

Sebata Holdings Limited
 Incorporated in the Republic of South Africa
 (Registration number 1998/003821/06)
 JSE Share code: SEB ISIN: ZAE000260493
 (“Sebata” or “the company” or “the group”)

UNAUDITED CONDENSED CONSOLIDATED RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

CONDENSED GROUP STATEMENT OF PROFIT AND LOSS

	Unaudited 6 months ended 30 September 2022	Unaudited 6 months ended 30 September 2021	Audited 12 months ended 31 March 2022
	R'000	R'000	R'000
Continuing operations			
Revenue	14 511	11 541	25 399
Cost of sales	(1 983)	(1 267)	(3 230)
Gross profit	12 528	10 274	22 169
Other net (expenses)/income	270	63 581	63 724
Administration expenses	(26 044)	(414 299)	(1 062 813)
(Loss)/Profit from operations	(13 246)	(340 444)	(976 920)
Finance income	1 367	46 178	41 809
Finance cost	(85)	(725)	(983)
Share of (loss)/profit of equity accounted associate	1 790	(1 506)	(2 683)
(Loss)/Profit before tax	(10 174)	(296 497)	(938 777)
Tax expense	5 394	91 055	232 959
(Loss)/Profit for the period	(4 780)	(205 442)	(705 818)
(Loss)/Profit attributable to:			
Owners of the parent	(5 675)	(206 031)	(707 583)
Non-controlling interest	895	589	1 765
	(4 780)	(205 442)	(705 818)
Attributable earnings per share (cents)			
Basic	(5.19)	(188.38)	(646.99)
Continuing operations	(5.19)	(188.38)	(646.99)
Diluted basic	(5.19)	(188.38)	(646.99)
Continuing operations	(5.19)	(188.38)	(646.99)
Headline	(5.27)	(132.25)	(443.68)
Continuing operations	(5.27)	(132.25)	(443.68)
Diluted headline	(5.27)	(132.25)	(443.68)
Continuing operations	(5.27)	(132.25)	(443.68)

CONDENSED GROUP STATEMENT OF OTHER COMPREHENSIVE INCOME

	Unaudited 6 months ended 30 September 2022 R'000	Unaudited 6 months ended 30 September 2021 R'000	Audited 12 months ended 31 March 2022 R'000
(Loss)/Profit for the period	(4 780)	(205 442)	(705 818)
Other comprehensive (loss)/income:			
Items which may be subsequently reclassified through profit or loss:			
Foreign currency translation differences	-	(664)	(663)
Disposal of subsidiaries	-	356	355
	(4 780)	(205 750)	(706 126)
Total comprehensive income attributable to:			
Owners of the parent	(5 675)	(206 339)	(707 891)
Non-controlling interest	895	589	1 765
	(4 780)	(205 750)	(706 126)
Reconciliation of headline earnings (net of tax) for continuing operations:			
(Loss)/Profit attributable to owners of the parent	(5 675)	(206 031)	(707 583)
Loss/(Profit) on disposal of property, plant and equipment	(85)	(45)	(168)
(Profit)/Loss on disposal of investment in subsidiaries	-	(63 128)	(61 239)
Impairment of Investment in Associate	-	124 572	283 759
Headline earnings	(5 760)	(144 632)	(485 231)
Weighted average number of shares (000s)	109 366	109 366	109 366
Diluted weighted average number of shares (000s)	109 366	109 366	109 366
Total number of shares in issue (000s)	113 127	113 127	113 127

