

Arbitrage Holdings Ltd
(Registration Number 2021/732583/06)
Annual Financial Statements
for the year ended 28 February 2025

Arbitrage Holdings Ltd

(Registration Number 2021/732583/06)

Annual Financial Statements for the year ended 28 February 2025

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General Information

Country of Incorporation and Domicile	South Africa
Registration Number	2021/732583/06
Nature of Business and Principal Activities	The company Investment holding company.
Directors	J Kotze (Independent Non-executive Chairman) BA LLB (Stellenbosch) R Swart (Chief Executive Officer) B.Eng Mech Eng (UP); M.Inst.D (SA) (Appointed 1 July 2024) PC de Jager (Chief Financial Officer) B.Comm Acc (UP); B.Compt(Hons)/CTA (UNISA); MBA (GIBS/UP); F.Inst.D (SA); Chartered CFO (SA) (Appointed 1 October 2024) CKN Tlale (Executive director) N.Dip Elect Eng; N.Dip HR IM Rautenbach (Non-executive director) B.Com Acc (UP); B.Com(Hons); M.Com Tax, CA(SA); CIMA K Seoloane (Non-executive director) B.Com Acc & Fin (UCT) TM Ntseare (Non-executive director) B.Com Acc (UCT); PGDA; CA(SA)
Shareholder	Refer to the CTSE Registry Services (Pty) Ltd registry
Registered Office	40 Oxford Street Durbanville Cape Town 7550
Business Address	40 Oxford Street Durbanville Cape Town 7550
Independent External Auditor	Louis Jonker Chartered Accountants 513 Teresa Avenue Die Wilgers Pretoria 0041
Company Secretary	CTSE Registry Services (Pty) Ltd The Bandwidth Barn Block B, 5th Floor 66-68 Albert Road Woodstock 7915

Arbitrage Holdings Ltd

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General Information

Preparer

E-Consulting and Tax (Pty) Ltd
53 Daphne Road
Maroelana
Pretoria
0181

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Directors' Responsibilities and Approval

The directors are required by the Companies Act of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. These annual financial statements have been prepared in accordance with IFRS[®] Accounting Standards as issued by the International Accounting Standards Board (IASB[®]) and it is their responsibility to ensure that the annual financial statements satisfy the financial reporting standards with regards to form and content and present fairly the statement of financial position, results of operations and business of the company, and explain the transactions and financial position of the business of the company at the end of the financial year. The annual financial statements are based upon appropriate accounting policies consistently applied throughout the company and supported by reasonable and prudent judgements and estimates.

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

The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss. The going-concern basis has been adopted in preparing the financial statements. Based on forecasts and available cash resources the directors have no reason to believe that the company will not be a going concern in the foreseeable future. The annual financial statements support the viability of the company.

The annual financial statements set out on pages 16 to 38, and the supplementary information set out on page 39 which have been prepared on the going concern basis, were approved by the directors and were signed on 7 July 2025 on their behalf by:



J Kotze (Independent Non-executive Chairman) BA LLB (Stellenbosch)



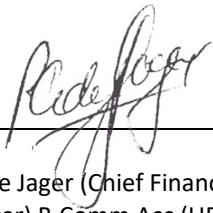
R Swart (Chief Executive Officer) B.Eng Mech Eng (UP); M.Inst.D (SA)

Arbitrage Holdings Ltd

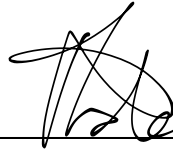
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Directors' Responsibilities and Approval



PC de Jager (Chief Financial Officer) B.Comm Acc (UP); B.Compt(Hons)/CTA (UNISA); MBA (GIBS/UP); F.Inst.D (SA); Chartered CFO (SA)



CKN Tlale (Executive director) N.Dip Elect Eng; N.Dip HR



IM Rautenbach (Non-executive director) B.Com Acc (UP); B.Com(Hons); M.Com Tax, CA(SA); CIMA



K Seoloane (Non-executive director) B.Com Acc & Fin (UCT)



TM Ntseare (Non-executive director) B.Com Acc (UCT); PGDA; CA(SA)

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Certificate by the Company Secretary

I hereby confirm, in my capacity as company secretary of Arbitrage Holdings Ltd, that for the financial year ended 28 February 2025, the company has filed all required returns and notices in terms of the Companies Act of South Africa, with the Companies and Intellectual Property Commission and that all such returns and notices are to the best of my knowledge and belief true, correct and up to date.



CTSE Registry services (Pty) Ltd

E de Jager

7 July 2025

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Report of the Audit Committee

We are pleased to present our report for the financial year ended 28 February 2025.

The Audit Risk and Compliance committee is an independent statutory committee appointed by the shareholders. Further duties are delegated to the Audit Risk and Compliance committee by the directors of the company. This report includes both these sets of duties and responsibilities.

1. Audit Risk and Compliance committee terms of reference

The Audit Risk and Compliance committee has established formal terms of reference, which have been approved by the Board of Directors. We have adhered to these terms and effectively fulfilled our responsibilities. These terms of reference are available upon request.

2. Audit Risk and Compliance committee Members and Attendance

The Audit Risk and Compliance committee comprises three independent, non-executive directors who convene at least three times per year, as stipulated in our terms of reference. Meetings are attended, by invitation, by the Chairman of the Board, Chief Executive Officer, Chief Financial Officer, the external auditor, and other assurance providers, including those responsible for legal, compliance, risk, health, and safety matters. We assess the effectiveness of the Audit Risk and Compliance committee and its members on an annual basis.

3. Role and responsibilities

3.1 Statutory duties

The Audit Risk and Compliance committee's responsibilities include statutory duties as outlined in the Companies Act, 2008, along with additional tasks assigned by the Board. We conducted our duties in alignment with King IV principles, with any deviations explained in the corporate governance statement included in this Annual Report.

External auditor appointment and independence

We confirm the Audit Risk and Compliance committee's role in maintaining the independence of the external auditor as required by section 94(8) of the Companies Act of South Africa. This evaluation involved reviewing prior appointments, the scope of additional work performed for the company, and adherence to independence criteria set by the Independent Regulatory Board for Auditors. We received adequate assurance from the auditor regarding internal governance processes supporting their independence claim.

The committee ensured compliance with relevant legislation for the appointment of the external auditor. In collaboration with executive management, we finalized the engagement letter, terms, audit plan, and budgeted audit fees for 2023.

A formal procedure governs the consideration of non-audit services provided by the auditor. The committee will approve a service agreement for non-audit services (if applicable), outlining the nature and extent of these services according to our pre-approval policy.

We have nominated Louis Jonker Chartered Accountants as the external audit firm and Louis Jonker CA(SA) as the designated auditor for the 2025 financial year, pending approval at the upcoming Annual General Meeting.

Financial statements and accounting practices

The Audit Risk and Compliance committee reviewed the company's accounting policies and financial statements, concluding that they are appropriate and compliant with International Financial Reporting Standards (IFRS). We established a process for addressing concerns regarding the company's reporting practices, with no significant issues raised in the past financial year.

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Report of the Audit Committee

Internal financial controls

We will oversee an internal audit assessment to evaluate the effectiveness of the company's internal control and risk management systems, including internal financial controls. This assessment informs our recommendations to the Board, detailed in their report elsewhere in the Annual Report. The Audit Risk and Compliance committee supports the Board's opinion on the effectiveness of these internal controls.

Whistle blowing

We are committed to addressing concerns related to the company's accounting practices, internal audit, financial statements, internal financial controls, and related matters, from both internal and external sources.

3.2 Duties assigned by the board

In addition to our statutory responsibilities, the Board has tasked the Audit Risk and Compliance committee with further functions as outlined in our terms of reference, including:

Integrated reporting and combined assurance

The Audit Risk and Compliance committee oversees the integrated reporting process and has recommended the independent auditor's report and annual financial statements for Board approval during our meeting on 31 August 2024.

Going concern

We reviewed a documented assessment from management regarding the company's going concern status, including key assumptions, and made recommendations to the Board. The directors' statement on going concern, supported by the Audit Risk and Compliance committee, is included elsewhere in the Annual Report.

Governance of risk

While the Board has assigned oversight of the company's risk management function to the Risk Committee, the Chairman of the Audit Risk and Compliance committee attends Risk Committee meetings to facilitate information sharing. The Audit Risk and Compliance committee is responsible for overseeing financial reporting risks, internal financial controls, fraud risk related to financial reporting, and IT risks associated with financial reporting.

Internal audit

Currently, the company does not maintain an internal audit function.

