CAPITAL APPRECIATION

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL RESULTS AND CASH DIVIDEND DECLARATION

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

About Capital Appreciation

Capital Appreciation is a FinTech enterprise with two business segments – Payments Infrastructure & Services ("Payments") and Software & Services ("Software"). The Group also has a newly formed International division in the Netherlands.

CAPITAL APPRECIATION

PAYMENTS DIVISION	SOFTWARE DIVISION	INTERNATIONAL DIVISION
African Resonance	synthesis	Synthesis Europe B.V.
dashpay		Synthesis Labs B.V.

About Capital Appreciation (continued)

Payments: The payments segment comprises two businesses. African Resonance and Dashpay are leading direct and indirect providers of payment infrastructure, technical support, maintenance, and payment technology solutions to established banking and financial institutions, emerging payment service providers, and corporate customers in the retail, restaurant, fuel, hospitality, and healthcare sectors. Dashpay's multi-product, multi-party universal transacting platform, and value-added services solutions are intended to complement existing payment services provided by the Group's established banking and institutional client base.

Software: Synthesis is a highly specialised software and systems developer, offering consulting, integration services, and technology-based product solutions to banking, financial services, retail, telecommunications, healthcare, and other institutions in South Africa and other emerging markets. The Company creates and manages complex, high-value technology, partnering with customers to give them a true competitive edge whether through its cloud, digital engagement channels, intelligent data, training, or managed services offerings. Synthesis is uniquely positioned in Africa, given its Amazon Web Service's (AWS) Advanced Consulting Partner Accreditation for a broad range of specialist competencies.

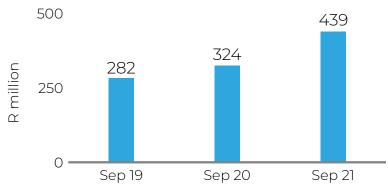
International: The International division is situated in the Netherlands. The business aims to broaden the Group's geographic reach and increase its exposure to strong international currencies.

Enterprise Development Funding: Capital Appreciation supports and advances several commercial transformation initiatives, including through its enterprise development funding and the provision of technology development expertise to GovChat, a black-controlled technology start-up that offers a platform to measure and enhance government interaction with citizens. GovChat is noted as one of AWS's premier public sector initiatives globally and Capital Appreciation owns 35% of GovChat.

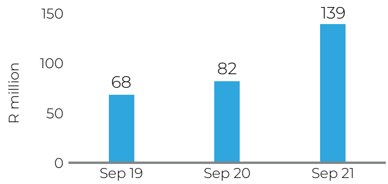
Further detail on the nature of all Capital Appreciation business units is available on the Company's website, at www.capitalappreciation.co.za.