CONDENSED GROUP STATEMENT OF FINANCIAL POSITION

	Unaudited 6 months ended 30 September 2022	Unaudited 6 months ended 30 September 2021	Audited 12 months ended 31 March 2022
	R'000	R'000	R'000
ASSETS			
Non-current assets	242 406	408 278	433 466
Property, plant and equipment	2 380	3 900	3 149
Investment Property	33 603	-	-
Intangible assets	37 530	35 198	36 705
Investments in associates	163 883	368 408	162 093
Other financial assets	-	-	230 661
Deferred tax assets	5 010	772	858
Current assets	334 539	847 092	148 961
Inventories	-	-	1 519
Trade and other receivables	7 035	8 264	9 975
Income tax receivable	4 060	3 672	3 672
Other financial assets	319 536	830 463	132 601
Cash and cash equivalents	3 908	4 693	1 194
TOTAL ASSETS	576 945	1 255 370	582 427
EQUITY AND LIABILITIES			
EQUITY	491 049	997 834	495 829
Share capital and share premium	285 063	285 063	285 063
Other reserves	(102)	(102)	(102)
Retained earnings	206 298	713 534	211 973
Non-controlling interest	(210)	(661)	(1 105)
LIABILITIES			
Non-current liabilities	49 493	194 614	50 490
Other financial liabilities	1 317	3 211	1 054
Deferred tax liabilities	48 176	191 403	49 436
Current liabilities	36 403	62 922	36 108
Trade and other payables	16 845	24 997	26 442
Other financial liabilities	11 778	29 752	1 725
Income tax payable	766	1 159	927
Deferred vendor payments	7 014	7 014	7 014
Bank overdraft	-	-	-
TOTAL LIABILITIES	85 896	257 536	86 598
TOTAL EQUITY AND LIABILITIES	576 945	1 255 370	582 427

Net asset value per share (cents)	434.07	882.05	438.29
Net tangible asset value per share (cents)	400.89	850.93	405.85

CONDENSED GROUP STATEMENT OF CASH FLOW

	Unaudited 6 months ended 30 September 2022	Unaudited 6 months ended 30 September 2021	Audited 12 months ended 31 March 2022
	R'000	R'000	R'000
Cash flow (used in)/generated from operating activities	(15 774)	(639)	(21 055)
Cash (used in)/generated from operations	(16 488)	(756)	(20 194)
Finance income	1 367	1 418	58
Finance costs	(85)	(579)	(58)
Income tax paid	(568)	(722)	(861)
Cash flow from investing activities	8 172	(938)	48 528
Property, plant and equipment acquired	(89)	(37)	(157)
Investment property acquired	(33 603)	-	-
Intangible assets acquired	(2 005)	(1 698)	(4 327)
Proceeds on disposal of property, plant and equipment	143	62	233
Investment in associate	-	-	-
Net cash inflow/(outflow) from acquisition/disposal of businesses	-	(3 000)	(3 000)
Other financial assets repaid	45 434	3 735	60 312
Other financial assets advanced	(1 708)	-	4 533
Cash flow from financing activities	10 316	(1 281)	(33 830)
Treasury shares sold/(repurchased)	-	-	-
Acquisition of non-controlling interest without a change in control	-	-	-
Other financial liabilities repaid	(760)	(9 357)	(45 849)
Other financial liabilities raised	11 076	8 076	13 639
Deferred vendor payments repaid	-	-	-
Dividends paid to non-controlling interest	-	-	(1 620)
(Decrease)\Increase in cash and cash equivalents	2 714	(2 858)	(6 357)
Cash and cash equivalents included in assets held for sale	-	-	-
Cash and cash equivalents at the beginning of the year	1 194	7 551	7 551
Cash and cash equivalents at the end of the year	3 908	4 693	1 194

CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

	Share Capital and Share Premium R'000	Other Reserves R'000	Retained Earnings R'000	Non- Controlling Interest R'000	TOTAL R'000
Balance at 1 April 2021	285 063	561	919 131	(1 250)	1 203 505
Loss for the period	-	-	(206 031)	589	(205 442)
Other comprehensive income					
Foreign currency translation differences	-	(664)	-	-	(664)
Transactions with owners, recorded directly in equity					
Share-based payment transactions	-	(355)	434	-	79
Disposal of subsidiaries	-	356	-	-	356
Balance at 30 September 2021	285 063	(102)	713 534	(661)	997 834
Balance at 1 October 2021	285 063	(102)	713 534	(661)	997 834
Loss for the period	-	-	(501 552)	1 176	(500 376)
Other comprehensive income					
Foreign currency translation differences	-	(1)	-	-	(1)
Transactions with owners, recorded directly in equity					
Dividends paid	-	-	-	(1 620)	(1 620)
Share-based payment transactions	-	-	(9)	-	(9)
Disposal of subsidiaries	-	1	-	-	1
Provision for repurchase of shares	-	-	-	-	-
Balance at 31 March 2022	285 063	(102)	211 973	(1 105)	495 829
Balance at 1 April 2022	285 063	(102)	211 973	(1 105)	495 829
Profit for the period	-	-	(5 675)	895	(4 780)
Other comprehensive income					
Foreign currency translation differences	-	-	-	-	-
Transactions with owners, recorded directly in equity					
Share-based payment transactions	-	-	-	-	-
Disposal of subsidiaries	-	-	-	-	-
Balance at 30 September 2022	285 063	(102)	206 298	(210)	491 049

