

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”)

PROVISIONAL AUDITED SUMMARISED ANNUAL CONSOLIDATED RESULTS FOR THE YEAR ENDED 31 MARCH 2021

CONDENSED GROUP STATEMENT OF PROFIT AND LOSS

	Notes	Audited 12 months ended 31 March 2021 R'000	Audited 12 months ended 31 March 2020 R'000
Continuing operations			
Revenue	5	33 910	161 410
Cost of sales		(8 648)	(86 265)
Gross profit		25 262	75 145
Other net income	6	(20 982)	952
Administration expenses	7	(119 970)	(226 633)
Loss from operations		(115 690)	(150 536)
Finance income	8	88 896	15 154
Finance cost		(10 742)	(16 092)
Share of profit/(losses) from equity accounted associate		3 105	(2 098)
Loss before tax		(34 431)	(153 572)
Tax expense		(16 426)	30 728
Loss for the year from continuing operations		(50 857)	(122 844)
Profit for the year from discontinued operations		-	633 751
(Loss)/profit for the year		(50 857)	510 907
Profit/(Loss) attributable to:			
Owners of the parent - continuing		(52 604)	(125 254)
Owners of the parent - discontinued		-	632 388
Non-controlling interest - continuing		1 747	2 410
Non-controlling interest - discontinued		-	1 363
		(50 857)	510 907
Attributable earnings/(loss) per share (cents)			
Basic			
Continuing operations		(47.36)	(110.72)
Discontinued operations		-	558.99
Diluted basic		(47.36)	448.03
Continuing operations		(47.36)	(110.66)
Discontinued operations		-	558.69
Headline		(28.46)	(107.57)
Continuing operations		(28.46)	(101.77)
Discontinued operations		-	(5.80)

Diluted headline	(28.46)	(107.50)
Continuing operations	(28.46)	(101.71)
Discontinued operations	-	(5.79)

CONDENSED GROUP STATEMENT OF OTHER COMPREHENSIVE INCOME

	Audited 12 months ended 31 March 2021 R'000	Audited 12 months ended 31 March 2020 R'000
(Loss)/profit for the year	(50 857)	510 907
Other comprehensive(loss)/income:		
Items which may be subsequently reclassified through profit or loss:		
Foreign currency translation differences	(338)	803
	(51 195)	511 710
Total comprehensive income attributable to:		
Owners of the parent	(52 942)	507 937
Non-controlling interest	1 747	3 773
	(51 195)	511 710
Reconciliation of headline earnings/(loss) (net of tax) for continuing operations:		
(Loss)/profit attributable to owners of the parent	(52 604)	(125 254)
Profit on disposal of property, plant and equipment	(156)	(63)
Loss on disposal of investment in subsidiaries and associates	21 143	-
Impairment of intangible assets	-	10 188
Headline earnings	(31 617)	(115 129)
Reconciliation of headline earnings/(loss) (net of tax) for discontinued operations:		
Profit/(loss) attributable to owners of the parent	-	632 388
Profit on disposal of property, plant and equipment	-	(549)
Impairment of intangible assets	-	67 449
Profit on disposal of discontinued operations	-	(705 851)
Headline (loss)/earnings	-	(6 563)
Weighted average number of shares (000s)	111 077	113 130
Diluted weighted average number of shares (000s)	113 130	113 192
Total number of shares in issue (000s)	111 080	113 128

CONDENSED GROUP STATEMENT OF FINANCIAL POSITION

	Notes	Audited as at 31 March 2021 R'000	Audited as at 31 March 2020 R'000
ASSETS			
Non-current assets		1 459 827	1 468 186
Property, plant and equipment		4 776	18 586
Intangible assets		34 564	54 222
Investments in associates		534 979	588 157
Other financial assets	9	885 022	802 025
Deferred tax assets		486	5 196
Current assets		147 339	248 124
Inventories		184	5 256
Trade and other receivables		9 693	38 598
Current tax		5 105	3 718
Other financial assets	9	124 806	185 818
Cash and cash equivalents		7 551	14 734
TOTAL ASSETS		1 607 166	1 716 310
EQUITY AND LIABILITIES			
EQUITY		1 203 505	1 267 800
Share capital and share premium		285 063	285 063
Other reserves		561	7 434
Retained earnings		919 131	971 611
Non-controlling interest		(1 250)	3 692
LIABILITIES			
Non-current liabilities		285 698	273 629
Other financial liabilities		2 602	3 389
Deferred tax liabilities		283 096	270 240
Current liabilities		117 963	174 881
Trade and other payables		24 329	43 960
Other financial liabilities		31 496	72 161
Current tax		55 124	50 883
Deferred vendor payments		7 014	7 014
Bank overdraft		-	863
TOTAL LIABILITIES		403 661	448 510
TOTAL EQUITY AND LIABILITIES		1 607 166	1 716 310
Net asset value per share (cents)		1 083.49	1 120.67
Net tangible asset value per share (cents)		1 052.37	1 072.74

