

CAPITAL APPRECIATION DELIVERS STRONG PERFORMANCE IN A CHALLENGING ENVIRONMENT

Salient features - Interim financial results for the six months ended 30 September 2020

| Financial | Operational |
|---|--|
| <ul style="list-style-type: none"> • Revenue of R323.7 million + 15.0% • EBITDA of R81.6 million + 20.2% • Trading profit of R84.2 million + 23.4% • Headline earnings of R54.2 million + 7.8% • EPS of 4.45 cents + 12.9% • HEPS of 4.45 cents + 29.7% • Cash flow from operations of R65.7 million (September 2019: R20.1 million) • Interim dividend of 2.50 cents per ordinary share + 11.1% • R488 million of cash available for reinvestment | <ul style="list-style-type: none"> • Accelerating digitalisation and electronic payments generate strong demand for Capprec's services • Payment terminal sales increased by 26.6% to R125.3 million • The number of terminals sold period on period grew by 17.6% • The number of terminals in the hands of customers now stands at 202 000 (September 2019: 154 000) • Significant progress in Android platforms, certifications, and roll-out • Annualised Gross Transaction Value (GTV) in Payments Services exceeding R5.6 billion, up 14% since March 2020 • Synthesis' Cloud offering and AWS partnership continue to strengthen • Synthesis won the AWS' Sub-Saharan Africa Social Impact Partner of the Year Award for the development of GovChat • Group investment to support growth continues |

Johannesburg, 2 December 2020: South African FinTech group Capital Appreciation Limited (Capprec) said today that the Company has performed well in the six months ended 30 September 2020, a period that covered the most severe lockdown restrictions due to the COVID-19 pandemic in South Africa. Capprec attracted further blue-chip clients across several lines of business, achieved robust growth in its payment terminal estate, and made strong progress in extending its payments segment into the Android space. In addition, the escalating demand for Synthesis' digital and cloud-based services generated rapid growth in consulting income and a strong pipeline.

For the interim period, Capprec grew revenue by 15% to R323.7 million and EBITDA by 20.2% to R81.6 million. Headline earnings increased by 7.8% to R54.2 million. In the prior period, Capprec concluded and successfully executed a transaction that included the share repurchase and cancellation of 245 million shares. The lower number of shares in issue benefited HEPS, which grew by 29.7% to 4.45 cents per share. Capprec continues to be highly cash generative. At the end of the period, the Company held cash resources of R488.4 million, suggesting that cash represented 37 cents of the closing price of 95 cents per Capprec share on 30 September 2020. Capprec declared an interim dividend of 2.5 cents per ordinary share.

Capprec is a financial technology company with proprietary and licensed platforms, solutions, products and applications targeted at the B2B market. CAPPREC's client base includes all major banking institutions in South Africa, as well as many niche banks, large financial services institutions and other financial services companies. In recent times, the Company has also successfully diversified into the Retail, Telecoms and Healthcare sectors.

"The ongoing acceleration in digital transformation, electronic payments, and related advances has received further impetus during the pandemic" notes Bradley Sacks, joint CEO of Capprec. "Capprec is ideally positioned to benefit from this evolution, with the appropriate skills, experience, and track record of innovation to assist our clients to implement and benefit from these technological advancements."

Capprec said that it is excited about the appetite for, and opportunities presented by new payment platforms like Android. The increasing adoption of new technologies and ways that clients are seeking to transact have generated a strong pipeline for its Payments division. The themes of Cloud services, emerging digital technology, and evolving forms of payments are also accelerating and Synthesis is well-positioned to deliver products and value propositions to support its clients' journeys to becoming more digitally enabled. Capprec continues to invest in additional capacity, including the development of new innovative product offerings in anticipation of growth in commercial activity in both its Payments and Services operations.

Segmental performance

Payments division

The Payments division provides end-to-end terminal estate management and payment services. Its customers include all of the major banks in South Africa, as well as a range of other financial institutions, retailers and other large corporate customers both in South Africa and elsewhere in Africa. The division grew revenue by 15.6% to R215.3 million and increased EBITDA by 33.0% to R66.5 million and profit after tax by 54.4% to R47.3 million. Cash generation remained strong and bad debts low, with 99% of revenues being generated from blue-chip, well-capitalised clients.

Sales of Capprec's payment terminals increased by 26.6%. More than 20 000 additional terminals were sold in the period, bringing the total number of terminals in the hands of customers to more than 202 000. Of these terminals, 155 000 have already been deployed, earning annuity-based maintenance and support service fees. The Company said that during the past six months, the benefits of scale and the value of maintaining a terminal estate across a wide range of clients and covering a broad spectrum of economic

activity again proved its relevance. While many industries were affected by lockdowns, key market participants such as food, pharmaceutical retailers, fuel stations and other essential service providers continued to require terminals and related services, and this supported growth.

