CAPITAL APPRECIATION

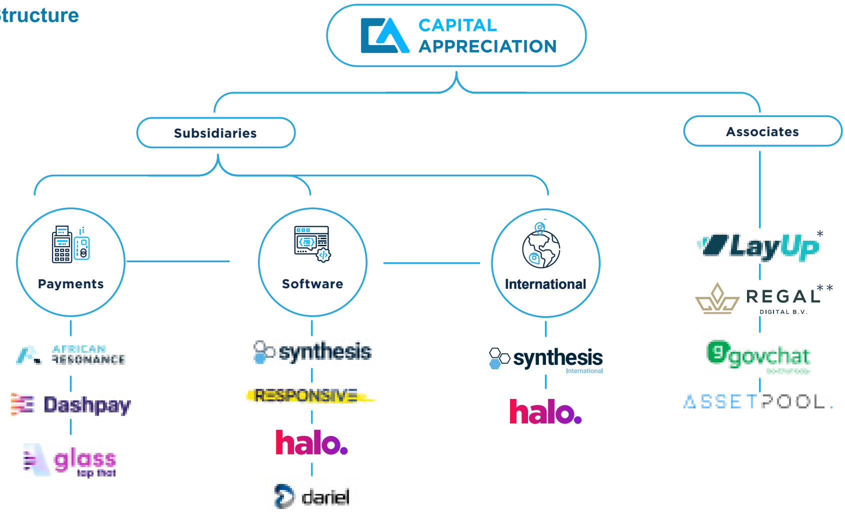
Unaudited interim summarised consolidated financial results and cash dividend declaration

for the six months ended 30 September 2023

About Capital Appreciation

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

Structure



* *Included in the Payments Segment.*

** *Included in the Software Segment.*

^ *Refer to note 18 for detailed Group information.*

The Payments segment comprises three businesses:

- African Resonance and Dashpay are leading direct and indirect providers of payment software and infrastructure, technical support, maintenance, bespoke software, payment services and payment technology solutions.
- Dashpay Glass is a SoftPOS solution built for merchants and merchant acquirers as a SaaS solution.
- 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 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, designs and develops web and mobile digital applications with clients in South Africa, the USA, Europe, Australia and the United Kingdom.
- Dariel Solutions and Dariel Software were acquired on 3 July 2023. Dariel is an engineering-focused IT architecture and software development group focused on developing complex business applications.

International:

- The International division, located in the Netherlands, was formed in June 2021 and is 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, CapitalAppreciation owns 20% of Regal Digital B.V. that comprises TetraLabs, a Web 3.0 consulting business and Flamelink, a SaaS content management solution.

Halo Dot:

- Halo Dot is a software solution (SoftPOS) that allows any near-field communication (NFC) enabled Android-based device to be a payment acceptance device. It is offered in multiple form factors, including as a software development kit (SDK) for integration into others' apps or as an app on a white-label basis.

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

2023 highlights

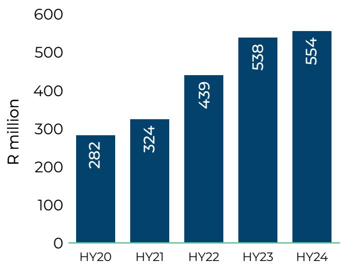
OPERATIONAL FEATURES

- Strong demand for Capital Appreciation's products and services continues
- Economic conditions temporarily delayed new orders and commencement of projects
- Revenue up 3% and further diversification of revenue streams
- International revenue growth of 21%
- Payments annuity income growth of 24%
- Terminal estate exceeds 344 000, up 9% year-on-year; Rental terminal estate up 158%
- Software margins negatively impacted by market delay in committing to large new initiatives
- Continued strong cash generation from operations
- Successful integration of recently acquired Dariel Software group
- Expenses growth moderating, notwithstanding continued investment into the Group's businesses

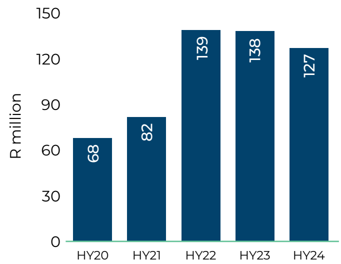
FINANCIAL FEATURES

		September 2023	September 2022	% increase/ (decrease)
Revenue	(R'million)	**554.2**	538.1	3.0
EBITDA	(R'million)	**126.9**	138.0	(8.0)
EBITDA margin	(%)	**22.9**	25.6	(275bps)
Operating profit	(R'million)	**105.3**	116.6	(9.7)
EPS	(cents)	**6.48**	3.13	107.1
HEPS	(cents)	**6.50**	3.16	105.6
Interim dividend)	(cents)	**4.25**	4.25	–
Cash available for reinvestment	(R'million)	**486.3**	535.7	(9.2)
Net asset value	(cents)	**124.5**	120.5	3.3

GROUP REVENUE up 3%

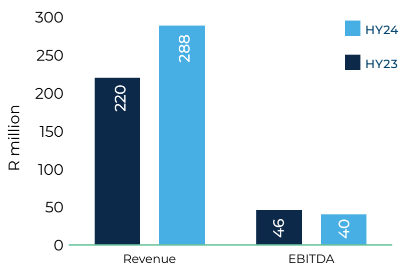


GROUP EBITDA* down 8%

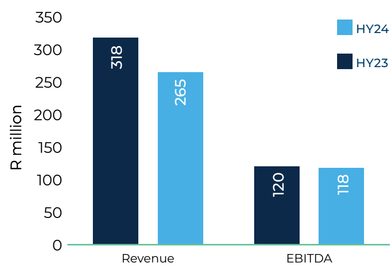


** excludes expected credit loss raised*

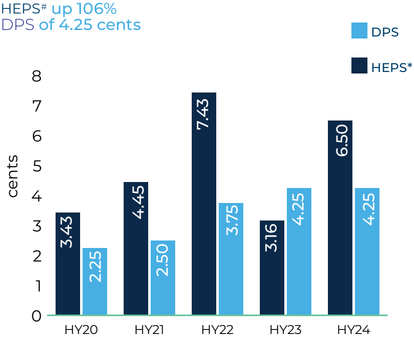
STRONG REVENUE GROWTH FROM SOFTWARE



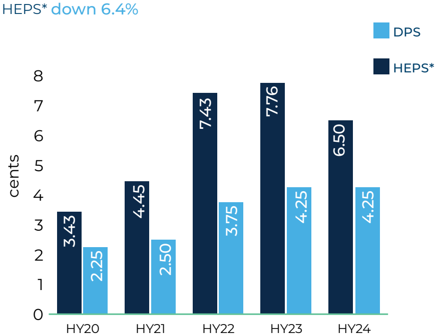
PAYMENTS PROFITABILITY RESILIENT



HEPS# up 106%
DPS of 4.25 cents



HEPS* down 6.4%



** includes expected credit loss raised*

** excludes expected credit loss raised*

Commentary

INTRODUCTION

Digital transformation and the demand for technology solutions continue unabated. Mobile banking and digital financial services are growing the size of the bankable population and increasing competition for their custom. Challenges such as cybersecurity, data privacy and regulatory compliance, as well as the enormous opportunities presented by developments in cloud computing, data analytics and artificial intelligence, require innovation and expert teams to manage and capitalise on these trends.

The Group is strategically well-positioned in a growing market and continues to make progress in attracting new clients, expanding its revenue sources, and boosting its market share. All of the above support persistent and robust demand for Capital Appreciation's products and services, albeit that economic challenges in South Africa and globally temporarily tempered clients' allocation of capital towards major projects. We believe that the Group's products and services continue to present considerable opportunities for growth and expansion in the medium- and long-term and we are confident that performance in the second half of the year will exceed that of the first half.

