SEBATA HOLDINGS LIMITED

(Registration Number 1998/003821/06)
Annual Consolidated Financial Statements
for the year ended 31 March 2023

Annual consolidated financial statements have been audited in compliance with the Companies Act of South Africa
Preparer: Pierre van Eeden CA(SA)
Position: Financial Director

Auditors: Nexia SAB&T
Position: Registered Auditors

SEBATA HOLDINGS LIMITED

(Registration Number 1998/003821/06)
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The reports and statements set out below comprise the annual financial statements presented to the shareholders:

Level of assurance

These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa.

Certification by company secretary

In my capacity as company secretary, I hereby confirm, in terms of section 88(2)(e) of the Companies Act of South Africa, that for the year ended 31 March 2023, the company lodged with the Companies and Intellectual Property Commission all such returns as are required of a public company in terms of the Act and that all such returns are true, correct and up to date.

L Mayer
Company Secretary

Directors' Responsibilities and Approval

The directors are required by the Companies Act of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the annual consolidated financial statements and related financial information included in this report. It is their responsibility to ensure that the annual consolidated financial statements satisfy the financial reporting standards as to form and content and present fairly the statement of financial position, results of operations and business of the group, and explain the transactions and financial position of the business of the group at the end of the financial year. The annual consolidated financial statements are based upon appropriate accounting policies consistently applied throughout the group and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the group and all employees are required to maintain the highest ethical standards in ensuring the group's business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management and the external auditors, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual consolidated financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss. The going-concern basis has been adopted in preparing the financial statements. Based on forecasts and available cash resources the directors have no reason to believe that the company will not be a going concern in the foreseeable future. The annual consolidated financial statements support the viability of the company.

The consolidated annual financial statements have been audited by the independent auditing firm, Nexia SAB&T, who have been given unrestricted access to all financial records and related data, including minutes of all meetings of the shareholders the board of directors and committees of the board. The directors believe that all representations made to the independent auditor during the audit were valid and appropriate. The external auditors' audit report is presented on pages 6 to 10.

Directors' Responsibilities and Approval

CEO and FD responsibility statement

Each of the directors, whose names are stated below hereby confirm that:

a. the annual consolidated financial statements set out on pages 11 to 76, fairly present in all material respects the financial position, financial performance and cash flows of the group in terms of IFRS;
b. to the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the annual consolidated financial statements false or misleading;
c. internal financial controls have been put in place to ensure that material information relating to the group and its consolidated subsidiaries has been provided to effectively prepare the financial statements of the group;
d. the internal financial controls are adequate and effective and can be relied upon in compiling the annual consolidated financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls;
e. Where we are not satisfied, we have disclosed to the Audit Committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and have taken steps to remedy the deficiencies; and
f. We are not aware of any fraud involving directors.

IG Morris
CEO

PW van Eeden
FD

The annual consolidated financial statements as set out on pages 11 to 76 were approved by the board on 18 July 2023 and were signed on their behalf by:

DA Di Siena
Chairperson

IG Morris
CEO

PW van Eeden
FD

Audit Committee Report

The Audit Committee is pleased to present its report for the financial year ended 31 March 2023 to the board of directors and to all company stakeholders.

This report is in compliance with the requirements of the Companies Act of South Africa, No. 71 of 2008 and the King Code of Governance for South Africa.

COMMITTEE COMPOSITION AND ATTENDANCE AT MEETINGS

The committee comprised of three independent non-executive directors and the Chairman of the committee was not the Chairman of the board for the 2023 financial year.

The following directors served on the committee during the year under review:

1. S Nodwele (Chairperson)
2. D Passmore
3. PH Duvenhage

The Audit Committee is required to meet at least twice a year. During the 2023 financial year, the Committee met three times and attendance there at is set out below.

Members	12/07/2022	07/12/2022	16/03/2023
S Nodwele	Yes	Yes	Yes
D Passmore	Yes	Yes	Yes
PH Duvenhage	Yes	Yes	Yes
Invitees			
IG Morris	Yes	Yes	Yes
PW van Eeden	Yes	Yes	Yes
TW Hamill	Yes	Yes	Yes
CA King	Yes	Yes	Yes
DA Di Siena	Yes	Yes	Yes
Nexia SAB&T	Yes	Yes	Yes
L Mayer (Company Secretary)	Yes	Yes	Yes

The executive directors and representatives from the independent external auditor, Nexia SAB&T, are invited to attend all Audit Committee meetings.

Audit Committee Report

AUDIT COMMITTEE MANDATE

In accordance with the Audit Committee's approved terms of reference, the Committee discharged, inter alia, the following responsibilities during the 2023 financial period:

• Reviewed the interim results, annual financial statements, trading updates, SENS announcements and other similar documents, and provided comments thereon to the Board of Directors.

• Made submissions to the Board on matters concerning Sebata's accounting policies, financial controls and reporting.

• Generally reviewed the Group's financial risk management and controls and held discussions with the independent external auditor Nexia SAB&T.

• Satisfied itself with the appropriateness of the expertise and adequacy of resources of the finance function.

• Monitored the Group's combined assurance model and ensured that significant risks facing the group were adequately addressed and passed on to the Risk Committee where applicable.

• Ensured that Nexia SAB&T maintained its independence and objectivity at all times.

• Assessed the quality and effectiveness of the audit process and approved the fees paid to the independent external auditor for the 2023 financial period.

• Reviewed the Directors' report to be included in the financial statements prior to endorsement by the Board of Directors.

• Evaluated significant judgements and reporting decisions in the annual integrated report and the clarity and completeness of the proposed financial and sustainability disclosures.

• Confirmed that the company has, with consideration to all entities included in the consolidated group IFRS financial statements, established appropriate financial reporting procedures and that those procedures are operating to ensure that it has access to all financial information of the group, to allow the group to effectively prepare and report on the financial statements.

At the request of the Board, the Committee considers whether the annual report is fair, balanced, understandable and whether it provides the information necessary for shareholders to assess the group's performance, business model and strategy. The Committee reports to the board on its activities, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken thereupon.

EXTERNAL AUDITORS

Input from the independent external auditors at Audit Committee meetings provides Committee members with greater insight into the financial management of the company. The Audit Committee is therefore satisfied that the financial statements of the group comply with International Financial Reporting Standards and are consistent with the previous annual financial statements and that no matters of significance have been raised during the 2023 financial year.

The group has a formal policy on the provision of non-audit services by the independent external auditor which specifies those services that the auditor is prohibited from providing to the Sebata Group as well as those that require pre-approval by the Audit Committee.

During the year under review, Nexia SAB&T did not provide any non-audit services to Sebata. The Audit Committee duly satisfied itself that, in accordance with section 94 (8) of the Companies Act, Nexia SAB&T, the external auditors of the group remain independent. Nexia SAB&T has confirmed to the committee its continuing independence and compliance with the Sebata policy on auditor independence.

The Audit Committee was provided with the information in paragraph 22.15(h) of the JSE Listings Requirements by Nexia SAB&T. The information was used by the Committee to assess the suitability for reappointment of both Nexia SAB&T as the external auditor and Johandre Engelbrecht as the individual designated audit partner.

FINANCE FUNCTION

The Audit Committee has considered the appropriateness of the expertise and experience of the group Financial Director, Pierre Van Eeden, together with Sebata's finance team, and is satisfied that Pierre Van Eeden and the finance team have the necessary knowledge, skills and expertise to perform the finance function for the group.