Salient features

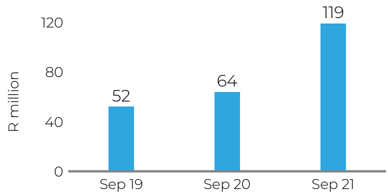
Revenue up 36%



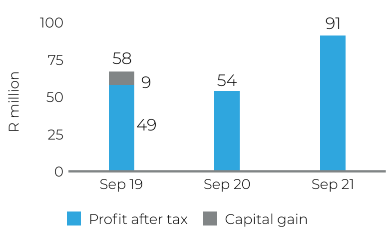
EBITDA up 70%



Operating profit up 85%

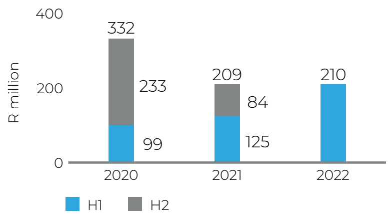


Profit after tax up 69%

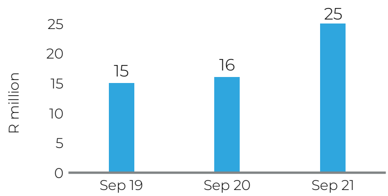


Terminal sales

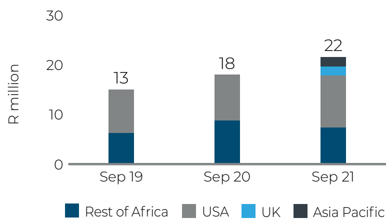
H1 22 exceeds FY2021



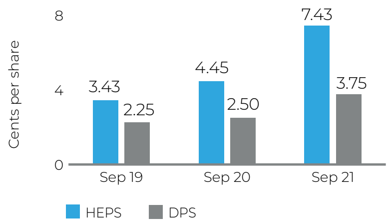
Terminal transactions income up 56%



International income up 21%



HEPS up 67%, DPS up 50%



Operational features

- Accelerating digitalisation intensified the demand for Capital Appreciation's products and services
- Terminal sales for the current six months exceeded 2021 full-year sales
- Android terminals enjoy significant demand
- Strong acceleration for the Software division in the second quarter
- Growing international income, supported by a new office in Amsterdam
- Solid business pipeline across all businesses
- Improved operating margins due to scale benefits and operating efficiencies
- Strong cash conversion continues, consistent with prior periods
- Robust growth in sales resulted in large receivables at period-end, which have since converted into cash
- Cash available for reinvestment R589 million (29 November 2021)

Financial features

	September 2021	September 2020	% change
Revenue (R'million)	439.4	323.7	35.7
Trading profit (R'million)	147.5	88.1	67.4
EBITDA (R'million)	138.7	81.6	70.0
Operating profit (R'million)	119.2	64.5	84.9
EPS (cents)	7.44	4.45	67.2
HEPS (cents)	7.43	4.45	67.0
Trade and other receivables (R'million)	181.2	92.6	95.7
Interim dividend (cents)	3.75	2.50	50.0
Net asset value (cents)	117.0	108.0	8.3

A gratifying period for the Group, not only yielding robust earnings, but also triggering broad corporate interest in our services and digital solutions.
These evolving transformative demands, are clearly brought about through competitive urgency and sensible economic necessity.

Michael (Motty) Sacks
Chairman

Commentary

Capital Appreciation's interim results to 30 September 2021 reflect strong demand for the Group's innovative technology products and solutions. While much uncertainty about the local and global economy persists and the ongoing effect of the pandemic continues to hamper corporate decision-making and investment, Capital Appreciation has experienced an acceleration in commercial activity and increasing interest in its turnkey solutions over the period. The Group's underlying businesses each performed well.

Capital Appreciation has an enviable client base in the banking, financial, retail, healthcare, and telecommunications sectors and continues to focus on innovation, quality, and unparalleled customer service delivery to maintain and strengthen these relationships. In the current period, the Capital Appreciation divisions attracted several more high-profile clients, which we believe is in no small part attributable to the well-established reputations and track record of each of our divisions.

Capital Appreciation continues to invest for the future in critical resources to grow and deliver its products, solutions, and project pipelines. The Group increased its headcount year-on-year by 13% to 365 staff members (September 2020: 324). This includes the onboarding of additional applicants in our learnership and graduate recruitment programmes, as well as several key appointments at senior levels. We are proud of our learnership programmes, which comprise 10% of our total staff complement and provide real and measurable opportunities to young and marginalised South Africans. Significant effort and strategic focus are being placed on further improving the Group and divisional B-BBEE levels. We have invested in our own management, and both promoted and recruited talented black leaders. We look forward to their continued and meaningful contributions. The B-BBEE levels are currently being re-rated and the Group is confident that it will maintain and/or improve its ratings.

SUMMARISED FINANCIAL RESULTS

Statement of comprehensive income

Capital Appreciation generated gross revenues for the period of R439.4 million (September 2020: R323.7 million), an increase of 35.7%. EBITDA grew by 70.0% to R138.7 million (September 2020: R81.6 million). Headline earnings increased by 68.3% to R91.2 million (September 2020:R54.2 million). Basic EPS for the period was 7.44 cents per share (September 2020: 4.45 cents) and HEPS of 7.43 cents per share (September 2020: 4.45 cents), an increase of 67.2% and 67.0%, respectively. An interim dividend of 3.75 cents has been declared, an increase of 50% relative to the 2.50 cents per share declared in the prior comparable period.

Revenue benefited from the fulfilment of large terminal orders in the period as well as pleasing growth in terminal transaction income. The Software business also generated solid revenue growth despite a continued cautious stance by corporates toward infrastructure expansion and capital expenditure. The revenue mix continues to change through the introduction of new products, services, and geographies. Non-SA revenue grew by 20.8%, as the Group continued to expand its presence outside of South Africa. Profit margins improved, supported by the achievement of greater scale efficiencies.