NOTES TO THE GROUP FINANCIAL INFORMATION

1. Basis of preparation

These unaudited condensed interim consolidated financial statements for the six months ended 30 September 2022 are prepared in accordance with International Financial Reporting Standards (“IFRS”), IAS – 34 Interim Financial Reporting, the Listings Requirements of the JSE Limited, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by Financial Reporting Standards Council and the requirements of the Companies Act (No 71 of 2008) as amended (“Companies Act”). The accounting policies applied in the preparation of these interim financial statements are in terms of IFRS and are consistent with those applied in the previous annual financial statements. The unaudited condensed interim consolidated financial statements are prepared in accordance with the going concern principle under the historical cost basis as modified by the fair value accounting of certain assets and liabilities where required or permitted by IFRS. The fair value of financial instruments approximates their carrying value. The unaudited condensed interim consolidated financial statements have been prepared under the supervision of Pierre Van Eeden, CA (SA), the Financial Director of the company and have not been reviewed by the company’s external auditors.

All financial information presented in South African Rand has been rounded to the nearest thousand.

2. Significant accounting policies

These unaudited condensed interim consolidated financial statements have been prepared using accounting policies that comply with IFRS and are consistent with those used in the audited annual consolidated financial statements for the year ended 31 March 2022. A number of amendments to accounting pronouncements are effective 1 April 2022, but they do not have a material effect on the group's interim financial statements.

3. Revenue disaggregation

September 2022	Software Solutions R'000	ICT Support Services R'000	Holdings and consolidated R'000	Total R'000
Revenue	12 385	-	2 126	14 511
Major product lines over time				
<i>Software license with support and maintenance</i>	7 527	-	-	7 527
Major product lines at a point in time				
<i>Consulting</i>	216	-	-	216
<i>Support Services</i>	2 842	-	2 126	4 968
<i>Goods</i>	1 800	-	-	1 800
September 2021	Software Solutions R'000	ICT Support Services R'000	Holdings and consolidated R'000	Total R'000
Revenue	10 853	-	688	11 541
Major product lines over time				
<i>Software license with support and maintenance</i>	6 388	-	-	6 388
Major product lines at a point in time				
<i>Consulting</i>	424	-	-	424
<i>Support Services</i>	3 258	-	688	3 946
<i>Goods</i>	783	-	-	783
March 2022	Software Solutions R'000	ICT Support Services R'000	Holdings and consolidated R'000	Total R'000
Revenue	24 042	-	1 357	25 399
Major product lines over time				
<i>Software license with support and maintenance</i>	13 117	-	-	13 117
Major product lines at a point in time				
<i>Consulting</i>	2 480	-	-	2 480
<i>Support Services</i>	5 567	-	1 357	6 924
<i>Goods</i>	2 878	-	-	2 878

4. Other net income

Unaudited 6 months ended 30 September 2022	Unaudited 6 months ended 30 September 2021	Audited 12 months ended 31 March 2022

	R'000	R'000	R'000
(Loss) on foreign exchange	-	(81)	(81)
(Loss) on sale of associate	-	-	-
(Loss) on NOSA receivable	-	-	-
Profit/(Loss) on sale of subsidiaries	-	63 128	63 129
Profit on sale of property, plant and equipment	120	62	233
Rent received	140	106	241
Sundry income	10	366	202
	270	63 581	63 724