Audit Committee Report

WHISTLE BLOWING POLICY

Sebata implemented a whistle blowing policy in order to demonstrate its commitment to working towards a culture of fairness, openness and transparency. In conjunction with the whistle blowing policy, the Sebata Holdings Ethics Hotline, which is independently operated by Vuvuzela, provides employees and clients with a mechanism to anonymously bring any unethical business practices to the attention of management. Communication in respect of this hotline is regularly circulated to all Group employees, and constant reminders are sent out via the monthly Group newsletter.

All reports received from the Ethics Hotline are forwarded to the designated representatives at Sebata and to the Audit Committee for review, and consideration is made as to whether the action taken by the designated representative was appropriate or whether further action is required.

GENERAL

The Audit Committee reviews the going concern status of the group by considering the documentation prepared by management and the assurance provided by the Financial Director at each meeting, and therefore supports the going concern statement by the board of directors.

Sebata's combined assurance model aims to optimise the assurance coverage obtained on the risks affecting the group. Within the Group there is interplay between a number of key assurance providers which includes both the Audit and Risk Committee as well as the External audit function. This is supported by the assurance provided on an operational and structural level by both the executive management and the management at an individual subsidiary level.

The management team of each subsidiary in the Group identifies and addresses the risks on the day-to-day operations of that particular business. Monthly management meetings are held with the Group executives where these issues are discussed. Lastly, the Risk Committee is responsible for monitoring the appropriateness of the combined assurance model.

The Audit Committee are satisfied that the current combined assurance model utilised by the group ensures that significant risks facing the company are adequately addressed.

S Nodwele
CHAIRPERSON
AUDIT COMMITTEE

Nexia SAB&T

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Independent Auditor's Report

To the Shareholders of Sebata Holdings Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Sebata Holdings Limited and its subsidiaries (the group) set out on pages 13 to 76, which comprise the consolidated statement of financial position as at 31 March 2023, and the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the group as at 31 March 2023, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the group in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the key audit matter
Impairment of investment in associate	
As at 31 March 2023, the group recognised investments in associates in the amount of R168 million (2022: R162 million) as disclosed in note 9 to the consolidated financial statements. Subsequent to initial recognition, in accordance with IAS 36 – Impairment of assets, the group is required to consider whether there are indicators of impairment with respect to investments in associates, and conduct an impairment test to determine the recoverable amount of the investments in associates, where indicators are identified. These investments are unlisted and therefore the valuation requires the use of director's judgement and estimates in the determination of the recoverable amount of the investment. The impairment assessment is considered a key audit matter to our audit due to the significant judgement and assumptions applied in determining these valuations.	Our audit procedures focused on the evaluation of the key judgements and estimates used in the directors' determination of the recoverable amounts. The procedures on key judgements included: • We confirmed through inspection of the relevant documentation and review of specific representation from the remaining shareholder that the investee entity is not controlled by the Group. • We confirmed the adequacy of management's assessment of impairment indicators to determine whether there are any indicators of impairment to the carrying value of the investment in associates as at year end, through our knowledge of the business and managements identification of the risk of impairment. • We obtained an understanding of the groups policy with regard to the subsequent assessment of impairment of investments in associates. • Where an impairment indicator was identified, we assessed the methodology used by management to estimate the recoverable amount of each investment in accordance with the requirements of IAS 36: Impairment of Assets. • We evaluated the reasonability of the data, assumptions and methodologies used by management to determine the recoverable amount of the investments in associates. These would include, where applicable, the review of future cash flow forecasts, growth rates and discount rates or the assumptions and calculations of fair value less cost of disposal for cash generating units with reference to recent market transactions, if applicable. • We considered the adequacy of the group's disclosure in terms of the applicable accounting standards. We found the methods, assumptions and data used by the directors to be appropriate based on historical performance, future outlook and current prevailing circumstances. We considered the investment in associate impairment assessment disclosures to be appropriate.
Impairment assessment of other financial assets recognised at amortised cost	
As at 31 March 2023, the group recognised other financial assets at amortised cost valued at approximately R74 million (2022: R133 million) as disclosed in note 10 to the consolidated financial statements. As described in the notes to the consolidated financial statements, the impairment loss is determined in accordance with IFRS 9 - Financial Instruments. The application of IFRS 9's requirements related to credit loss allowances is considered to be a key audit matter due to the significant degree of judgement required in assessing the impairment of financial instruments. Those judgements include amongst others, the classification of the financial instrument on initial recognition, defining the default and determining the stage of impairment the financial instrument falls within. The general approach was applied for these other financial assets.	Our audit procedures focused on the evaluation of the key judgements and estimates used in the directors' determination of the expected credit loss. The procedures on key judgements included: • Obtained an understanding of the group's process for estimating the credit loss allowance. • Assessed the group's IFRS 9 credit loss allowance policy, modelling technique and methodology against the requirements of IFRS 9. • Reviewed the group's business model assessment to confirm the financial instruments are correctly classified on initial recognition. • Assessed under the general approach, the classification of financial asset between the various stages of credit impaired, taking into account the default rate. • Assessing the financial health of the underlying security against which the financial assets have been advanced to determine the reasonability of the present value of anticipated future cash flows. • Researching current market conditions and macro-economic indicators for indications of financial distress, and assessed the forward-looking assumptions applied by management in their calculation. • Testing the mathematical accuracy of the model to ensure the calculation is considered to be reasonable. • We confirmed the adequacy of the group's disclosure in the consolidated financial statements in terms of IFRS 9. We found the method, assumptions and data used by the directors to be appropriate.

	We considered the credit loss allowance for other financial assets carried at amortised cost to be appropriately disclosed.
Fair value determination of other financial assets recognised at fair value through profit or loss	
As at 31 March 2023, the group recognised other financial assets at fair value through profit or loss valued at approximately R230 million (2022: R231 million) which consists of contingent consideration receivable from the disposal of subsidiaries as disclosed in note 10 to the consolidated financial statements. As described in the notes to the consolidated financial statements, the fair value movement is determined in accordance with IFRS 9 - Financial Instruments and is dependent on whether the respective earn out targets are achieved, failing which ownership of the respective investees would revert back to the Group on termination of the agreements. The application of IFRS 9's requirements related to fair value determination of the contingent consideration receivable, taking into account the probability of achieving the respective earn out targets over the earn out period, is considered to be a key audit matter due to the significant degree of estimation uncertainty and judgement involved in these assessments. Those judgements and estimates include amongst others forecast EBITDA of the investees over the remaining earn out period, validity of addendums to the sale of share agreements, as well as fair value determination of the consideration receivable which equals the value of the underlying equity of the investees serving as security over the contingent consideration receivable, in instances where the earn out targets are estimated not to be met. In those instances where the earn out targets are estimated not be met, the financial assets have been measured at fair in accordance with IFRS 13 utilising a combination of various valuation models, most notably the income approach. These investees are unlisted and therefore the valuation requires the use of director's judgement and estimates in the determination of their respective fair values. The fair value determination is considered a key audit matter to our audit due to the significant judgement and assumptions applied in determining these valuations.	Our audit procedures focused on the evaluation of the key judgements and estimates used in the directors' determination of whether the earn out targets will be achieved, and if not, the key judgements and estimates used in the directors' determination of fair value for the respective assets. The procedures on key judgements and estimates included: • Obtained an understanding of the contractual agreements informing the contingent consideration receivable related to the various disposals, as well as any addendum thereto. • Reviewed the forecast EBITDA estimates over the remaining earn-out period in order to determine whether the respective earn-out hurdles will be met over the remaining earn-out period. • Where it was concluded that the earn-out hurdles would be achieved, we determined whether the other financial assets should be recognised at their fair values, taking into account the counterparties ability to service their obligation to the Group; • Where it was concluded that the earn-out hurdles would not be achieved, or the counterparty would not be in a position to service their purchase consideration obligation to the Group, we assessed the group's IFRS 9 fair value measurement policy, modelling technique and methodology against the requirements of IFRS 9, specifically relating to the determination of the fair value of the underlying equity of the investee serving as security over the contingent consideration receivable measured in accordance with IFRS 9 at fair value through profit or loss. • We evaluated the reasonability of the data, assumptions and methodologies used by management to determine the recoverable amount of the other financial assets recognised at fair value through profit or loss. These would include, where applicable, the review of future cash flow forecasts, growth rates and discount rates or the assumptions and calculations of fair value less cost of disposal for cash generating units with reference to recent market transactions, if applicable. We found the methods, assumptions and data used by the directors to be appropriate based on historical performance, future outlook and current prevailing circumstances. We considered the fair value determination assessment disclosures to be appropriate.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Sebata Holdings Limited Annual Consolidated Financial Statements for the year ended 31 March 2023" which includes the Directors' Report, the Audit Committee's Report and the Certification by company Secretary as required by the Companies Act of South Africa and the Declaration by the Chief Executive Officer and Financial Director on Internal Financial Controls as required by the JSE Limited Listing Requirements, which we obtained prior to the date of this report, and the Integrated Annual Report, which is expected to be made available to us after that date. The other information does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we do receive and read the Integrated Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, we may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Responsibilities of the Directors for the Consolidated Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Nexia SAB&T has been the auditor of Sebata Holdings Limited for 12 years.