Payroll continues to remain the largest component of the Group's expenses. The launch of several newly developed products resulted in increased marketing and customer development costs, as well as an increase in the amortisation of intangible assets, as the new software intangible assets started to generate revenue. Share-based payment expense increased from R2.6 million to R4.7 million. The Group views long-term share incentives as a very important component of staff retention in an industry where technical skills are highly sought after and a scarce resource.

Finance income earned on the Group's significant cash balances declined by 10.4% to R10.0 million. The decrease is commensurate with the lower interest rate environment. The Group paid full tax in the period.

Statement of financial position and Statement of cash flows

Two key features of the statement of financial position require highlighting. These are:

- trade and other receivables doubled from R92.6 million to R181.2 million in the current period on the back of large terminal sales; and
- cash and cash equivalents declined by R92.2 million since year-end, to R446.1 million, as a result of the growth in working capital assets.

The majority of trade receivables converted into cash post-period-end and cash balances at 29 November increased to R589 million (equivalent to 48.4 cents per share). Capital Appreciation remains highly cash generative.

Operating returns from the underlying businesses have met expectations and continue to grow. Returns at the Group level are moderated by the large cash holdings on the balance sheet. Improvements in shareholders' return and dividend yield are both key objectives in our endeavours of developing the Group for the long term.

The Group's main Enterprise Development recipient, GovChat, has continued to strengthen its critical role as a supportive partner to various departments of government in engaging with its citizens. GovChat has recently signed a memorandum of understanding with the United Nations to capitalise on its 8.2 million active users and digital footprint across South Africa, to offer insights on the socio-economic issues faced by local citizens. Capital Appreciation granted GovChat a further R11.5 million of loan funding to continue developing its technology platforms and services offered. The Synthesis team also developed the platform for GovChat to allow the second round of social relief grant applications as announced by the President in July 2021. More than 12.2 million applications for social grants have been received through the platform to date.

The Group acquired a stake in start-up LayUp Technologies in January 2021 with the right to increase its ownership over time. 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 solution is available for e-commerce and in-store purchases. LayUp continues to market its solution and the business remains in its formative stages. Capital Appreciation's investment in LayUp is R8.7 million to date.

Capital Appreciation repurchased 13 377 540 shares during the period, at an average price of 123 cents per share. As at 30 September 2021, the Group had a total of 93 368 675 treasury shares at an average cost price of 77 cents per share. The Group's net asset value (net of treasury shares) increased by 4.5% since year-end to 117 cents (March 2021: 112 cents). The Group's cash resources will be applied, in the first instance, to fund anticipated organic growth 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.

Capital Appreciation was the first SPAC that was listed on the mainboard of the JSE in September 2015 and a number of governance and compliance conditions and concessions were granted by the founders of the Company that were imposed as part of the listing requirements. All the conditions have now been fulfilled.

DIVISIONAL REVIEW

Payments division

The Payments division showed excellent growth in revenue and profit, benefiting from a significant pipeline of terminal orders and the commencement of new business relationships. The division generated revenue of R314.0 million (September 2020: R215.3 million), up 45.9%, and growth in EBITDA to R126.3 million (September 2020: R66.5 million), up 89.9%.

Terminal sales increased by 67.9% to R210.4 million. The Payments division experienced strong demand in the adoption of Android terminals, given their attractive functionality, price, and quality. As at 30 September 2021, Capital Appreciation had a total of 259 000 terminals in the hands of clients, which is an increase of 57 000 terminals or 28.2% relative to the comparable period.
The Payments division has an encouraging pipeline for the coming financial period.

Rental income was stable, as robust new terminal growth compensated for the loss of leased terminals that had reached the end of useful life and were replaced with Bank-owned terminals. The Payments division provides end-to-end terminal estate management services for all the major banks in South Africa, as well as a range of other financial institutions both in South Africa and elsewhere in Africa. During the period, these clients cut back on full-service maintenance and support to contain costs, which moderated growth in maintenance and support fees to 6.4%.

