**MEDIA RELEASE**

## CONTINUOUS INNOVATION AT CAPITAL APPRECIATION ENSURES STRONG DEMAND

### OPERATIONAL FEATURES

- Revenue exceeded landmark R1 billion, up 19%
- Strong progress arising from new and diversified revenue streams
- R123 million investment in future revenue opportunities
- Successful integration of the Dariel acquisition
- R320 million cash generated from operations, up 75%
- Continued growth in the terminal estate, up 9% to 357 000
- Multiple terminal tenders awarded post-year-end

### FINANCIAL FEATURES

| | | March 2024 | March 2023 | % change |
|---|---|---|---|---|
| Revenue | (R'million) | 1 182.0 | 995.1 | 19 |
| EBITDA | (R'million) | 252.8 | 164.9 | 53 |
| EBITDA margin | (%) | 21.4 | 16.6 | 480bps |
| Operating profit | (R'million) | 215.8 | 193.0 | 12 |
| Cash generated from operations | (R'million) | 319.7 | 183.2 | 75 |
| Headline earnings | (R'million) | 171.0 | 91.5 | 87 |
| EPS | (cents) | 13.59 | 7.39 | 84 |
| HEPS | (cents) | 13.61 | 7.44 | 83 |
| Annual dividend per share | (cents) | 10.00 | 8.25 | 21 |
| Net asset value | (cents) | 125.7 | 121.1 | 4 |

**Johannesburg, 5 June 2024:** FinTech group Capital Appreciation Limited said today that its businesses performed well despite weak business confidence. In a lacklustre economy, the Group continued to attract new customers and grow its market share. Capital Appreciation also evolved its revenue mix with the introduction of new products and services, spread across more sectors and regions. This creates significant growth opportunities for the Group going forward.

The Group grew gross revenues by 19% to R1.2 billion and EBITDA by 53% to R252.8 million. The financial results benefited from improved operational performance, higher finance income, a significantly reduced expected credit loss raised for GovChat and the first-time contribution of the Dariel Group (acquired July 2023). EPS and HEPS increased by 84% and 83% to 13.59 cents and 13.61 cents per share, respectively. The Group has maintained its unbroken, year-on-year growth in dividends for the seventh consecutive year, declaring a total dividend of 10.00 cents per share for the year, an increase of 21% on the prior year.

Capital Appreciation continued to invest extensively in future growth, with R123 million spent in the past year on acquisitions, rental assets, intellectual property development, new software solutions and further funding of its associates. As a result, the business units are well-positioned to meet future demand and the prospects for the year ahead are very promising.

Capital Appreciation's divisions are asset-light and highly cash-generative, with cash generated from operations this year increasing by 75% to R319.7 million and resulting in available cash resources of R467.4 million. This will be employed to fund organic growth, acquisition opportunities, investments, as well as further share repurchases.

The Payments division increased revenue by 7% to R562.8 million and annuity income by 28%. Annuity income now comprises 61% of total income in the Payments division, boding well for increased resilience and less cyclicality from terminal sales in the future. Point of sale (POS) terminals in customers' hands increased by 9% to 357,000. Notably, the size of the leased terminal estate doubled from the prior year. Excellent expense management and operational performance grew EBITDA by 20% to R248.0 million and boosted margins from 39% to 44%. Payments were successful in several meaningful tenders that were awarded post-year-end. These new contracts extend over a three- to five-year period. In addition to new terminal sales and growth in the rental fleet, these tenders will increase estate management fees, maintenance and support services fees and transaction-related income from terminals over that period.

The Software division encountered unexpected challenges this year due to bench overcapacity when the commencement of some large client projects was delayed. Despite delivering several successful software projects, acquiring new customers, and receiving numerous accolades, the division's financial performance did not meet expectations. Revenue increased by 31% to R618.8 million. Services and consultancy fees accelerated by 44% due to the increased demand for cloud and digital projects, while license and subscription fees increased by 20%. EBITDA decreased by 11% to R77.8 million as the higher staff costs caused a significant rise in operating expenses.

The Dariel Group was successfully integrated into the Software division during the year.

Remedial plans were implemented in the latter part of the year to reduce costs and improve financial performance. We anticipate that this improvement will be reflected in FY25 financial year. Synthesis this year was recognised by MyBroadband as "The Preferred Software Development Company in South Africa for Large Business Projects", based on a survey of over 1,500 IT executives. The company also claimed the "Intelligent Software Partner"-award at the Intelligent ICT Awards Africa. Synthesis is recognised as the industry expert on Generative AI capabilities in South Africa.

The Payments and Software divisions continue to see strong demand, their business units are well positioned and the prospects for the year ahead are more than encouraging.

Capital Appreciation CEO, Bradley Sacks, said: "*The Group has a strong balance sheet and large cash resources, supported by healthy operating cash flow. With significant financial strength, we are well-positioned to pursue organic growth opportunities and consider additional complementary acquisitions. Our divisions' healthy pipelines and diversified revenue streams present significant growth opportunities*. *In addition, the various tenders and other orders for terminal sales, rentals and support services that the Payments Division have secured since year-end, will have a very significant positive impact on the performance of this division and the Group during the 2025 financial reporting year and beyond.*

*Capital Appreciation focuses on sustainable value creation for its shareholders. We are particularly proud of our unbroken dividend record over the past seven years, returning R603 million, or 44.5 cents per share to shareholders in the form of dividends."*

Ends.

**ABOUT CAPITAL APPRECIATION**

Capital Appreciation is a FinTech company with three business segments – Payments, Software and a newly formed international division in the Netherlands.

**Payments:** The Payments division comprises three businesses:

- 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 Glass is a SoftPOS solution built for merchants and merchant acquirers.
- 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.

**Software**: The Software division comprises three businesses:

- Synthesis is a strategic technology partner and highly specialised software and systems developer, offering consulting, innovative solutions, and technology-based products. 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.
- Dariel, acquired by Capital Appreciation on 3 July 2023, is an engineering-focused IT architecture and software development group focused on developing complex business applications

**International:** The International division is a recently formed business 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.

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