Nexia SAB&T

Nexia SAB&T
Johandre Engelbrecht
Director
Registered Auditor
18 July 2023
Centurion

Nexia SAB&T

Directors' Report

The directors present their report for the year ended 31 March 2023.

1. Reporting entity and review of activities

Sebata Holdings Limited is a group domiciled in the Republic of South Africa. The address of the group's registered office is c/o The Lodge, Hunts End, 38 and 42 Wierda Road, Wierda Valley, Sandton. The annual consolidated financial statements of the group as at and for the year ended 31 March 2023, comprise the company and its subsidiaries (together referred to as the "group" and individually as "group entities") and the group's interest in associates.

Sebata is a holding company with equity interests in a number of operating entities and is listed on the main board of the Stock Exchange operated by the JSE Limited (JSE) under the computer services sector. Our businesses are primarily focused on the provision of information technology.

The operating results and financial position of the group are fully set out in the attached annual consolidated financial statements and do not in our opinion require any further comment.

2. Going concern

The annual consolidated financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

3. Events after reporting date

Extension of water and Software deals

The board ratified the extension of the earn out periods with effect from 31 March 2023 for both the Water and Software disposals which were executed in the 2020 financial period. The extensions up to 30 September 2023 were granted in order to allow the board to assess the viability of the existing empowerment structure and any alternative thereto.

The directors are not aware of any other matter or circumstance arising since the end of the financial year to the date of this report that could have a material effect on the financial position of the group.

4. Directors' interest in contracts

To our knowledge none of the directors had any interest in contracts entered into during the year under review.

5. Authorised and issued share capital

No changes were approved or made to the authorised or issued share capital of the company during the year under review.

6. Borrowing limitations

In terms of the Memorandum of Incorporation of the group, the directors may exercise all the powers of the group to borrow money, as they consider appropriate.

7. Dividends

No dividends were declared or paid to shareholders during the year.

Directors' Report

8. Directors

The directors of the company during the year and to the date of this report are as follows:

IG Morris
DA Di Siena
PH Duvenhage
TW Hamill
D Passmore
C King
PW van Eeden
S Nodwele

9. Secretary

L Mayer

10. Independent Auditors

Nexia SAB&T were the independent auditors for the year under review.

SEBATA HOLDINGS LIMITED

(Registration Number 1998/003821/06)
Annual Consolidated Financial Statements for the year ended 31 March 2023

Statement of Financial Position

Figures in R'000	Note(s)	2023	2022
Assets			
Non-Current Assets			
Property, plant and equipment	6	1,548	3,149
Investment property	7	33,900	-
Intangible assets	8	38,143	36,705
Investments in associates	9	168,349	162,093
Other financial assets	10	-	230,661
Deferred tax assets	19	9,600	858
		251,540	**433,466**
Current Assets			
Inventories	11	1,224	1,519
Current tax	21	3,672	3,672
Other financial assets	10	303,945	132,601
Trade and other receivables	12	10,712	9,975
Cash and cash equivalents	13	4,731	1,194
		324,284	**148,961**
Total Assets		**575,824**	**582,427**
Equity and Liabilities			
Equity			
Issued capital	14	285,063	285,063
Other reserves	15	5,956	(102)
Retained earnings		196,909	211,973
		487,928	**496,934**
Non-controlling interest	16	(254)	(1,105)
Non-Current Liabilities			
Other financial liabilities	17	444	1,054
Deferred tax liabilities	19	49,291	49,436
		49,735	**50,490**
Current Liabilities			
Trade and other payables	20	21,582	26,442
Current tax	21	975	927
Other financial liabilities	17	8,844	1,725
Deferred vendor payments	18	7,014	7,014
		38,415	**36,108**
Total Equity and Liabilities		**575,824**	**582,427**

Statement of profit and loss and other comprehensive income

Figures in R'000	Note(s)	2023	2021
Revenue	23	28,652	25,399
Cost of sales		(3,657)	(3,230)
Gross profit		**24,995**	**22,169**
Other net (expenses)/income	24	(1,232)	63,724
Administration expenses	25	(47,088)	(1,062,813)
Operating loss		**(23,325)**	**(976,920)**
Finance income	26	1,490	41,809
Finance costs	27	(985)	(983)
Share of profit/(loss) from investments accounted for using the equity method	9	1,218	(2,683)
Loss before taxation		**(21,602)**	**(938,777)**
Tax expense	28	7,834	232,959
Loss for the year		**(13,768)**	**(705,818)**
(Loss)/Profit for the year attributable to:			
Owners of the parent		(15,590)	(707,583)
Non-controlling interests		1,822	1,765
		(13,768)	**(705,818)**
Loss per share (cents)	30		
Basic		-13.78	-646.99
Diluted Basic		-13.78	-646.99
Other comprehensive income/(losses) (shown net of taxes)			
Items that may subsequently be reclassified into profit or loss			
Foreign currency translation differences	15	-	(663)
Reclassification of foreign currency translation reserve through profit or loss on disposal of subsidiary	36	-	355
Total comprehensive loss for the year		(13,768)	(706,126)
Total comprehensive income/(loss) attributable to:			
Non-controlling interests		1,822	1,765
Owners of the parent		(15,590)	(707,891)
		(13,768)	**(706,126)**

