



Unaudited interim summarised consolidated financial results

for the six months ended 30 September 2022



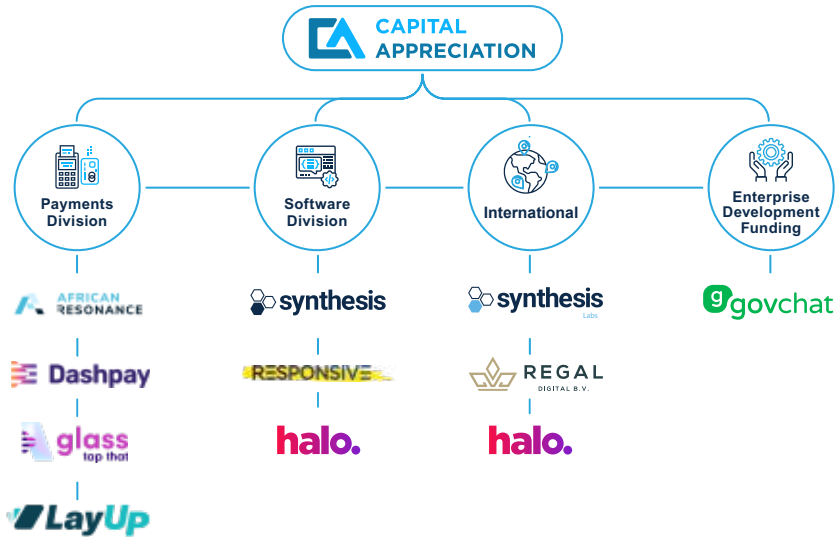
“ No consumer journey takes place in the world today, without the use of one or more new technology products and/or applications. Capital Appreciation is proud that its business units are at that cutting edge, ensuring, on behalf of its global clients, the seamless passage and progressing momentum for such activities. ”

MICHAEL (MOTTY) SACKS
CHAIRMAN

About Capital Appreciation

Capital Appreciation is a financial technology company that seeks to serve and partner with established and emerging financial institutions and other clients. The Company facilitates the provision of financial services technology platforms and delivers contemporary and innovative technologies and solutions.

Structure



The Payments segment comprises three business units:

- African Resonance and Dashpay are leading direct and indirect providers of payment infrastructure, technical support, maintenance, bespoke software, payment services and payment technology solutions. Dashpay offers a multi-product, multi-party universal transacting platform, and value-added services solutions.
- LayUp Technologies, a recent start-up in which Capital Appreciation is a 27.4% shareholder, is Africa's first digital lay-by and recurring payments business with solutions for e-commerce and in-store purchases.

The Software segment comprises two business units:

- Synthesis is a software development company that uses innovative technology solutions to provide businesses with a competitive edge today. Synthesis is uniquely positioned in Africa as an Amazon Web Services (AWS) Advanced Consulting Partner with a broad range of specialist competencies.
- Responsive Group, acquired by Capital Appreciation on 1 March 2022, designs and develops web and mobile digital applications with clients in South Africa, the USA, Europe and the United Kingdom.

International:

The International division is a recently formed business unit located in the Netherlands, aimed at broadening the Group's geographic reach, expanding the Group's client base and increasing its exposure to new and emerging technologies and global best practice. In addition to the Group's wholly-owned foreign subsidiaries, Synthesis Europe B.V. and Synthesis Labs BV, Capital Appreciation owns 20% of Regal Digital B.V. that comprises Firelava, a Web 3.0 consulting business and Flamelink, a SaaS solution for Google's Firebase.

Enterprise Development Funding:

Capital Appreciation owns 35% of GovChat, a black-controlled technology start-up. GovChat owns and operates a technology platform that facilitates bilateral engagement between citizens and their government. GovChat is noted as one of AWS premier Public Sector initiatives globally.

Halo Dot

Halo Dot is a software solution that allows any NFC enabled Android-based device to be a payment acceptance device. It is offered as an SDK for integration into others' apps or as an app on a white label basis.

2023 interim highlights

OPERATIONAL FEATURES

- Digitalisation intensifies the demand for Capital Appreciation's products and services
- Robust revenue growth of 22.5% and further diversification of revenue streams
- Strong growth in revenue outside South Africa
- Excellent performance from the Software businesses
- Successful integration of Responsive acquisition
- Terminal estate exceeds 315 000, up 22%
- Terminal sales maintained robust momentum, just off prior-year record levels
- Pleasing growth in Payments' annuity income
- Android terminals continue to enjoy significant demand
- Impairment of loan to 35% Associate, GovChat, R56.3 million
- Earnings impacted by expensing of significant budgeted costs for early growth-related initiatives, both locally and internationally
- Strong cash generation from operations

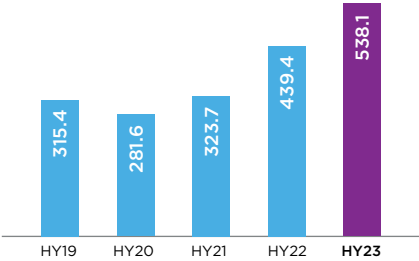
FINANCIAL FEATURES

		September 2022	September 2021	% change
Revenue	(R'million)	538.1	439.4	22.5
Trading profit	(R'million)	150.5	147.5	2.0
EBITDA*	(R'million)	138.0	138.7	-
EBITDA margin	(%)	25.6	31.6	(600) bps
Operating profit	(R'million)	60.2	119.2	(49.5)
Headline earnings	(R'million)	95.1	91.2	4.3
EPS	(cents)	3.13	7.44	(58.0)
HEPS	(cents)	7.76	7.43	4.4
Interim dividend	(cents)	4.25	3.75	13.3
Cash available for reinvestment	(R'million)	535.7	446.1	20.1
Net asset value	(cents)	120.5	116.7	3.3