SUMMARISED FINANCIAL RESULTS

Capital Appreciation generated gross revenues for the six months of R554.2 million (Sept 2022: R538.1 million), an increase of 3%. EBITDA declined by 8% to R126.9 million (Sept 2022: R138.0 million). Headline earnings increased by 108% to R80.6 million (Sept 2022: R38.7 million), partly benefiting from a three-month contribution from Dariel Solutions, higher finance income and a considerably reduced expected credit loss raised, after tax, for GovChat amounting to R9.4 million (2022: R56.3 million).

Basic EPS for the six months was 6.48 cents per share (Sept 2022: 3.13 cents) and HEPS was 6.50 cents per share (Sept 2022 restated: 3.16 cents), an increase on the prior comparable six months of 107% and 106%, respectively. Shareholders should note that HEPS for the six months to September 2022 have been restated due to the expected credit loss raised being treated as non-headline earnings in the September 2022 comparative results, which was subsequently changed for the year ended 31 March 2023. If the expected credit loss raised is excluded for both periods, the normalised basic EPS for the six months was 7.25 cents per share (Sept 2022: 7.73 cents), and HEPS was 7.26 cents per share (Sept 2022: 7.76 cents), a decrease on the prior comparable six months of 6.2% and 6.4%, respectively, reflecting the resilience of the underlying businesses under challenging conditions.

An interim dividend of 4.25 cents per share has been declared for the six months ended 30 September 2023 (Sept 2022: 4.25 cents per share).

The Software division generated good top-line revenue growth, with significant increases in cloud, data and digital consulting services. Revenue growth was nevertheless lower than expected due to unforeseen temporary delays in project commencements, which reduced profitability as the resources and expenses for these anticipated projects were already committed.

The Payments division posted robust growth in annuity revenue and generated a resilient EBITDA reflecting operating efficiencies from being a scale operator.

The Group's revenue mix continued to evolve with the introduction of new products, services, and geographies. The demand for Payments-related software solutions accelerated notably in the period. Areas such as Intelligent Data in the Software division are growing significantly. Capital Appreciation's non-South African revenue increased by 21%, as the Group continued to expand its presence outside of South Africa, which now comprises 14% of Group revenue. The continued diversification of revenue streams creates notable further growth opportunities for the Group.

Operating expenses grew by 19.7%, which include the expenses of Dariel for the first time, the pre-positioning of resources for software projects and continued judicious investments in growth-related initiatives and new technology solutions, the revenue benefit of which will only manifest in the medium term. The Dariel acquisition added 191 staff members to the total Group headcount of 728 employees (March 2023: 524). If the Dariel expenses are excluded, operating expenses grew by 13%.

The Group's **EBITDA margin** for the period decreased by 274 basis points to 22.9% (Sept 2022: 25.6%). Payments' margins benefited from a much higher annuity income contribution, while Software's margins were negatively impacted by certain customer project delays.

Finance income earned on the Group's significant cash balances benefited from substantially higher interest rates and stable cash balances throughout the period.

The expected credit loss raised for the Group's enterprise development project, GovChat, declined notwithstanding that GovChat continues to operate under business rescue and day-to-day and litigation costs continue to be funded by Capital Appreciation. The Competition Tribunal recently decided in GovChat's favour and has granted GovChat the right to intervene as a direct party in the Competition Commission's prosecution of Meta for its anti-competitive behaviour. The Group remains optimistic that GovChat will prevail in its damages action against Meta and be in a position to recover its financial exposure. The Group has decided to limit further funding of GovChat and other interested parties have agreed to contribute to GovChat's Competition Tribunal-related legal expenses. As a result anticipated losses will be materially lower in the second half of the 2024 financial year. The Group retains its shareholding in the Company and the loan to GovChat continues to be secured by a pledge of the shares in GovChat as well as the intellectual property of GovChat.

Cash generated from operations increased by 55% to R159.9 million (Sept 2022: R103.1 million). Capital Appreciation's divisions remain highly cash-generative with all business units being cashflow positive. Despite full taxation paid, increased dividends paid of R49.9 million, further loans to associates of R10.4 million, the net cash payment of R40.0 million for the Dariel acquisition and share repurchases of R18.3 million, the Group had cash resources of R486.3 million at 30 September 2023 (Sept 2022: R535.7 million). These resources will be applied to fund organic growth, the development of new solutions and to pursue acquisition opportunities. Given the appropriate circumstances, the Group will continue to consider further repurchases of shares in the market.

Treasury shares decreased from 77.1 million in March 2023 to 43.8 million shares at period-end. Capital Appreciation repurchased 12 381 904 shares and sold 20 389 985 treasury shares to settle vested share incentives during the period and allotted 25 243 779 treasury shares to the vendors for the Dariel acquisition.

The Group continues to build its proprietary owned software intangible assets, amounted to R13.9 million (September 2022: R10.3 million), which is starting to yield new revenue and profit streams.

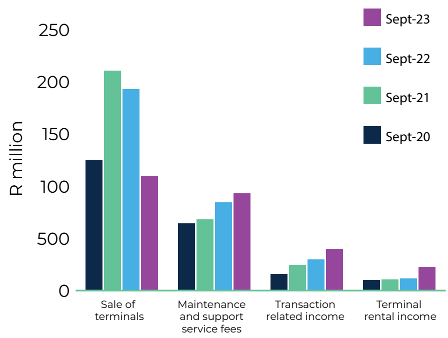
DIVISIONAL REVIEW

Payments division

The Payments division continues to be a leading Point Of Sale (POS) terminal estate management service provider with a significant and growing market share in South Africa. In addition to the supply of terminals, the division has increased its focus on development and licensing of proprietary software and payment solutions. This has resulted in annuity income growing by 23.9%, which now accounts for 58.7% of total Payments' revenue. Terminal rental income doubled due to a preference by select customers to manage their capital expenditure obligations leasing terminals instead of purchasing them. The lease periods are long-term in nature. The demand for Payments' Software-as-a-Service (SaaS) offerings accelerated, resulting in a 35% increase in transaction-related income. Maintenance and support fees increased by 10%, keeping pace with the terminal estate's expansion to 344 000 terminals. The growing scale has continued to generate efficiencies and an improved balance in revenue streams.

Terminal sales fell short of expectations, decreasing by 43.1% to R109.7 million (Sept 2022: R192.7 million). Customers chose to temporarily delay new terminal orders due to unfavourable economic conditions, combined with the fact that certain clients acquired new terminals through leasing. Currency depreciation of the ZAR also delayed capital expenditure

PAYMENTS REVENUE COMPOSITION



and new investment until there was more market stability and certainty. We remain positive on terminal sales and anticipate a much stronger second half of the 2024 financial year.

While partly responsible for the lower sales, the election by clients to pursue a terminal rental alternative instead of, or in combination with, outright purchases is expected to have a positive long-term impact on the Payments division. While more capital intensive, leasing will provide steady annuity income over the life of the lease, as well as additional sources of revenue in the form of maintenance and support services for terminals, and increased value-added transactional activity and software license fees. This is an economically rewarding model for the Payments division. The division's strong positive cash generation will allow it to comfortably fund the growth in the rental book. The growth in rental assets will, however, initially decrease revenue and EBITDA in the Payments division, until a consistent, like-for-like sales/rental mix is reached.

The lower POS terminal sales resulted in revenue for the Payments division decreasing by 16.7% to R265.3 million (Sept 2022: R318.3 million). However, the division's strategy of licensing proprietary software resulted in improved gross profit margins and together with single-digit growth in operating expenses, held EBITDA stable at R117.5 million (Sept 2022: R119.5 million). EBITDA margins improved from 37.5% to 44.1%, due to economies of scale, productivity and operating efficiencies.