Statement of Changes in Equity

Figures in R'000	Note(s)	Share capital	Share premium	Foreign Currency Translation Reserve	Share based payment reserve	Treasury share reserve	Retained earnings	Total	Non-controlling interest	Total
Balance at 1 April 2021		1,131	283,932	3,915	3,230	(6,584)	919,131	1,204,755	(1,250)	1,203,505
Total comprehensive income for the year										
Loss for the year		-	-	-	-	-	(707,583)	(707,583)	1,765	(705,818)
Other comprehensive income										
Foreign currency translation differences		-	-	(663)	-	-	-	(663)	-	(663)
Total comprehensive income for the year		-	-	(663)	-	-	(707,583)	(708,246)	1,765	(706,481)
Transactions with owners recorded directly in equity										
Dividends paid		-	-	-	-	-	-	-	(1,620)	(1,620)
Share-based payment transactions	15	-	-	-	(355)	-	425	70	-	70
Disposal of Subsidiary	36	-	-	355	-	-	-	355	-	355
		-	-	355	(355)	-	425	425	(1,620)	(1,195)
Balance at 31 March 2022		**1,131**	**283,932**	**3,607**	**2,875**	**(6,584)**	**211,973**	**496,934**	**(1,105)**	**495,829**
Balance at 1 April 2022		1,131	283,932	3,607	2,875	(6,584)	211,973	496,934	(1,105)	495,829
Total comprehensive income for the year										
Loss for the year		-	-	-	-		(15,590)	(15,590)	1,822	(13,768)
Total comprehensive income for the year		-	-	-	-	-	(15,590)	(15,590)	1,822	(13,768)

Statement of Changes in Equity

Figures in R'000	Note(s)	Share capital	Share premium	Foreign Currency Translation Reserve	Share based payment reserve	Treasury share reserve	Retained earnings	Total	Non-controlling interest	Total
Transactions with owners recorded directly in equity										
Dividends paid		-	-	-	-		-	-	(971)	(971)
Share-based payment transactions	15	-	-	-	(526)	-	526	-	-	-
Reversal of provision for repurchase of shares		-	-	-	-	6,584	-	6,584	-	6,584
Balance at 31 March 2023		**1,131**	**283,932**	**3,607**	**2,349**	**-**	**196,909**	**487,928**	**(254)**	**487,674**
Notes		14	14	15	15				16	

Statement of Cash Flow

Figures in R'000	Note(s)	2023	2022
Cash flows from operating activities			
Cash generated from operations	31	(19,714)	(20,194)
Finance income		358	58
Finance costs		(985)	(58)
Income tax paid	21	(1,006)	(861)
Net cash from operating activities		**(21,347)**	**(21,055)**
Cash flows from investing activities			
Property, plant and equipment acquired	32	(129)	(157)
Intangible assets acquired	8	(3,849)	(4,327)
Investment property acquired	7	(34,299)	-
Proceeds on disposals of property, plant and equipment		152	233
Cash forfeited on disposals of subsidiaries and associates	34	-	(3,000)
Other financial assets advanced		(2,927)	(4,533)
Other financial assets repaid		60,398	60,312
		19,346	**48,528**
Cash flows from financing activities			
Other financial liabilities raised	33	8,088	13,639
Other financial liabilities repaid	33	(1,579)	(45,849)
Dividends paid to non-controlling interest		(971)	(1,620)
		5,538	**(33,830)**
Increase/(decrease) in cash and cash equivalents		3,537	(6,357)
Cash and cash equivalents at beginning of the year		1,194	7,551
Cash and cash equivalents at end of the year	13	**4,731**	**1,194**

Accounting Policies

1. Statement of compliance

The annual consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and Interpretations as issued by the IFRS Interpretations Committee (IFRIC), and comply with the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee (APC), Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council (FRSC), the JSE Listings Requirements and the requirements of the South African Companies Act, No 71 of 2008 (the Companies Act).

2. Basis of preparation

The annual consolidated financial statements are presented in South African Rand, which is the group's functional currency. All financial information presented in South African Rand had been rounded to the nearest thousand, except when otherwise indicated.

The annual consolidated financial statements have been prepared under the historical cost convention, except for the measurement of certain financial instuments at fair value.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual consolidated financial statements are disclosed in note 4.

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these annual consolidated financial statements are set out below. These policies have been consistently applied apart from the changes to the accounting policies applied in note 5. These accounting policies have been applied consistently by all Group entities.

3.1 Business combinations

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, at the non-controlling interest’s proportionate share of the recognised amounts of acquiree’s identifiable net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of profit and loss.

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9 either in profit or loss.

Accounting Policies

Summary of significant accounting policies continued...

Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners.

The difference between fair value of any consideration paid/received and the relevant share acquired/disposed of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Disposal of subsidiaries

When the group disposes of its interest in a subsidiary the fair value of the consideration receivable is recognised, the assets; liabilities and goodwill are derecognised, together with amounts recognised as non controlling interests or in other comprehensive income and the net gain/loss is recognised in profit or loss.

When the group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Associates

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting.

Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor’s share of the profit or loss of the investee after the date of acquisition.

The group’s investment in associates includes goodwill identified on acquisition.

When the group disposes of its interest in an associate the fair value of the consideration receivable is recognised, the equity accounted investment is derecognised and the net gain/loss is recognised in profit or loss.

The group’s share of post-acquisition profit or loss is recognised in the statement of profit and loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the group’s share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to share of profit/(loss) of associates in the statement of comprehensive income.

Profit and losses resulting from upstream and downstream transactions between the group and its associate are recognised in the group’s financial statements only to the extent of unrelated investor’s interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Accounting Policies

Summary of significant accounting policies continued...

Transactions eliminated on consolidation

Intergroup balances and transactions, and any unrealised income and expenses arising from intergroup transactions, are eliminated in preparing the annual consolidated financial statements.

3.2 Property, Plant and Equipment

Property, plant and equipment is stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All repairs and maintenance are charged to the statement of profit and loss during the financial period in which they are incurred.

Depreciation methods, residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Useful lives are affected by technology innovations, maintenance programs and future economic benefits. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. Consideration is also given to the extent of current profits and losses on the disposal of similar assets.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other income' in the statement of comprehensive income.

Depreciation is provided on the straight-line basis which, will reduce the carrying amount of the property, plant and equipment to their residual values at the end of their useful lives. Depreciation is recognised in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the group will obtain ownership by the end of the lease term. Items of property, plant and equipment are depreciated from the date that they are installed and available for use. Where the residual value exceeds the cost no depreciation is recognised.

The major categories of property, plant and equipment are depreciated at the following rates:

Plant and equipment	5 – 15 years
Motor vehicles	4 – 5 years
Furniture and fittings	5 – 10 years
Office equipment	5 – 10 years
IT equipment	2 – 5 years
Right of Use Assets	Over the period of the lease

3.3 Investment Property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the consolidated Group, is classified as investment property.

Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs.

After initial recognition, investment property is carried at cost lesss accumulated depreciation and impairments in accordance with IAS 16. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the cost of the replacement is included in the carrying amount.

Accounting Policies

Summary of significant accounting policies continued...

Depreciation is provided on the straight-line basis oiver a period of 50 years which, will reduce the carrying amount of the investment proprty to their residual values at the end of their useful lives. Depreciation is recognised in profit or loss.

Investment property is derecognised once it has been disposed of, any difference between the carrying value and the diposal proceeds is recognised in profit and loss.

3.4 Intangible Assets

3.4.1 Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. Goodwill is recognised as the excess of the purchase price over the fair value of the identifiable assets and liabilities assumed in a business combination.

Goodwill is allocated to each of the cash-generating units, or groups of cash-generating units that are expected to benefit from the synergies of the business combination.

Goodwill is measured at cost less accumulated impairment losses.

