | 2 560        | 2 537        |
| A Salomon                          | 2 560        | 2 537        |
| M Shapiro                          | 1 173        | 1 033        |
|                                    | <b>8 853</b> | <b>8 644</b> |

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

## 21. RELATED PARTIES

Refer to the Group Related Parties in note 29

Figures in R'000

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

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

# Notes to the company financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

## 22. FAIR VALUE

Financial instruments are normally held by the Company until they close out in the normal course of business. There are no significant differences between carrying values and fair values of financial assets and liabilities. Loans to associates, other financial assets, trade and other receivables, other financial liabilities and trade and other payables carried on the statement of financial position approximate the fair values.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

There have been no transfers between the levels during the year.

As 31 March 2024 (2023: Nil) the Company did not hold any financial instruments measured at fair value through profit and loss.

## 23. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

### Categories of financial instruments

| Figures in R'000                           | Amortised<br>cost | Total          | Fair value     |
|--|-------------------|----------------|----------------|
| <b>Categories of financial assets</b>      |                   |                |                |
| <b>2024</b>                                |                   |                |                |
| Trade and other receivables                | 212               | 212            | 212            |
| Other financial assets                     | 26 024            | 26 024         | 26 024         |
| Loans to associates                        | 30 681            | 30 681         | 30 681         |
| Cash and cash equivalents                  | 371 242           | 371 242        | 371 242        |
|  | <b>428 159</b>    | <b>428 159</b> | <b>428 159</b> |
| <b>2023</b>                                |                   |                |                |
| Trade and other receivables                | 206               | 206            | 206            |
| Other financial assets                     | 27 253            | 27 253         | 27 253         |
| Loans to associates                        | 21 680            | 21 680         | 21 680         |
| Cash and cash equivalents                  | 395 610           | 395 610        | 395 610        |
|  | 444 749           | 444 749        | 444 749        |
| <b>Categories of financial liabilities</b> |                   |                |                |
| <b>2024</b>                                |                   |                |                |
| Trade and other payables                   | 7 017             | 7 017          | 7 017          |
| Other financial liabilities                | 550 582           | 550 582        | 550 582        |
|  | <b>557 599</b>    | <b>557 599</b> | <b>557 599</b> |
| <b>2023</b>                                |                   |                |                |
| Trade and other payables                   | 8 826             | 8 826          | 8 826          |
| Other financial liabilities                | 374 679           | 374 679        | 374 679        |
|  | 383 505           | 383 505        | 383 505        |



## 23. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

### Pre-tax gains on financial assets

| Figures in R'000                                     | Amortised<br>cost | Total         |
|--|-------------------|---------------|
| <b>2024</b>  |                   |               |
| Recognised in the statement of comprehensive income: |                   |               |
| <b>Finance income</b>                                | <b>43 554</b>     | <b>43 554</b> |
| <b>2023</b>  |                   |               |
| Recognised in the statement of comprehensive income: |                   |               |
| <b>Finance income</b>                                | <b>33 806</b>     | <b>33 806</b> |

### Capital risk management

For the purpose of the Company's capital management, capital includes issued share capital and all other equity reserves attributable to the equity shareholders of the parent. The primary objective of the Company's capital management is to maximise the shareholders' value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. Although the Company has no debt, should the need to raise debt arise, capital risk management will be monitored and measured on a formula to be determined by the Board at the appropriate time.

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

In order to achieve this overall objective, the Company's capital management, among other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. The Company had no interest-bearing loans and borrowings during the reporting period and therefore have no breaches of any financial covenants in the reporting period.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2024 and 2023.

### Financial risk management

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as, interest rate risk, credit risk, and investment of excess liquidity.

### Currency risk management

The Company is exposed to currency risk as a result of revenues and costs in Euros, which are currencies other than the Company's reporting currency. The Company enters into various types of foreign exchange contracts as part of the management of its foreign exchange exposure arising from its current and anticipated business activities.

It is estimated that a general increase of 25 cents in the value of the Rand against other foreign currencies would decrease the Company's profit before and after tax for the year by approximately R297 938 and R217 495 respectively (31 March 2023: R115 733 and R83 328 respectively). A decrease of 25 cents would have an equal, but opposite effect.

# Notes to the company financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

## 23. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

### Interest rate risk

Cash flow interest rate risk arises on cash balances held and loans receivables. Financial assets and liabilities affected by interest rate fluctuations include bank and cash deposits. At the reporting date, the Company cash deposits were accessible immediately or had maturity dates up to three months.

The interest earned on these deposits closely approximate the market rates prevailing. The directors have determined that a fluctuation in an interest rate of 50 basis points is reasonably possible. An increase in 50 basis points in interest rates as at the reporting date would have increased the profit before and after tax for the year by approximately R1.9 million and R1.4 million respectively (31 March 2023: R2.0 million and R1.4 million, respectively), a decrease of 50 basis points would have an equal but opposite effect.

The analysis assumes that all other variables remain constant.