Developing alternative revenue sources in the form of higher-margin value-added SaaS solutions is a key strategic focus area. The Payments division's unique value proposition in the terminals market has always been its innovative proprietary software solutions and embedded payment application software. The growing adoption of Android devices with their robust functionality and contemporary architecture has led to increased demand for software solutions to fully utilise the capabilities of Android devices.

The Payments division also recently entered into a strategic partnership with a leading global provider of real-time digital payments, ACI Worldwide Inc., to be its software development partner for Africa. This collaboration allows multi-lane retailers to transact seamlessly across different PIN Entry Devices (PEDS) from multiple equipment manufacturers. In addition to generating incremental software license revenue from retailers, it will open up a new market segment for the Payments division to supply PEDS to multi-lane retailers, which is a sizeable market in Africa.

The division's new 5 573m^2 terminal repair centre and production facilities in Linbro Business Park (as of February 2023) are enviable facilities with world-class capabilities to further scale the business. The operational efficiencies of the new facility are already evident in the unit's margins.

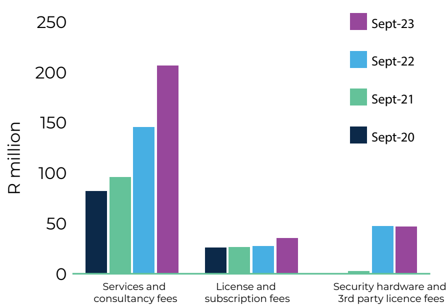
LayUp continues to build the functionality and performance of its platform, which will enable it to exploit the growth potential of its product offering. The business has enjoyed material growth over the last year in new merchants, payment plans and monthly fee income. It remains early days for LayUp and we are optimistic that merchant and consumer adoption will continue. 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 and improved financial access for consumers. The offering is available for online e-commerce and on physical terminals for in-store transactions.

Software division

The Software division continued to see strong demand for its products and services. During the period, the business added several new customers, including a major South African retailer and a large automotive group. Notwithstanding these positive trends, the operating environment was challenging.

The Software division achieved 8.6% like-for-like revenue growth for the first six months of the financial year and 31.2% when Dariel is included. However, timelines for closing new opportunities, especially larger projects, have been significantly protracted as customers evaluated the return on investment metrics given the current economic environment and budgetary pressures they are facing. Certain key sales opportunities were concluded towards the end of the reporting period, which affected the opportunity to translate that into revenue within the current period. The Software division will benefit from these sales in the remainder of the financial year. In anticipation of having to allocate engineers to the projects in the pipeline, the Software division expanded its staff complement and capabilities.

SOFTWARE REVENUE COMPOSITION



This is consistent with its business model for many years. In this instance however, the delay in the closure and onset of the revenues against an employed cost base created pressure on profitability and caused margins to contract. EBITDA decreased by 12.6% to R39.8 million. Management expects the pause in commencing major projects to be temporary as most projects are mission-critical and strategically important to the division's major customers.

The subsidiary companies of the Software division have been independently verified as a partner of choice by its customers and technology partners from whom they received significant accolades.

Management is nevertheless actively addressing these timing challenges to ensure quicker turn-around and closure with customer projects and also improved utilisation of its development and income-producing resources and teams.

The Software division has 514 employees (March 2023: 324; September 2022: 272), with approximately 75% directly involved in the production of income. The acquisition of Dariel and the large, highly specialised and skilled resource pool provides a much greater opportunity to balance the resourcing and optimise efficiency across the six operating companies in the Software division.

The Dariel acquisition was concluded in July 2023. Its financial contribution for the three months has been included for the first time in this set of results, generating R49.7 million in revenue, R9.4 million EBITDA and R6.4 million profit after tax.

The Cloud division's executive team has been strengthened and relationships with the Software Division's cloud partners remain very strong, boding well for growth in future periods. The opportunities to collaborate across the different companies within the Software division are promising and exciting. The enlarged group is well-positioned to benefit from cost savings and economies of scale and will also be able to compete for larger, multi-year projects, both locally and abroad.

The Software division's two successful acquisitions over the past 19 months augur well for organic and acquisitive growth in future.

Software's marketing and pipeline development activities are progressing successfully. The division is a premium provider of specialist skills and an expert in its domain, which is why its pipeline and demand remain strong.

AssetPool

AssetPool is a cloud-first business developed in the AWS ecosystem. Clients include DHL, Fidelity ADT, Balwin Properties, Thiess Mining, K2 Medical and

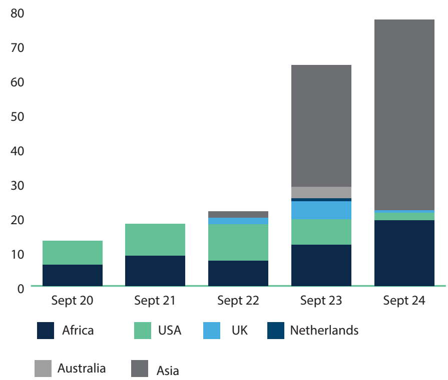
Bosch-Rexroth and operate in more than 30 countries across Africa, as well as in the UK, the US and Australia. In June 2023 Capital Appreciation elected to participate by way of a convertible loan in AssetPool, a SaaS B2B platform focused on asset management, tracking, maintenance, compliance and verification. Capital Appreciation's commitment to AssetPool is R15 million and, once the convertible loan is converted into equity, the Group will own 33% of AssetPool.

International division

Capital Appreciation's quality skills are in demand globally, as evidenced by c.14% of Group revenue (2022: 12%) generated in foreign currency from global customers. Revenue generated outside of South Africa grew by 21% year-on-year to R77.3 million (2022: R64.1 million). The International division remains in the early stages of its development and incurs relatively modest development costs. The division remains a small and focused team in the Netherlands, with the majority of development costs managed, transacted and executed directly from South Africa. Having proven that the Software Division can deliver successfully and profitably on large multi-year projects using this remote delivery model, there is a strong focus on pursuing initiatives in international jurisdictions. This presents a long-term strategic initiative with significant upside potential. Therefore the Group is committing funds to business development and marketing efforts to realise these opportunities.

A key international initiative is to further commercialise and sell the Halo Dot product globally. During this period, a large South African telecommunications carrier and provider unveiled its mobile merchant acquiring solution using the Halo Dot solution. Halo Dot's sales activities are taking longer than anticipated to onboard new customers. Focused efforts are underway to accelerate business growth and customer acquisition activities. Additional revenue streams have emerged such as Hardware Security Module (HSM) sales and services, which have benefited the Software Division as a result of the skills developed in this niche space. The Group will continue to judiciously fund this and other innovation projects to foster revenue and profit growth.

INTERNATIONAL REVENUE up 21%



PROSPECTS

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. The businesses are sound, customer relationships are strong and their products and services are in high demand. The Group continues to focus on delivering value to its customers and introducing solutions that respond to their evolving needs. The Group remains optimistic in its outlook for both the Payments and Software divisions for the remainder of the 2024 financial year.

Commentary continued

Capital Appreciation has considerable cash resources to apply to organic as well as acquisitive growth opportunities. The Group retains a strong and debt-free balance sheet with approximately R500 million in cash available to fund organic growth, acquisition opportunities, investments as well as further share repurchases. Capital Appreciation will continue to invest in growth-related initiatives, including the costs of additional skilled people, new technology solutions, developing proprietary owned software intangible assets and the International division as appropriate.