5. Administration expenses

Employee compensation and benefit expense	13 545	13 235	24 944
Motor vehicle expenses	72	40	91
Repairs and maintenance	17	30	39
Telephone and fax	178	204	356
Security	24	22	46
Insurance	173	137	188
Computer expense	325	130	383
Advertising expense	57	52	106
Audit fees	545	817	1 009
Courier and postage	15	30	46
Depreciation and amortisation	1 836	1 749	3 508
Printing and stationary	19	15	39
Travel - Local	593	146	1 061
Consulting fees	3 933	2 611	8100
Electricity	203	61	140
Bank charges	75	86	175
Legal fees	402	756	817
Administration and management fee	48	-	104
Movement in credit loss allowance	1 132	(8 499)	1 198
Cleaning	39	20	42
Sponsorship enterprise development and donations	38	31	46
Entertainment	165	82	196
Impairment of investment in associate	-	401 328	365 669
Fair value adjustment of financial assets	-	-	651 680
Share based payments	-	79	70
Other	2 610	1 137	2 763
	26 044	414 299	1 062 816

6. Finance Income

Bank	241	646	678
Related parties	1 113	772	2 304
Tax Receivable	-	-	-
Deferred vendor assets	13	44 760	38 827
	1 367	46 178	41 809

7. Other Financial Assets – Fair value and risk management

Directors consider the carrying value of financial instruments of a short-term nature, that mature in 12 months or less, to approximate the fair value of such assets or liability classes. The carrying value of longer-term assets are considered to approximate their fair value as these instruments bear interest at interest rates appropriate to the risk profile of the asset or liability class.

Unaudited 6 months ended	Unaudited 6 months ended	Audited 12 months ended
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	30 September 2022	30 September 2021	31 March 2022
	R'000	R'000	R'000
Non-interest bearing			
FIDO Tech Limited ("FIDO")	-	-	-
NOSA Receivable ("NOSA")	-	-	-
Inzalo Enterprise Management Systems Proprietary Limited	80 957	94 577	93 617
Micromega Accounting and Professional Services Proprietary Limited	-	-	-
Other	3 520	3 869	3 905
	84 477	98 446	97 522
Interest bearing			
Training Room Online Receivable	-	-	-
Micromega Limited (UK)	-	40 900	32 389
Inzalo UMS Proprietary Limited	4 398	2 131	2 690
R-data Proprietary Limited	-	-	-
Inzalo Capital Holdings Proprietary Limited ("Inzalo Capital Holdings")	230 661	929 783	230 661
	235 059	972 814	265 740
Credit loss allowance	-	(240 797)	-
	235 059	732 017	265 740
Total	319 536	830 463	363 262
Financial assets carried at amortised cost	88 875	141 477	132 601
Financial assets carried at fair value through profit or loss	230 661	688 896	230 661
Total	319 536	830 463	363 262

All loans receivable are denominated in South African Rand. The loans are carried at their amortised cost while the financial asset receivable from Inzalo Capital Holdings is measured at fair value. The fair value of other financial assets carried at amortised cost have been assessed taking into account their respective interest rates and maturity periods. None of the fair values differ materially from the corresponding carrying values due to the short-term nature of these assets.

Level of fair value

Description	Fair value hierarchy	Valuation technique	Significant unobservable inputs	Discount rates	Sensitivity of the input to fair value
Other financial asset: Inzalo Capital Holdings	Level 3	Probability of achieving Net Profit after Tax or EBITDA earn out targets, which if unlikely, requires fair value determination utilising the discounted cash flow - income approach valuation.	Future growth rates and discount rates.	2022: 18.53% 2021: 20.52%	5% increase in the discount rate applied would result in a decrease in the fair value by R98 million with a 5% decrease in the discount rate applied would result in an increase in the fair value by R172 million. Additionally, a 10% increase in the turnover projected would result in an increase in the fair value of R32 million. The Inzalo Capital Holdings financial asset is contingent on the successful achievement of the predetermined earn

out targets over the earn out period as previously communicated, failing which the equity which servers as security against the financial assets would be returned to the group and ownership revert back to Sebata Holdings Limited. Once it is determined that the underlying profit warranties will no longer be achieved, and the contingent consideration would no longer become receivable, the value of the financial asset would be equal to the fair value of the equity instruments serving as security against the financial asset receivable.

8. Commitments and contingencies

The group has contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business. It is not anticipated that any material liabilities will arise from these contingent liabilities.