Amortisation of intangible assets increased notably due to key in-house developed software technology which went live. This also resulted in a pleasing 55.6% growth in value-added services revenue. These new developments will allow Dashpay to roll out a Halo-based "payment as a service" solution to the South African market, with the first merchant due to go live by February 2022. The Group launched a closed-loop, proprietary gift card solution with a loyalty programme for a leading listed property company. The solution is currently live in the largest retail mall in Africa and merchant activations have been growing steadily. The rollout of the project into the next mall is planned for H2 2022. Gross transaction value (GTV) increased by 20% against the comparable period from R5.6 billion to R6.7 billion.

Expenses continued to be managed prudently and remained in line with growth in business activity. Increased expenses stemmed from advertising and marketing, international shipping insurance, and additional staff.

Software division

Synthesis delivered a solid set of financial results for the half-year ending 30 September 2021, bolstered by excellent results in the second quarter after a slow start due to the Covid impact. Revenue increased by 15.6% to R125.3 million (September 2020: R108.4 million) Services and consultancy fees grew by 17.4% due to the increased demand for cloud and digital projects, while licence and subscription fees remained stable. Profit margins decreased slightly due to the investment made into Synthesis' Payment products (Halo and Keystone) as well as increased sales of third-party partnership software products, which attracts a lower gross margin. EBITDA increased by 3.6% to R29.0 million (September 2020: R28.0 million).

New business efforts have opened relationships with 19 new customers since the beginning of the financial year. Synthesis experienced a significant increase in its **Cloud** division in the area of cloud migration projects and attracted further financial services and retail clients. The AWS partnership continues to grow. Synthesis recently achieved the impressive milestone of 200 Amazon Web Services (AWS) certifications, reflecting the company's deep technical expertise.

The **Digital** team recently expanded into the shipping and logistics industry, after winning an RFP to build digital and AI systems for a large container shipping group operating out of Singapore. **RegTech** continued to grow its range and depth of product for its stable of existing clients and a strong pipeline of potential projects. The **Intelligent Data** business unit is experiencing very high demand and has attracted several new customers in the period in financial services, telecoms, retail, healthcare services and contact centres.

The **Payment Technology and Cryptography** unit continues to innovate and develop new features for the Halo Dot product. Recent certifications by Visa, Mastercard, and AMEX for PIN entry enable acceptance of high-value transactions. This makes Halo Dot a complete software alternative to physical POS devices – and an exciting prospect for clients. In partnership with DashPay, Synthesis also developed a SoftPOS App for Android devices that supports re-branding for customers who want to rapidly deploy their own SoftPOS application. Two new customers who join Nedbank in the use of Halo Dot are Ukheshe and Rapid Pay. We hope to be in a position to disclose other parties in the coming weeks.

International division

During the period, the Group launched its new subsidiary company Synthesis Labs B.V., driven by Synthesis South Africa and based in the FinTech hub of Amsterdam. The new venture will allow the Group to capitalise on international opportunities matched to its skillset, services, and product offerings. It marks the start of a focused effort to further diversify its customer base by introducing an international client base. The Group's sponsorship of the Money20/20 FinTech event in Amsterdam proved to be a successful endeavour of showcasing the Halo product and obtaining customer leads internationally.

PROSPECTS

Digital transformation as well as an acceleration in demand for electronic payments, cloud services, and related advances continue to support robust growth prospects for the Group. Capital Appreciation has the appropriate skills, experience, and track record of innovation to maximise our participation in these opportunities and assist our clients to benefit from these technological advancements. Short-term outcomes are always difficult to predict as they are subject to constructive macro and microeconomic environments. The medium-term outlook for the Group is exceptionally promising.

With the ongoing lifting of Covid alert levels, and further adoption of alternative payments such as contactless payments and QR codes, the demand for Android-based payment terminals is expected to increase further. This is borne out by the encouraging pipeline for the coming period. Over the short term, given the lumpy nature of terminal sales, we remain susceptible to the global supply chain challenges and delivery delays.

The strong demand for Synthesis' services during the second quarter leads us to believe that these trends should persist in the second half of the financial year. The robust growth in services and consultancy fees, in particular, is expected to continue for the remainder of the year. The themes of cloud migration, emerging digital technology, and evolving forms of payments are accelerating, and Synthesis is well-positioned to deliver products and value propositions to support its clients' journeys to becoming more digitally enabled. Synthesis has a pleasing pipeline of projects lined up and is currently working on almost double the pipeline of FY 2021.