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 2023 (Sept 2022: 4.25 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 3.40000 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:

Declaration date	Monday, 4 December 2023
Last day to trade	Tuesday, 2 January 2024
Shares commence trading ex-dividend	Wednesday, 3 January 2024
Record date	Friday, 5 January 2024
Payment date	Monday, 8 January 2024

Share certificates for ordinary shares may not be dematerialised or rematerialised between Wednesday, 3 January 2024 and Friday, 5 January 2024, 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 1 December 2023. 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 Pimstein	**Bradley Sacks**	**Alan Salomon**
Executive Chairman	*Chief Executive Officer*	*Chief Financial Officer*

Sandton
4 December 2023

Unaudited interim summarised consolidated financial results

for the six months ended 30 September 2023

and cash dividend declaration

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Group statement of financial position

At 30 September 2023

Figures in R'000	Note	September 2023	September* 2022	Audited 31 March 2023
ASSETS				
Property, plant and equipment	3	**60 905**	26 093	42 481
Intangible assets	4	**70 491**	66 266	68 371
Right-of-use assets	5	**28 775**	4 067	17 325
Goodwill	7	**870 917**	760 229	760 229
Investment in associates	8	**897**	4 070	2 792
Loans to associates	9	**17 124**	16 668	12 154
Deferred tax		**7 232**	4 938	3 600
Non-current assets		**1 056 341**	882 331	906 952
Inventories		**15 820**	20 835	47 008
Trade and other receivables		**194 808**	149 946	200 260
Taxation receivable		**3 277**	4 776	4 790
Loans to associates	9	**9 874**	–	9 526
Cash and cash equivalents	10	**486 265**	535 684	494 856
Current assets		**710 044**	711 241	756 440
Total assets		**1 766 385**	1 593 572	1 663 392
EQUITY AND LIABILITIES				
Capital and reserves		**1 574 112**	1 484 281	1 493 273
Share capital	11	**1 064 042**	1 012 722	1 014 729
Share-based payment reserve	12	**32 155**	26 190	33 352
Contingent consideration reserve	13	**29 563**	9 582	9 582
Foreign currency translation reserve		**(892)**	(232)	(709)
Retained income		**449 244**	436 019	436 319
Non-controlling		**2 069**	1 499	2 054
Total equity		**1 576 181**	1 485 780	1 495 327
Deferred revenue		**5 998**	4 613	5 788
Lease liability	6	**25 374**	495	13 932
Deferred tax		**8 663**	16 188	8 609
Contingent consideration	13	**25 785**	–	–
Non-current liabilities		**65 820**	21 296	28 329
Contingent consideration	13	**6 646**	6 507	6 646
Deferred revenue		**15 897**	9 383	14 051
Lease liability	6	**6 842**	5 130	4 041
Trade and other payables		**90 633**	65 130	114 717
Taxation payable		**4 366**	346	281
Current liabilities		**124 384**	86 496	139 736
Total equity and liabilities		**1 766 385**	1 593 572	1 663 392
Net asset value per ordinary share (cents)		**124.5**	120.5	121.1

* *Retrospectively September 2022 reclassified in terms of IFRS 3. Refer to note 7.*

Group statement of comprehensive income

For the six months ended 30 September 2023

Figures in R'000	Notes	September 2023	% Increase/ (decrease)	Reclassified* September 2022
Revenue	1	**554 161**	3.0	538 131
Cost of sales		**(281 123)**		(282 568)
Gross profit		**273 038**	6.8	255 563
Other income		**3 115**		3 722
Operating expenses		**(170 842)**	19.7	(142 721)
Operating profit	14	**105 311**	(9.7)	116 564
Finance income		**24 452**		15 278
Finance costs		**(525)**		(159)
Finance costs: lease liabilities		**(1 231)**		(293)
Equity accounted loss in associate		**(1 894)**		(877)
Expected credit loss raised		**(9 427)**		(56 343)
Profit before taxation		**116 686**	57.3	74 170
Taxation		**(36 208)**		(35 468)
Profit after taxation		**80 478**	107.9	38 702
Attributable to:				
Shareholders of the Company		**80 463**		38 299
Non-controlling interest		**15**		403
		80 478		38 702
Foreign currency translation reserve adjustment		**(183)**		(274)
Total comprehensive income for the period		**80 295**		38 428
Basic earnings per share (cents)	2	**6.48**		3.13
Diluted earnings per share (cents)	2	**6.08**		2.98

* *Operating expenses in September 2022 have been reclassified in line with the presentation requirements of IAS 1 as part of continuous improvements in terms of IFRS. Depreciation of property, plant and equipment and depreciation of right-of-use assets, amortisation of intangible assets, transformation costs, share- based expense and acquisition costs were previously disaggregated on the face of the Statement of Comprehensive Income (SOCI), but this has been aggregated in the current period to better present the SOCI in line with the requirements of IFRS. Refer to note 14 for certain items charged within operating profit.*

Group statement of cash flows

For the six months ended 30 September 2023

Figures in R'000	Notes	September 2023	September 2022	Audited 31 March 2023
Cash generated from operations	15	**159 914**	103 140	183 182
Finance income received		**20 296**	13 815	33 112
Finance costs paid		**(1 231)**	(315)	(448)
Dividends paid		**(49 860)**	(46 093)	(98 447)
Taxation paid		**(31 849)**	(32 219)	(66 841)
Net cash inflow from operating activities		**97 270**	38 328	50 558
Cash flows from investing activities				
Acquisition of property, plant and equipment		**(23 986)**	(8 666)	(33 545)
Proceeds on disposal of property, plant and equipment		**51**	53	243
Purchase of intangible assets		**(13 928)**	(10 298)	(23 180)
Acquisition of shares in associate		**–**	(106)	(106)
Loans to associates		**(10 441)**	(16 925)	(29 041)
Net cash paid on acquisition of the Dariel Group		**(40 042)**	–	–
Net cash outflow from investing activities		**(88 346)**	(35 942)	(85 629)
Cash flows from financing activities				
Repayment of lease liability		**(3 029)**	(5 014)	(9 683)
Proceeds from sale of 20 389 985 treasury shares in settlement of vested share incentives (2022: 2 620 887 treasury shares)		**3 898**	4 378	6 387
Purchase of 12 381 904 treasury shares (2022: 200 000 treasury shares)		**(18 281)**	(295)	(297)
Net cash outflow from financing activities		**(17 412)**	(931)	(3 593)
Net (decrease)/increase in cash and cash equivalents		**(8 488)**	1 455	(38 664)
Cash and cash equivalents at beginning of period		**494 856**	533 424	533 424
Net foreign exchange difference		**(103)**	805	96
Cash and cash equivalents at end of period	10	**486 265**	535 684	494 856

Group statement of change in equity

For the six months ended 30 September 2023

Figures in R'000	Ordinary share capital	Share-based payment reserve
Balance at 1 April 2022	1 008 639	20 455
Profit for the year	–	–
Other comprehensive income	–	–
Total comprehensive income	–	–
Share-based payment expense	–	15 987
Settlement of vested share-based incentives	–	(3 090)
Purchase of treasury shares (200 000 shares)	(297)	–
Exercised/vested share-based incentives out of treasury shares (4 015 054 shares)	6 387	–
Cash dividends paid	–	–
Balance at 31 March 2023	1 014 729	33 352
Profit for the period ending 30 September 2023	–	–
Other comprehensive income	–	–
Total comprehensive income	**–**	**–**
Share-based payment expense	**–**	**9 482**
Settlement of vested share-based incentives	**–**	**(10 679)**
Purchase of treasury shares (12 381 904 shares)	**(18 281)**	**–**
Exercised share based incentives out of treasury shares (20 389 985 shares)	**30 486**	**–**
Allotment of 25 243 779 shares out of treasury shares for the acquisition of the Dariel group	**37 108**	**–**
Contingent consideration reserve	**–**	**–**
Cash dividends paid	**–**	**–**
Non-controlling interest arising on business combination	**–**	**–**
Balance at 30 September 2023	**1 064 042**	**32 155**