### Liquidity risk

Liquidity risk is the risk where the Company fails to maintain adequate levels of financial resources to enable it to meet its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or because of any inability to realise assets in order to meet obligations as they fall due or is only able to realise assets by suffering financial loss.

The Company's liquidity risk derives from the need to have sufficient funds available to cover future commitments. The Company manages liquidity risk through an ongoing review of future cash requirements. Cash flow forecasts are compared to cash available. The financial liabilities of the Company are all due within the next 12 months.

The maturity profile of contractual cash flows of non-derivative financial liabilities, and financial assets held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.

| Figures in R'000            | 0-6 months     | 1-5 years     | Finance charges | Carrying amount |
|-----------------------------|----------------|---------------|-----------------|-----------------|
| <b>2024</b>                 |                |               |                 |                 |
| Trade and other payables    | 7 222          | -             | -               | 7 222           |
| Other financial liabilities | 550 582        | -             | -               | 550 582         |
| Contingent consideration    | -              | 25 261        | (1 994)         | 23 267          |
|                             | <b>557 804</b> | <b>25 261</b> | <b>(1 994)</b>  | <b>581 071</b>  |
| <b>2023</b>                 |                |               |                 |                 |
| Trade and other payables    | 8 826          | -             | -               | 8 826           |
| Other financial liabilities | 374 679        | -             | -               | 374 679         |
| Contingent consideration    | 6 646          | -             | -               | 6 646           |
|                             | 390 151        | -             | -               | 390 151         |

### Credit risk

Credit risk relates to the secure and unfettered access to and recovery of cash deposits, cash equivalents and trade and other receivables. The Company limits its counterparty exposure arising from financial instruments by only dealing with well-established institutions with high-quality ratings assigned by credit ratings agencies such as Fitch, Moody's and Standard and Poors Financial Services. The Company does not expect any counterparties to fail to meet their obligations given their high credit ratings.

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

The carrying amount of financial assets represents the Company's maximum exposure to credit risk.

## 23. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

The maximum exposure of each class of financial asset are as follows:

| Figures in R'000            | Gross carrying amount | Expected credit loss allowance | Amortised cost/fair value |
|-----------------------------|-----------------------|--------------------------------|---------------------------|
| <b>2024</b>                 |                       |                                |                           |
| Trade and other receivables | 212                   | -                              | 212                       |
| Other financial assets      | 26 024                |                                | 26 024                    |
| Loans to associates         | 43 666                | (12 985)                       | 30 681                    |
|                             | <b>69 902</b>         | <b>(12 985)</b>                | <b>56 917</b>             |
| <b>2023</b>                 |                       |                                |                           |
| Trade and other receivables | 206                   | -                              | 206                       |
| Other financial assets      | 27 253                |                                | 27 253                    |
| Loans to associates         | 88 585                | (66 905)                       | 21 680                    |
|                             | 116 044               | (66 905)                       | 49 139                    |

### Other receivables

The credit quality of trade and other receivables is assessed by reference to historical information about counter party default rates. Historical levels of customers' defaults are minimal and, as a result, the credit quality of year-end trade and other receivables is considered to be high.

### Other financial assets

The exposure to credit risk is not significant as the debtors have adequate resources to repay the loan.

### Loans to associates

The purpose of the loans is to allow the associate to utilise the funding for software and other development costs which will, in due course, be revenue generating and generate profitability and from this profitability, the loan will be repaid.

### Cash and cash equivalents

The maximum exposure to credit risk at the reporting date is the carrying amount. The Group only deposits funds with major banks with high-quality credit ratings assigned by credit rating agencies such as Fitch, Moodys and Standard and Poors Financial Services. For this reason, the credit quality at year-end of cash and cash equivalents is considered to be high.

### Expected credit loss allowance

The Company's definition of default are the amounts that will not be repaid in terms of the terms of all financial assets in future timing periods. The amounts are written off as and when the amounts are not recoverable. The Company calculates the expected credit loss allowance by comparing the year-end balance against the future expected amount receivable as per the terms of the agreements and recording the difference between the two.

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

The GovChat loan is secured by a pledge of all the associate's rights, title and interest in its intellectual property and specifically including all the software rights, trade mark rights and technology source codes. GovChat went into business rescue on 22 December 2022 and the Company has recognised an expected credit loss on the loan receivable at 31 March 2024.

## 24. DIVIDENDS

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

# Notes to the company financial statements (continued)

FOR THE YEAR ENDED 31 MARCH 2024

## 25. GOING CONCERN

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

## 26. Contingent liabilities

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

A general meeting of shareholders was held on 27 August 2019 where 97.77% of shareholders voted in favour of repurchasing 245 million shares from the relevant persons in terms of a circular posted to shareholders on 29 July 2019. One shareholder, First National Nominees Proprietary Limited and Nedbank Limited, on behalf of Rozendal Partners Proprietary Limited (Rozendal), who held 18 234 829 shares voted against the shareholders resolution and exercised their share appraisal rights in terms of the circular issued to shareholders. A dispute arose between the Company and Rozendal, which went to the Supreme Court upon which a judgement was made by the court requiring the Company to repurchase Rozendal's shares at a price to be determined by a valuation of an independent expert appointed by the court. The independent expert has determined that the Company must repurchase Rozendal's shares at a price of R1.06 per share, which will amount to R19 328 919. The repurchased shares will be held in treasury shares. The costs relating to the matter amounted to R2 000 057 have been expensed in the 2024 financial results. A court date has been set for 5 May 2025 to hear the matter.