Evaluation of the expertise and experience of the Chief Financial Officer and finance function

The Audit Risk and Compliance committee is satisfied with the expertise and experience of the Chief Financial Officer. We have also evaluated the adequacy of resources within the finance function and the experience of senior management responsible for financial operations.



TM Ntseare

Chairperson of the Audit Risk and Compliance committee

7 July 2025

SOCIAL AND ETHICS COMMITTEE REPORT

Background

Arbitrage's Social and Ethics Committee ("**the Committee**") is a statutory committee which assists the board of directors ("**the Board**") in monitoring the group's corporate citizenship, sustainability and ethics.

Arbitrage's successful investing has always started with the conceptualisation of a bespoke vision based on current knowledge of the industry concerned and the creative input of industry-experienced specialists in Arbitrage's team. Arbitrage believes that they are efficient in its analysis of the situation (or opportunity) in order to execute its 3-step investment plan in an accelerated and professional fashion.

Arbitrage builds long-term partnership-oriented relationships, that is mutually beneficial through their entrepreneurial and alliance approach to portfolio investing. As a pure investment driven group, it has always focused on profit derivatives with a human touch cognisant thereof that its inputs are deeply infused in all its investment.

From South African roots, Arbitrage has geographically invested across Africa, UAE and Asia.

Arbitrage values its reputation and is committed to maintaining the highest level of ethical standards in the conduct of its business affairs. The actions and conduct of the Company's employees as well its other representatives remain key to maintaining these standards. To this end, and in accordance with Section 72(4) of the Companies Act (No. 71 of 2008), as amended ("**the Act**"), Section 43(2) and (5) of the Companies Regulations and the King Report on Corporate Governance 2016 ("**King IV**"), the Committee was established by the Board to consider and monitor the moral and ethical conscience of Arbitrage.

This report is presented in accordance with the requirements of the Act and forms part of the Integrated Annual Report.

Role of the committee

The Committee acts in terms of the delegated authority of the Board and assists the directors in monitoring the group's activities and disclosures in terms of legislation, regulation and codes of best practices relating to:

- ethics;
- good corporate citizenship;
- social and economic development;
- sustainable development and sustainability;
- stakeholder engagement, including employees, customers, suppliers, communities and the environment; and
- strategic empowerment and transformation.

The Committee performs an oversight, monitoring and reporting role to ensure that the Company's business is conducted in an ethical and properly governed manner and to develop and review policies, governance structures and existing practices which guide the Company's approach to new and emerging challenges.

The Committee has developed a Code of Ethics ("**the Code**") that reflects the Company's core values and also embraces the principles as set out in King IV, where applicable.

The Code, which is designed to ensure the effective management of ethics, commits all directors, employees, contractors and other representatives of the Company to the highest ethical standards of conduct and amongst others regulates aspects of confidentiality, non-discrimination and the acceptance of gifts and bribes.

Responsibilities of the committee

The responsibilities of the Committee are as follows:

- monitor activities relating to social and economic development, good corporate citizenship, the environment, health and public safety and consumer relationships;
- monitor the impact of the Company's activities, products or services on communities;
- monitor progress on strategic empowerment and performance against targets;
- monitor changes in the application and interpretation of empowerment charters and codes;
- monitor functions required in terms of the Act and its regulations.

Composition and functioning

For the financial year under review the Committee comprised of two non-executive directors and two executive directors namely, Mr Karabo Seoloane (non-executive director and chairman of the committee), Mr Thabo Ntseare (non-executive), Mr Cobus Kotze (non-executive), Mr Reinhardt Swart (CEO - executive) and Mr Pieter de Jager (CFO – executive).

Should the shareholders at the AGM approve the appointments of the members of the Committee, the Social and Ethics Committee will comprise as follows:

Name of Director		Qualification
Mr Karabo Seoloane	Independent Non-Executive, Committee Chairman	B.Com Accounting and Finance
Mr Thabo Ntseare	Independent Non-Executive	B.Com Acc; PGDA; CA(SA)
Mr Cobus Kotze	Independent Non-Executive	BA LLB
Mr Reinhardt Swart	Chief Executive Officer, Executive	B.Eng in Mechanical Engineering
Mr Pieter de Jager	Chief Financial Officer, Executive	B.Comm Acc; B.Compt(Hons)/CTA; MBA; F.Inst.D(SA); Chartered CFO(SA)

The Committee receives feedback from management and other committees and reports on any significant matters to the Board in terms of its mandate. The members of the Committee are nominated and appointed by the Board. The remaining Board members are encouraged to attend committee meetings as invitees. The Committee was established during the year under review on 23 January 2025 during the inaugural board meeting after the public listing.

The effectiveness of the Committee is assessed as part of the annual Board and committee self-evaluation process. However, as the company listed in the latter part of 2024, a proper assessment of the Committee has not been performed, but will be done during the latter part of 2025.

Activities of the committee

The responsibilities and functions of the Committee, which are aligned with the Committee's statutory functions as set out in the Act, formed the basis of the work plan for 2025. These activities are as follows:

To monitor the Company's activities, having regard to any relevant legislation, other legal requirements or prevailing codes of best practice, with regard to matters relating to:

- Social and economic development, including the Company's standing in terms of the goals and purposes of:
 - (aa) the 10 principles set out in the United Nations Global Compact Principles ("UNGCP");
 - (bb) the Organisation for Economic Co-operation and Development ("OECD") recommendations regarding corruption;
 - (cc) the Employment Equity Act (No. 55 of 1988); and
 - (dd) the Broad-Based Black Economic Empowerment Act (No. 53 of 2003), as amended.
- Good corporate citizenship, including the Company's:
 - (aa) promotion of equality, prevention of unfair discrimination, and reduction of corruption;
 - (bb) contribution to development of the communities in which its activities are predominantly conducted or within which its products or services are predominantly marketed; and
 - (cc) record of sponsorship, donations and charitable giving.
- The environment, health and public safety, including the impact of the Company's activities and of its products or services.
- Consumer relationships, including the Company's advertising, public relations and compliance with consumer protection laws; and
- Labour and employment, including:
 - (aa) the Company's standing in terms of the International Labour Organization Protocol on decent work and working conditions;
 - (bb) the Company's employment relationships and its contribution toward the educational development of its employees;
 - (cc) to draw matters within its mandate to the attention of the Board as occasion requires; and
 - (dd) to report, through one of its members, to shareholders at the Company's Annual General Meeting ("AGM") on the matters within its mandate.

Due to the Company having only listed recently, the Committee has not been able to fully attend to the matters relating to the work plan set out and reported to the Board. Arbitrage has realised that the monitoring of the above and conforming to the above will be ongoing work in progress within the Company structure as the Company has since regularised its compliance in terms of financial reporting in terms of the Companies Act and the CTSE Listings Requirements.

It is noted that due to the current size, the Company has not undertaken any specific initiatives. However, the members of the Board have undertaken a number of social initiatives, which will be reported on in more detail in the annual report for the next year.

Arbitrage also adheres to the following matters, as mentioned above, with formal policies in the process of development and implementation to address these: -

- **Social and economic development.** Arbitrage adheres to the principles set out in the UNGCP and the OECD recommendations on corruption. Arbitrage meets the labour law requirements of the Employment Equity Act (No. 55 of 1988) and has formal policies on bribery and corruption and protected disclosures. As previously reported, a matter

relating to potential fraud has been reported to the South Africa Police for further investigation in line with the Board's stance on zero tolerance regarding such matters.

- **Good corporate citizenship.** Arbitrage subscribes to the provisions of the Promotion of Equality and Prevention of Unfair Discrimination Act. No incidents have been reported.
- **The environment, health and public safety.** Arbitrage subscribes to and is compliant with the Occupational Health and Safety Act. No incidents have been reported during the period.
- **Consumer relations.** Arbitrage subscribes to and is compliant with the Consumer Protection Act (No. 68 of 2008). No incidents have been reported.
- **PAIA.** Arbitrage is compliant with the requirements of the Promotion of Access to Information Act (No. 2 of 2000). No requests for information were received during the year under review.
- **Protection of Personal Information.** Arbitrage subscribes to and is compliant with the Protection of Personal Information Act (No. 4 of 2013). No incidents have been reported.
- **Labour and employment.** Arbitrage supports and adheres to the terms of the International Labour Organisation Protocol. Arbitrage is compliant with the following acts:
 - Basic Conditions of Employment Act (No. 75 of 1997);
 - Labour Relations Act (No. 66 of 1995);
 - Skills and Development Levies Act (No. 9 of 1999); and
 - the Unemployment Insurance Act (No. 63 of 2001).

