

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

Current year performance

Capital Appreciation has continued to experience significant demand for its innovative technology products and solutions over the past six months. The Group's financial results reflect, *inter alia*, exceptional top-line revenue and profit growth in the Software division, with substantial 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. Capital Appreciation's non-South African revenue grew by almost 200% as the Group continued to expand its presence outside of South Africa. The Group continued to expense significant budgeted costs in growth-related initiatives, the revenue benefit of which will only manifest in the medium term. Capital Appreciation impaired its loan to 35% Associate, GovChat, an enterprise development technology startup, in the amount of R56.3 million in this period (refer to the full announcement for more information). Capital Appreciation's divisions remain highly cash-generative, supplementing Group cash resources of R535.7 million at 30 September 2022, 20% higher than the prior year. These resources will be applied to fund organic growth, the development of new solutions, as well as new complementary acquisition opportunities. Digital transformation as well as an acceleration in demand for electronic payments, cloud services, and related advances are creating numerous opportunities for the Group and continue to support positive growth prospects over the medium term.

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

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 cum dividend	Tuesday, 20 December 2022
Shares commence trading ex-dividend	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.

Short-form notice

The contents of this short-form announcement are the responsibility of the Board of Directors of the Company. Shareholders are advised that this short-form announcement represents a brief summary of the information contained in the full announcement, published on <https://senspdf.jse.co.za/documents/2022/jse/isse/ctae/HY2023.pdf> and Capital Appreciation's website www.capitalappreciation.co.za. The full announcement is available for inspection at the registered office of the company during business hours and at no charge. Investors and/or shareholders may request copies of the full announcement by contacting the Company Secretary, details of whom are set out below.

Any forecast financial information contained in this announcement is the responsibility of the directors and has not been reviewed or reported on by the external auditors.

The directors of Capital Appreciation take full responsibility for the preparation of this report and the financial information has been correctly extracted from the underlying group financial statements.

Any investment decisions by investors and/or shareholders should be based on a consideration of the full announcement as a whole and shareholders are encouraged to review the full announcement as directed above.

Signed on behalf of the Board

Capital Appreciation Limited

"the Company" or "the Group", Incorporated in the Republic of South Africa

Registration number: 2014/253277/06 **Registered office:** 1st Floor, 61 Katherine Street, Sandton, 2196

JSE share code: CTA **ISIN:** ZAE000208245

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

Company secretary: PKF Octagon: PeterKatz@PKFOctagon.com

Transfer secretaries: Computershare Investor Services (Proprietary) Limited

Sponsor: Investec Bank Limited **Auditor:** Ernst & Young Inc.

Michael (Motty) Sacks **Michael Pimstein**
Chairman Joint Chief Executive Officer

Alan Salomon **Bradley Sacks**
Chief Financial Officer Joint Chief Executive Officer

Sandton, 29 November 2022