3.4.2 Computer software internally generated and computer software under development

Expenditure of research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Development activities involve a plan or design for the production of new or sustainable improved products and processes. Development expenditure is capitalised only if development costs can be, measured reliably, the product or process is technically commercially feasible, future economic benefits are probable, and the group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the assets for its intended use, and capitalised borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is allocated to computer software under development until such time that the products and processed are ready for use. The relevant items are then transferred from the computer software under development category to the computer software internally generated category within intangible assets.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

3.4.3 Patents, trademarks, brandnames, licenses and intellectual property

Separately acquired licences are shown at historical cost. Licences acquired in a business combination are recognised at fair value at the acquisition date. Licences have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licences over their estimated useful lives.

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives.

3.4.4 Amortisation

The estimated useful lives for the current and comparative years are as follows:

Accounting Policies

Summary of significant accounting policies continued...

Computer software purchased and internally generated	3 - 15 years
Licences, franchises and customer relationships	2 - 4 years
Patents, trademarks and other rights	10 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets but they are tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired, and it is subsequently carried at cost less accumulated impairment losses.

3.5 Impairment of Non-financial assets

The carrying amount of the group’s non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset’s recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date or when changes incircumstances may indicate that an impairment exists.

For the purpose of impairment testing, assets are first assessed individually and then if the asset does not generate cash flows individually, the asset is grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of cash inflows of other assets (the “cash-generating unit”). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the group on a pro rata basis. Impairment losses are recognised in profit or loss.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.6 Inventories

Inventories are initially measured at cost and subsequently at the lower of cost and net realisable value. The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition and is assigned by using the weighted average cost formula. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Accounting Policies

Summary of significant accounting policies continued...

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period when the write-down or loss occurs.

Where necessary, provision is made for obsolete, slow-moving and defective inventories.

3.7 Financial assets

Financial assets comprise trade and other receivables (excluding prepayments and indirect taxes); cash and cash equivalents and other financial assets.

Recognition

Financial assets are recognised in the group's statement of financial position when the group becomes a party to the contractual provisions of the instruments. Financial assets are classified as current if expected to be realised or settled within 12 months from the reporting date; if not, they are classified as non- current.

Classification

The group classifies financial assets on initial recognition as measured at amortised cost or fair value through profit or loss (FVTPL) based on the group's business model for managing the financial asset and the cash flow characteristics of the financial asset.

Financial assets are classified as follows:

●FVTPL – Contingent disposal receivables where the amount that will be received is based on the outcome of uncertain future events.

● Amortised cost – These assets are held within a business model with the objective to collect the contractual cash flows; and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

Financial assets are not reclassified unless the group changes its business model. In rare circumstances where the group does change its business model, reclassifications are done prospectively from the date that the group changes its business model. No reclassifications occurred during the current or prior financial years.

Subsequent Measurement

Subsequent to initial recognition, financial assets are measured as described below:

● FVTPL – These financial assets are subsequently measured at fair value and changes therein are recognised in profit or loss. The contingent disposal receivable is measured with direct reference to the performance conditions stipulated in the purchase agreements and the likelihood of achieving these targets.

● Amortised cost – These financial assets are subsequently measured at amortised cost using the effective interest method, less impairment losses. Interest income and impairments are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Accounting Policies

Summary of significant accounting policies continued...

Impairment of financial assets

Assets carried at amortised cost

Under IFRS 9 the group calculates its allowance for credit losses as expected credit losses (ECLs) for financial assets measured at amortised cost. ECLs are a probability weighted estimate of credit losses. To calculate ECLs the group segments/groups trade receivables by customer type and ageing. The group applies the simplified approach to determine the ECL for trade receivables. This results in calculating lifetime expected credit losses for trade receivables. ECLs for trade receivables are calculated using a provision matrix. The provision matrix is determined by using reference to the credit quality of the assets, the customers ability to pay, historical default rates and credit losses incurred along with reference to forward looking information such as macroeconomic factors and future forecasts. The group has defined a default as a significant deviation to the contractual payment terms and accepted historical payment rates from customers which has impacted on the ability of the customers ability to settle current and future debt. If there have been significant defaults from a specific customer and these have given rise to indications that the customer has a decreased ability to settle the debt when due these expected credit losses are provided for in full and not with reference to the provision matrix. The Group has rebutted the presumption that this occurs once contractual payments extend past 30 days, this is due to the industries in which the Group operates in which it is common practice for payment terms to extend past 30 days.

ECLs for other financial assets carried at amortised cost are determined in accordance with the general approach under IFRS9 and are assessed on an individual basis based on a credit risk assessment of the borrower, this credit risk comprises historical defaults by the borrower, the borrowers ability to repay the debt and security that is in place over the debt. ECLs on other assets are raised once information has been identified that suggests that the borrower may not be able to repay the debt, or existing market conditions indicate ECLs are required. Management uses both current and forward looking information in assessing these ECL's, future forecasts, the borrowers ability to meet these forecasts and macroeconomic information are taken into account in assessing this information. In assessing these forecasts management assess entity specific inputs including among others forecasted sales pipelines where available; the costs of service delivery; the cost of administrative functions and resource requirements. Management further assess the growth rates and discounts rates applied to forecasts; the market incline/decline rates anticipated in the market; unemployment rates and overall GDP forecasts. Other financial assets reported at year end are generally considered to have a low credit risk (fully performing) due to the risk assessment performed on the borrower, this risk is assessed at each reporting date and is not considered to have increased significantly in the current period as significant repayments from other financial assets have been received during the current period, previous periods, and is anticipated to continue for forecast periods. Defaults on these instruments occur once the borrower is unable to meet the contractual obligations in cases where there are set repayment terms and when there is no repayment on assets which have no specific repayment terms. Assets are only written off once the Group has exhausted all possible means of collection including exercising security where available.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. On derecognition of a financial asset, any difference between the carrying amount extinguished and the consideration paid is recognised in profit or loss.

Financial liabilities

Financial liabilities comprise trade and other payables (excluding indirect taxation payable; contract liabilities and other payroll related accruals), other financial liabilities, deferred vendor liabilities and bank overdrafts.

Recognition

Financial liabilities are recognised in the group's statement of financial position when the group becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as non-current if the group has an unconditional right to defer payment for more than 12 months from the reporting date otherwise they are classified as current.

Accounting Policies

Summary of significant accounting policies continued...

Classification

All financial liabilities are classified at amortised cost except for deferred vendor payments (contingent purchase consideration payable) that are measured at fair value through profit and loss.

Subsequent Measurement

Subsequent to initial recognition, financial liabilities are measured as described below:

- FVTPL – These financial liabilities are subsequently measured at fair value and changes therein are recognised in profit or loss. The deferred vendor payment is measured with direct reference to the performance conditions stipulated in the purchase agreements and the likelihood of achieving these targets.
- Amortised cost – These financial liabilities are subsequently measured at amortised cost using the effective interest method, less impairment losses. Interest income and impairments are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Derecognition

Financial liabilities are derecognised when the obligations specified in the contracts are discharged, cancelled or expire. On derecognition of a financial liability, any difference between the carrying amount extinguished and the consideration paid is recognised in profit or loss.

Contingent considerations

Contingent consideration arising on acquisition or disposal of businesses is classified either as financial asset or a financial liability following from the cash consideration receivable or payable or a variable number of the Company's own equity instruments issued at conclusion of the agreement. Amounts classified as a financial asset or financial liability are subsequently remeasured to fair value, with changes in fair value recognised in profit or loss.

The financial asset or financial liability for amounts due to/receivable from vendors represents the expected purchase consideration receivable/owing in respect of disposal/acquisitions.