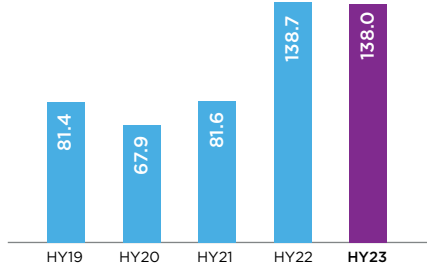
* excluding GovChat loan impairment

5-year interim performance

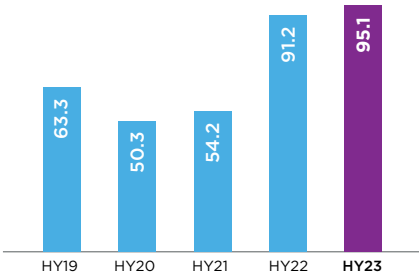
REVENUE (Rm)
up 22.5%



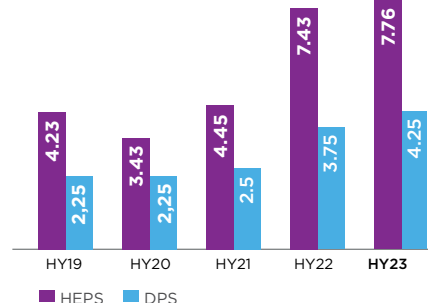
EBITDA (Rm)
stable



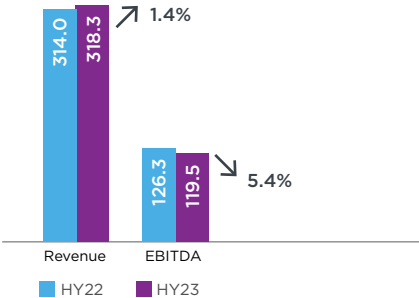
HEADLINE EARNINGS (Rm)
up 4.3%



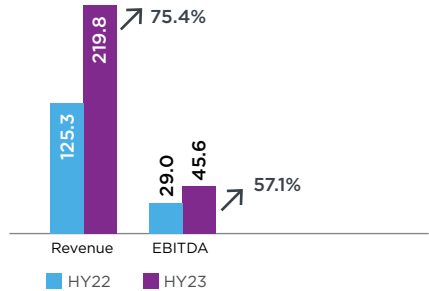
HEPS (cents) up 4.4%
DPS (cents) up 13.3%



PAYMENTS RESILIENT (Rm)



STRONG PERFORMANCE FROM SOFTWARE (Rm)



Commentary

INTRODUCTION

Digital transformation has compelling long-term benefits for both businesses and consumers, driving accelerating applications across every aspect of daily life. The resulting demand for the adoption of electronic payments, cost-saving software solutions and online applications that improve access to products and services, has served to maintain the positive momentum in the technology sectors in which we operate. Cloud computing with its ability to manage vast amounts of data has delivered new possibilities for understanding and engaging with customers, creating bespoke products and services, and speeding up innovation, all creating massive demand for this technology set. The demand for digitalisation persists despite the acknowledged economic challenges being experienced both globally and in South Africa. While we are not immune to the consequences of the economic challenges, the positive trajectory of demand for our products and services continues to propel the Group forward and presents opportunities for growth and expansion in the medium and long term.

We are by no means unique or alone in this attractive space. Competition has increased across the board. In the card payment sector, banks and aggregators continue to spend large amounts on marketing to capture market share, new entrants have made themselves visible at the low end of the terminal market and cloud and digital services have also experienced increased competitive activity. We believe increased competition is encouraging. It brings meaningful growth to the size of the market, endorses that one is operating in the right market sectors and

provides an incentive to continue driving what differentiates the Group in the eyes of customers - strong innovation and exceptional service leadership.

SUMMARISED FINANCIAL RESULTS

Capital Appreciation generated gross revenues for the six months of R538.1 million (Sept 2021: R439.4 million), an increase of 22.5%. EBITDA (excluding the impairment of the loan to GovChat) was stable at R138.0 million (Sept 2021: R138.7 million), with good operational performance being offset by continued investment for growth, including additional costs in terms of skills, new business development and international expansion. Despite this additional investment and expenditure, headline earnings increased by 4.3% to R95.1 million (Sept 2021: R91.2 million). Basic EPS for the six months was 3.13 cents per share (Sept 2021: 7.44 cents) and HEPS was 7.76 cents per share (Sept 2021: 7.43 cents), a decrease of 58.0% and increase of 4.4%, respectively on the prior comparable six months. An interim dividend of 4.25 cents has been declared for the six months ended 30 September 2022 (Sept 2021: 3.75 cents per ordinary share).

These results have been achieved, *inter alia*, through exceptional top-line revenue and profit growth in the Software division, with significant increases in cloud, data and digital consulting services, as well as security hardware and third-party licence fees. The Payments division generated a resilient performance with pleasing growth in annuity-based maintenance and support fees and transaction-related income and terminal sales approaching last year's record sales.

The Group revenue mix continued to evolve with the introduction of new products, services, and geographies. Capital Appreciation's non-South African revenue grew by 194.5%, as the Group continued to expand its presence outside of South Africa, now comprising 12% of Group revenue, compared to 5% just 12 months ago. The continued diversification of revenue streams creates notable further growth opportunities for the Group.

Expenses increased by R46.0 million, to R108.8 million (Sept 2021: R62.8 million). The Group continued to expense significant budgeted costs in growth-related initiatives, the revenue benefit of which will only manifest in the medium term. The increase in costs also includes investment in new technology solutions. The main elements contributing to the increased expenses comprise the following:

- Employee-related expenses increased by R18.9 million to R69.6 million (Sept 2021: R50.7 million) The Group appointed 81 new staff members year-on-year, excluding the 23 Responsive employees. Synthesis employed the bulk of the new staff, from graduates to highly skilled and senior-level employees to be assigned to the new revenue-generating projects that were secured in the past year.
- The Responsive acquisition added R5.7 million in new operating expenses for the six months (Sept 2021: NIL).
- The infrastructure and personnel costs of international expansion amounted to R4.4 million (Sept 2021: R0.9 million).
- Investment expenses in developing new technology solutions for Halo Dot and Dashpay Glass added costs of R6.6 million (Sept 2021: R1.0 million).
- Business development and marketing spend related to the above were R3.1 million (Sept 2021: R1.0 million).

Other expenses have returned to normal with trading and office-bound activity, returning to historic levels, this after the strict lockdowns and remote working conditions during the pandemic.

It is a characteristic of people and skills-intensive businesses, that there is generally a time lag between when people are employed and when those people become revenue-generating. The Group's skills and capacity are being bolstered to cater for growth and to uphold our reputation for delivering services of the highest quality. Some of the effects of creating this operational leverage are already evident in the top-line revenue growth. The substantial budgeted costs expensed in building longer-term capacity, international expansion and new product innovation have had a short-term impact on profit and margins, with the EBITDA margin for the period decreasing by 600 basis points to 25.6% (Sept 2021: 31.6%).

As detailed in the Trading Statement of 25 November 2022, Capital Appreciation has elected to impair its loan to 35% Associate, GovChat, an enterprise development technology start-up, in the amount of R56.3 million. This is a non-cash charge that has had no impact on headline earnings but did negatively impact basic earnings per share by 4.60 cents.