In addition to the above, Arbitrage will develop a comprehensive procurement policy for contractors which will be compliant with the necessary by-laws, statutes and regulations for project planning, which was provided by Arbitrage's town planners and mining engineering advisors.

The Company is compliant with the financial reporting requirements in accordance with the timeframes set out in the Companies Act and the CTSE Listings Requirements.

The Committee's mandate was considered at the Board and Committee meetings. This Committee considers the plan of work required to monitor the Group's activities so as to ensure the Committee is able to fulfil its mandate.

Employment Development and Employment Equity

The Company strives to promote a culture that provides all employees with opportunities to advance to their optimal levels of career development. The Company upholds and supports the objectives of the Employment Equity Act and has an established Employment Equity Plan through its main operating Subsidiaries.

The Company furthermore strives to provide a secure, healthy and participative social and working environment for its staff and associates. The Group upholds and supports the objectives of the Employment Equity Act, No 55 of 1993. The Company will implement various initiatives that provide opportunities for all levels of staff, and in so doing continues to strengthen its positioning as an employer of choice, whilst at the same time enhancing its participation in making South Africa more internationally competitive. The Group's employment policies strive to provide equal opportunities, without discrimination, to all employees.

Labour

Due to the current low number of employees, the Company is not required to submit an Employment Equity Plan under the Employment Equity Act, 55 of 1998, or a Workplace Skills Plan under the Skills Development Act, 97 of 1998.

Public reporting and assurance

The Committee, together with the Audit and Risk Committee, is responsible for reviewing and approving the sustainability content included in the Corporate Governance Report contained

in the Integrated Annual Report and published on the Company's website, as well as determining and making recommendations regarding the need for external assurance of the group's public reporting on its sustainable performance. The Committee is of the view that, given the nature and size of the Company, external assurance is not required at present.

The Committee is also required to provide a written report in terms of the recent amendments to the Companies Act, which is included in the Integrated Annual Report. It is noted that the Company will adopt this approach pro-actively going forward.

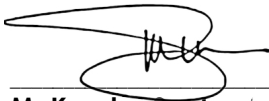
Election of Committee at the Annual General Meeting

Pursuant to the provision of section 72 and 61 of the Companies Act, 2008, as amended, which requires that a public company must elect a Social and Ethics Committee at each AGM, it is proposed in the upcoming Annual General Meeting to be held in the latter part of 2025 that Mr Karabo Seoloane (non-executive chairman of the committee), Mr Thabo Ntseare (non-executive), Mr Cobus Kotze (non-executive), Mr Reinhardt Swart (CEO, executive) and Mr Pieter de Jager (CFO, executive) be appointed as members of the Social and Ethics Committee until the next AGM.

Conclusion

No substantive non-compliance with legislation or regulation, or non-adherence with codes of best practice, relevant to the areas within the Committee's mandate, has been brought to its attention.

The Committee has no reason to believe that any such non-compliance or non-adherence has occurred during the year under review. Furthermore, the Committee is satisfied that it has operated in terms of its Board-approved charter.



Mr Karabo Seoloane
CHAIRMAN OF THE SOCIAL AND ETHICS COMMITTEE

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Directors' Report

The directors present their report for the year ended 28 February 2025.

1. Review of activities

Main business and operations

The company Investment holding company. There were no major changes herein during the year.

The operating results and statement of financial position of the company are fully set out in the attached financial statements and do not in our opinion require any further comment.

2. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

Contractual obligations will be settled within the agreed time period through the issue of shares and/or cash from the new subscription from financial support as per undertakings signed by key shareholders.

Key considerations taken into account:

- Letters of Financial Support: We have received binding Letters of Financial Support from four large shareholders at the time of the listing of the Company on the CTSE in December 2024, who have each confirmed their willingness and ability to financially support the Group for a minimum period of 12 months to 31 December 2025. These letters provide assurance of liquidity support for any cash shortfalls for the business to meet its operational obligations and were provided to the CTSE as support for the working capital statement.

The following shareholders provided letters of financial support, which are attached to this memorandum:

1. Nio Capital (Pty) Ltd
2. AT CMS (Pty) Ltd
3. CLJ Technology (Pty) Ltd
4. T Legacy Investments (Pty) Ltd

- Executive Director: The three executive directors have not drawn on their salaries and continue to support the Company in the interim.

- External Financing Prospects: The Group is in advanced engagement with at least two external financiers who have expressed firm interest in funding our coal mining projects and/or participating in the equity of Arbitrage.

- Operational Focus: The Group continues to prioritise disciplined capital allocation and operational efficiency, with a clear focus on value creation from our coal portfolio. Budgetary controls and cost optimisation initiatives remain in place.

3. Events after reporting date

The Option Agreement for Beaumont Private Equity to acquire the remaining shares in Grammatikos Mining and Construction (which owns the mining rights in the Vogelfontein Coal Mining Project) has been extended to 31 October 2025 with an addendum after the financial year end of 28 February 2025.

By thoroughly documenting these events, Arbitrage aim to provide stakeholders with a comprehensive understanding of its strategic investments and the potential future implications for Beaumont Private Equity (Pty) Ltd. This investment represents a significant milestone in the growth strategy and underscores Arbitrage's ongoing commitment to enhancing shareholder value through thoughtful and informed investment decisions.

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Directors' Report

4. Dividend

No dividend was declared or paid to shareholders during the year.

5. Directors

The directors of the company during the year and up to the date of this report are as follows:

J Kotze (Independent Non-executive Chairman) BA LLB (Stellenbosch)

R Swart (Chief Executive Officer) B.Eng Mech Eng (UP); M.Inst.D (SA) (Appointed 1 July 2024)

PC de Jager (Chief Financial Officer) B.Comm Acc (UP); B.Compt(Hons)/CTA (UNISA); MBA (GIBS/UP); F.Inst.D (SA); Chartered CFO (SA) (Appointed 1 October 2024)

CKN Tlale (Executive director) N.Dip Elect Eng; N.Dip HR

IM Rautenbach (Non-executive director) B.Com Acc (UP); B.Com(Hons); M.Com Tax, CA(SA); CIMA

K Seoloane (Non-executive director) B.Com Acc & Fin (UCT)

TM Ntseare (Non-executive director) B.Com Acc (UCT); PGDA; CA(SA)

6. Shareholding

Refer to the CTSE Registry Services (Pty) Ltd registry, the notes to the annual financial statements and the additional information at the end of this annual report

7. Independent Auditors

Louis Jonker Chartered Accountants were the independent auditors for the year under review

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Statement of Financial Position

Figures in R	Notes	2025	2024
Assets			
Non-current assets			
Intangible assets	4	45,922,698	45,922,698
Invested companies	7	1,117,111,887	1,109,071,894
WIP Project expenses	8	1,684,150	-
Total non-current assets		1,164,718,735	1,154,994,592
Current assets			
Trade and other receivables	5	579,991	39,357
Cash and cash equivalents	9	658,032	1,281,000
Total current assets		1,238,023	1,320,357
Total assets		1,165,956,758	1,156,314,949
Equity and liabilities			
Equity			
Issued capital	10	210,701,682	205,701,682
Retained income		786,356,409	706,759,500
Total equity		997,058,091	912,461,182
Liabilities			
Non-current liabilities			
Deferred tax liabilities	6	113,885,032	207,882,810
Shareholders' loans	13	9,640,166	-
Total non-current liabilities		123,525,198	207,882,810
Current liabilities			
Provisions	11	34,830,000	35,000,000
Trade and other payables	12	10,543,469	970,957
Total current liabilities		45,373,469	35,970,957
Total liabilities		168,898,667	243,853,767
Total equity and liabilities		1,165,956,758	1,156,314,949

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Statement of Profit or Loss and Other Comprehensive Income

Figures in R	Notes	2025	2024
Revenue	14	-	4,258,438
Other income	15	-	239,922,050
Administrative expenses	16	(127,985)	(365,720)
Other expenses	17	(14,272,885)	(11,892,046)
(Loss) / profit from operating activities		(14,400,870)	231,922,722
Finance income	18	-	200
(Loss) / profit before tax		(14,400,870)	231,922,922
Income tax credit / (expense)	19	93,997,779	(51,823,163)
Profit for the year		79,596,909	180,099,759

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Statement of Changes in Equity