Contingent consideration reserve	Foreign currency translation reserve	Retained income	Total equity attributable to shareholders of the company	Non-controlling interest	Total equity
9 582	42	443 813	1 482 531	1 096	1 483 627
–	–	90 953	90 953	958	91 911
–	(751)	–	(751)	–	(751)
–	(751)	90 953	90 202	958	91 160
–	–	–	15 987	–	15 987
–	–	–	(3 090)	–	(3 090)
–	–	–	(297)	–	(297)
–	–	–	6 387	–	6 387
–	–	(98 447)	(98 447)	–	(98 447)
9 582	(709)	436 319	1 493 273	2 054	1 495 327
–	–	80 463	80 463	–	80 463
–	(183)	–	(183)	–	(183)
–	**(183)**	**80 463**	**80 280**	**–**	**80 280**
–	**–**	**–**	**9 482**	**–**	**9 482**
–	**–**	**–**	**(10 679)**	**–**	**(10 679)**
–	**–**	**–**	**(18 281)**	**–**	**(18 281)**
–	**–**	**(17 678)**	**12 808**	**–**	**12 808**
–	**–**	**–**	**37 108**	**–**	**37 108**
19 981	**–**	**–**	**19 981**	**–**	**19 981**
–	**–**	**(49 860)**	**(49 860)**	**–**	**(49 860)**
–	**–**	**–**	**–**	**15**	**15**
29 563	**(892)**	**449 244**	**1 574 112**	**2 069**	**1 576 181**

Group segment analysis

For the six months ended 30 September 2023

Figures in R'000	Payments Segment		Software Segment	
	2023	Reclassified* 2022	2023	Reclassified* 2022
Revenue received from all customers**	**265 305**	318 299	**288 352**	219 832
Revenue received from all customers	**265 305**	318 299	**288 849**	219 880
Less: Revenue received from inter segmental customers	**–**	–	**(497)**	(48)
EBITDA profit/(loss)	**117 535**	119 478	**39 809**	45 560
Operating profit/(loss) (excluding expected credit loss raised)	**106 420**	109 690	**32 240**	40 567
Expected credit loss raised	**–**	–	**–**	–
Total assets	**534 329**	437 344	**295 400**	179 401
Total liabilities	**46 077**	35 173	**99 265**	53 611
Net assets	**488 252**	402 171	**196 135**	125 790
Geographical information				
Revenue	**265 305**	318 299	**288 352**	219 832
South Africa	**262 886**	314 658	**213 996**	159 367
Rest of world	**2 419**	3 641	**74 356**	60 465
Rest of Africa and Indian Ocean Islands	**2 419**	3 641	**16 579**	8 404
Asia Pacific	**–**	–	**55 265**	38 582
United States of America	**–**	–	**2 173**	7 326
United Kingdom	**–**	–	**101**	5 195
Europe	**–**	–	**238**	958
Total assets	**534 329**	437 344	**295 400**	179 401
South Africa	**534 329**	437 344	**295 400**	179 401
Europe	**–**	–	**–**	–
Total liabilities	**46 077**	35 173	**99 265**	53 611
South Africa	**46 077**	35 173	**99 265**	53 611
Europe	**–**	–	**–**	–

** Retrospectively September 2022 reclassified in terms of IFRS 3. Refer to note 7.*

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

	International Segment		Corporate		Group	
	2023	2022	2023	Reclassified* 2022	2023	Reclassified* 2022
	504	–	–	–	554 161	538 131
	2 451	218	–	–	556 605	538 397
	(1 947)	(218)	–	–	(2 444)	(266)
	(4 577)	(4 443)	(25 845)	(21 735)	126 922	137 983
	(4 602)	(4 455)	(28 747)	(29 238)	105 311	116 565
	–	–	(9 427)	(56 343)	(9 427)	(56 343)
	4 828	2 037	931 828	971 269	1 766 385	1 590 051
	187	374	44 675	15 113	190 204	104 271
	4 641	1 663	887 153	956 156	1 576 181	1 485 780
	504	–	–	–	554 161	583 131
	–	–	–	–	476 882	474 025
	504	–	–	–	77 279	64 106
	–	–	–	–	18 998	12 045
	–	–	–	–	55 265	38 582
	–	–	–	–	2 173	7 326
	–	–	–	–	101	5 195
	504	–	–	–	742	958
	4 828	2 037	931 828	971 269	1 766 385	1 590 051
	–	–	921 954	971 269	1 751 683	1 588 014
	4 828	2 037	9 874	–	14 702	2 037
	187	374	44 675	15 113	190 204	104 271
	–	–	44 675	15 113	190 017	103 897
	187	374	–	–	187	374

Group segment analysis continued

For the six months ended 30 September 2023

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 segment 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 segment is an aggregation of African Resonance and Dashpay as they both generate revenue from similar types of transactions.
- The Software segment generates revenue from services and consultancy fees, licence and subscription fees and sale of security hardware and third party license fees. The Software segment is an aggregation of Synthesis, the Responsive Group and the Dariel Group as they all generate revenue from similar types of transactions.
- The international segment consists of an offshore company in the Netherlands, Synthesis Labs B.V, which is a wholly-owned subsidiary of Synthesis Europe B.V. The International segment has a similar transaction profile with the South African Software segment.

No reliance is placed on one major customer.

Corporate is not a reportable Segment. However it provides the Group with strategic direction; regulatory compliance and governance; administrative, financial and secretarial services; management of insurance; internal audit and Group treasury management.

Notes to the Group financial statements

For the six months ended 30 September 2023

1. REVENUE

Figures in R'000	September 2023	September 2022
Payment division		
Terminal rental income	**22 698**	11 470
Maintenance and support service fees from terminals	**92 930**	84 495
Sale of terminals	**109 699**	192 666
Transaction-related income from terminals	**39 978**	29 668
	265 305	318 299
Software division		
Services and consultancy fees	**206 554**	145 232
Licence and subscription fees	**35 661**	27 355
Security hardware and third-party license fees	**46 641**	47 245
	288 856	219 832
Total revenue	**554 161**	538 131

Disaggregation of revenue from contracts with customers

The Group disaggregates revenue from customers as follows:

Figures in R'000	September 2023	September 2022
Sale of goods		
Sale of terminals	**109 699**	192 666
Security hardware and third-party license fees	**46 641**	47 245
	156 340	239 911
Rendering of services		
Services and consultancy fees	**206 554**	145 232
Licence and subscription fees	**35 661**	27 355
Terminal rental income	**22 698**	11 470
Maintenance and support service fees from terminals	**92 930**	84 495
Transaction related income from terminals	**39 978**	29 668
	397 821	298 220
Total revenue	**554 161**	538 131

Notes to the Group financial statements continued

For the six months ended 30 September 2023

2. EARNINGS PER SHARE

The following table reflects the information used in the calculation of the basic, headline and diluted earnings per share:

Figures in R'000	September 2023	September 2022
Profit for the year attributable to ordinary shareholders	**80 463**	38 299
Loss on disposal of property, plant and equipment	**247**	566
Tax on loss on disposal of property, plant and equipment	**(67)**	(153)
Headline earnings	**80 643**	38 712

	Number of shares	Number of shares
Number of ordinary shares in issue ('000)	**1 310 000**	1 310 000
Weighted average number of ordinary shares in issue ('000)	**1 240 371**	1 224 396
Diluted weighted average number of ordinary shares in issue ('000)	**1 323 085**	1 283 156

Earnings per share	Cents per share	Cents per share
Basic earnings per share	**6.48**	3.13
Headline earnings per share*	**6.50**	3.16
Diluted earnings per share	**6.08**	2.98
Diluted headline earnings per share*	**6.10**	3.02

* *Headline Earnings per share and Diluted headline earnings per share for September 2022 have been restated to R38,712 million (September 2022: previously R95,055 million) due to the expected credit loss raised amounting to R56,343 million being incorrectly treated as non headline earnings in September 2022.*

For September 2022, Headline earnings per share has been restated to 3.16 cents per share (previously stated as 7.76 cents per share) and diluted headline earnings per share has been restated to 3.02 cents per share (previously stated as 7.41 cents per share).