Treasury shares decreased from 80.9 million in March 2022 to 78.5 million shares. Capital Appreciation repurchased 200 000 shares and sold 2 620 887 treasury shares to settle vested share options during the period.

Finance income earned on the Group's significant cash balances increased by 53.2%, a combination of higher average cash balances and increases in interest rates.

Capital Appreciation's divisions remain highly cash-generative, which has continued to strengthen the Group's balance sheet. Despite increased taxation paid, payments related to the Responsive investment, dividends paid and further loans to associates, the Group had cash resources of R535.7 million at 30 September 2022 (Sept 2021: R446.1 million), 20% higher than the prior year. These resources will be applied in the first instance, to fund anticipated organic growth, towards the development

Commentary continued

of new solutions and thereafter to pursue or supplement the cost of new complementary acquisition opportunities. Given the appropriate circumstances, the Group will continue to consider the repurchase of shares in the market.

DIVISIONAL REVIEW

Payments division

Revenue in the Payments division was steady, increasing by 1.4% to R318.3 million.

Terminal sales at R192.7 million decreased by 8.5% against the record sales in the prior period but continued to outperform historic levels. In the prior comparable six month period, terminal sales played catchup, growing by 68% and exceeding the sales achieved for the full 2021 financial year. The adoption of Android devices with their higher functionality and better price points remains strong. While the volume of terminal sales met expectations in the early part of the reporting period, it slowed down in the last few months. Load-shedding, the low growth environment and a depreciating South African Rand are impacting demand with a higher number of merchant cancellations and increased cost of new terminals, prompting acquiring banks to re-deploy POS devices instead of ordering new terminals.

Encouraging progress was made with increasing annuity-based maintenance and support service fees and transaction-related income, both growing by 23% year-on-year, in line with the increase in the estate which grew by 22% to 315 000 terminals.

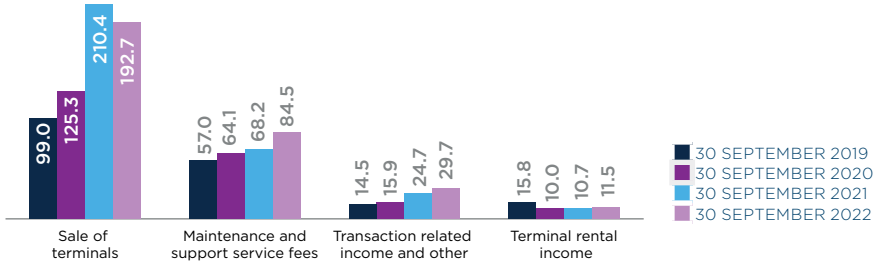
Operating expenses in the Payments division continued to be managed prudently, increasing slightly above the South African inflation rate, and causing a modest decrease in EBITDA to R119.5 million, down 5.4%.

While improving, supply chain issues remain. In response to the global shortage of micro-electronics and semiconductor components, African Resonance has increased its inventory of terminals and spare parts to ensure the support of customer service levels without disruption.

Dashpay's specialized payment service offerings continued to make steady progress with further investments in resources and new capabilities to drive annuity revenue. This includes Dashpay Glass, a tap-on-phone SoftPOS App for Android phones using Halo Dot as its core software engine. Dashpay Glass is a competitive offering targeting SMME merchant customers who want to rapidly and cost effectively accept card payments. Dashpay Glass is now in production with growing merchant support in the market (www.dashpayglass.co.za). The Attacq Shôping shopping malls app was also enhanced in this period with a gift voucher to VISA card conversion, allowing the voucher to be redeemed at any outlet that accepts VISA cards. We believe this should further increase adoption.

LayUp continues to build the functionality and performance of its platform, which will enable it to exploit the growth potential of its product offering. LayUp is Africa's first fully digital Lay-By and recurring payments business and offers a PASA-certified omnichannel digitised payment plan solution for retailers, opening new revenue streams for merchants whilst simultaneously providing improved access for consumers. The offering is also available on Dashpay-supplied physical terminals at points of sale. We congratulate LayUp in being adjudicated the winner of the MTN Best Incubated Business App of the Year award.

PAYMENTS REVENUE COMPOSITION (Rm)



An interesting and potentially significant development for the South African payments industry is Government's announcement in September 2022 that the current 2G and 3G networks in South Africa will be shut down between 2024 and 2025. Since most of the Banks' terminal estates comprise 3G devices, this represents a notable opportunity as banks are compelled to upgrade their terminal estates. In addition, the replacement cycle of terminals is gradually becoming shorter as institutions and their customers seek to take advantage of new technologies and their improved functionality. These trends all point to increased demand for POS terminals over the medium term.

Software division

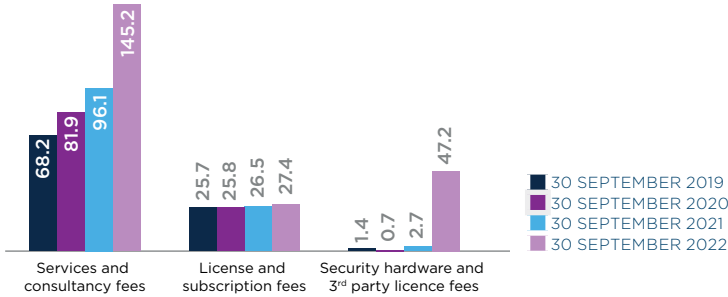
The past six months' trading was particularly encouraging for the Software division. The investment in and focus on demand generation, brand awareness and skills development that was applied during the Covid-pandemic, have continued to yield significant benefits; attracting new clients, securing new projects and building strong pipelines and multi-year initiatives. The division generated excellent growth in sales, profits and cash flows, with revenue increasing by 75.4% to R219.8 million and EBITDA by 57.1% to R45.6 million. The Synthesis standalone business was a significant contributor to this growth. The Responsive acquisition concluded in March 2022 was successfully integrated into the Software division and is already contributing meaningfully. Its financial contribution has been included for the full period for the first time in this set of results. The comparative contribution is as follows:

	September 2022		Total* Software division	September 2021	y-on-y % change	Like-for-like performance Synthesis only
	Synthesis	Responsive		Software# division		
Revenue	198.3	21.5	219.8	125.3	75.4%	58.3%
EBITDA	37.9	7.7	45.6	29.0	57.1%	30.1%

* comprising Synthesis and Responsive

comprising Synthesis only

SOFTWARE REVENUE COMPOSITION (Rm)



The Software division previously indicated that, as of 31 March 2022, new business efforts had garnered relationships with a large group of new customers and attracted more than R300 million of contracted sales, for which the revenues would continue to flow through in the 2023 and following financial years. The demand from local and international customers for the products and services in the Software division has continued in this reporting period, leading to notable growth in service and consulting fees and sales of security hardware and third-party licence fees. State-of-the-art Hardware Security Modules (HSMs) are used for enterprise encryption and to protect Payment Card PINs and contactless payments. Security hardware and third-party license fees increased from a low of R2.7 million to R47.2 million year-on-year. While third-party products are a lucrative source of additional revenue and create an opportunity to source associated software services and fees, they attract lower margins and therefore tend to dilute margins at a consolidated level. In contrast, Software’s core Cloud, RegTech, Intelligent Data and Digital activities’ gross and operating margins have remained consistent while still achieving substantial growth in the business.