Figures in R	Issued capital	Retained income	Total
Balance at 1 March 2023	73,001,682	526,659,741	599,661,423
Changes in equity			
Profit for the year	-	180,099,759	180,099,759
Total comprehensive income for the year	-	180,099,759	180,099,759
Issue of equity	132,700,000	-	132,700,000
Balance at 29 February 2024	205,701,682	706,759,500	912,461,182
Balance at 1 March 2024	205,701,682	706,759,500	912,461,182
Changes in equity			
Profit for the year	-	79,596,909	79,596,909
Total comprehensive income for the year	-	79,596,909	79,596,909
Issue of equity	5,000,000	-	5,000,000
Balance at 28 February 2025	210,701,682	786,356,409	997,058,091
Notes	10		

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Statement of Cash Flows

Figures in R

Note 2025 2024

Cash flows (used in) / from operations

Profit for the year	79,596,909	180,099,759
Adjustments to reconcile profit		
Adjustments for income tax expense	(93,997,779)	51,823,162
Adjustments for finance income	-	(200)
Adjustments for (increase) / decrease in other operating receivables	(540,634)	51,522
Adjustments for decrease in trade accounts payable	(264,176)	(1,028,535)
Adjustments for increase in other operating payables	9,836,688	-
Adjustments for provisions	(170,000)	-
Total adjustments to reconcile profit	(85,135,901)	50,845,949

Net cash flows (used in) / from operations	(5,538,992)	230,945,708
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Interest received	-	200
Deferred tax impact of other comprehensive income	1	-
Net cash flows (used in) / from operating activities	(5,538,991)	230,945,908

Cash flows used in investing activities

Purchase of other financial assets	(9,724,143)	(362,816,325)
Cash flows used in investing activities	(9,724,143)	(362,816,325)

Cash flows from financing activities

Proceeds from issuing shares	5,000,000	132,700,000
Proceeds from other financial liabilities	9,640,166	-
Cash flows from financing activities	14,640,166	132,700,000

Net (decrease) / increase in cash and cash equivalents	(622,968)	829,583
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Cash and cash equivalents at beginning of the year	1,281,000	451,417
Cash and cash equivalents at end of the year	9 658,032	1,281,000

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Accounting Policies

1. General information

Arbitrage Holdings Ltd ('the company') Investment holding company.

The company is incorporated as a public company and domiciled in South Africa. The address of its registered office is 40 Oxford Street, Durbanville, Cape Town, 7550.

2. Basis of preparation and summary of significant accounting policies

The annual financial statements of Arbitrage Holdings Ltd have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the Companies Act of South Africa. The annual financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS Accounting Standards as issued by the International Accounting Standards Board requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual financial statements are disclosed in note 3.

The principal accounting policies applied in the preparation of these annual financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Intangible assets

Recognition

An intangible asset is recognised when:

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

An assessment of the probability of expected future economic benefits that will flow to the entity as a result of the use of an asset is made by management before the asset is recognised. This includes using reasonable and supportive assumptions that represent a best estimate of the set of economic conditions that will exist over the useful life of the asset.

Initial measurement

Intangible assets are initially measured at cost.

Separately acquired assets are initially measured at their purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and any directly attributable cost of preparing the asset for its intended use.

Acquisitions as part of a business combination are initially measured at fair value at acquisition date.

Acquisitions by way of a government grants are initially measured at fair value.

Internally generated goodwill is not recognised as an asset.

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Accounting Policies

Basis of preparation and summary of significant accounting policies continued...

The cost of assets acquired through an exchange of assets is measured at fair value at acquisition date unless the exchange lacks commercial substance, or the fair value of neither the asset received nor the asset given up is reliably measurable. The acquired asset is immediately measured in this way even if the asset given up cannot immediately be derecognised. If the acquired asset is not measured at fair value, its cost is measured using the carrying amount of the asset given up.

Internally generated intangible assets are recognised initially at cost, being the sum of expenditure from the date the recognition criteria for an intangible asset are met, bearing in mind the following additional criteria:

- During the research phase, no intangible asset is recognised. Expenditure on research is recognised as an expense when it is incurred.
- During the development phase, an intangible asset will be recognised only if the following can be demonstrated:
 - it is technically feasible to complete the intangible asset so that it will be available for use or sale;
 - there is an intention to complete the intangible asset and use or sell it;
 - there is an ability to use or sell the intangible asset;
 - it is possible to demonstrate how the asset will generate probable future economic benefits;
 - there are available financial, technical and other resources to complete the development of the intangible asset as well as to use or sell the intangible asset;
 - the expenditure attributable to the intangible asset during the development phase can be reliably measured.

Research or development expenditure related to an in-process research or development project acquired separately or in a business combination and recognised as an intangible asset and is incurred after the acquisition of that project is also accounted for in this way.

Subsequent measurement - Cost model

After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation

An intangible asset is regarded by the entity as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Intangible assets with an indefinite useful life are not amortised, but is tested for impairment annually and whenever there is an indication that the intangible asset may be impaired. The intangible asset's determination as having an indefinite useful life is also reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment. Reassessing the useful life of an intangible asset as finite rather than indefinite is an indicator that the asset may be impaired.

For other intangible assets amortisation is allocated on a systematic basis over its useful life. Where an intangible asset has a residual value, the depreciable amount is determined after deducting its residual value.

The residual values of intangibles assets are assumed zero unless:

- there is a commitment by a third party to purchase the asset at the end of its useful life; or
- there is an active market for the asset and:
 - residual value can be determined by reference to that market; and
 - it is probable that such a market will exist at the end of the asset's useful life.

Residual values as well as the useful lives of all assets are reviewed annually. Changes in residual values are treated as a change in estimate and treated in accordance with the relevant accounting policies.

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Accounting Policies

Basis of preparation and summary of significant accounting policies continued...

Intangible assets under development	(internally generated / other)	(finite / indefinite)
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Impairments

The entity tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of intangible assets is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount. The resulting impairment loss is recognised immediately in profit or loss, except where the decrease reverses a previously recognised revaluation increase for the same asset in which case the decrease is recognised in other comprehensive income to that extent and reduces the amount accumulated in equity under revaluation surplus, and future depreciation charges are adjusted in future periods to allocate the revised carrying amount, less its residual value, on a systematic basis over its remaining useful life.

Where the estimated impairment loss exceeds the carrying amount of the asset to which it relates, the resulting liability is only recognised if required by another standard.

Retirements and disposals

An asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss on disposal is recognised in profit or loss.

2.2 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

A financial asset is any asset that is:

- cash;
- an equity instrument of another entity;
- a contractual right to receive cash or another financial asset from another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.
- a contract that will or may be settled in the entity's own equity instruments and is a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or
- a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose the entity's own equity instruments do not include puttable financial instruments classified as equity instruments in accordance with paragraphs 16A and 16B, instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation and are classified as equity instruments in accordance with paragraphs 16C and 16D, or instruments that are contracts for the future receipt or delivery of the entity's own equity instruments.

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Accounting Policies

Basis of preparation and summary of significant accounting policies continued...

A financial liability is any liability that is:

- a contractual obligation to deliver cash or another financial asset to another entity to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity.
- a contract that will or may be settled in the entity's own equity instruments and is a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments or a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose, rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency are equity instruments if the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments. Also, for these purposes the entity's own equity instruments do not include puttable financial instruments that are classified as equity instruments in accordance with paragraphs 16A and 16B, instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation and are classified as equity instruments in accordance with paragraphs 16C and 16D, or instruments that are contracts for the future receipt or delivery of the entity's own equity instruments.

As an exception, an instrument that meets the definition of a financial liability is classified as an equity instrument if it has all the features and meets the conditions in paragraphs 16A and 16B or paragraphs 16C and 16D of IAS32.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

A derivative is a financial instrument or other contract with all three of the following characteristics:

- its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying');
- it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors; and
- it is settled at a future date.

A financial liability at fair value through profit or loss is a financial liability that meets one of the following conditions:

- It meets the definition of held for trading. A financial asset or financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term, on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking or it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument);
- upon initial recognition it is designated by the entity as at fair value through profit or loss in accordance with paragraph 4.2.2 or 4.3.5
- it is designated either upon initial recognition or subsequently as at fair value through profit or loss in accordance with paragraph 6.7.1

Classification and recognition

Classification of a financial instrument, or its component parts takes place on initial recognition. Each instrument is classified as a financial liability, a financial asset or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, a financial asset and an equity instrument.

Financial assets classification

The company classifies financial assets into the following categories:

- Financial assets subsequently measured at fair value through profit or loss
- Financial assets subsequently measured at fair value through other comprehensive income (OCI)
- Financial assets subsequently measured at amortised cost

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Annual Financial Statements for the year ended 28 February 2025

Accounting Policies

Basis of preparation and summary of significant accounting policies continued...