The contingent consideration classified as a financial asset is measured with direct reference tot the performance conditions stipulated in the disposal agreements, and the likelihood of the investees achieving these targets over the earn out period. In instances where the performance conditions stipulated in the disposal agreement is not expected to be achieved, the underlying security against the financial asset receivable is used to determine the fair value of the contingent consideration receivable, following from the fact that ownership of the equity will revert back to the Group on termination of the arrangement.

The contingent consideration classified as a financial liability is measured with direct reference to the performance conditions stipulated in the purchase agreements, and the likelihood of the acquiree achieving the targets.

3.8 Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Accounting Policies

Summary of significant accounting policies continued...

3.9 Leases

The Company as a lessee

The group considers whether a contract is, or contains a lease. A lease is defined as ‘a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration’. To apply this definition the group assesses whether the contract meets three key evaluations which are whether:

• the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the group.

• the group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract.

• the group has the right to direct the use of the identified asset throughout the period of use. The group assess whether it has the right to direct ‘how and for what purpose’ the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the group recognises a right-of-use asset and a lease liability on the balance sheet. The right- of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received). The group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The group also assesses the right-of-use asset for impairment when such indicators exist. At the commencement date, the group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the group’s incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been included in other financial liabilities.

3.10 Employee benefits

3.10.1 Defined contribution plans

The company pays fixed contributions into independent entities in relation to several state plans and insurance for individual employees. The company has no legal or constructive obligations to pay contributions in addition to its fixed contributions, which are recognised as an expense in the period that relevant employee services are received.

Accounting Policies

Summary of significant accounting policies continued...

3.10.2 Termination benefits

Termination benefits are recognised as an expense when the company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

3.10.3 Short-term employee benefits

The cost of all short-term employee benefits is recognised during the period in which the employee renders the related service on an undiscounted basis.

Accruals for employee entitlement to annual leave represents the present obligation, which the company has to pay as a result of employees' services, provided to the reporting date. The accruals have been calculated at undiscounted amounts based on current salary rates.

A liability is recognised for the amount expected to be paid under short term bonuses in the company as the company has a present legal constructive obligation to pay the amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

3.10.4 Share-based payment transactions

Equity Settled

The grant date fair value of share-based payment options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the number of share options for which the related service and non-market conditions are met, such that the amount ultimately recognised as an expense is based on the number of options that meet the related service and non-market performance conditions at the vesting date.

In the event of expiry of vested share options, the applicable amount held in the non-distributable reserve is transferred to retained earnings.

Cash Settled

The group has donated shares to the purchasers of subsidiaries, these donated shares are measured at fair value with reference to the purchase consideration received. These are expensed over the period to which the group has become obligated to donate these shares.

3.11 Income tax

Income tax for the year includes current tax and deferred tax. Current tax and deferred tax are recognised in profit or loss, except to the extent that the tax arises from a transaction or event which is recognised directly in equity in which case current tax and deferred tax are also recognised directly equity.

Current tax liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the statement of financial position date. Current tax is the amount of income taxes payable or recoverable in respect of the taxable profit or loss for a year, and any adjustments in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively. Temporary differences are the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses.

Accounting Policies

Summary of significant accounting policies continued...

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

At each statement of financial position date, the company reviews and assesses the recognised and unrecognised deferred tax assets and the future taxable profit to determine whether any recognised deferred tax assets should be derecognised and any unrecognised deferred tax assets should be recognised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the statement of financial position date. Deferred tax assets and liabilities are not discounted.

Dividends withholding taxes that arise from the distribution of dividends are recognised when the distributions are made to shareholders that do not qualify for exemption in terms of the Income Tax Act.

3.12 Revenue recognition

3.12.1 Revenue contracts with customers

Revenue is measured at the fair value of the consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer and excludes amounts collected on behalf of third parties. The group recognises revenue when it transfers control over a product or services to a customer. The following indicators are used by the Group in determining when control has passed to the customer:

- the group has the right to payment for the product or service;
- the customer has legal title to the product;
- the group has transferred physical possession of the product to the customer;
- the customer has the significant risks and rewards of ownership of the product; and
- the customer has accepted the product.

The transaction price is allocated to specific performance obligations within the contract, these prices are specifically linked and disclosed in accordance to the performance obligations. Hence there is no need for management to make any assumptions as it relates to allocating the transaction price to the various performance obligations. The transaction prices charged in each contract, for each performance obligation, is its stand alone selling price, therefore the price is not required to be allocated based on stand alone selling prices.

Nature of significant revenue streams

The Group’s revenue streams consists of the major products and services lines set out below, which includes a description of the principle activities from which the Group generates its revenue, significant judgements applied in assessing the timing of measurement of performance obligation and the transaction price allocated to performance obligations.

Major product lines over time

Products and services	Nature, timing of satisfaction of performance obligations and significant payment terms

Accounting Policies

Summary of significant accounting policies continued...

Software licence with Support and maintenance	Software licensing programs include on-premises licenses combined with continuous Software Support and Maintenance. Software licence with support and maintenance conveys rights to use of the licenced software and upgrades released over the contract period and provides support, tools, and training to help customers deploy and use products more efficiently. Revenue allocated to software licence as a service with support and maintenance offered as a service over time, is generally recognised over the contract period as customers simultaneously consume and receive benefits from control over the software licence together with periodic support and maintenance services. Refer to note 4.7 where the judgements applied in determining performance obligations is disclosed.

Major product lines at a point in time

Products and services	**Nature, timing of satisfaction of performance obligations and significant payment terms**
Installation and implementation services	Revenue from installation and implementation services is recognised once the installation and implementation is complete, and the customer can make use of the product.
Consulting	Revenue related to consulting services comprises mostly specialised resources based on consumption. Revenue from consulting services is recognised as services are provided.
Support and maintenance	Revenue related to support and maintenance services comprises mostly support services or maintenance required on existing software. Revenue from support and maintenance services is recognised as ad-hoc services are provided and the necessary repairs, maintenance or equivalent services has been completed to the customer's satisfaction.
Physical goods	Revenue from physical goods is recognised at the point in time when the customer takes control of the goods.

Contract Assets

Timing of revenue recognition may differ from the timing of invoicing to customers. We record a contract asset when revenue is recognised prior to invoicing. Contract assets raised are expected to be realised within 12 months as there is no significant difference as to when the performance obligations are delivered and when the assets become contractually due.

Contract Liabilities

Timing of revenue recognition may differ from the timing of invoicing to customers. We record a contract liability where the consideration relating to the revenue has been received prior to the performance obligation having been met. Contract liabilities are expected to be utilised within 12 months. Generally, the Group receives short-term advances from its customers and in certain cases there are delayed payment terms of generally 30 days. Using the practical expedient in IFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

Accounting Policies

Summary of significant accounting policies continued...

3.13 Finance income and finance costs

Finance income comprises interest income on funds invested and the unwinding of the financial assets carried at fair value. All finance incomes are recognised in profit or loss using the effective interest method.

Finance expenses comprise interest expense on borrowings. All borrowing costs are recognised in profit or loss using the effective interest method, other than borrowing costs directly attributable to asset being developed, which is accounted for as part of the asset.

3.14 Foreign currency translation

Functional and presentation currency

Items included in the annual consolidated financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The annual consolidated financial statements are presented in ZAR (R), which is the group's presentation currency.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to ZAR (South African Rand) at exchange rates at the reporting date. The income and expenses of foreign operations are translated to ZAR (South African Rand) at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportion of the translation difference is allocated to non-controlling interests. When a foreign operation is disposed of, such that control, significant influence or joint control is lost, the cumulative amount in the foreign currency translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant portion of the cumulative amount is reattributed to non-controlling interests.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit and loss. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of profit and loss within 'finance income or costs'. All other foreign exchange gains and losses are presented in the statement of profit and loss within 'Other (losses)/gains – net'.