Demand for Cloud and Digital services continues to accelerate, as evident in the 51% growth in revenue in these areas (29% excluding Responsive). Responsive’s strong design and user interface (UI) and user experience (UX) capabilities marry well with Synthesis’ Digital offering. Collaboration between Synthesis and Responsive is unfolding as expected and the teams are adding significant value to customers.

In recent years, the Software division has sought to diversify its customer base and the portfolio of partners and software products and services that it supports. In the current period, the business was again successful in winning business from new clients in the financial services, retail and telecommunications sectors. Delivering more solutions to existing clients also contributed meaningfully to growth, as did geographic diversification, with over 28% of the division’s revenue being derived from international sources.

International division

Revenue generated outside of South Africa grew by almost 200% year-on-year, from a low base, as prior efforts to establish a presence in international markets have started to bear fruit. Much of this is however managed, transacted and executed directly from South Africa in foreign currencies.

The International division remains in the early stages of its development. One of its key initiatives is to commercialise and sell the Halo Dot product globally. Halo's tap-on-phone initiative continues to make good progress and is achieving notable interest locally and internationally.

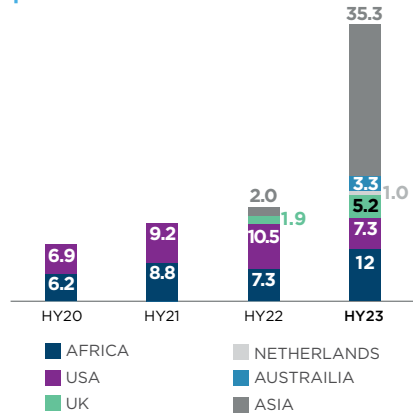
These are early successes, but the division is still very much in a developmental stage and incurring development and set-up costs, which are expensed. This is a long-term strategic initiative with significant upside potential and the Group is committing these funds to business development and marketing costs, both in South Africa and internationally to realise these benefits.

Transformation

Capital Appreciation has a proud transformation heritage. The B-BBEE ratings of Level 2 for Dashpay and Synthesis and Level 3 for African Resonance and Capital Appreciation's Group rating attest to our commitment to contribute to the socio-economic prosperity in South Africa.

Capital Appreciation supports several commercial transformation initiatives, including providing enterprise development funding and technology development expertise to GovChat. While the platform's service offering is performing well and delivering substantial value to Government, securing formal revenue-generating contracts with Government and potential customers is taking longer

INTERNATIONAL INCOME (Rm) up 194.5%



than anticipated. This situation has been exacerbated through the anti-competitive interference by WhatsApp and Facebook (Meta) in the affairs of GovChat, clearly hampering GovChat's ability to grow. These events have also required GovChat to incur significant legal costs to challenge Meta before the Competition Tribunal and Competition Commission. As a start-up with limited resources, GovChat's challenges have been made more difficult, as other GovChat shareholders have to date been unable to contribute their share towards the capital needed to fund its operations.

Meta, at the instance of GovChat, is presently being prosecuted by the Competition Commission for its anti-competitive behaviour and the abuse of its market dominant position. GovChat believes the Competition Commission will prevail and that GovChat will ultimately be awarded substantial monetary damages because of Meta's actions. This award is expected to far exceed the value of the Group's loan exposure to GovChat and will likely be more than sufficient, to ensure the loan's repayment, over the long-term.

Commentary continued

Given the uncertainty as to the timeline for the conclusion of the litigation, also mindful of the possibility that GovChat may not succeed, the Group has resolved to adopt a conservative and judicious approach to impair the GovChat loan amounting to R56.3 million, while still retaining its shareholding in the Company. Notwithstanding the above, the Group continues to believe in the merits of GovChat's stated position related to Meta's anti-competitive conduct and intends to continue to pursue the claims against Meta. The Group loan to GovChat continues to be secured by a pledge of the shares in GovChat as well as the intellectual property of GovChat.

PROSPECTS

The Group remains cautiously optimistic in its outlook for the Payments businesses. Supply chain challenges and semiconductor shortages, while not fully resolved, have improved, boding well for product availability going forward. The Payments division will continue to focus on delivering value to its clients and introducing new solutions that respond to merchants' and consumers' needs. While the medium-term opportunity remains robust, it is difficult to forecast the level of terminal sales for the next 6 months.

The Software division's pipeline is strong and we anticipate continued growth in demand. The Software division will continue its investment in skills, international expansion and Halo Dot. Attracting and retaining staff members remains a key priority, as is increasing headcount and incurring costs on additional marketing activity, which is showing an encouraging return on investment.

Capital Appreciation has ample cash resources to apply to organic as well as acquisitive growth opportunities. The recent acquisition of the Responsive Group was the first acquisition of subsidiary companies that the Group has made since 2017 and the seamless integration and pleasing contribution within a short space of time is a reflection of the thoroughness and the effectiveness of the Group's investment process.

DIVIDENDS

The Board has pleasure in announcing that an interim dividend of 4.25 cents per ordinary share has been declared for the six months ended 30 September 2022 (Sept 2021: 3.75 cents per ordinary share).

We note the following:

- Dividends are subject to dividends withholding tax.
- Dividends have been declared out of profits available for distribution.
- Local dividends withholding tax is 20%.
- The gross dividend amount is 4.25 cents per ordinary share, which is 3.40 cents per ordinary share net of withholding tax.
- Capital Appreciation has 1 310 000 000 ordinary shares in issue at the declaration date.
- Capital Appreciation's Income Tax Reference Number is 9591281176.

The salient dates relating to the dividend are as follows:

Last day of trade <i>cum</i> dividend	Tuesday, 20 December 2022
Shares commence trading <i>ex-dividend</i>	Wednesday, 21 December 2022
Dividend record date	Friday, 23 December 2022
Dividend payment date	Tuesday, 27 December 2022

Share certificates for ordinary shares may not be dematerialised or rematerialised between Wednesday, 21 December 2022 and Friday, 23 December 2022, both days inclusive.

