

Capital Appreciation Limited
"the Company" or "the Group"
Incorporated in the Republic of South Africa
Registration number: 2014/253277/06
Registered office: Unit 2,
44 Saturn Crescent Linbro Business Park
Sandton, Johannesburg, 2090
JSE share code: CTA
ISIN: ZAE000208245

Unaudited interim financial results and cash dividend
for the six months ended 30 September 2023

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	(275 bps)
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

Current year performance

The Payments and Software divisions of the Group have performed well during the period despite challenging economic conditions in South Africa. The Payments division generated a resilient profit performance notwithstanding lower terminal sales, as it benefitted from strong growth in annuity income. The demand for Payments-related software solutions also accelerated notably.

The Software division generated good top-line revenue growth. Unforeseen delays in project commencements reduced profitability, as the resources and expenses for these anticipated projects were already committed. The business attracted several new customers towards the end of the period. The Software division has successfully integrated the two acquisitions in the past 19 months, which are contributing positively.

Headline earnings growth benefited from a reduction in the expected credit loss raised for GovChat in the reporting period.

The Group remains highly cash generative. Cash generated from operations increased significantly in the period. The high demand for Capital Appreciation's products and services and new diversified revenue streams continue to present considerable opportunities for growth and expansion. Management is confident that performance in the second half of the year will exceed that of the first half.

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.

Short-form notice

The contents of this short-form announcement are the responsibility of the Board of Directors of the Company. Shareholders are advised that this short-form announcement represents a brief summary of the information contained in the full announcement, published on <https://senspdf.jse.co.za/documents/2023/jse/isse/ctae/HY2024.pdf> and Capital Appreciation's website www.capitalappreciation.co.za. The full announcement is available for inspection at the registered office of the company during business hours and at no charge.

Investors and/or shareholders may request copies of the full announcement by contacting the Company Secretary, details of whom are set out below.

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

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

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

Michael Pimstein	Bradley Sacks	Alan Salomon
Executive Chairman	Chief Executive Officer	Chief Financial Officer

4 December 2023

Directors: MR Pimstein* (Executive Chairman), BJ Sacks* (Chief Executive Officer), AC Salomon* (Chief Financial Officer), MB Shapiro*, B Buló#, KD Dlamini# (Lead independent director), EM Kruger#, RT Maqache#, VM Sekese#
* Executive, #Non-executive

Company secretary: PKF Octagon: PeterKatz@PKFoctagon.com

Transfer secretaries: Computershare Investor Services (Proprietary) Limited

Sponsor: Investec Bank Limited

Auditor: Ernst & Young Inc.