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses are either recorded in profit or loss or in OCI. For investments in equity instruments that are not held for trading, this will depend on whether the company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The company reclassifies debt investments when and only when its business model for managing those assets changes.

Financial liabilities classification

The company classifies financial liabilities into the following categories:

- Financial liabilities subsequently measured at amortised cost
- Financial liabilities subsequently measured at fair value through profit or loss

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

Recognition

Financial instruments are recognised initially when the company becomes a party to the contractual provisions of the instruments.

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the company commits to purchase or sell the asset.

Initial measurement

Financial assets

When a financial asset is recognised initially, it is measured at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Financial liabilities

Financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

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Accounting Policies

Basis of preparation and summary of significant accounting policies continued...

Subsequent measurement

Financial assets

Debt instruments

Subsequent measurement of debt instruments depends on the company's business model for managing the asset and cash flow characteristics of the asset. Debt instruments are subsequently measured at:

- Amortised cost: assets held only for collection of principal and interest payments
 - Interest income is included in finance income using the effective interest rate method.
 - Any gain or loss on derecognition is recognised in profit or loss and presented in other gains / (losses) together with foreign exchange gains and losses.
 - Impairment losses are presented as a separate line item in the statement of profit or loss.
 - The company's financial assets at amortised cost includes trade receivables, and loans to associates and directors included under other non-current financial assets.
- Fair value through OCI: assets held only for collection of principal and interest payments and for selling the financial assets
 - Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss.
 - When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains / (losses).
 - Interest income from these financial assets is included in finance income using the effective interest rate method.
 - Foreign exchange gains and losses are presented in other gains / (losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
 - The company's debt instruments at fair value through OCI includes investments in quoted debt instruments included under other non-current financial assets.
 - The company elected to classify irrevocably its non-listed equity investments under this category.
- Fair value through profit or loss: assets that do not meet the criteria for amortised cost or fair value through OCI
 - A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss and presented net within other gains / (losses) in the period in which it arises.
 - The company may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in OCI.
 - This category includes derivative instruments and listed equity investments which the company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

Equity instruments

All equity investments are subsequently measured at fair value.

- Fair value through OCI: elected to present fair value gains and losses on equity investments in OCI
 - There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.
 - Dividends from such investments continue to be recognised in profit or loss as other income when the group's right to receive payments is established.
 - Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value.
- Fair value through profit or loss: assets that do not meet the criteria for amortised cost or fair value through OCI
 - Changes in the fair value are recognised in other gains / (losses) in the statement of profit or loss as applicable.

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Accounting Policies

Basis of preparation and summary of significant accounting policies continued...

Financial liabilities

- Fair value through profit or loss: financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss
 - Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.
 - This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9.
 - Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.
 - Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.
 - Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The company has not designated any financial liability as at fair value through profit or loss.
- Amortised cost: Loans and borrowings
 - After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method.
 - Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.
 - Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.
 - The effective interest rate amortisation is included as finance costs in the statement of profit or loss.
 - This category generally applies to interest-bearing loans and borrowings.

Derecognition

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or when it is transferred and the transfer qualifies for derecognition.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Impairment of financial assets

A forward-looking allowance for expected credit losses is recognised for all debt instruments not held at fair value through profit or loss. Expected credit losses are based on the difference between contractual cash flows due in accordance with the contract and all the cash flows that the company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The impairment methodology applied depends on whether there has been a significant increase in credit risk:

- For credit exposures with no significant increase in credit risk since initial recognition, expected credit losses are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month expected credit loss).
- For credit exposures with significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime expected credit loss).

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Accounting Policies

Basis of preparation and summary of significant accounting policies continued...

For trade receivables and contract assets, a simplified approach is applied in calculating expected credit losses. Instead of tracking changes in credit risk, a loss allowance is recognised based on lifetime expected credit losses at each reporting date. A provision matrix was established that is based on the company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at fair value through OCI, the low credit risk simplification is applied. At every reporting date, the company evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. The internal credit rating of the debt instrument is reassessed during this evaluation. It is also considered whether there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the company may also consider a financial asset to be in default when internal or external information indicates that the company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value plus transaction costs. They are subsequently measured at amortised cost using the effective interest rate method, less allowance for expected credit losses. For trade receivables and contract assets, a simplified approach is applied in calculating expected credit losses. Instead of tracking changes in credit risk, a loss allowance is recognised based on lifetime expected credit losses at each reporting date. A provision matrix was established that is based on the company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Trade and other receivables are classified as debt instruments and loan commitments at amortised cost.

Up to 29 February 2024, trade receivables were recognised initially at the transaction price. They were subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables was established when there was objective evidence that the company would not be able to collect all amounts due according to the original terms of the receivables.

Trade and other receivables were classified as loans and receivables up to 29 February 2024.

Cash and cash equivalents

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

Trade and other payables

Trade payables are initially measured at fair value plus direct transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method.

2.3 Tax

Tax expense (tax income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for a period.

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Accounting Policies

Basis of preparation and summary of significant accounting policies continued...

Deferred tax liabilities are the amounts of income taxes payable in future periods in respect of taxable temporary differences.

Deferred tax assets are the amounts of income taxes recoverable in future periods in respect of:

- deductible temporary differences;
- the carry forward of unused tax losses; and
- the carry forward of unused tax credits.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from:

- the initial recognition of goodwill; or
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset 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 accounting profit nor taxable profit (tax loss).

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and deferred tax assets are made to reflect the tax consequences that would follow from the manner in which it is expected, at the end of the reporting period, recovery or settlement if temporary differences will occur.

Deferred tax assets and liabilities are offset only where:

- there is a legally enforceable right to set off current tax assets against current tax liabilities; and
- the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same entity within the group or different taxable entities within the group 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.

Tax expense (income)

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, outside profit or loss, either in other comprehensive income or directly in equity.
- a business combination other than the acquisition by an investment of a subsidiary that is required to be measured at fair value through profit or loss.

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Accounting Policies

Basis of preparation and summary of significant accounting policies continued...

Current tax and deferred tax is recognised outside profit or loss if the tax relates to items that are recognised, in the same or a different period, outside profit or loss. Therefore, current tax and deferred tax that relates to items that are recognised, in the same or a different period:

- in other comprehensive income, will be recognised in other comprehensive income;
- directly in equity, will be recognised directly in equity.

2.4 Provisions and contingencies

A provision is a liability of uncertain timing or amount. A liability is a present obligation of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits.

A contingent liability is:

- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A provision is recognised when:

- there is a present obligation (legal or constructive) 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 amount of the obligation.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures 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 is recognised when it is virtually certain that reimbursement will be received when the obligation is settled. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement will not exceed the amount of the provision.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating losses.

The present obligation under an onerous contract is recognised and measured as a provision.

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Accounting Policies

Basis of preparation and summary of significant accounting policies continued...

A constructive obligation to restructure arises only when:

- there is a detailed formal plan for the restructuring identifying at least the business or part of a business concerned, the principal locations affected, the location, function, and approximate number of employees who will be compensated for terminating their services, the expenditures that will be undertaken and when the plan will be implemented; and
- there has been raised a valid expectation in those affected that the restructuring will be carried out by starting to implement that plan or announcing its main features to those affected by it.

After initial recognition and until the liability is settled, cancelled or expires, a contingent liability is recognised in a business combination at the higher of the amount that would be recognised as a provision, and the amount initially recognised less cumulative amortisation.

Contingent assets and liabilities are not recognised, but details are disclosed in the notes to the annual financial statements.

2.5 Revenue from contracts with customers

Revenue is income arising in the course of an entity's ordinary activities.

The company is in the business of [include details of main business activities]. (list revenue streams if applicable)

A contract with a customer is recognised when all of the following criteria are met:

- the contract has been approved and all parties to the contract are committed to performing their respective obligations;
- each party's rights regarding the goods or services to be transferred are identifiable;
- payment terms for the goods or services to be transferred are identifiable;
- the contract has commercial substance; and
- it is probable that the consideration in exchange for the goods or services that will be transferred will be collected.

At the inception of a contract, the goods or services promised in the contract are assessed and a performance obligation is identified for each promise to transfer to the customer either:

- a good or service that is distinct; or
- a series of distinct goods or services that are substantially the same and that have the same pattern of transfer.

Revenue is recognised when or as the performance obligation is satisfied by transferring a promised good or service to a customer. Assets are transferred when or as the customer obtains control of that asset.

Measurement

When a performance obligation is satisfied, revenue is recognised as the amount of the transaction price that is allocated to the performance obligation but excluding estimates of variable consideration that are constrained and any amounts collected on behalf of third parties. The transaction price may include fixed amounts, variable amounts, or both.