ACCOUNTING POLICIES AND BASIS OF PREPARATION

These unaudited interim summarised consolidated financial results have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), its interpretations issued by the IFRS Interpretations Committee, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, presentation and disclosure as required by International Accounting Standard (IAS) 34 'Interim Financial Reporting', the JSE Limited Listings Requirements and the requirements of the Companies Act 71 of 2008 of South Africa. The accounting policies and methods of computation used in the preparation of the unaudited interim summarised consolidated financial results are in terms of IFRS and are consistent in all material respects with those applied in the most recent consolidated audited financial statements.

PREPARATION OF UNAUDITED INTERIM FINANCIAL REPORTS

The unaudited interim summarised consolidated financial results herein have been prepared under the supervision of Mr Alan Salomon CA(SA) in his capacity as the Company Chief Financial Officer and were approved by the Board on 28 November 2022. For further information hereto, please refer to the section above captioned Accounting Policies and Basis of Preparation.

FORWARD-LOOKING STATEMENTS

This announcement contains forward-looking statements concerning the economy and the results of the operations of Capital Appreciation, which by their nature, involve risk and uncertainty on economic circumstances that may or may not occur in the future.

Neither the financial information contained in this Interim results presentation nor any of the forward-looking statements recorded herein have been audited or reviewed by Capital Appreciation's external auditors.

On behalf of the Board

Michael (Motty) Sacks
Non-Executive Chairman

Michael Pimstein and Bradley Sacks
Joint Chief Executive Officers

Alan Salomon
Chief Financial Officer

Sandton
29 November 2022

Unaudited Interim Summarised Consolidated Financial Results

For the six months ended 30 September 2022

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Consolidated statement of financial position

at 30 September 2022

Figures in R'000	Notes	September 2022	September 2021	Audited 31 March 2022
ASSETS				
Property, plant and equipment		26 093	23 703	24 065
Intangibles assets	5	53 225	59 991	55 155
Right-of-use assets		4 067	12 163	8 115
Goodwill	6	769 749	728 578	769 749
Investment in associates		4 070	5 355	4 842
Loans to associates	10	16 668	31 224	54 624
Deferred tax		4 938	7 238	3 680
Non-Current Assets		878 810	868 252	920 230
Inventories		20 835	5 502	12 180
Trade and other receivables		149 946	181 220	129 248
Taxation receivable		4 776	4 945	4 774
Cash and cash equivalents		535 684	446 107	533 424
Current assets		711 241	637 774	679 626
Total Assets		1 590 051	1 506 026	1 599 856
EQUITY AND LIABILITIES				
Capital and reserves		1 484 281	1 419 011	1 482 531
Share Capital	4	1 012 722	986 864	1 008 639
Share-based payment reserve		26 190	14 578	20 455
Contingent consideration reserve	7	9 582	-	9 582
Foreign Currency Translation Reserve		(232)	-	42
Retained income		436 019	417 569	443 813
Non-controlling interest arising		1 499	-	1 096
Total equity		1 485 780	1 419 011	1 483 627
Deferred revenue		4 613	4 530	5 902
Lease liability		495	7 657	1 503
Deferred tax		12 667	8 918	7 672
Contingent consideration reserve	7	-	-	6 370
Non-current Liabilities		17 775	21 105	21 447
Contingent consideration reserve	7	6 507	-	-
Deferred revenue		9 383	7 389	10 513
Lease liability		5 130	7 601	9 135
Trade and other payables		65 130	50 920	74 233
Taxation payable		346	-	901
Current Liabilities		86 496	65 910	94 782
Total equity and liabilities		1 590 051	1 506 026	1 599 856
Net asset value per ordinary share (cents)		120.5	116.7	120.6

Consolidated statement of comprehensive income

For the six months ended 30 September 2022

Figures in R'000	Notes	September 2022	% change	September 2021	September 2020
Revenue	1	538 131	22.5	439 351	323 654
Cost of sales		(282 568)		(230 001)	(179 983)
Gross profit		255 563	22.1	209 350	143 671
Other income (loss)		3 722		970	(241)
Operating expenses	2	(108 762)	73.2	(62 778)	(55 319)
Comparable expenses with prior year		(91 981)	51.1	(60 862)	(55 319)
Responsive Group		(5 733)		-	-
International division		(4 443)		(893)	-
Investment expenses in new technology solutions		(6 605)		(1 023)	
Trading profit		150 523	2.0	147 542	88 111
Impairment of loan to associate	10	(56 343)		-	-
Share-based payment expense		(7 162)		(4 692)	(2 625)
Depreciation: Property, plant and equipment		(6 022)		(4 857)	(4 285)
Depreciation: Right-of-use assets		(4 048)		(4 048)	(3 984)
Amortisation of intangible assets		(12 226)		(11 054)	(8 858)
Transformation costs		(3 910)		(3 683)	(3 876)
Acquisition costs		(591)		-	-
Operating profit		60 221	(49.5)	119 208	64 483
Finance income		15 278		9 972	11 134
Finance charges		(159)		(9)	(28)
Finance charges: Lease liabilities		(293)		(647)	(949)
Equity accounted loss of associate		(877)		(502)	
Profit before taxation		74 170	(40.0)	128 022	74 640
Taxation		(35 468)		(36 661)	(20 424)
Profit after taxation		38 702	(57.6)	91 361	54 216
Attributable to					
Shareholders of the company		38 299	(58.1)	91 361	54 216
Non-controlling interest		403		-	-
Other comprehensive income/(loss)		38 702		91 361	54 216
		(274)		-	-
Total comprehensive income		38 428	(57.9)	91 361	54 216
Basic earnings per share (cents)	3	3.13	(58.0)	7.44	4.45
Headline earnings per share (cents)	3	7.76	4.4	7.43	4.45
Diluted earnings per share (cents)	3	2.98	(59.4)	7.36	4.32
Diluted headline earnings per share (cents)	3	7.41	1.0	7.34	4.32