With a well-capitalised balance sheet, robust operating cash flows, and significant cash resources, the Group has the ability and appetite to take advantage of organic growth opportunities available to each of its business units as well as to consider FinTech-related acquisitive opportunities.

DIVIDENDS

The Board has pleasure in announcing that an interim dividend of 3.75 cents per ordinary share has been declared for the six months ended 30 September 2021 (September 2020: 2.50 cents per ordinary share).

Commentary (continued)

We note the following:

- Dividends are subject to dividends withholding tax.
- The payment date for the dividend is Tuesday, 28 December 2021.
- Dividends have been declared out of profits available for distribution.
- Local dividends withholding tax is 20%.
- The gross dividend amount is 3.75 cents per ordinary share, which is 3.00 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, 21 December 2021
Shares commence trading ex-dividend	Wednesday, 22 December 2021
Dividend record date	Friday, 24 December 2021
Dividend payment date	Tuesday, 28 December 2021

Share certificates for ordinary shares may not be dematerialised or rematerialised between Wednesday, 22 December 2021 and Friday, 24 December 2021, both days inclusive.

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.

ACCOUNTING POLICIES AND BASIS OF PREPARATION

These unaudited interim condensed 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 condensed 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 condensed 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 29 November 2021. For further information hereto, please refer to the section above captioned Accounting Policies and Basis of Preparation.

On behalf of the Board

Michael (Motty) Sacks	**Michael Pimstein and Bradley Sacks**	**Alan Salomon**
Non-Executive Chairman	*Joint Chief Executive Officers*	*Chief Financial Officer*

Sandton

30 November 2021

Unaudited Condensed Consolidated Statement of Financial Position

At 30 September 2021

Figures in R'000	Notes	Unaudited 30 September 2021	Unaudited 30 September 2020	Audited 31 March 2021
ASSETS				
Non-current assets				
Property, plant, and equipment		23 703	27 514	25 635
Intangibles assets		59 991	61 975	61 226
Right-of-use assets		12 163	20 449	16 210
Goodwill		728 578	728 578	728 578
Investment in associates		5 355	*	5 857
Loan to associate		31 224	4 956	19 645
Deferred tax		7 238	8 880	18 563
Non-current assets		868 252	852 352	875 714
Current assets				
Inventories		5 502	4 018	17 017
Trade and other receivables		181 220	92 587	47 461
Taxation receivable		4 945	2 165	2 039
Cash and cash equivalents		446 107	488 416	538 316
Current assets		637 774	587 186	604 833
Total assets		1 506 026	1 439 538	1 480 547
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital	3	986 864	1 004 500	1 003 261
Share-based payment reserve		14 578	5 514	9 926
Retained income		417 569	321 986	362 707
Total equity		1 419 011	1 332 000	1 375 894
Liabilities				
Lease liability		7 657	15 898	11 104
Deferred revenue		4 530	6 736	5 454
Deferred tax		8 918	11 131	8 787
Non-current liabilities		21 105	33 765	25 345
Trade and other payables		50 920	57 190	59 942
Lease liability		7 601	7 601	8 451
Deferred revenue		7 389	7 169	10 838
Taxation payable		–	1 813	77
Current liabilities		65 910	73 773	79 308
Total equity and liabilities		1 506 026	1 439 538	1 480 547