The division made good progress related to the supply of Android based terminals during the period. The Android terminals' attractive functionality, price, and quality have been well received and some of these devices are already in the hands of merchants. The Payments division will shortly commence engagements with existing and prospective customers, domestically and internationally, for "Halo". Halo, developed by Synthesis, is a "Tap-to-Phone" contactless payment product for use on any Android device. Synthesis is one of only a handful of Mastercard and Visa certified providers of this capability globally, and the only one in Africa. Capprec anticipates that significant benefits will flow from this initiative for its Payments division as well as Synthesis. The Payments division also succeeded in growing terminal rentals with new clients and value-added services revenue, notwithstanding the negative impact of the lockdown on smaller merchants offering non-essential services.

Services division

Synthesis offers highly specialised software development, consulting and integration services, and technology-based product solutions to banking, financial institutions, retail, and telecommunications enterprises in South Africa and other emerging markets. Synthesis increased revenue by 13.8% to R108.4 million, with services and consultancy fees increasing by more than 20%, due to the increased demand for Cloud and digital projects. EBITDA increased by 3.1% to R28.0 million and profit after tax by 2.1% to R18.0 million. The business incurred increased costs by investing in infrastructure and an increased workforce towards the end of the prior year, in anticipation of meeting and servicing demand in this reporting period. A slowdown in the initiation of new projects due to COVID-19 gave rise to timing delays on projects and the associated revenues in the period. The Company continued to make good progress in diversifying the revenue base geographically, with projects in Mauritius, the East African islands and the Asia Pacific region.

Synthesis Cloud services continued to advance its leadership position and a co-marketing campaign with AWS within the EMEA region should catalyse further growth and success in an ever-expanding market. The accelerated drive toward digitalisation is generating numerous opportunities for Synthesis' digital segment, while an increasing demand for regulatory reporting products has gained Synthesis several new banking clients as well as significant projects for existing clients in the period. The Managed Services segment has attracted large new banking and retail clients, in addition to the highly strategic and complex work performed for a major insurer. The income for this division is annuity-based, with long term contractual commitments.

The new and in-demand area of Machine Learning/ Artificial Intelligence (AI/ML) is showing significant promise and Synthesis is currently providing these sought-after data science and data engineering services to several large financial services clients in South Africa.

Capprec provides development funding to GovChat, who offered valuable assistance to the Government in responding to challenges arising from the COVID-19 pandemic. Synthesis developed the GovChat platform and won an award from AWS for social innovation and impact.

Prospects

Capprec said that significant uncertainty prevails as to the duration and impact of COVID-19, as well as the rate of economic recovery post the pandemic. Against this background, the prospects of matching the robust second half 2020 results would be speculative. However, the Payments division currently boasts a strong sales pipeline for the next six months, with clients indicating a pleasing appetite for new payment platforms and Synthesis is experiencing a growing demand for its services. These trends provide a sense of cautious confidence as to the continued organic growth prospects of the Group's business units.

Capprec has a well-capitalised balance sheet, strong operating cash flows, and the cash resources necessary to continue to invest in infrastructure and people, in order to take advantage of the opportunities presented to the Group. Capprec said that the Company's cash resources will be applied to fund anticipated organic growth and to pursue or supplement the cost of new complementary acquisition opportunities. Given the appropriate circumstances, the Company will also continue to consider the repurchase of shares in the market.

Ends.

ABOUT CAPPREC

Capital Appreciation is a financial technology ("FinTech") enterprise with two business segments – Payments Infrastructure & Services ("Payments") and Software & Services ("Services").

Payments: African Resonance is a leading provider of payment infrastructure and related technology solutions to established financial institutions, emerging payment service providers, the hospitality industry, and the entire retail sector, both directly and indirectly. Dashpay's multi-product, multi-party universal transacting platform, and deep value-added services solutions are intended to complement existing payment services provided by the Group's established banking and institutional client base.

Services: Synthesis is a highly specialised software and systems developer, offering consulting, integration services, and technology-based product solutions, to banking, financial services, retail, telecommunications, and other institutions in South Africa and other emerging markets. Synthesis is uniquely positioned in Africa, given its Amazon Web Services' (AWS) Advanced Consulting Partner Accreditation with specialist competencies in Financial Services, DevOps (Development Operations), Well-Architected Frameworks, Microsoft Workloads, and Solution Provider Partner.

Enterprise Development Funding: Transformation remains a key imperative for the Company. To this end, Capprec has continued to support and advance several BEE initiatives in pursuit of this objective. Capprec's enterprise development funding was also extended to GovChat, who continues to benefit from

Capprec's support as well as the technology development expertise of Synthesis. Capital Appreciation owns 35% of GovChat. For more information, see www.GovChat.org.

Further detail on the nature of all CAPPREC business units is available on the Company's website, at www.capitalappreciation.co.za.

For media queries or interviews contact:

Aprio Strategic Communications

Michelle Copans

Michelle@aprio.co.za

+2782 743 9962