3.15 Earnings per share

The group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprises share options granted to employees.

The group calculates headline earnings per share (HEPS) data for its ordinary shares. Headline earnings are determined by excluding certain items from profit or loss attributable to ordinary shareholders through making use of the table and requirements contained in Circular 01/2023 issued by the South African Institute of Chartered Accountants.

Accounting Policies

Summary of significant accounting policies continued...

3.16 Segment reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues, the operating results of which components are regularly reviewed by the group's chief operating decision makers to make decisions about resources to be allocated and to assess its performance, and for which financial information is available.

The group's identification of its segments and the measurement of segment results are based on the group's internal reporting to management as used for day to day decision making and as reviewed by the chief operating decision maker, which in the group's case is the executive committee. The segments have been identified according to the nature of their respective products and services.

4. Critical accounting judgements, key sources of estimation uncertainty and fair value determination

The group's management makes assumptions, estimates and judgements in the process of applying the group's accounting policies that affect the assets, liabilities, income and expenses in the annual consolidated financial statements prepared in accordance with IFRS. The assumptions, estimates and judgements are based on historical experience and other factors that are believed to be reasonable under the circumstances. While the management reviews their judgements, estimates and assumptions continuously, the actual results will seldom equal to the estimates.

The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision policy affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4.1 Residual values and useful lives of tangible and intangible assets

The useful lives and residual values of items of property, plant and equipment and intangible assets are estimated annually. The actual lives and residual values may vary depending on a variety of factors such as the nature of item, the condition as result of current usage and the expected physical wear and tear of each item and technical relevance of property, plant and equipment and intangible assets. The useful lives are based on managements best estimate of the period over which the asset could be used, which is based on past experience of similar assets in similar conditions, information in the market about similar products in similar condition, servicing similar industries, and other related factors directly influencing the period over which the asset can be utilised. Residual value of tangible assets are based on actual historic sales proceeds for similar assets in similar conditions and the blue book values for motor vehicles. Residual value of Intangible assets is placed at nil due to the unique nature of the products internally developed.

4.2 Estimated impairment of goodwill and intangible assets with indefinite useful lives.

The group tests annually whether goodwil and intangible assets with indefinite lives have suffered any impairment. The recoverable amounts of certain cash-generating units have been determined based on value-in use calculation. These calculations require the use of estimates. These key assumptions include the forecast growth rates, which are largely dependent on securing existing and additional revenue, forecast discount rates, which are based on the weighted cost of capital and debt, and inflationary impact. Refer note 7 for detail surrounding the estimations utilised in these calculations.

The company assesses on an annual basis whether the classification of indefinite life intangible assets is appropriate.

Accounting Policies

Critical accounting judgements, key sources of estimation uncertainty and fair value determination continued...

4.3 Measurement of the recoverable amount of trade receivables

Management has made estimates on the recoverable amount of the group's trade receivables around the ability of the customer to settle outstanding debts when it becomes due and estimations on future default rates translated into expected credit losses. Past payment history, financial wellness and historical write offs are considered part of the estimation uncertainty associated with the measurement of the recoverable amount of trade and other receivables. Refer to note 11 and note 35.1.

4.4 Share-based payment transactions

The fair value of employee share options is measured using the Black-Scholes formula. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility, weighted average expected life of the instrument, expected dividends and the risk free rate. Refer to note 14.

4.5 Deferred tax assets

Deferred tax assets have been raised at year end on income tax losses and temporary differences in certain subsidiaries based on current profit forecasts. The Group analysed its deferred tax assets in respect of assessed losses and expect to realise the deferred tax assets in the ordinary course of business.

4.6 Percentage of completion

Management estimates the costs to complete projects at each reporting period and calculates the percentage of completion based on the costs incurred at that date as a percentage of the total costs to be incurred. The percentage of completion is applied to the expected revenue of the project to measure the revenue to be recognised at the end of each reporting period.

4.7 Revenue contracts with customers

Our contracts with customers often include promises to transfer multiple products and services to a customer, for instance goods, software and support and maintenance. Determining whether products and services are considered distinct performance obligations that should be accounted for separately versus together may require significant judgement. When a software based service includes both on- premises software licenses and services, support and upgrades management assess whether the support and upgrades provided are critical to the functionality of the software in determining whether there are multiple or a single performance obligation. Where an integrated product offering is sold management assess the allocation of the transaction price with reference to the stand alone selling prices of the individual performance obligations.

4.8 Control

The control principle in IFRS 10 sets out the following three elements of control: power over the investee; exposure, or rights, to variable returns from involvement with the investee; and the ability to use power over the investee to affect the amount of those returns. Management assess ownership levels, board control and shareholder agreements in determining whether control exists or not.

Accounting Policies

Critical accounting judgements, key sources of estimation uncertainty and fair value determination continued...

4.9 Measurement and recoverability of other financial assets subject to earn out

Other financial assets measured at fair value through profit and loss includes amounts that are subject to certain earn out targets, and are thus considered to be contingent in nature. Management determines the fair value of these financial assets based on the probability of the earn-out targets being achieved over the earn out period, which is based on forecast profits and earnings before interest and tax targets.

Should the earn-out targets not be achieved, the respective disposals of the Water Group and Software Group would unwind, and the ownership and controlling stake in the investees would be returned to the Group.

In instances where the earn-out targets are anticipated not to be achieved, the fair value of the consideration receivable is updated to reflect the fair value of the proportionate share of the investees equity which serves as security against the outstanding receivable.

As at 31 March 2023, following from economic difficulty experienced during the current financial period and continued supply chain problems, the Water Group does not expect its earn-out target for the year ending 30 September 2023 will be achieved, resulting in the fair value adjustment related to the financial asset receivable.

As at 31 March 2023, notwithstanding the anticipation that the Software Group will achieve its respective earn out for the year ending 30 September 2023, the company has remeasured the fair value of the financial asset receivable to equal the proportionate share of the investees equity as the purchaser has thus far not been unable to demonstrate its ability to raise the consideration payable, should the transaction be concluded successfully. Refer to note 34 where these estimates for this level 3 instrument have been disclosed.

4.10 Measurement of investments in associates

Associates recognised as a result of the disposal of the majority of the interest in a subsidiary are measured at the fair value of the retained investment on recognition date, this fair value is determined with reference to the consideration received for the disposal of the majority interest on conclusion of the disposal transaction.

Subsequent thereto, the investment in associate is measured at cost, less accumulated equity accounted accumulated profits or losses from associates and accumulated impairments.

The group determined annually whether indicators of impairment exists, at which point a impairment assessment is performed, should indicators be identified. The investment in associated is impaired to the recoverable amount, which is the higher of the fiar value less cost to sell or the value in use. The recoverable amounts of certain cash-generating units have been determined based on value in use calculation. These calculations require the use of estimates. These key assumptions include the forecast growth rates, which are largely dependent on securing existing and additional revenue, forecast discount rates, which are based on the weighted cost of capital and debt, and inflationary impact. Refer note 8 for detail surrounding the estimations utilised in these calculations

5. New standards and interpretations

The group has chosen not to early adopt the following standards and interpretations, and will do so in future financial periods.

The amendments as set out below have been assessed are considered not to have a material impact on the financial statements:

Accounting Policies

New standards and interpretations continued...