* Investment in associates amounts in aggregate to less than R1 000

Net asset value (cents)	117	108	112

Unaudited Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2021

Figures in R'000	Notes	Unaudited six months ended 30 September 2021	% change	Unaudited six months ended 30 September 2020	% change	Unaudited six months ended 30 September 2019
Revenue	1	439 351	35.7	323 654	15.0	281 551
Cost of sales		(230 001)		(179 983)		(160 271)
Gross profit		209 350	45.7	143 671	18.5	121 280
Other income (loss)		970		(241)		590
Operating expenses		(62 778)	13.5	(55 319)	13.0	(48 974)
Trading profit		147 542		88 111		72 896
Share-based payment expense		(4 692)		(2 625)		(759)
Depreciation: Property, plant, and equipment		(4 857)		(4 285)		(3 991)
Depreciation: Right-of-use assets		(4 048)		(3 984)		(4 004)
Amortisation of intangible assets		(11 054)		(8 858)		(7 858)
Transformation costs		(3 683)		(3 876)		(4 661)
Operating profit		119 208	84.9	64 483	24.9	51 623
Finance income		9 972		11 134		21 813
Finance charges		(9)		(28)		(369)
Finance charges: Lease liabilities		(647)		(949)		(1 211)
Equity accounted loss of associate		(502)		–		(347)
Gain on sale of investment in associate		–		–		8 665
Profit before taxation		128 022	71.5	74 640	(6.9)	80 174
Taxation		(36 661)		(20 424)		(22 303)
Profit after taxation for the period		91 361	68.5	54 216	(6.3)	57 871
Other comprehensive income		–		–		–
Total comprehensive income for the period		91 361	68.5	54 216	(6.3)	57 871
Basic earnings per share (cents)		7.44	67.2	4.45	12.9	3.94
Diluted earnings per share (cents)		7.36	67.0	4.32	11.9	3.86

Unaudited Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2021

Figures in R'000	Notes	Unaudited six months ended 30 September 2021	Unaudited six months ended 30 September 2020	Audited 31 March 2021
Cash flow from operations		9 036	65 657	200 944
Finance income received		9 972	11 134	20 981
Finance costs paid		(656)	(977)	(1 820)
Dividends paid		(36 499)	(33 858)	(64 621)
Taxation paid		(28 116)	(29 506)	(53 427)
Net cash flow from operating activities		(46 263)	12 450	102 057
Cash flows from investing activities				
Acquisition of property, plant, and equipment		(3 763)	(3 029)	(7 420)
Proceeds on disposal of property, plant, and equipment		53	505	733
Purchase of intangible assets		(3 817)	(3 800)	(7 292)
Capitalisation of intangible assets		(6 002)	(5 162)	(9 489)
Acquisition of Investment - Layup Technologies		–	–	(6 207)
Loan to associate		(11 579)	(3 500)	(18 189)
Payment of contingent consideration		–	–	(10 000)
Net cash flow from investing activities		(25 108)	(14 986)	(57 864)
Cash flows from financing activities				
Repayment of lease liability		(4 297)	(3 657)	(7 601)
Payment of contingent consideration		–	(10 000)	–
Purchase of treasury ordinary shares (13 377 540 shares)	3	(16 397)	–	(1 239)
Net cash flow from financing activities		(20 694)	(13 657)	(8 840)
Net increase/(decrease) in cash and cash equivalents		(92 065)	(16 193)	35 353
Cash and cash equivalents at beginning of period		538 316	505 121	505 121
Net foreign exchange gains/(losses)		(144)	(512)	(2 158)
Cash and cash equivalents at end of period		446 107	488 416	538 316

Unaudited Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2021

Figures in R'000	Ordinary share capital	Share-based payment reserve	Contingent consideration reserve	Retained income	Total equity
Balance as at 1 April 2020	976 600	2 889	24 900	304 628	1 309 017
Settlement of the contingent consideration reserve	27 900	–	(24 900)	(3 000)	–
Share-based payment reserve	–	2 625	–	–	2 625
Purchase of treasury shares	–	–	–	–	–
Dividends paid	–	–	–	(33 858)	(33 858)
Total comprehensive income for the six months ended 30 September 2020	–	–	–	54 216	54 216
Balance as at 30 September 2020	1 004 500	5 514	–	321 986	1 332 000
Share-based payment reserve	–	4 412	–	–	4 412
Purchase of treasury shares	(1 239)	–	–	–	(1 239)
Dividends paid	–	–	–	(30 763)	(30 763)
Total comprehensive income for the six months ended 31 March 2021	–	–	–	71 484	71 484
Balance at 31 March 2021	1 003 261	9 926	–	362 707	1 375 894
Share-based payment reserve	–	4 692	–	–	4 692
Purchase of treasury shares	(16 397)	–	–	–	(16 397)
Settlement of share-based payment options granted	–	(40)	–	–	(40)
Dividends paid	–	–	–	(36 499)	(36 499)
Total comprehensive income for the six months ended 30 September 2021	–	–	–	91 361	91 361
Balance as at 30 September 2021	986 864	14 578	–	417 569	1 419 011