## 27. Post-year-end events

The Company has not experienced any material operating and servicing disruptions or any material deterioration in trading performance for the period from the financial year-end, dated 31 March 2024, to the date of this report.

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

# Shareholders information

**Issued Share Capital: 1 310 000 000**

| SHAREHOLDER SPREAD            | No of Shareholdings | %             | No of Shares         | %             |
|-------------------------------|---------------------|---------------|----------------------|---------------|
| 1 - 1 000 shares              | 4 569               | 65.55         | 558 090              | 0.04          |
| 1 001 - 10 000 shares         | 1 116               | 16.01         | 4 602 877            | 0.35          |
| 10 001 - 100 000 shares       | 890                 | 12.77         | 35 506 705           | 2.71          |
| 100 001 - 1 000 000 shares    | 306                 | 4.39          | 90 935 715           | 6.94          |
| 1 000 001 - 10 000 000 shares | 70                  | 1.00          | 232 731 437          | 17.77         |
| 10 000 001 shares and over    | 19                  | 0.27          | 945 665 176          | 72.19         |
| <b>Totals</b>                 | <b>6 970</b>        | <b>100.00</b> | <b>1 310 000 000</b> | <b>100.00</b> |

| DISTRIBUTION OF SHAREHOLDERS | No of Shareholdings | %             | No of Shares         | %             |
|------------------------------|---------------------|---------------|----------------------|---------------|
| Banks/Brokers                | 18                  | 0.26          | 171 921 769          | 13.12         |
| Close Corporations           | 17                  | 0.24          | 2 808 060            | 0.21          |
| Endowment Funds              | 4                   | 0.06          | 2 741 675            | 0.21          |
| Individuals                  | 6 550               | 93.97         | 382 839 000          | 29.22         |
| Insurance Companies          | 12                  | 0.17          | 7 270 419            | 0.55          |
| Investment Companies         | 2                   | 0.03          | 5 473 490            | 0.42          |
| Mutual Funds                 | 30                  | 0.43          | 105 585 657          | 8.06          |
| Other Corporations           | 27                  | 0.39          | 567 881              | 0.04          |
| Private Companies            | 116                 | 1.66          | 117 276 127          | 8.95          |
| Private Equity               | 1                   | 0.01          | 700 000              | 0.05          |
| Retirement Funds             | 68                  | 0.98          | 411 120 401          | 31.38         |
| Treasury Stock               | 2                   | 0.03          | 51 961 828           | 3.97          |
| Trusts                       | 123                 | 1.76          | 49 733 693           | 3.82          |
| <b>Totals</b>                | <b>6 970</b>        | <b>100.00</b> | <b>1 310 000 000</b> | <b>100.00</b> |

| PUBLIC/NON - PUBLIC SHAREHOLDERS   | No of Shareholdings | %             | No of Shares         | %             |
|------------------------------------|---------------------|---------------|----------------------|---------------|
| <b>Non-Public Shareholders</b>     | <b>15</b>           | <b>0.22</b>   | <b>719 938 284</b>   | <b>54.97</b>  |
| Directors of the company           | 11                  | 0.16          | 274 289 385          | 20.94         |
| Company Related Holdings           | 1                   | 0.01          | 75 000 000           | 5.73          |
| Treasury Shares                    | 2                   | 0.03          | 51 961 828           | 3.97          |
| Strategic Holdings (more than 10%) | 1                   | 0.01          | 318 687 071          | 24.33         |
| <b>Public Shareholders</b>         | <b>6 955</b>        | <b>99.78</b>  | <b>590 061 716</b>   | <b>45.03</b>  |
| <b>Totals</b>                      | <b>6 970</b>        | <b>100.00</b> | <b>1 310 000 000</b> | <b>100.00</b> |

| Beneficial Shareholders holding 5% or more | No of Shares | %     |
|--|--------------|-------|
| Government Employees Pension Fund          | 349 946 612  | 26.71 |
| Capital Appreciation Empowerment Trust     | 75 000 000   | 5.73  |
| Centric Capital Ventures LLC               | 76 959 465   | 5.88  |

# Corporate information

## Capital Appreciation Limited

Incorporated in the Republic of South Africa

### Registration number: 2014/253277/06

Tax number: 9591281176

JSE share code: CTA

A2X share code: CTAJ

ISIN: ZAE000209245

### FTSE Industrial Classification sector:

Software and Computer Services

## Registered office

Unit 2

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Frankenwold, Sandton

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Website: [www.capitalappreciation.co.za](http://www.capitalappreciation.co.za)

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## Sponsor

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## Transfer secretary

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