The company allocates the transaction price to each performance obligation (or distinct good or service) in an amount that depicts the amount of consideration to which the company expects to be entitled in exchange for transferring the promised goods or services to the customer.

The company recognises as an asset the incremental costs of obtaining a contract with a customer if the company expects to recover those costs.

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Accounting Policies

Basis of preparation and summary of significant accounting policies continued...

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard (for example, IAS 2 Inventories, IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets), the company recognises an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

- the costs relate directly to a contract or to an anticipated contract that the company can specifically identify (for example, costs relating to services to be provided under renewal of an existing contract or costs of designing an asset to be transferred under a specific contract that has not yet been approved);
- the costs generate or enhance resources of the company that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

When either party to a contract has performed, the company presents the contract in the statement of financial position as a contract asset or a contract liability, depending on the relationship between the company's performance and the customer's payment. The company presents any unconditional rights to consideration separately as a receivable.

3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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4. Intangible assets

Reconciliation of changes in intangible assets

	Intangible assets under development	Total
Reconciliation for the year ended 28 February 2025		
Balance at 1 March 2024		
At cost	45,922,698	45,922,698
Accumulated amortisation	-	-
Carrying amount	45,922,698	45,922,698
Closing balance at 28 February 2025		
At cost	45,922,698	45,922,698
Accumulated amortisation	-	-
Carrying amount	45,922,698	45,922,698
Reconciliation for the year ended 29 February 2024		
Balance at 1 March 2023		
At cost	45,922,698	45,922,698
Accumulated amortisation	-	-
Carrying amount	45,922,698	45,922,698
Closing balance at 29 February 2024		
At cost	45,922,698	45,922,698
Accumulated amortisation	-	-
Carrying amount	45,922,698	45,922,698

5. Trade and other receivables

Trade and other receivables comprise:

Arbitrage - Beaumont PE Control Acc	-	1,000
Value added tax	579,991	38,357
	579,991	39,357

6. Deferred tax

The analysis of deferred tax assets and deferred tax liabilities is as follows:

Deferred tax liabilities:

- Deferred tax liability to be recovered after more than 12 months

	(113,885,032)	(207,882,810)
	(113,885,032)	(207,882,810)
Net deferred tax liabilities	(113,885,032)	(207,882,810)

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7. Invested companies

Invested companies comprise the following balances

Beaumont Private Equity (Pty) Ltd	529,677,051	527,273,000
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Valuation done by two independent Mining Engineers, W Harms Consulting services and VM Consulting. The valuations were done on the proven coal reserve per tonnes underground. The value of the investment increased through project related payments and is supported by the positive outlook for coal prices on valuation.

The investment in Beaumont includes a 49% share in Grammatikos Mining and Construction, holding the mining rights, along with an option to convert the remaining shares funded by Beaumont shareholders and historic funders.

Hydrogeneration Holdings (Pty) Ltd	199,921,733	193,776,433
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-Estancia Solar (Pty) Ltd

Estancia has executed a Power Purchase Agreement (PPA) with Beaumont for our solar plant, establishing the terms and conditions governing the sale of electricity generated by the plant to the off-taker for the Vogelfontein Mine. The PPA defines the sale of electricity over a specified period, encompassing provisions related to pricing, delivery terms, payment terms, and other contractual obligations.

Tetrad Consulting Services conducted the valuation using the Build Operate Transfer model. The net value was determined based on the forward selling price per kilowatt-hour and generation costs, reflecting the long-term Power Purchase Agreement in place.

- Formentera Investments (Pty) Ltd:

Formentera Investment represents a joint venture with the Spanish company ARDA (African Renewable Development Agency), headquartered in Madrid, holding a 49% stake in Sunelex's Matjhabeng project. The initial investment in the project totalled R11 million, requiring Treasury approval to finalize bankability. Although the project faced delays, it has now been revitalized, and there are anticipated developments expected in the near future.

Early Stage Development Assets:

Hydrogeneration has identified 3 long term development assets. These projects will be developed over time and any cost related will be capitalised.

Nutritional Holdings Ltd	1,812,722	2,634,338
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At nett cost

Visual International Ltd	4,500	104,500
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At nett cost

Estancia Property (Pty) Ltd	1,144,902	800,573
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In 2023, Arbitrage finalised a purchase agreement with the Henning family to acquire the Remainder of Portion 4, a subsection of Portion 1 within Farm Vogelfontein 245 IS in Mpumalanga Province. This 285.6238-hectare land, currently held by Johannes Nicolas Henning under Title Deed No. T12887/2007, is part of the Vogelfontein Properties.

Contractual agreements have been signed, and Arbitrage has made the required deposit payments. The company plans to secure financing for this acquisition, which will be used as the site for Estancia Solar to develop phase one comprising of 30 MW power plant to supply electricity to the Vogelfontein mining project. The initial phase involves constructing the power plant to meet the mining operation's energy needs, with current costs capitalized.

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Alvero Biomedical (Pty) Ltd

21.911.279	21.856.000
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Bellagio Resources (Pty) Ltd

17,650 5,000

Diepsoils Investments (Pty)Ltd

362.622.050	362.622.050
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49% interest in the company as at valuation value

1,117,111,887	1,109,071,894
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8. WIP Project expenses

WIP Project expenses

WIP Project expenses

1,684,150 -

Ongoing mine planning and design costs by independent specialists

9. Cash and cash equivalents

Cash and cash equivalents included in current assets:

Cash equivalents

Other banking arrangements

658,032 1,281,000

Arbitrage Holdings Ltd

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10. Issued capital

Authorised and issued share capital

1 000 000 000 Ordinary shares with no nominal value	1,000,000,000	1,000,000,000
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Issued

696,934,809 (2024: 691,934,809) issued ordinary shares with no nominal value	210,701,682	205,701,682
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2024

<u>Range of Shareholders</u>	<u>Number</u>	<u>Percentage</u>	<u>Shares Issued</u>
1 - 500'000	2	0.09%	650,000
500'001 - 2'000'000	4	0.66%	4,546,205
2'000'001 - 10'000'000	4	2.35%	16,292,332
10'000'000 - 50'000'000	9	32.59%	225,488,599
50'000'001 - 100'000'000	1	9.30%	64,326,313
Over 100'000'001	2	55.01%	380,631,360
	<u>22</u>		<u>691,934,809</u>

2025

<u>Range of Shareholders</u>	<u>Number</u>	<u>Percentage</u>	<u>Shares Issued</u>
1 - 500'000	37	0.93%	6,492,800
500'001 - 2'000'000	28	4.36%	30,381,632
2'000'001 - 10'000'000	6	3.68%	25,667,711
10'000'000 - 50'000'000	8	27.18%	189,447,453
50'000'001 - 100'000'000	1	9.23%	64,311,713
Over 100'000'001	2	54.62%	380,633,500
	<u>82</u>		<u>696,934,809</u>

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11. Provisions

11.1 Provisions comprise:

Grammatikos - The provision was made on the contractual agreement, read with addendums thereto, and will become payable by no later than 31 October 2025.

34,830,000

35,000,000

11.2 Other provisions

	Provision for Future Expenses (Grammatikos)	Total
Balance at 1 March 2024	35,000,000	35,000,000
Payment made	(170,000)	(170,000)
Total changes	(170,000)	(170,000)
Balance at 28 February 2025	34,830,000	34,830,000
Balance at 1 March 2023	35,000,000	35,000,000
Balance at 29 February 2024	35,000,000	35,000,000

12. Trade and other payables

Trade and other payables comprise:

Trade payables	706,781	970,957
Salaries	9,836,688	-
Total trade and other payables	10,543,469	970,957

13. Shareholders' loans

Shareholders' loans comprises:

Afri Goal (Pty) Ltd	705,009	-
NIO Capital (Pty) Ltd	3,174,083	-
CJL Technology (Pty) Ltd	1,492,260	-
AT CMS (Pty) Ltd	3,096,227	-
Senso Consulting (Pty) Ltd	2,570	-
T Legacy Investments (Pty) Ltd	1,105,348	-
Radvisory (Pty) Ltd	64,669	-
	9,640,166	-

Shareholders' loans have no agreed terms of repayment and bears no interest. Repayment will be subject to available cash resources after normal operational obligations have been serviced in the normal course of business.

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14. Revenue

14.1 Revenue comprises:

Other income	-	4,258,438
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14.2 Sources of revenue

Contracts with customers	-	4,258,438
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15. Other income

Other income comprises:

Revaluation of investment	-	239,922,050
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The revaluation of the investment assets was done by various valuers and mining engineers.