Unaudited Group Segment Analysis

For the six months ended 30 September 2021

Figures in R'000	Payments Division 2021	Payments Division 2020	Software Division 2021	Software Division 2020
Revenue received from all customers*	314 041	215 298	125 310	108 356
Revenue received from all customers	314 041	–	126 973	–
Less: Revenue received from intersegmental customers	–	–	(1 663)	–
Trading profit/(loss)	130 182	69 949	31 012	28 874
Share-based payment expense	(599)	(365)	(1 734)	(1 212)
Depreciation: property, plant, and equipment	(3 256)	(2 959)	(1 251)	(1 030)
Depreciation: Right-of-use assets	(2 635)	(2 572)	(866)	(865)
Amortisation of intangibles	(2 773)	(1 158)	(1 647)	(1 066)
Transformation costs	(3 245)	(3 043)	(274)	(833)
Operating profit/(loss)	117 674	59 852	25 240	23 868
Equity accounted loss of associate	–	–	–	–
Assets and liabilities				
Total assets	394 170	307 869	126 356	109 560
Total liabilities	33 177	46 205	38 864	43 570
Net assets	360 993	261 664	87 492	65 990
Geographical information				
Revenue				
South Africa	313 898	215 298	103 685	90 343
Rest of Africa and Indian Ocean Islands	143	–	7 189	8 766
United States of America	–	–	10 507	9 247
Asia Pacific	–	–	2 048	–
United Kingdom	–	–	1 881	–
	314 041	215 298	125 310	108 356
Assets				
South Africa	394 170	307 869	126 356	109 560
Netherlands	–	–	–	–
Liabilities				
South Africa	33 177	46 205	38 864	43 570
Netherlands	–	–	–	–
Net assets	360 993	261 664	87 492	65 990

* 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, which generates revenue from the sale of terminals, the rental of terminals, maintenance and service fees from terminals, transaction-related revenue from terminals and sundry terminal-related revenue. 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 sale of computer hardware.

	International Division		Corporate		Group	
	2021	2020	2021	2020	2021	2020
	–	–	–	–	439 351	323 654
	–	–	–	–	441 014	–
	–	–	–	–	(1 663)	–
	(893)	–	(12 759)	(10 712)	147 542	88 111
	–		(2 359)	(1 048)	(4 692)	(2 625)
	–	–	(350)	(296)	(4 857)	(4 285)
	–	–	(547)	(547)	(4 048)	(3 984)
	–	–	(6 634)	(6 634)	(11 054)	(8 858)
	–		(164)		(3 683)	(3 876)
	(893)	–	(22 813)	(19 237)	119 208	64 483
	–	–	(502)	–	(502)	–
	591	–	984 909	1 022 109	1 506 026	1 439 538
	331	–	14 643	17 763	87 015	107 538
	260	–	970 266	1 004 346	1 419 011	1 332 000
	–	–	–	–	417 583	305 641
	–	–	–	–	7 332	8 766
	–	–	–	–	10 507	9 247
	–	–	–	–	2 048	–
	–	–	–	–	1 881	–
	–	–	–	–	439 351	323 654
	–	–	984 909	1 022 109	1 505 435	1 439 538
	591	–	–	–	591	–
	–	–	14 643	17 763	86 684	107 538
	331	–	–	–	331	–
	260	–	970 266	1 004 346	1 419 011	1 332 000

* In August 2021, the Group set up an offshore operation in the Netherlands, called Synthesis Labs B.V., a wholly-owned subsidiary of Synthesis Europe B.V. The foreign operation is reported as a new business unit for segment reporting purposes.

* Corporate provides the group with strategic direction; regulatory compliance and governance; administrative, financial, and secretarial services; insurance advice; internal audit and group treasury management.

No reliance is placed on one major customer.