3. PROPERTY, PLANT AND EQUIPMENT

	September 2023		
Figures in R'000	Cost	Accumulated depreciation	Carrying value
Office and IT equipment	**32 989**	**(20 092)**	**12 897**
Motor vehicles	**573**	**(240)**	**333**
Furniture and fixtures	**4 590**	**(3 119)**	**1 471**
Plant and machinery	**2 226**	**(271)**	**1 955**
Leasehold Improvements	**9 141**	**(4 806)**	**4 335**
Rental terminals	**61 305**	**(21 391)**	**39 914**
Total	**110 824**	**(49 919)**	**60 905**

	September 2022*		
Figures in R'000	Cost	Accumulated depreciation	Carrying value
Office and IT equipment	26 885	(18 179)	8 706
Motor vehicles	352	(174)	178
Furniture and fixtures	3 133	(1 930)	1 203
Plant and machinery	–	–	–
Leasehold Improvements	4 026	(3 087)	939
Rental terminals	50 938	(35 871)	15 067
Total	85 334	(59 241)	26 093

	Audited 31 March 2023		
Figures in R'000	Cost	Accumulated depreciation	Carrying value
Office and IT equipment	**28 687**	**(16 923)**	**11 764**
Motor vehicles	**411**	**(252)**	**159**
Furniture and fixtures	**3 680**	**(2 517)**	**1 163**
Plant and machinery	**1 861**	**(152)**	**1 709**
Leasehold Improvements	**8 174**	**(3 998)**	**4 176**
Rental terminals	**41 443**	**(17 933)**	**23 510**
Total	**84 256**	**(41 775)**	**42 481**

4. INTANGIBLE ASSETS

Figures in R'000	September 2023 Cost	Accumulated amortisation	Carrying value
Computer software	**91 979**	**(35 919)**	**56 060**
Trademark	**86**	**(6)**	**80**
Customer web portal	**86**	**(86)**	**–**
Intangible asset recognised on acquisition of businesses	**96 389**	**(82 038)**	**14 351**
Customer relationships	**80 859**	**(66 508)**	**14 351**
Computer software	**15 530**	**(15 530)**	**–**
Total	**188 540**	**(118 049)**	**70 491**

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	96 389	(71 868)	24 521
Customer relationships	80 859	(56 338)	24 521
Computer software	15 530	(15 530)	–
Total	160 275	(94 009)	66 266

* *The Group acquired the Responsive group on 1 March 2022. The purchase price allocation of goodwill was completed during H2 of the 2023 financial year. Accordingly R13,041 million was retrospectively reclassified as an intangible asset in September 2022 in terms of IFRS 3. Refer to note 7 for the goodwill reclassification.*

4. INTANGIBLE ASSETS continued

Figures in R'000	Audited 31 March 2023 Cost	Accumulated amortisation	Carrying value
Computer software	**78 201**	**(28 824)**	**49 377**
Trademark	**75**	**(2)**	**73**
Customer web portal	**86**	**(86)**	**–**
Intangible asset recognised on acquisition of businesses	**96 389**	**(77 468)**	**18 921**
Customer relationships	**80 859**	**(61 938)**	**18 921**
Computer software	**15 530**	**(15 530)**	**–**
Total	**174 751**	**(106 380)**	**68 371**

5. RIGHT-OF-USE ASSETS

Figures in R'000	September 2023*	September 2022	Audited 31 March 2023
Office premises	**28 775**	4 067	17 325

* *Synthesis Software Technologies entered into a new five-year lease for the period 1 August 2023 to 30 July 2028 for premises measuring 1 522 m^2, which are located in Melrose Arch, Johannesburg. The rented premises are used for the purpose of administration offices. The lease contains standard terms and conditions normally found in a lease providing facilities to meet the purpose recorded above. The lease has an annual escalation of 7%.*

* *Dariel Solutions, which was acquired on 3 July 2023, entered into an extension of its lease which will expire on 28 February 2025. The premises measuring 1 183 m^2, which are located in Bramley, Johannesburg. The rented premises are used for the purpose of administration offices. The lease contains standard terms and conditions normally found in a lease providing facilities to meet the purpose recorded above. The lease has an annual escalation of 8%.*

Notes to the Group financial statements continued

For the six months ended 30 September 2023

6. LEASE LIABILITY

Set out below are the carrying amounts of lease liabilities and the movements during the period:

Figures in R'000	September 2023	September 2022	Audited 31 March 2023
Non-current liabilities	**25 374**	495	13 932
Current liabilities	**6 842**	5 130	4 041
Total	**32 216**	5 625	17 973

* *Refer to note 5 for new leases entered into during the reporting period.*

7. GOODWILL

Figures in R'000	September 2023	September 2022*	Audited 31 March 2023
Carrying value at the beginning of the year	**760 229**	728 578	760 229
Acquisition through business combination	**110 688**	31 651	–
Responsive Build*	**–**	17 621	–
Rethink Digital Solutions*	**–**	14 030	–
Dariel Solutions (Consolidated with Dariel Software) **	**110 688**	–	–
Carrying value at the end of the year	**870 917**	760 229	760 229
Reconciliation			
Payments division	**603 604**	603 604	603 604
Software division	**267 313**	156 625	156 625
Total	**870 917**	760 229	760 229

* *The purchase price allocation ("PPA") for the Responsive Group was completed during H2 of the 2023 financial year. Accordingly R13,041 million was retrospectively reclassified as an intangible asset in September 2022, and R3,521 million accounted for in deferred tax, both of which were accounted for against goodwill, in terms of IFRS 3. Refer to note 4 for the intangible assets reclassification.*

** *The Goodwill amounting to R110,688 million, arising through the acquisition of the business, Dariel Solutions (consolidated with Dariel Software) on 3 July 2023, will be subject to a final "PPA", to determine the fair value of the assets and liabilities acquired. The final "PPA" exercise will be completed during the 2024 financial year.*

7. GOODWILL continued

	Reconciliation 2022*			
	Opening balance	Allocation to intangible assets	Deferred tax	Closing balance
Carrying value at the beginning of the period	769 749	–	–	769 749
Acquisition through business combination	–	(13 041)	3 521	(9 520)
Responsive Build	–	(10 072)	2 719	(7 353)
Rethink Digital Solutions	–	(2 969)	802	(2 167)
Carrying value at the end of the period	769 749	(13 041)	3 521	760 229

8. INVESTMENTS IN ASSOCIATES

Unlisted investments

8.1 GovChat Proprietary Limited

The Group acquired a 35% interest in GovChat Proprietary Limited on 21 May 2019. GovChat operated a technology platform that connected people to government and government to people. The principal business is in Cape Town and the Company is incorporated in South Africa.

Figures in R'000	September 2023	September 2022	Audited 31 March 2023
54 shares at cost	*	*	*
Carrying and fair value	*	*	*

Refer to note 9.1 for further information on GovChat.