16. Administrative expenses

Administrative expenses comprise:

Auditors remuneration - Fees	113,824	322,202
Bank charges	2,251	1,216
Computer expenses	11,910	33,998
Telecommunication	-	8,304
Total administrative expenses	127,985	365,720

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17. Other expenses

Other expenses comprise:

Accrual for Directors' Fees	10,610,333	1,215,000
Advertising	4,348	59,471
Company Secretarial Fees	7,750	-
Consulting Fees	-	18,000
Contractual Expenses Directors	498,000	-
Corporate Finance Fees	657,000	69,000
Entertainment	-	4,019
Founding Directors Cost on LP	1,360,000	-
Legal expense	-	264,106
Office Expenses and Consumables	13,229	-
Office rental	60,207	41,932
Printing and stationery	23,334	16,227
Software expenses	3,555	6,470
Stock Exchange Expenses	1,011,842	187,061
Transaction cost - Diepsoils acquisition	-	10,000,000
Travel - Local	23,287	10,760
Total other expenses	14,272,885	11,892,046

18. Finance income

Finance income comprises:

Interest received	-	200
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19. Income tax (credit) / expense

Income tax recognised in profit or loss:

Deferred tax

Originating and reversing temporary differences	(93,997,779)	51,823,163
Total income tax (credit) / expense	(93,997,779)	51,823,163

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Detailed Income Statement

Figures in R	Notes	2025	2024
Revenue	14		
Other revenue		-	4,258,438
Other income	15		
Investment Revaluation		-	239,922,050
Administrative expenses	16		
Auditors remuneration - Fees		(113,824)	(322,202)
Bank charges		(2,251)	(1,217)
Computer expenses		(11,910)	(33,998)
Telecommunication		-	(8,304)
		(127,985)	(365,721)
Other expenses	17		
Accrual for Directors' Fees		(10,610,333)	(1,215,000)
Advertising		(4,348)	(59,471)
Company Secretarial Fees		(7,750)	-
Consulting Fees		-	(18,000)
Contractual Expenses Directors		(498,000)	-
Corporate Finance Fees		(657,000)	(69,000)
Entertainment		-	(4,019)
Founding Directors Cost on LP		(1,360,000)	-
Legal expense		-	(264,106)
Management fees		(60,207)	(41,932)
Office Expenses and Consumables		(13,229)	-
Printing and stationery		(23,334)	(16,227)
Software expenses		(3,555)	(6,470)
Stock Exchange Expenses		(1,011,842)	(187,061)
Transaction cost - Diepsoils		-	(10,000,000)
Travel - Local		(23,287)	(10,760)
		(14,272,885)	(11,892,046)
(Loss) / profit from operating activities		(14,400,870)	231,922,721
Finance income	18		
Interest received		-	200
(Loss) / profit before tax		(14,400,870)	231,922,921
Income tax	19		
Deferred tax		93,997,779	(51,823,163)
Profit for the year		79,596,909	180,099,758

Arbitrage Holdings Ltd

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Annual Financial Statements for the year ended 28 February 2025

Additional information to the financial statements

A1 Earnings/(Loss) per Share

Basic earnings per share is calculated by dividing the profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by dividing the profit attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the potential dilutive securities into ordinary shares, including ordinary shares issued during the year.

There were no dilutive securities as at year-end (2024: None). As such, the basic and diluted earnings per share were the same, as indicated below.

Figures in R	Notes	2025	2024
		R	R
Profit/ (Loss) attributable to ordinary shareholders		79,596,909	180,099,759
Total number of ordinary shares issued	10	696,934,809	691,934,809
Total weighted average number of ordinary shares issued		693,701,932	691,934,809
Basic and diluted weighted average number of ordinary shares		693,701,932	691,934,809
Basic and diluted earning/ (loss) per share (cents/share)		11.47	26.03

A2 Shareholders and directors with 5% or more interest

Shareholder Name	% Holding	Director Name
NIO Capital (Pty) Ltd	27.5%	-
Afrigoal Holdings (Pty) Ltd	27.1%	-
AT CMS (Pty) Ltd	9.2%	-
T Legacy Investments (Pty) Ltd	5.6%	CKN Tlale
Arqopart Group (Pty) Ltd	5.5%	-

A3 Board and sub-committees attendance (from date of public listing to 28 February 2025)

Director Name	Audit Risk & Compliance		Social Ethics & Remuneration		Board	
	No.	Attended	No.	Attended	No.	Attended
J Kotze (Non-exec Chairman)	1	Y	1	Y	1	Y
R Swart (CEO)	1	Y	1	Y	1	Y
PC de Jager (CFO)	1	Y	1	Y	1	Y
CKN Tlale (Executive)	1	Y	N/A	-	1	Y
IM Rautenbach (Non-executive)	1	Y	N/A	-	1	Y
K Seoloane (Non-executive)	N/A	-	1	Y	1	Y
TM Ntseare (Non-executive)	1	Y	1	Y	1	Y

A4 Subsidiaries

Investments in Subsidiaries	Reg No.	% Interest Held	Country of Incorporation	Country of Operation	Nature of business
Beaumont Private Equity Pty Ltd	2017/243579/07	79%	South Africa	South Africa	Coal mining (Vogelfontein Mine Asset) - Vogelfontein Properties and portions 1,3,4,5,6,7,8,9,11,12,13,14,15 and 16 of the farm Vogelfontein 245IS situated in the magisterial district of Ermelo, Mpumalanga region where the Vogelfontein Coal Asset is located and in respect of which the Vogelfontein Mining Right was granted.
Hydrogeneration Pty Ltd	2021/694549/07	85%	South Africa	South Africa	Construction and operation (IPP) of the Estancia Solar Project.
Estancia Solar Pty Ltd	2021/633234/07	83.80%	South Africa	South Africa	Construction and operation (IPP) of the Estancia Solar Project. (Effective holding through Hydrogeneration and Beaumont)
Estancia Property 245 Pty Ltd	2022/658194/07	100%	South Africa	South Africa	Property holding company. - Henning Farm on which the Estancia Solar Project will be constructed and adjacent to which the Estancia Siding is located.

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Additional information to the financial statements

A5 Employee Incentive Scheme Securities

There are currently no employee incentive scheme participating in the company's securities, although one is envisaged in future.

A6 Directors' Service Contracts

Service contracts for directors up for re-election, which are not terminable within one year without compensation are as follows:

Reinhardt Swart (Chief Executive Officer) has an employment agreement from 01 July 2024 to 30 June 2029 (5 years).

Pieter de Jager (Chief Financial Officer) has an employment agreement from 01 October 2024 to 31 October 2029 (5 years).

A7 Contracts of Significance

Other than the directors's service contracts above, there are currently no contracts of significance with material interest by any directors of the company. There were also no contract with any controlling shareholders or contracts for services with controlling shareholders.

A8 Waivers of Emoluments or Distributions

There are currently no arrangements under which a director or security holder waived emoluments or distributions due to them.

A9 Convertible Securities, Options or Warrants

During the period there were no convertible securities, options or warrants issued and no consideration received that caused dilution to shareholders.

A10 Redemptions or Purchases of Securities

During the period there were no redemption, purchase, or cancellation of securities.

A11 Interests of Directors in the Securities of the Issuer

Director Name	No. of Direct Shares Held	% Direct Interest Held	No. of Indirect Shares Held	% Indirect Interest Held
J Kotze (Non-executive)	0	0.00%	0	0.00%
R Swart (Executive)	0	0.00%	3,652,000	0.52%
PC de Jager (Executive)	0	0.00%	2,250,000	0.32%
CKN Tlale (Executive)	0	0.00%	38,960,480	5.59%
IM Rautenbach (Non-executive)	0	0.00%	0	0.00%
K Seoloane (Non-executive)	0	0.00%	0	0.00%
TM Ntseare (Non-executive)	0	0.00%	0	0.00%

A12 Securities Issued for Cash during the Period

During the year under review the company issued 5 million ordinary shares for cash to Nutota Holdings Limited in October 2024 prior to its public listing on the CTSE on the 6th of December 2024. The issue price and net price to the issuer was at R1.00 per share. The proceeds of the issue contributed to the working capital for the company and had no determinable nominal value or market price pre-listing.

REMUNERATION REPORT

REMUNERATION POLICY - PART I

Background statement

The Board of Directors ("**the Board**") has informed itself about the implications and the impact of the King IV Code on Corporate Governance, 2016 ("**King IV**") on the remuneration policy as well as the amended CTSE Listings Requirements and present this report in two parts. The Directors' report provide context to the decisions and considerations taken during the reporting year which influenced the remuneration outcomes and will influence the remuneration going forward.