CONDENSED GROUP STATEMENT OF CASH FLOW

	Audited 12 months ended 31 March 2021 R'000	Audited 12 months ended 31 March 2020 R'000
Cash flow from operating activities	(14 148)	28 890
Cash generated from operations	(10 917)	83 714
Finance income	330	3 151
Finance costs	(2 682)	(11 347)
Income tax paid	(879)	(46 628)
Cash flow from investing activities	(51 647)	(33 931)
Property, plant and equipment acquired	(145)	(7 728)
Intangible assets acquired	(4 525)	(61 004)
Proceeds on disposal of property, plant and equipment	510	173
Investment in associates	-	(5 864)
Net cash inflow from acquisition/disposal of businesses	10 967	41 110
Other financial assets repaid	62 379	1 130
Other financial assets advanced	(17 539)	(1 748)
Cash flow from financing activities	(43 819)	(214)
Treasury shares issued	-	4 691
Acquisition of non-controlling interest without a change in control	-	(20 000)
Other financial liabilities repaid	(63 872)	(54 891)
Other financial liabilities raised	21 493	71 885
Deferred vendor payments repaid	-	(459)
Dividends paid to non-controlling interest	(1 440)	(1 440)
(Decrease)/Increase in cash and cash equivalents	(6 320)	(5 255)
Cash and cash equivalents at the beginning of the year	13 871	19 126
Cash and cash equivalents at the end of the year	7 551	13 871

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 2019	280 372	8 653	455 992	45 424	790 441
Profit for the year	-	-	507 134	3 773	510 907
Other comprehensive income					
Foreign currency translation differences	-	803	-	-	803
Transactions with owners, recorded directly in equity					
Dividends paid	-	-	-	(1 440)	(1 440)
Share-based payment transactions	-	(2 022)	7 104	-	5 082
Changes in ownership interest in subsidiaries without a change in control	-	-	1 381	(21 381)	(20 000)
Disposal of subsidiaries	-	-	-	(22 684)	(22 684)
Treasury shares issued	4 691	-	-	-	4 691
Balance at 31 March 2020	285 063	7 434	971 611	3 692	1 267 800
Balance at 1 April 2020	285 063	7 434	971 611	3 692	1 267 800
Profit for the year	-	-	(52 604)	1 747	(50 857)
Other comprehensive income					
Foreign currency translation differences	-	(338)	-	-	(338)
Transactions with owners, recorded directly in equity					
Dividends paid	-	-	-	(1 440)	(1 440)
Share-based payment transactions	-	49	124	-	173
Provision for repurchase of shares	-	(6 584)	-	-	(6 584)
Disposal of subsidiaries	-	-	-	(5 249)	(5 249)
Balance at 31 March 2021	285 063	561	919 131	(1 250)	1 203 505

NOTES TO THE GROUP FINANCIAL INFORMATION

1. Basis of preparation

These provisional audited summarised annual consolidated financial statements for the year ended 31 March 2021 are prepared in accordance with the framework concepts and the recognition and measurement criteria of International Financial Reporting Standards (IFRS), its interpretations adopted by the International Accounting Standards Board (IASB), the presentation and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, IAS 34 – Interim Financial Reporting, the Listings Requirements of the JSE Limited and the requirements of the Companies Act, 2008 (Act 71 of 2008), as amended (“Companies Act”). The accounting policies applied in the preparation of these provisional audited summarised annual consolidated financial statements are in terms of International Financial Reporting Standards and are consistent with those applied in the previous annual financial statements. The provisional audited summarised annual 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 provisional condensed annual consolidated financial statements have been prepared under the supervision of Pierre van Eeden CA (SA), the Financial Director.