* *Investments in associate in aggregate amounts to less than R1 000.*

8. INVESTMENTS IN ASSOCIATES continued

8.2 GroEx Proprietary Limited

Synthesis holds a 15% interest in GroEx Proprietary Limited, a subsidiary of Afgri Group Holdings Limited. GroEx provides digital services to the agricultural sector and provides financial services to commercial farmers and allied entities in the agricultural sector. The principal place of business is in Centurion and the Company is incorporated in South Africa. GroEx is accounted for as an associate because M Shapiro is a non-executive director of GroEx, which enables him to exercise significant influence.

Figures in R'000	September 2023	September 2022	Audited 31 March 2023
18 Shares at cost	*	*	*
Carrying and fair value	*	*	*

* *Investments in associate in aggregate amounts to less than R1 000.*

8.3 LayUp Technologies Proprietary Limited

The Group holds a 27.4% interest in LayUp. LayUp is a fully digital Lay–By and recurring payments business. The principal place of business is in Johannesburg and the Company is incorporated in South Africa.

Figures in R'000	September 2023	September 2022	Audited 31 March 2023
122 517 shares at cost	**6 378**	6 378	6 378
Carrying and fair value	**897**	3 955	2 731

8.4 Regal Digital B.V.

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, for a cash consideration of EUR6 178 (R105 551). The principal place of business is in Amsterdam, Netherlands, and the company is incorporated in the Netherlands.

Figures in R'000	September 2023	September 2022	Audited 31 March 2023
392 shares at cost	**106**	106	106
Carrying and fair value	*	115	61

* *Investments in associate in aggregate amounts to less than R1 000.*

9. LOANS TO ASSOCIATES

Figures in R'000	September 2023	September 2022	Audited 31 March 2023
GovChat Proprietary Limited	*	*	*
LayUp Technologies Proprietary Limited	**17 124**	7 875	12 153
Regal Digital B.V.	**9 874**	8 792	9 526
	26 998	16 667	21 680
Non-current assets	**17 124**	16 667	12 154
Current assets	**9 874**	–	9 526
Total	**26 998**	16 667	21 680

* *Loans to associate in aggregate amounts to less than R1 000.*

9.1 GovChat Proprietary Limited

In May 2019 an interest-free enterprise development loan was granted to GovChat Proprietary Limited and was repayable on demand. This loan was converted during the prior financial year to a long-term loan.

In April 2021, an additional enterprise development loan was granted, bearing interest at prime less 3%.

GovChat has pledged as a security for the loan from Capital Appreciation Limited, all its rights, title and interest in and to all of GovChat's intellectual property and specifically including all the software rights, trade mark rights and technology source codes.

GovChat went into business rescue on 22 December 2022. During February 2023, the Group engaged with the business rescue practitioner to provide post commencement funding to GovChat. Management is in regular communication with the business rescue practitioner and expects that further details of any amount recoverable will be clarified in the period after the reporting date. At period end, the full amount due has been recognised as an expected credit loss.

9. LOANS TO ASSOCIATES continued

9.2 LayUp Technologies Proprietary Limited

On 20 October 2021, a convertible loan was granted to LayUp Technologies Proprietary Limited. The loan bears interest at prime. The original 2021 convertible loan was repayable on 20 November 2023, which has now been extended to 20 November 2025.

On 31 May 2023, the Group entered into a new 2023 convertible loan agreement with LayUp, whereby the Group will loan a further R9.2 million, which bears interest at prime and is repayable on 20 November 2025.

Both the 2021 and 2023 loan agreements provide that Capital Appreciation is entitled to convert the loan outstanding, plus any interest accrued thereon, into equity

9.3 Regal Digital B.V.

The Company granted Regal Digital B.V. a long term-loan of EUR493 822 (R9.5 million), which is non-interest-bearing and has no fixed terms of repayment. The loan is mark to market at the foreign exchange rate of EUR1 = R20.00 at 30 September 2023.

10. CASH AND CASH EQUIVALENTS

Figures in R'000	September 2023	September 2022	Audited 31 March 2023
Cash and cash equivalents consist of:			
Bank balances	**89 957**	74 350	97 102
Bank call and notice deposits	**396 308**	461 334	397 754
	486 265	535 684	494 856

Cash and cash equivalents comprise call and notice deposits with banks maturing within three months. These attract interest at market-related rates. Cash and cash equivalents are measured at amortised cost. The maximum exposure to credit risk at the reporting date is the carrying amount. The Group only has deposits with major banks with high-quality ratings assigned by internationally recognised credit rating agencies. For this reason, the credit quality at period end of cash and cash equivalents is considered to be high.

11. SHARE CAPITAL

Figures in R'000	**September 2023**	September 2022	Audited 31 March 2023
Ordinary shares of no par value	**1 064 042**	1 012 722	1 014 728
Number of shares	**Number of shares**	Number of shares	Number of shares
Authorised shares			
Ordinary shares of no par value	**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 beginning of the period	**1 310 000 000**	1 310 000 000	1 310 000 000
Ordinary shares of no par value in issue at end of the period	**1 310 000 000**	1 310 000 000	1 310 000 000
Ordinary shares of no par value repurchased (treasury shares)	**(43 844 681)**	(78 490 708)	(77 096 541)
Ordinary shares of no par value, net of treasury shares at end of the period	**1 266 155 319**	1 231 509 292	1 232 903 459
Reconciliation of movement of issued ordinary shares			
Ordinary shares, net of treasury shares at beginning of the period	**1 232 903 459**	1 229 088 405	1 229 088 405
Ordinary shares of no par value repurchased during the period (treasury shares)	**(12 381 904)**	(200 000)	(200 000)
Ordinary shares of no par value sold during the period from treasury shares to settle vested share incentives	**20 389 985**	2 620 887	4 015 054
Ordinary shares of no par value allotted during the period from treasury shares for settlement of acquisitions	**25 243 779**	–	–
Number of issued ordinary shares, net of treasury shares at end of the period	**1 266 155 319**	1 231 509 292	1 232 903 459

12. SHARE-BASED PAYMENTS RESERVE

The Group has two Incentive Schemes:

The Group's Share Incentive Scheme ("Scheme"), which was introduced on the date the Company was listed on 16 October 2015, grants share options to employees of the Group. The Scheme has been classified as an equity-settled scheme and therefore, an equity-settled share-based payment reserve has been recognised in terms of IFRS 2.

The Group's Conditional Share Plan ("CSP") was introduced on 11 March 2020, and grants share awards to Executive directors and senior management of the Group. The CSP has been classified as an equity- settled scheme and therefore, an equity-settled share-based payment reserve has been recognised in terms of IFRS 2.

Figures in R'000	September 2023	September 2022	Audited 31 March 2023
Group share incentive scheme reserve	**7 260**	11 041	6 959
Group conditional share plan reserve	**24 895**	29 473	26 393
Total share-based payment reserve	**32 155**	40 514	33 352

13. CONTINGENT CONSIDERATION

Figures in R'000	September 2023	September 2022	Audited 31 March 2023
Cash (present valued)	**32 431**	6 507	6 646
Responsive Build	**4 073**	3 988	4 073
Rethink Digital Solutions	**2 573**	2 519	2 573
Dariel Solutions	**25 785**	–	–
Shares	**29 563**	9 582	9 582
Responsive Build	**5 873**	5 873	5 873
Rethink Digital Solutions	**3 709**	3 709	3 709
Dariel Solutions	**19 981**	–	–
Total	**61 994**	16 089	16 228

The Responsive Build and Rethink Digital Solutions profit warranties consideration has been included as part of the purchase consideration. In aggregate Responsive Build and Rethink Digital Solutions have achieved their profit warranties and 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 profit warranties was for 25 months from 1 March 2021 to 31 March 2023. The payment of cash and allotment of shares was completed on 2 November 2023.