Notes to the Condensed Unaudited Consolidated Interim Results

For the six months ended 30 September 2021

1. REVENUE

Figures in R'000	30 September 2021	30 September 2020	30 September 2019
Payments division			
Terminal rental income	10 742	10 017	15 791
Maintenance and support service fees from terminals	68 183	64 084	57 028
Sale of terminals	210 444	125 343	98 968
Transaction related income from terminals	24 672	8 985	8 271
Sundry revenue	–	6 869	6 269
	314 041	215 298	186 327
Software division			
Services and consultancy fees	96 120	81 890	68 155
Licence and subscription fees	26 461	25 794	25 685
Hardware	2 729	672	1 384
	125 310	108 356	95 224
	439 351	323 654	281 551
Disaggregation of revenue from contracts with customers			
The Group disaggregates revenue from customers as follows:			
Sale of goods			
Sale of terminals	210 444	125 343	98 968
Hardware	2 729	672	1 384
	213 173	126 015	100 352
Rendering of services			
Services and consultancy fees	96 120	81 890	75 884
Licence and subscription fees	26 461	25 794	17 956
Terminal rental income	10 742	10 017	15 791
Maintenance and support service fees from terminals	68 183	64 084	57 028
Transaction related income from terminals	24 672	8 985	8 271
Sundry revenue	–	6 869	6 269
	226 178	197 639	181 199
Total revenue	439 351	323 654	281 551
Geographic region			
South Africa	417 583	305 641	268 413
Rest of Africa and Indian Ocean Islands	7 332	8 766	6 239
United States of America	10 507	9 247	6 899
United Kingdom	1 881	–	–
Asia Pacific	2 048	–	–

2. RECONCILIATION OF HEADLINE EARNINGS PER SHARE FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

Figures in R'000	Note	Unaudited 30 September 2021	Unaudited 30 September 2020	Unaudited 30 September 2019
Profit for the year attributable to ordinary shareholders		91 361	54 216	57 871
Less: Profit after tax on disposal of property, plant and equipment		(566)	–	–
Add: Provision for write-off of terminals		360	–	–
Capital gain on sale of investment in associate		–	–	(8 665)
Capital gains tax on sale of investment in associate		–	–	1 105
Headline earnings		91 155	54 216	50 311
		Number of shares	Number of shares	Number of shares
Number of ordinary shares in issue ('000)	3	1 310 000	1 310 000	1 310 000
Weighted average number of ordinary shares in issue ('000)		1 227 146	1 219 064	1 468 535
Diluted weighted average number of ordinary shares in issue ('000)		1 241 112	1 254 763	1 498 535
		Cents per share	Cents per share	Cents per share
Basic earnings per share (cents)		7.44	4.45	3.94
Headline earnings per share (cents)		7.43	4.45	3.43
Diluted earnings per share (cents)		7.36	4.32	3.86
Diluted headline earnings per share (cents)		7.34	4.32	3.3

3. SHARE CAPITAL

Figures in R'000	Unaudited 30 September 2021	Audited 31 March 2021	Unaudited 30 September 2020
Ordinary shares of no par value	986 864	1 003 261	1 004 500
	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)	(93 368 675)	(79 991 135)	(78 786 351)
Ordinary shares of no par value, net of treasury shares at end of period	1 216 631 325	1 230 008 865	1 231 213 649
Reconciliation of movement of issued ordinary shares			
Ordinary shares, net of treasury shares at the beginning of period	1 230 008 865	1 201 213 649	1 201 213 649
Ordinary shares of no par value repurchased during the period (treasury shares)	(13 377 540)	(1 204 784)	–
Ordinary shares of no par value allotted during the period from treasury shares	–	30 000 000	30 000 000
Number of issued ordinary shares, net of treasury shares at end of period	1 216 631 325	1 230 008 865	1 231 213 649

4. CHANGES IN ACCOUNTING POLICIES

The unaudited interim condensed 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 2021.

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's audited financial statements for the year ended 31 March 2021, except for the adoption of the new standards effective as at 1 April 2021.

5. 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.

6. 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 falls due within 12 months.

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

Loan 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	2021	Level 1	Level 2	Level 3
Financial instrument				
Foreign exchange forward contracts (asset)	153	–	153	–

Figures in R'000	2020	Level 1	Level 2	Level 3
Financial instrument				
Foreign exchange forward contracts (liability)	(42)	–	(42)	–

7. Post-period-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 2021, 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 2021. The Group successfully implemented the processes and procedures for business continuity in a Covid-19 trading environment, as required by Regulation.

Corporate information

Country of incorporation and domicile	Republic of South Africa
Registration number	2014/253277/06
JSE share code	CTA
ISIN	ZAE000208245
FTSE Industrial Classification sector	Software and Computer Services
A2X share code	CTAJ
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 #, JM Kahn #, EM Kruger # , RT Maqache #, VM Sekese #, CL Valkin # * Executive, # Non-Executive
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