Consolidated statement of cash flows

For the six months ended 30 September 2022

Figures in R'000	September 2022	September 2021	Audited 31 March 2022
Cash generated from operations	103 140	9 036	204 291
Finance income received	13 815	9 972	22 042
Finance costs paid	(315)	(656)	(1 136)
Dividends paid	(46 093)	(36 499)	(82 124)
Taxation paid	(32 219)	(28 116)	(56 882)
Net cash inflow/(outflow) from operating activities	38 328	(46 263)	86 191
Cash flows from investing activities			
Acquisition of property, plant and equipment	(8 666)	(3 763)	(9 144)
Proceeds on disposal of property, plant and equipment and intangible assets	53	53	822
Acquisition of intangible assets	(3 557)	(3 817)	(7 654)
Capitalisation of intangible assets	(6 741)	(6 002)	(9 755)
Net cash paid on acquisition of subsidiaries in the Responsive Group	-	-	(8 674)
Acquisition of shares in associate	-	-	(170)
Loans to associates	(16 925)	(11 579)	(33 794)
Acquisition of 20% of the shares in associate, Regal Digital B.V. (Netherlands)	(106)	-	-
Net cash outflow from investing activities	(35 942)	(25 108)	(68 369)
Cash flows from financing activities			
Repayment of lease liability	(5 014)	(4 297)	(8 917)
Proceeds from sale of treasury shares	4 378	-	2 611
Purchase of treasury ordinary shares	(295)	(16 397)	(16 396)
Net cash outflow from financing activities	(931)	(20 694)	(22 702)
Net increase/(decrease) in cash and cash equivalents	1 455	(92 065)	(4 880)
Cash and cash equivalents at beginning of period	533 424	538 316	538 316
Net foreign exchange gains/(losses)	805	(144)	(12)
Cash and cash equivalents at end of period	535 684	446 107	533 424

Consolidated statement of changes in equity

For the six months ended 30 September 2022

Figures in R'000	Ordinary share capital	Share-based payment reserve	Contingent consideration reserve
Balance as at 31 March 2021	1 003 261	9 926	-
Profit for the year	-	-	-
Other comprehensive income	-	-	-
Total comprehensive income	-	-	-
Share-based payment expense	-	12 015	-
Settlement of vested share options	-	(1 486)	-
Allotment of 11077080 shares out of treasury for the acquisition of the Responsive Group	19 163	-	-
Purchase of treasury shares	(16 396)	-	-
Exercised/vested share options out of treasury shares	2 611	-	-
Contingent Consideration Reserve	-	-	9 582
Cash dividends paid	-	-	-
Non-controlling interest arising on business combination	-	-	-
Balance as at 31 March 2022	1 008 639	20 455	9 582
Profit for the period ending 30 September 2022	-	-	-
Other comprehensive Income/(loss)	-	-	-
Total comprehensive income/(loss)	-	7 162	-
Share-based payment expense	-	7 162	-
Purchase of treasury shares	(295)	-	-
Settlement of vested share options	4 378	-	-
Settlement of share-based payment options granted	-	(1 427)	-
Cash dividends paid	-	-	-
Non-controlling interest arising on business combination	-	-	-
Balance as at 30 September 2022	1 012 722	26 190	9 582

Foreign currency translation reserve	Retained income	Total equity attributable to shareholders of the company	Non- controlling interest	Total equity
-	362 707	1 375 894	-	1 375 894
	163 230	163 230	61	163 291
42	-	42	-	42
42	163 230	163 272	61	163 333
-	-	12 015	-	12 015
-	-	(1 486)	-	(1 486)
		19 163		19 163
-	-	(16 396)	-	(16 396)
		2 611		2 611
-	-	9 582	-	9 582
-	(82 124)	(82 124)	-	(82 124)
-		-	1 035	1 035
42	443 813	1 482 531	1 096	1 483 627
	38 299	38 299		38 299
(274)		(274)		(274)
(232)	482 112	1 520 556	1 096	1 521 652
-	-	7 162	-	7 162
-	-	(295)	-	(295)
-	-	4 378	-	4 378
-	-	(1 427)	-	(1 427)
-	(46 093)	(46 093)	-	(46 093)
-	-	-	403	403
(232)	436 019	1 484 281	1 499	1 485 780

Group segment analysis

For the six months ended 30 September 2022

Figures in R'000

	Payments division		Software division	
	2022	2021	2022	2021
Revenue received from all customers	318 299	314 041	219 832	125 310
Revenue received from all customers	318 299	314 041	219 880	126 973
Less: Revenue received from inter segmental customers	-	-	(48)	(1 663)
Trading profit/(loss)	123 799	130 182	48 587	31 012
Impairment of loan to associate	-	-	-	-
Share-based payment expense	(826)	(599)	(2 612)	(1 734)
Depreciation: Property, plant and equipment	(3 983)	(3 256)	(1 706)	(1 251)
Depreciation: Right-of-use assets	(2 635)	(2 635)	(866)	(866)
Amortisation of intangible assets	(3 171)	(2 773)	(2 421)	(1 647)
Transformation costs	(3 495)	(3 245)	(415)	(274)
Acquisition costs	-	-	-	-
Operating profit/(loss)	109 689	117 674	40 567	25 240
Total assets	437 344	394 170	179 401	126 356
Total liabilities	35 173	33 177	53 611	38 864
Net assets	402 171	360 993	125 790	87 492
Geographical information				
Revenue				
South Africa	314 658	313 898	159 367	103 685
Rest of Africa and Indian Ocean Islands	3 641	143	8 404	7 189
Asia Pacific	-	-	35 314	2 048
United States of America	-	-	7 326	10 507
United Kingdom	-	-	5 195	1 881
Australia	-	-	3 268	-
Netherlands	-	-	958	-
	318 299	314 041	219 832	125 310
Assets				
South Africa	437 344	394 170	179 401	126 356
Netherlands	-	-	-	-
Liabilities				
South Africa	35 173	33 177	53 611	38 864
Netherlands	-	-	-	-
Net assets	402 171	360 993	125 790	87 492

* Refer to note 1 for a breakdown of the description of Revenue.

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

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

The Payments division is an aggregation of African Resonance and Dashpay as they both generate revenue from similar types of transactions.

The Software division, which generates revenue from services and consultancy fees, licence and subscription fees and security hardware and third party license fees.

The Software Division is an aggregate of Synthesis Software Solutions and Responsive Group of Companies, which were acquired on 1 March 2022.

The International division, which was established in June 2021, consists of Synthesis Labs B.V. and Synthesis Europe B.V. which are incorporated in the Netherlands. The international Division operates in products and services which are similar to the Software Division in South Africa.