The provisional audited summarised annual consolidated financial statements are extracted from the audited annual consolidated financial statements and are consistent in all material respects with the group financial statements which are available for inspection at the company's registered office. This provisional report is extracted from audited financial information but is not itself audited.

The directors take full responsibility for the preparation of the report and confirm the financial information has been correctly extracted from the underlying audited annual consolidated financial information.

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

Selected explanatory notes are included to explain certain events and transactions that are significant, in order to understand the group's financial position and performance.

2. Significant accounting policies

These provisional condensed annual 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 2020.

3. Audit opinion

The annual consolidated financial statements were audited by the group's auditors, Nexia SAB&T, and their unmodified audit report is available for inspection at the group's registered office.

4. Disposal of businesses

Kyostax

On 30 March 2021 the group disposed of its 30% interest in Kyostax, which disposal formed part of the settlement of a liquidation application that Kyostax had launched against Sebata because of outstanding rentals from the national lockdown. The group exchanged its shares in Kyostax which had a carrying value of R22.3 million for relief against the rentals and utilities owing to Kyostax to the value of R8.6 million. The transaction resulted in a loss on disposal of R13.7 million.

Turrito Networks and Dial a Nerd

On 15 May 2020, the group announced that it had entered into an agreement to dispose of its 73.20% interest in Turrito Networks Proprietary Limited ("Turrito") and Nerworks Proprietary Limited ("Nerworks") for a consideration of R24.1 million. While the board of directors of Sebata ("Board") had not actively been looking for a buyer, it was approached by the Purchaser, and the Management Sellers (as defined in the announcement), with the offer to purchase the respective shareholding in Nerworks and Turrito. The Board believed that the transaction unlocked value in the assets which did not fit into the current portfolio of investments and believed that the Management Sellers and the Purchaser were best placed to take over the assets. As part of the overall transaction, it was agreed that the group would dispose of its remaining 14.8% interest in Turrito and Nerworks for a consideration of R1.1 million. The total consideration of R25.2 million was settled by offsetting group debt of R9.6 million and a cash consideration of R15.6 million.

The transaction resulted in the derecognition of net assets to the value of R21.2 million, the derecognition of goodwill to the value of R6.4 million and a loss on disposal R6.8 million.

Figures in R'000	Nerworks	Turrito	Total
Property, plant and equipment	2 919	2 900	5 819
Intangible assets	-	15 766	15 766
Goodwill	6 465	-	6 465
Inventories	545	4 628	5 173
Other financial Assets	2 068	121	2 189
Trade and other receivables	3 340	15 706	19 046
Cash and cash equivalents	364	4 312	4 676

Trade and other payables	(4 253)	(19 946)	(24 199)
Other financial liabilities	(996)	(2 945)	(3 941)
Deferred tax	359	(2 398)	(2 039)
Tax receivable/(payable)	230	(1 453)	(1 223)
Total net assets disposed	11 041	16 691	27 732
Profit/(loss) on disposal	2 395	(9 235)	(6 840)
Non-controlling interest	(2 654)	(2 595)	(5 249)
Consideration	10 782	4 861	15 643
Cash disposed	(364)	(4 312)	(4 676)
Net cash flow from disposals	10 418	549	10 967

5. Revenue disaggregation

2021	Software Solutions R'000	ICT Support Services R'000	Holdings and consolidated R'000	Total
Revenue	22 367	-	11 543	33 910
Major product lines over time				
<i>Software license with support and maintenance</i>	11 970	-	-	11 970
Major product lines at a point in time				
<i>Consulting</i>	2 874	-	-	2 874
<i>Support Services</i>	5 340	-	1 336	6 676
<i>Goods</i>	2 208	-	10 182	12 390
2020	Software Solutions R'000	ICT Support Services R'000	Holdings and consolidated R'000	Total
Revenue	19 475	168 414	(26 479)	161 410
Major product lines over time				
<i>Software license with support and maintenance</i>	10 728	393	-	11 121
Major product lines at a point in time				
<i>Consulting</i>	837	815	-	1 652
<i>Support Services</i>	5 398	152 628	(26 219)	131 807
<i>Goods</i>	2 512	14 578	(260)	16 830