9. Segment information

	Unaudited 6 months ended 30 September 2022	Unaudited 6 months ended 30 September 2021	Audited 12 months ended 31 March 2022
	R'000	R'000	R'000
SEGMENT REVENUE			
Software and Consulting Services	12 385	10 853	24 042
Holdings and consolidated	2 126	688	1 357
Total revenue	14 511	11 541	25 399
SEGMENT PROFIT / (LOSS)			
Software and Consulting Services	1 091	1 308	2 157
Holdings and consolidated	(6 766)	(207 339)	(709 740)
Total profit/(loss)	(5 675)	(206 031)	(707 583)
SEGMENT ASSETS			

Software and Consulting Services	30 440	34 425	33 315
Holdings and consolidated	546 505	1 220 945	549 112
Total assets	576 945	1 255 370	582 427
SEGMENT LIABILITIES			
Software and Consulting Services	7 895	12 878	12 755
Holdings and consolidated	78 001	244 658	73 843
Total liabilities	85 896	257 536	86 598

10. Related party disclosure

The group entered into transactions and had balances with related parties as listed below. These include associates, joint operations, directors and members of key management. The transactions that are eliminated on consolidation are not included. Transactions with related parties are effected on a commercial basis and related party debts are repayable on a commercial basis.

	Unaudited 6 months ended 30 September 2022 R'000	Unaudited 6 months ended 30 September 2021 R'000	Audited 12 months ended 31 March 2022 R'000
Kamberg Investment Holdings Proprietary Limited			
Loan Payable	-	167	-
Interest paid	-	29	30
Laird Investments Proprietary Limited			
Disposal of MMG UK	-	-	1
Loan Payable	4 800	8 871	-
Interest paid	464	464	564
Talacar Holdings Proprietary Limited			
Consulting fees	3 379	2 538	4 978

11. Corporate Governance and changes to the Board

Sebata has embraced the recommendations of the King IV Report on governance and strives to provide reports to shareholders that are timely, accurate, consistent and informative.

There were no changes to the board of directors of Sebata (“**Board**”) during the period.

12. Subsequent events

As at 31 March 2022 it was reported that the group is currently involved in litigation with a material shareholder that dissented in terms of section 164 of the Companies Act on the conclusions Software Group transaction and had been recognised as a provision of R6.5m against equity reserves based on the fair value offer that was made by the group. The legal matter was withdrawn by the dissenting shareholder in November 2022 and the associated provision reversed.

The Board is not aware of any other significant events have occurred in the period between the reporting date and the date of this report.

13. Commentary on results

Trading conditions reported in previous reports have remained extremely difficult which is indicative of the shape of the local economy. Additionally local government appears to be plagued by slow and irrational decision making and this is reflected in the number of tenders that have been extended and remain in the adjudication phase. The companies that form part of the group and those over which it has significant influence have remained stable even with the contraction in government spend.

Water and Software deals with Inzalo Capital Holdings (“Inzalo”)

It was reported in the previous period that the Water and Software deals had been written down to their respective fair values as a result of number of conditions outside of the control of the Board. There have been no material changes in these conditions, however the businesses remain in a stable operational state. The slow decision making in the market and the market conditions in general have hampered the ability of these businesses to achieve the exponential growth that they are primed for, however the restructurings performed have assisted in these businesses being able to achieve a level of moderate growth.

Outlook

The Board remains bullish on the potential of the businesses in the deals discussed above, however still expects the market conditions to hamper this to a certain extent. The Board remains committed to bringing finality to these transactions and returning maximum value to the shareholders.

By order of the Board

12 December 2022

Directors: DA Di Siena (Independent Non-Executive Chairperson); IG Morris (Chief Executive Officer); P van Eeden (Financial Director); CA King (Executive Director); PH Duvenhage (Independent Non-Executive Director); TW Hamill (Non-Executive Director); S Nodwele (Chair of the Audit Committee and Independent Non-Executive Director); and D Passmore (Independent Non-Executive Director)

Company Secretary: L Mayer

Auditors: Nexia SAB&T

Transfer Secretaries: Singular Systems Proprietary Limited

Sponsor: Merchantec Capital

Attorneys: Di Siena Attorneys

Note: No forward looking statements in this announcement have been reviewed or reported on by Sebata’s auditors.