Dariel Solutions has provided the Company with an EBITDA profit warranty of R62.2 million for the 24-month period, 1 April 2023 to 31 March 2025, that, if achieved will result in an aggregate warranty purchase consideration of R45,241 million. This Profit warranty consideration will be settled by way of (i) cash payment of R25,2 million and (ii) allotment out of treasury shares of 13 592 804 shares.

Notes to the Group financial statements continued

For the six months ended 30 September 2023

14. OPERATING PROFIT

Figures in R'000	September 2023	September 2022
The following items are charged within operating profit:		
Foreign exchange (gain)	**(2 124)**	(3 448)
Advertising and marketing costs	**2 250**	3 149
Audit fees	**1 761**	1 429
Internal audit fees	**538**	530
Employee costs, gross, before reallocations	**224 345**	150 357
Share-based payment expense	**9 482**	7 162
Depreciation: property, plant and equipment	**8 144**	6 022
Depreciation: right-of-use assets	**3 692**	4 048
Amortisation of intangibles	**11 669**	12 226
Transformation costs	**2 342**	3 910
Acquisition costs	**675**	591
Legal fees	**1 854**	1 046
Loss on disposals of property, plant and equipment	**247**	566
Executive directors emoluments	**9 460**	7 818
Non-executive directors emoluments	**540**	678

15. CASH GENERATED FROM OPERATIONS

Figures in R'000	September 2023	September 2022
Profit before taxation	**116 686**	74 170
Adjustments for:		
Share-based payment expense	**7 715**	5 733
Depreciation: property, plant and equipment	**8 144**	6 022
Depreciation: right-of-use assets	**3 692**	4 048
Amortisation of intangibles	**11 669**	12 226
Finance income	**(24 452)**	(15 278)
Finance costs	**1 756**	452
Equity accounted loss in associates	**1 894**	877
Unrealised foreign exchange (gain)	**(496)**	(1 181)
Loss on disposals of property, plant and equipment	**247**	566
Expected credit loss raised	**9 427**	56 343
Changes in working capital		
Decrease/(Increase) in inventory	**30 994**	(8 651)
Decrease in trade and other receivables	**14 702**	6 827
(Decrease) in trade and other payables	**(24 084)**	(37 513)
Increase/(Decrease) in deferred revenue	**2 057**	(1 402)
Increase in foreign taxation receivable	**(37)**	(99)
	159 914	103 140

16. CONTINGENT LIABILITIES

The Group has no contingent liabilities at period end, other than the Rozendal pending settlement, detailed below:

A general meeting of shareholders was held on 27 August 2019 where 97.77% of shareholders voted in favour of repurchasing 245 million shares from the relevant persons in terms of a circular posted to shareholders on 29 July 2019. One shareholder, First National Nominees Proprietary Limited and Nedbank Limited, on behalf of Rozendal Partners Proprietary Limited (Rozendal), who held 18 234 829 shares voted against the shareholders resolution and exercised their share appraisal rights in terms of the circular issued to shareholders. A dispute arose between the Company and Rozendal, which went to the Supreme Court upon which a judgement was made by the court requiring the Company to repurchase Rozendal's shares at "fair value" as of 27 August 2019 as determined by an independent expert appointed by the court. The independent expert has determined that the fair value at the relevant date was R1.06 per share, which will amount to R19 328 919. The repurchased shares will be held in treasury shares. It is anticipated that the Court will hear and adjudicate the matter during calender year 2024.

17. 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 value. The maturity profile of those financial instruments fall due within 12 months.

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

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

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.

17. FAIR VALUE continued

The foreign exchange contract 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	2023	Level 1	Level 2	Level 3
Financial instrument				
Foreign exchange forward contracts	–	–	–	–
	2022	**Level 1**	**Level 2**	**Level 3**
Financial instrument				
Foreign exchange forward contracts	60	–	60	–

18. GROUP INFORMATION

Subsidiaries	Principal Activities	% Equity interest
Capprec Management Services Proprietary Limited	Corporate administration	100
African Resonance Business Solutions Proprietary Limited	Payment solutions	100
Rinwell Investments Proprietary Limited	Payment solutions	100
Dashpay Proprietary Limited	Payment solutions	100
Synthesis Software Technologies Proprietary Limited	Software solutions	100
Synthesis Europe B.V. (Netherlands)	Software solutions	100
Synthesis Labs B.V. (Netherlands)	Software solutions	100
Responsive Tech Proprietary Limited	Software solutions	100
Responsive Digital Proprietary Limited	Software solutions	100
Rethink Digital Proprietary Limited	Software solutions	71
Dariel Solutions Proprietary Limited	Software solutions	100
Dariel Software Proprietary limited	Software solutions	100
Associates		
GroEx Proprietary Limited	Software solutions	15
Govchat Proprietary Limited	Software solutions	35
Regal Digital B.V. (Netherlands)	Software solutions	20
LayUp Technologies Proprietary Limited	Payment solutions	27

19. DIVIDENDS

A final dividend for the year ended 31 March 2023 of 4.00 cents per ordinary share was declared on 6 June 2023 amounting to R52.4 million.

20. GOING CONCERN

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

21. POST-YEAR-END EVENTS

21.1 The Group has not experienced any material operating and servicing disruptions or any material deterioration in trading performance for the period from the financial period, dated 30 September 2023, to the date of this report.

21.2 The Responsive Build and Rethink Digital Solutions profit warranty, which consists of the payment of cash and allotment of shares was completed on 2 November 2023. Refer to note 13.

The significant estimates, judgments and assumptions made in preparing the Group's results have remained constant. The Group is currently not exposed to credit risk and at the time of reporting, no significant change in this credit risk position has been noted. Management will, however, continue to actively monitor this. At this stage, no significant impairments of the Group's assets are expected to arise. Further assessment of this will be conducted as the remainder of the financial year unfolds.

Glossary

AI	Artificial intelligence
AWS	Amazon Web Services
B2B	Business to business
B2B2C	Business to business to consumer
B-BBEE	Broad-Based Black Economic Empowerment
Bn	Billion
BNPL	Buy now, pay later
CAGR	Compound annual growth rate
CAPPREC	Capital Appreciation Limited
CRM	Customer relationship management
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
ECL	Expected Credit Loss
EPS	Earnings per share
FinTech	Financial technology
FY	Fiscal year
GTV	Gross transaction value
Headless CMS	Content management system that decouples content from the presentation layer
HEPS	Headline earnings per share
IaaS	Infrastructure as a Service
IaC	Infrastructure as Code
ISO	Independent sale organisation
IT	Information technology
M	Million
MPoC	Mobile payments on COTS
MSP	Managed Services Provider
NA	Not available
NAV	Net asset value
NFC	Near field communication
NFT	Non-fungible token
NM	Not meaningful
POS	Point of sale
R	Rand
R&D	Research and development
SA	South Africa
SaaS	Software as a Service
SDK	Software Development Kit
SME	Small and medium enterprise
SSA	Sub-Saharan Africa
Tx	Transaction
UI	User interface
US$	United States Dollar
UX	User experience
ZAR	South African Rands

NOTES

Corporate information

Country of incorporation and domicile
Republic of South Africa

Registration number: 2014/253277/06
ISIN: ZAE000208245
JSE share code: CTA
A2X share code: CTAJ
FTSE Industrial Classification sector:
Software and Computer Services

Directors:
MR Pimstein* (Executive Chairman),
BJ Sacks* (Chief Executive Officer),
AC Salomon* (Chief Financial Officer),
MB Shapiro*,
B Bulo#,
KD Dlamini# (Lead independent director),
EM Kruger#,
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