6. Other net income

(Loss) on foreign exchange	(1 171)	(300)
(Loss) on sale of associate	(13 770)	-
(Loss) on sale of subsidiaries	(6 803)	-
Profit on sale of property, plant and equipment	217	88
Rent received	330	521
Sundry income	215	643
	(20 982)	952

7. Administration expenses

Employee compensation and benefit expense	31 349	65 163
Motor vehicle expenses	66	375
Repairs and maintenance	119	492
Telephone and fax	347	1 250
Security	133	451
Insurance	283	493
Computer expense	1 202	5 082
Advertising expense	44	1 694
Audit fees	2 148	1 412
Courier and postage	54	95
Depreciation and amortisation	10 440	18 532
Printing and stationary	163	355
Travel - Local	603	2 042
Travel - International	168	366
Consulting fees	4 699	5 742
Electricity	1 630	3 193
Bank charges	160	401
Legal fees	4 123	2 396
Administration and management fee	102	106
Movement in credit loss allowance	21 886	63 880
Cleaning	99	279
Sponsorship enterprise development and donations	33	227
Entertainment	44	751
Fines and penalties	393	180
Impairments	-	10 188
Share based payments	34 106	34 239
Other	5 576	7 249
	119 970	226 633

The decrease in admin expenditure has been driven by the disposal of Turrilo Networks and Dial a Nerd, along with a significant decrease in the credit loss allowance because of the impairment of The Training Room Online receivable in the previous year. Additionally, the drive to decrease non-discretionary spend and to further decrease operational overheads has started to take effect.

8. Finance Income

Bank	5 774	3 151
Related parties	115	-
Tax Receivable	10	195
Deferred vendor assets	82 997	11 808
	88 896	15 154

9. 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.

Non-interest bearing

Kyostax Proprietary Limited	-	3 640
FIDO Tech Limited (“FIDO”)	16 341	-
NOSA Receivable (“NOSA”)	-	29 371
Sebata Municipal Solutions Proprietary Limited	101 440	121 174

Micromega Accounting and Professional Services Proprietary Limited	-	8 413
Other	3 292	2 748
	121 073	165 346
Interest bearing		
Training Room Online Receivable	53 123	47 464
Inzalo Utility-Solutions Proprietary Limited	-	9 997
Inzalo UMS Proprietary Limited	3 169	10 475
R-data Proprietary Limited	564	-
Inzalo Capital Holdings Proprietary Limited (“Inzalo Capital Holdings”)	885 022	802 025
	941 878	869 961
Credit loss allowance	(53 123)	(47 464)
	888 755	822 497
Total	1 009 828	987 843
Financial assets carried at amortised cost	124 806	156 447
Financial assets carried at fair value through profit or loss	885 022	831 396
Total	1 009 828	987 843

All loans receivable except for the loan to FIDO tech are denominated in South African Rand. The loan to FIDO tech is denominated in British Pounds GBP0.8 million. The loans are carried at their amortised cost while the financial asset receivable from Inzalo Capital Holdings and NOSA are measured at fair value. The fair value of other financial assets carried at amortised cost has been assessed by taking into account their respective interest rates and maturity periods. None of the fair values differ materially from the corresponding carrying values. The fair value of assets carried at fair value through profit and loss are based on the contractual purchase price becoming unconditional following the successful achievement of the earn out targets which are conditional as at year end, 31 March 2021.

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	Future growth rates and discount rates.	2021: 20.52%	5% increase in the discount rate applied would result in a decrease in the fair value by R88 million with a 5% decrease in the discount rate applied would result in an increase in the fair value by R147.7 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. 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.

10. Commitments and contingencies

The group is currently involved in litigation with a material shareholder that dissented in terms of Section 164 of the Companies Act on the Software transaction. In terms of Section 164 the group is currently obligated to repurchase the shares from the shareholder at a fair value. The area of the dispute is the fair value of these shares, the fair value is currently under litigation. A provision of R6.5 million has been recognised against equity reserves based on the fair value offer that was made by the group.

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.