International		Corporate		Group	
2022	2021	2022	2021	2022	2021
-	-	-	-	538 131	439 351
218	-	-	-	538 397	441 014
(218)	-	-	-	(266)	(1 663)
(4 443)	(893)	(17 420)	(12 759)	150 523	147 542
-	-	(56 343)	-	(56 343)	-
-	-	(3 724)	(2 359)	(7 162)	(4 692)
(12)	-	(321)	(350)	(6 022)	(4 857)
-	-	(547)	(547)	(4 048)	(4 048)
-	-	(6 634)	(6 634)	(12 226)	(11 054)
-	-	-	(164)	(3 910)	(3 683)
-	-	(591)	-	(591)	-
(4 455)	(893)	(85 580)	(22 813)	60 221	119 208
2 037	591	971 269	984 909	1 590 051	1 506 026
374	331	15 113	14 643	104 271	87 015
1 663	260	956 156	970 266	1 485 780	1 419 011
-	-	-	-	474 025	417 583
-	-	-	-	12 045	7 332
-	-	-	-	35 314	2 048
-	-	-	-	7 326	10 507
-	-	-	-	5 195	1 881
-	-	-	-	3 268	-
-	-	-	-	958	-
-	-	-	-	538 131	439 351
-	-	971 269	984 909	1 588 014	1 505 435
2 037	591	-	-	2 037	591
-	-	15 113	14 643	103 897	86 684
374	331	-	-	374	331
1 663	260	956 156	970 266	1 485 780	1 419 011

No reliance is placed on one major customer.

Corporate provides the Group with strategic direction; regulatory compliance and governance; administrative, financial and secretarial services; management of insurance risks; internal audit and Group treasury management.

The financial impact on the Software division of the acquisition of the Responsive Group is as follows:

Revenue R21,537 million (2021: Nil)

Trading profit R7,666 million (2021: Nil)

Operating profit R7,581 million (2021: Nil)

Total assets R9,337 million (2021: Nil)

Total liabilities R4,049 million (2021: Nil)

Notes to the Group financial statements

For the six months ended 30 September 2022

1. REVENUE

Figures in R'000	September 2022	September 2021	September 2020
Payments division			
Terminal rental income	11 470	10 742	10 017
Maintenance and support service fees from terminals	84 495	68 183	64 084
Sale of terminals	192 666	210 444	125 343
Transaction related income from terminals	29 668	24 672	8 985
Sundry revenue	-	-	6 869
	318 299	314 041	215 298
Software division*			
Services and consultancy fees*	145 232	96 120	81 890
Licence and subscription fees	27 355	26 461	25 794
Security hardware and third-party licence fees	47 245	2 729	672
	219 832	125 310	108 356
Total revenue	538 131	439 351	323 654
Disaggregation of revenue from contracts with customers			
The Group disaggregates revenue from customers as follows:			
Sale of goods			
Sale of terminals	192 666	210 444	125 343
Security hardware and third-party licence fees	47 245	2 729	672
	239 911	213 173	126 015
Rendering of services			
Services and consultancy fees*	145 232	96 120	81 890
Licence and subscription fees	27 355	26 461	25 794
Terminal rental income	11 470	10 742	10 017
Maintenance and support service fees from terminals	84 495	68 183	64 084
Transaction related income from terminals	29 668	24 672	8 985
Sundry revenue	-	-	6 869
	298 220	226 178	197 639
Total revenue	538 131	439 351	323 654

Figures in R'000	September 2022	September 2021	September 2020
Geographic region			
South Africa	474 025	417 583	305 641
Rest of Africa and Indian Ocean Islands	12 046	7 332	8 766
Asia Pacific	35 313	2 048	-
United States of America	7 326	10 507	9 247
United Kingdom	5 195	1 881	-
Netherlands	958	-	-
Australia	3 268	-	-
	538 131	439 351	323 654

* The revenue generated from the Responsive Group, which was acquired on 1 March 2022, has been incorporated in the Software Division, amounting to R21,537 million (2021: Nil)

2. OPERATING EXPENSES

Figures in R'000	September 2022	September 2021
Responsive Group expenses (acquired 1 March 2022)	5 733	-
International division expenses (established June 2021)	4 443	893
New technology solutions development expenses	6 605	1 023
Promotional and marketing expenses (New product development)	3 131	1 010
Computer expenses	8 086	6 711
Travel related expenses	1 925	404
Payroll expenses	69 600	50 700
Other financial, administration and operating expenses	9 239	2 037
Total	108 762	62 778

Notes to the group financial statements continued

For the six months ended 30 September 2022

3. RECONCILIATION OF HEADLINE EARNINGS PER SHARE

Figures in R'000	Note	September 2022	September 2021	September 2020
Profit for the year attributable to ordinary shareholders		38 299	91 361	54 216
Impairment of loan to associate		56 343	-	-
Add/(Less:) (Profit)/loss after tax on disposal of property, plant and equipment		413	(566)	-
Add: Provision for write-off of terminals		-	360	-
Headline earnings		95 055	91 155	54 216
		Number of shares	Number of shares	Number of shares
Number of ordinary shares in issue ('000)	4	1 310 000	1 310 000	1 310 000
Weighted average number of ordinary shares in issue ('000)		1 224 396	1 227 146	1 219 064
Diluted weighted average number of ordinary shares in issue ('000)		1 283 156	1 241 112	1 254 763
		Cents per share	Cents per share	Cents per share
Basic earnings per share (cents)		3.13	7.44	4.45
Headline earnings per share (cents)		7.76	7.43	4.45
Diluted earnings per share (cents)		2.98	7.36	4.32
Diluted headline earnings per share (cents)		7.41	7.34	4.32

4. SHARE CAPITAL

	September 2022	September 2021	Audited 31 March 2022
Figures in R'000			
Ordinary shares of no par value	1 012 722	986 864	1 008 639
	Number	Number	Number
Authorised shares			
Ordinary shares of no par value in issue	10 000 000 000	10 000 000 000	10 000 000 000
Constituent ordinary shares of no par value	4 000	4 000	4 000
Issued shares			
Ordinary shares of no par value in issue at end of period	1 310 000 000	1 310 000 000	1 310 000 000
Ordinary shares of no par value repurchased (treasury shares)	(78 490 708)	(93 368 675)	(80 911 595)
Ordinary shares of no par value, net of treasury shares at end of period	1 231 509 292	1 216 631 325	1 229 088 405
Reconciliation of movement of issued ordinary shares			
Ordinary shares, net of treasury shares at the beginning of period	1 229 088 405	1 230 008 865	1 230 008 865
Ordinary shares of no par value repurchased during the period (treasury shares)	(200 000)	(13 377 540)	(13 377 540)
Ordinary shares of no par value sold during the period to settle vested share options	2 620 887	-	1 380 000
Ordinary shares of no par value allotted during the period from treasury shares for settlement of acquisitions	-	-	11 077 080
Number of issued ordinary shares, net of treasury shares at end of period	1 231 509 292	1 216 631 325	1 229 088 405

Notes to the group financial statements continued

For the six months ended 30 September 2022

5. INTANGIBLE ASSETS

Figures in R'000	September 2022		
	Cost	Accumulated amortisation	Carrying value
Computer software	63 836	(22 091)	41 745
Customer web portal	50	(50)	-
Intangible asset recognised on acquisition of businesses	83 348	(71 868)	11 480
Customer relationships	67 818	(56 338)	11 480
Computer software	15 530	(15 530)	-
Total	147 234	(94 009)	53 225

The goodwill amounting to R41,171 million arising through the acquisition of subsidiaries in the Responsive Group, on 1 March 2022, will be subject to a final purchase price allocation (“PPA”), to determine the fair value of the assets and liabilities acquired. The final (“PPA”) exercise will be completed during the 2023 financial year.