The Board ensures that the Company and major subsidiary companies comply with the necessary principles as set out in King IV and relevant sections of the Companies Act, No. 71 of 2008 ("**the Act**") when determining the remuneration of the senior executives and non-executive directors. However, it should be noted that due to the nature of the Company and the limited operations currently, the number of permanent employees are limited, with the business operating primarily on an outsourced basis.

Given the nature of the group, the intention of this remuneration report is to provide an overview and understanding of Arbitrage's remuneration framework and focuses on executive and non-executive director remuneration.

The Company operates under a mandate from the Board, written terms of reference and a remuneration policy and framework as approved by the Board. The Company strives to comply with all governance matters and legal requirements.

REMUNERATION POLICY

The group has an integrated approach to remuneration strategy, which is aimed at ensuring that an appropriate balance is achieved between the interests of shareholders and the strategic and operational requirements of the group by providing market-related remuneration to the executives.

The group's remuneration policy and framework:

- plays an integral part in supporting the implementation of business strategies;
- motivates and reinforces individual performance; and
- is applied equitably, fairly and consistently in relation to job responsibility, the employment market and personal performance.

Arbitrage's application of remuneration policy in all businesses and functions:

- aims to be market competitive in specific labour markets in which people are employed;
- determines the value proposition of the various positions;
- ensures that performance management forms an integral part of remuneration, thereby influencing the remuneration components of guaranteed packages and incentives; and
- applies good governance to remuneration practices within approved structures.

The alignment of these remuneration principles aims to meet the strategic objectives of:

- attracting, retaining and motivating key and talented people; and
- rewarding individual and business performance and encouraging superior performance.

However, the Company's current financial and liquidity position has also been taken into account when considering remuneration.

NON-EXECUTIVE DIRECTOR REMUNERATION

Terms of service

Non-executive directors are appointed by the shareholders at the AGM. Interim board appointments are permitted between AGMs. Appointments are made in accordance with group policy and the Memorandum of Incorporation. Interim appointees retire at the next AGM, when they may make themselves available for re-election.

In terms of the Company's Memorandum of Incorporation, non-executive directors may make himself or herself available for re-election after retiring by rotation upon completion of their 3-year term, provided that if a director is appointed as an executive director or as an employee of the company in any other capacity, he or she shall not, while he or she continues to hold that position or office, be subject to retirement by rotation and he or she shall not, in such case, be taken into account in determining the rotation or retirement of directors.

In addition, as recommended by King IV, once a director has served for nine or more years, he or she may continue to serve in an independent capacity if the board concludes that the director continues to exercise objective judgement, there is no interest, position, association or relationship which, when judged from the perspective of a reasonable and informed third party, is like to influence unduly or cause bias in decision-making. The assessment must be made in March and November of each year. The board has evaluated the independence of the directors ahead of the AGM and consider all non-executive directors to be independent in terms of character and conduct. Their independence will be reassessed each year.

Fees

Group policy is to pay competitive fees for the role while recognising the required time commitment and the current financial position of the group. Fees are not yet benchmarked against a comparative group of CTSE-listed companies. The fees comprise a retainer fee, as tabled in Part II of this report. In addition, non-executive directors are entitled to be compensated for local and non-local travel flights and subsistence on official business where necessary and to attend meetings. No contractual arrangements are entered into to compensate non-executive directors for the loss of office. Non-executive directors do not receive short-term incentives nor do they participate in any long-term incentive schemes. The group does not provide retirement contributions to non-executive directors. The Board proposes non-executive directors' fees to shareholders annually or bi-annually for shareholders to vote thereon.

EXECUTIVE DIRECTORS AND SENIOR MANAGEMENT REMUNERATION

The remuneration philosophy of the group is to pay executive directors and senior managers and staff a market-related remuneration aimed at encouraging sustainable performance by employees and providing incentives to achieve motivation and retention. However, the group's financial position is also considered and salary increases have been placed on hold until the Company becomes capitalised to fund operations. In principle, and in terms of the remuneration policy and framework in place for the group, the above-average remuneration is only earned by employees who demonstrate a preparedness to accept the challenges of the enterprise and who are able and committed to the achievement of the objectives of the enterprise, which includes profitability of the enterprise once its operational assets are brought into production.

REMUNERATION PACKAGE

Senior executives' remuneration mix will comprise of two components:

- a guaranteed package; and
- a performance-linked bonus (once the Company commences operations))

No increases or bonuses were awarded in respect of the year ended 28 February 2025. Furthermore, the executives' remuneration was not paid but was provided for in the accounts, in agreement with the executives, in order to assist the Company financially.

Annual review by the non-executive directors

In relation to executive directors, the total cost-to-company package is reviewed annually by the Board based on market information and individual competency assessments. In addition, the Board is mandated to annually review the remuneration policy which affects all senior executives and senior managers. However, due to the limited operations, this was not undertaken during the year under review and to the date of this report;

Executive directors' remuneration from related companies

Details of the remuneration of individual directors are listed in note 28 of the Annual Financial Statements.

Non-executive directors' remuneration

The fees provided for non-executive directors during 2023/2024 up to 28 February 2025 were as follows:

Office	Per month
Chairman of the Board	R498 000
Chairman of the Audit and Risk Committee	R nil
Non-executive directors	R nil

Where a non-executive director does not attend committee or board meetings on a regular basis, no remuneration will be payable.

INTEREST OF DIRECTORS IN SHARE CAPITAL OF THE COMPANY

The details of the individual directors' interest in the share capital of the Company are disclosed in the Directors' Report, which is included in the Integrated Annual Report.

INTEREST OF DIRECTORS IN CONTRACTS

No director had any new interest in contracts of the Group during the year ended 28 February 2025. A permanent register of directors' interests in contracts is maintained by the Company Secretary.

PRESCRIBED OFFICERS OF THE GROUP WHO ARE NOT EXECUTIVE DIRECTORS

King IV recommends that the salaries of the prescribed officers, excluding executive directors, should be disclosed. Arbitrage currently does not have any prescribed officers.

SERVICE CONTRACTS AND SEVERANCE PAY ARRANGEMENTS

Executive directors are subject to Arbitrage's standard terms and conditions of employment where notice periods vary between 30 to 90 days. In line with group policy, no director is compensated for loss of office and none of the directors have special termination benefits. The group's policy when terminating the services of an individual for operational reasons is to pay a minimum of one week of the annual cost of employment for each completed year of service.

SHAREHOLDER ENGAGEMENT

The group's remuneration policy and the implementation thereof are placed before shareholders for consideration and approval under the terms of an advisory non-binding vote at AGM to be held on Friday, 28 November 2025, in accordance with recommendations of King IV.

In the event that 25% or more of the votes cast are recorded against either the remuneration

policy resolution or the implementation resolution, then:

- executive management will engage with shareholders to ascertain the reasons for the dissenting vote. Where considered appropriate, non-executive board members may participate in these engagements with such shareholders; and
- executive management will make specific recommendations to the board as to how the legitimate and reasonable objections of shareholders might be addressed, either in the group's remuneration policy or through changes on how the remuneration policy is implemented.

NON-BINDING ADVISORY VOTE

Shareholders are requested to cast a non-binding advisory vote on the remuneration policy as contained in this report.

IMPLEMENTATION OF REMUNERATION POLICY – PART II

Executive directors' remuneration

Guaranteed pay: no increases in base pay and benefits were awarded in determining the Total Cost to Company for executive directors. Due to the financial constraints of the company, executive directors did not receive any increases during the financial year under review. The basic remuneration was not paid and raised as a provision due to the liquidity constraints. No bonuses were awarded.

Non-executive remuneration

Subject to shareholder approval, proposed non-executive directors' fees effective from 1 March 2025 to 28 February 2027 (2 years) will be as follows:

Office	Per month
Chairman of the Board (Contractual – R60,000 per month)	R1 440 000
Chairman of the Audit and Risk Committee (R15,000 per meeting)	R120 000
Chairman of the Social, Ethic & Compliance Committee (R15,000 per meeting)	R120 000
Non-executive directors (R10,000 per meeting)	R80 000

The above fees are proposed net of VAT which may become payable thereon to directors, depending on the status of the individual director's tax position. As noted earlier, no remuneration will be payable to non-executive directors who do not regularly attend the various committee and Board meetings.

Refer to Special Resolution Number 3 in the notice of AGM for approval of the fees by shareholders in terms of section 66 of the Act.

Non-binding advisory vote

Shareholders are requested to cast a non-binding advisory vote on the remuneration implementation report as contained in this report.

Approval

This remuneration report was approved by the Board.