



Capital Appreciation Limited
Incorporated in the Republic of South Africa
(Registration number 2014/253277/06)
Share code: CTA ISIN: ZAE000208245
(the “Group”)

REVISED TRADING STATEMENT FOR THE YEAR ENDED 31 MARCH 2023

Shareholders were informed about the expected credit loss provision related to the GovChat loan in the Group’s trading statement, dated 25 November 2022 and interim results announcement on 29 November 2022.

In a trading statement published on 31 May 2023, the Group indicated that an expected credit loss provision of R70.8 million (pre and post-taxation) was raised for GovChat for the year ended 31 March 2023. Capital Appreciation further indicated that, as a result of the expected credit loss provision as well as substantial investment in and expenditure on new product development, the Group’s basic Earnings Per Share (“EPS”) for the year ended 31 March 2023 will be lower than the corresponding period by between 45.5% and 44.0% to between 7.29 cents and 7.49 cents, when compared to the reported EPS of 13.37 cents for the reporting period ended 31 March 2022. At the same time, the Group also indicated that the Group’s Headline Earnings Per Share (“HEPS”) for the year ended 31 March 2023 would not be materially affected by the non-cash expected credit loss provision and would be between 2.0% and 1.0% lower than the prior year and between 13.13 cents and 13.27 cents, when compared to the reported HEPS of 13.40 cents for the reporting period ended 31 March 2022. The accounting treatment of the expected credit loss provision was accounted for in terms of IAS 36 in the Group’s interim results.

In the final review of the audited annual financial statements for the year ended 31 March 2023, the Group’s auditors advised the Group, after the markets closed on Friday 2 June 2023, that the expected credit loss provision must now be accounted for in terms of Standard Interpretation, IFRS 9 in the calculation of Headline earnings.

While there is no change to the guidance provided for basic Earnings Per Share in the trading statement on 31 May 2023, the guidance for Headline Earnings Per Share (“HEPS”) for the year ended 31 March 2023 has now been adjusted to be between 45.2% and 43.7% lower than the prior year and will be between 7.34 cents and 7.54 cents, when compared to the reported HEPS of 13.40 cents for the reporting period ended 31 March 2022. No other changes or adjustments to the Group’s Audited Financial Statements were required or have been made.

The non-cash expected credit loss provision has no material impact on the Group's cash resources and net asset value per share.

The financial information on which this trading statement is based has not been reviewed or reported on by the external auditors of Capital Appreciation.

The Group's audited financial results for the year ended 31 March 2023 will be released on SENS on Tuesday, 6 June 2023.

Johannesburg

5 June 2023

Sponsor: Investec Bank Limited