September 2021			Audited 31 March 2022		
Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
48 810	(13 592)	35 218	55 096	(18 055)	37 041
50	(25)	25	86	(86)	-
83 348	(58 600)	24 748	83 348	(65 234)	18 114
67 818	(43 070)	24 748	67 818	(49 704)	18 114
15 530	(15 530)	-	15 530	(15 530)	-
132 208	(72 217)	59 991	138 530	(83 375)	55 155

Notes to the group financial statements continued

For the six months ended 30 September 2022

6. GOODWILL

Figures in R'000	September 2022	September 2021	Audited 31 March 2022
Carrying value at the beginning of the period	728 578	728 578	728 578
Acquisition through business combination	41 171	-	41 171
Responsive Build	24 974	-	24 974
Rethink Digital Solutions	16 197	-	16 197
Carrying value at the end of the period	769 749	728 578	769 749
Reconciliation			
Payments division	603 604	603 604	603 604
Software division	166 145	124 974	166 145
	769 749	728 578	769 749

The goodwill amounting to R41,171 million, arising through the acquisition of the businesses, Responsive Build and Rethink Solutions Proprietary Limited (Responsive Group), on 1 March 2022, will be subject to a final purchase price allocation (“PPA”), to determine the fair value of the assets and liabilities acquired. The final (“PPA”) exercise will be completed during the 2023 financial year.

7. CONTINGENT CONSIDERATION

Figures in R'000	September 2022	Audited 31 March 2022
Cash (present valued)	6 507	6 370
Responsive Build	3 988	3 904
Rethink Digital Solutions	2 519	2 466
Shares	9 582	9 582
Responsive Build	5 873	5 873
Rethink Digital Solutions	3 709	3 709
Total	16 089	15 952

The Responsive Build and Rethink Digital Solutions profit warranties consideration has been included as part of the purchase consideration. In aggregate, should Responsive Build and Rethink Digital Solutions achieve their profit warranties, the previous shareholders will receive R6 646 249 in cash and an allotment out of treasury shares of 5 538 539 ordinary shares. The period of the warranties is 25 months from 1 March 2021 to 31 March 2023. It has been assumed that the profit warranties targets will be met and the ordinary shares are valued at the price of 173 cents per ordinary share, being the share price on the closing date and the cash portion is present valued.

Notes to the group financial statements continued

For the six months ended 30 September 2022

8. CHANGES IN ACCOUNTING POLICIES

The unaudited interim summarised consolidated financial statements do not include all the information and disclosures required in the audited annual financial statements and should be read in conjunction with the Group's audited annual financial statements as at 31 March 2022.

The accounting policies adopted in the preparation of the unaudited interim summarised consolidated financial statements are consistent with those followed in the preparation of the Group's audited financial statements for the year ended 31 March 2022, except for the adoption of the new standards effective as at 1 April 2022.

9. NEW STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE

New standards, amendments and interpretations issued but not yet effective have been assessed for applicability to the Company and management have concluded that they are not expected to have a material impact on future financial statements.

10. LOANS AND TRANSACTIONS WITH RELATED PARTIES

Figures in R'000	September 2022	September 2021	Audited 31 March 2022
Loans to associates			
GovChat Proprietary Limited	1	31 224	49 528
Loan at end of the period	56 343	31 224	49 528
Impairment of loan	(56 343)	-	-
LayUp Technologies Proprietary Limited	7 875	-	5 096
Regal Digital B.V.*	8 792	-	-
	16 668	31 224	54 624
Related-party transactions with associates			
Revenue received by Synthesis from GovChat Proprietary Limited	3 305	9 586	12 630
Sundry income received from GovChat Proprietary Limited	150	-	300
Interest received from GovChat Proprietary Limited	1 182	357	1 089
Interest received from LayUp Technologies Proprietary Limited	281	-	96

* The Group granted Regal Digital B.V. a long-term loan of EUR493 822, which is non-interest bearing and has no fixed term of repayment. This loan has been mark to market at the exchange rate as at 30 September 2022.

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

Notes to the group financial statements continued

For the six months ended 30 September 2022

11. FAIR VALUE

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

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

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

The fair values of the recognised financial instruments are not materially different from the carrying amounts reflected in the statement of financial position.

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

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

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

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

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

Figures in R'000	2022	Level 1	Level 2	Level 3
Financial instrument				
Foreign exchange forward contracts (asset)	60	-	60	-
	2021	Level 1	Level 2	Level 3
Financial instrument				
Foreign exchange forward contracts (asset)	153	-	153	-

12. DIVIDENDS

A final dividend for the year ended 31 March 2022 of 3.75 cents per ordinary share was declared on 2 June 2022 amounting to R49.1 million.

13. GOING CONCERN

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

14. POST-PERIOD-END EVENTS

The Group has not experienced any material operating and servicing disruptions or any material deterioration in trading performance for the period from the period-end reporting date, 30 September 2022, to the date of this report.

COVID-19

The circumstances arising from COVID-19 had no material negative impact on the Group's results at 30 September 2022. The Group successfully implemented the processes and procedures for business continuity in a COVID-19 trading environment, as required by Regulation.

Corporate information

Capital Appreciation Limited

Incorporated in the Republic of South Africa

Registration number: 2014/253277/06

Tax number: 9591281176

JSE share code: CTA

A2X share code: CTAJ

ISIN: ZAE000209245

FTSE Industrial Classification sector:

Software and Computer Services

Directors

MI Sacks# (*Chairman*), MR Pimstein* (*Joint Chief Executive*), BJ Sacks* (*Joint Chief Executive*), AC Salomon* (*Chief Financial Officer*), MB Shapiro*, B Bulo#, KD Dlamini#, EM Kruger#, RT Maqache#, VM Sekese#, CL Valkin# **Executive, #Non-Executive*

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