11. Segment information

	Audited 12 months ended 31 March 2021 R'000	Audited 12 months ended 31 March 2020 R'000
SEGMENT REVENUE		
Software solutions	22 367	19 475
ICT support services	-	168 414
Holdings and consolidated	11 543	(26 479)
Total revenue	33 910	161 410
SEGMENT PROFIT / (LOSS)		
Software solutions	2 136	2 734
ICT support services	-	1 269
Holdings and consolidated	(57 334)	(129 257)
Total profit	125 254	(125 254)
SEGMENT ASSETS		
Software solutions	31 584	29 254
ICT support services	-	54 855
Holdings and consolidated	1 575 582	1 632 201
Total assets	1 607 166	1 716 310
SEGMENT LIABILITIES		
Software solutions	11 345	9 699

ICT support services	-	24 410
Holdings and consolidated	394 910	414 401
Total liabilities	406 255	448 510

12. Related party disclosure

Listed below are the balances in respect of transactions entered into with related parties. These include associates, joint operations, directors and members of key management. The transactions that are eliminated on consolidation are not included.

	Audited 12 months ended 31 March 2021 R'000	Audited 12 months ended 31 March 2020 R'000
Kyostax Proprietary Limited		
Associate		
Rental expense	-	-
Repayment of lease liability	8 609	15 563
Other financial assets	-	3 640
Kamberg Investment Holdings Proprietary Limited		
Shareholder loan	1 472	6 732
Interest paid	368	661
Laird Investments Proprietary Limited		
Shareholders loan	11 817	43 770
Interest paid	1 469	14 085
Talacar Holdings Proprietary Limited		
Consulting fees	2 538	2 538

13. 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.

Changes to the Board which occurred during the period were as follows:

- Ross Lewin resigned as an independent non-executive director and member of the Audit Committee on 20 November 2020;
- Pierre Duvenhage, a non-executive director, assumed the role of independent non-executive director and member of both the Audit Committee and Remuneration Committee from 18 January 2021;
- Reegan Smith resigned as the Company Secretary with effect from 31 March 2021;
- Luschenca Mayer was appointed as the Company Secretary with effect from 1 April 2021; and
- Khanyisile Moses resigned as a non-executive director with effect from 10 May 2021.

14. Subsequent events

Extension of the Water and Software deals

On 24 June 2021 the Board resolved to extend the earn out periods included in the Water and Software disposals which were executed in the 2020 financial year. The extensions were granted due to the continued delays in tenders being awarded to the respective companies due to the ongoing impact of the Covid-19 pandemic, which had a significant impact on the earnings of the respective associates. The Water deal was extended from the end date of 31 July 2021 up until 31 March 2022, the earn out target was also adjusted to a 12 Month EBITDA of R25 million ending 31 March 2022. The Software deal was extended from the end date of 31 January 2022 up until 31 March 2022, the earn out target was also adjusted to a 12 month EBITDA of R35 million ending 31 March 2022.

On 25 June 2021 a settlement was concluded with the Training Room Online (“TTRO”) as it related to the outstanding receivable. The Board accepted payment R10 million as full and final settlement of the matter and has withdrawn from all legal proceedings against TTRO.

15. Commentary on results

Trading conditions reported in previous reports have remained extremely difficult and have only been exacerbated by the effects of COVID-19. Local government spend which has already contracted, was redirected to fighting the COVID-19 pandemic. Additionally, decision making in the sphere has slowed and this is reflected in the number of tenders that have been extended and remain in the adjudication phase. The lockdown and contraction in government spend has allowed the Board to reposition and restructure the companies that form part of the group and those over which it has significant influence with the result of significant cost savings being achieved.

Due to the large volume of corporate activity over the past few years and given that the majority of the group’s current investment holding relates to the reduced stakes held in the companies that were disposed of to Inzalo Capital Holdings the results are difficult to interpret on face value. Continued earnings per share and headline earnings per share highlight the improved performance and are a result of the cost saving measures that have been introduced.

Outlook

The restructurings have allowed the Group to return to a more sustainable operational state and allowed the Board to strengthen up the balance sheet. Additionally, there has been more movement in the tender space, and it appears that at the operational level things are returning to a sense of normality, and we have noticed an increase in tenders going out and being awarded. However, the Board still anticipates that the effects of COVID-19 have not been outlived and we will experience a further contraction of the local economy and for this to be reflected in the results in the coming months.

By order of the Board

14 July 2021

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 has been reviewed or reported on by Sebata’s auditors.