Standards	Details of amendment	Annual periods beginning on or after
IFRS 10 Consolidated Financial Statements	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28): Narrow scope amendment address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture.	The effective date of this amendment has been deferred indefinitely until further notice
IFRS 16 Leases	Lease Liability in a Sale and Leaseback: The narrow scope amendment requires a seller-lessee in a sale and leaseback transaction to determine 'lease payments' or 'revised lease payments' in a way that the seller-lessee would not recognise any amount of a gain or loss relating to the right of use retained by the seller-lessee. The new requirement does not prevent the seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease.	1 January 2024
IAS 1 Presentation of Financial Statements	Disclosure of Accounting Policies: The amendments require companies to disclose their material accounting policy information rather than their significant accounting policies, with additional guidance added to the Standard to explain how an entity can identify material accounting policy information with examples of when accounting policy information is likely to be material.	1 January 2023
	Classification of Liabilities as Current or Non-current: Narrow-scope amendments to IAS 1 to clarify how to classify debt and other liabilities as current or non-current.	1 January 2024
	Non-current liabilities with Covenants: The amendment clarifies that only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current, with additional guidance to explain how an entity should disclose information in the notes to understand the risk that non-current liabilities with covenants could become repayable within twelve months.	1 January 2024

Accounting Policies

New standards and interpretations continued...

IAS 7 Statement of Cash Flows	Supplier Finance Arrangements: The amendment supplements existing disclosure requirements by requiring a company to disclose specific information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the company's liabilities and cash flows and on the company's exposure to liquidity risk.	1 January 2024
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors	Definition of Accounting Estimates: The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, by replacing the definition of a change in accounting estimates with a new definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The requirements for recognising the effect of change in accounting prospectively remain unchanged.	1 January 2023
IAS 12 Income Taxes	Deferred Tax related to Assets and Liabilities arising from a Single Transaction: The amendment clarifies how a company accounts for income tax, including deferred tax, which represents tax payable or recoverable in the future. In specified circumstances, companies are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations, by clarifying when the exemption from recognising deferred tax would apply to the initial recognition of such items. International Tax Reform—Pillar Two Model Rules: The amendment introduces a temporary exception to the accounting for deferred taxes arising from jurisdictions implementing the global tax "Pillar Two model" rules, as well as targeted disclosure requirements to help investors better understand a company's exposure to income taxes arising from the reform, particularly before legislation implementing the rules is in effect.	1 January 2023

Figures in R'000 2023 2022

6. Property, plant and equipment

	2023			2022		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Owned assets						
Plant and equipment	21	(20)	1	21	(17)	4
Motor vehicles	181	(150)	31	181	(150)	31
Furniture and fittings	7,216	(6,782)	434	7,209	(6,466)	743
Office equipment	59	(51)	8	59	(47)	12
IT equipment	2,798	(2,618)	180	2,755	(2,549)	206
Capitalised leased assets						
Right of use assets - Leased property	5,531	(4,637)	894	5,531	(3,378)	2,153
	15,806	(14,258)	1,548	15,756	(12,607)	3,149

The carrying amounts of property, plant and equipment can be reconciled as follows:

2023	Carrying value at beginning of year	Additions	Disposals	Disposal of subsidiaries	Depreciation	Carrying value at end of year
Owned assets						
Plant and equipment	4	-	-	-	(3)	1
Motor vehicles	31	-	-	-	-	31
Furniture and fittings	743	7	-	-	(316)	434
Office equipment	12	-	-	-	(4)	8
IT equipment	206	122	(24)	-	(124)	180
Capitalised leased assets						-
Right of use assets - Leased property	2,153	-	-	-	(1,259)	894
	3,149	129	(24)	-	(1,706)	1,548

Figures in R'000

Property, plant and equipment continued...

2022	Carrying value at beginning of year	Additions	Disposals	Disposal of subsidiaries	Depreciation	Carrying value at end of year
Owned assets						
Plant and equipment	7	-	-	-	(3)	4
Motor vehicles	31	-	-	-	-	31
Furniture and fittings	1,051	38	-	(4)	(342)	743
Office equipment	17	-	-	-	(5)	12
IT equipment	258	119	-	(16)	(155)	206
Capitalised leased assets	-					-
Leasehold improvements	-	-	-	-	-	-
Right of use assets - Leased property	3,412	-	-	-	(1,259)	2,153
	4,776	157	-	(20)	(1,764)	3,149
Note				33		

Lease liabilities associated with Right of use assets are reflected in note 16.

7. Investment property

	2023			2022		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Investment properties - Cost	34,299	(399)	33,900	-	-	-
	34,299	(399)	33,900	-	-	-

2023	Carrying value at beginning of year	Additions	Disposals	Disposal of subsidiaries	Depreciation	Carrying value at end of year
Investment properties - Cost	-	34,299	-	-	(399)	33,900

The investment property was purchased by the Group during the period and has been held to let out to the Water Group. The property is located in New Germany, KZN and has not been pledged as security for any debt.

Given that the property has just been purchased, management has determined that the cost and fair value do not materialy differ.

Figures in R'000

8. Intangible assets

	2023			2022		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Defined life intangible assets						
Computer software, internally generated	36,446	(7,905)	28,541	32,597	(5,973)	26,624
Computer software, externally purchased	4,834	(3,714)	1,120	4,834	(3,235)	1,599
	41,280	(11,619)	29,661	37,431	(9,208)	28,223
Indefinite life intangible assets						
Goodwill	8,482	-	8,482	8,482	-	8,482
	8,482	-	8,482	8,482	-	8,482
	49,762	(11,619)	38,143	45,913	(9,208)	36,705

Notes to the Annual Financial Statements

Figures in R'000	2023	2022

Intangible assets continued...

The carrying amounts of intangible assets can be reconciled as follows:

2023	Carrying value at beginning of year	Additions	Additions through business combinations	Transfers	Disposals of subsidiaries	Amortisation and Impairments	Carrying value at end of year
Defined life intangible assets							
Computer software, internally generated	26,624	3,849	-	-	-	(1,932)	28,541
Computer software, externally purchased	1,599	-	-	-	-	(479)	1,120
	28,223	3,849	-	-	-	(2,411)	29,661
Indefinite life intangible assets							
Goodwill	8,482	-		-		-	8,482
	8,482	-	-	-	-	-	8,482
	36,705	3,849	-	-	-	(2,411)	38,143
Note			35				

Computer software, internally generated	24,003	4,327	-	-	-	(1,706)	26,624
Computer software, externally purchased	2,079	-	-	-	-	(480)	1,599
	26,082	4,327	-	-	-	(2,186)	28,223
Indefinite life intangible assets							
Goodwill	8,482	-	-	-	-	-	8,482
	34,564	4,327	-	-	-	(2,186)	36,705
Note					33		

Goodwill and indefinite life intangible assets are allocated to the following groups of cash-generating units:

	Goodwill		Intangible assets	
	2023	**2022**	**2023**	**2022**
Software solutions	8,482	8,482	-	-
	8,482	8,482	-	-

Notes to the Annual Financial Statements

Figures in R'000	2023	2022

Intangible assets continued...

Impairment testing based on value-in use

Value-in use calculations use pre-tax cash flow projections based on financial forecasts, approved by management, and cover a five year period. The estimated growth rates applied are in line with that of the industry in which the cash-generating unit operates and are materially similar to assumptions of external market sources. The cash-generating units' recoverable amount is most sensitive to the growth and discount rate assumptions applied. Assumptions were based on management's past experience and best estimates regarding forecasts. Management determined forecasted gross margin based on past performance and its expectations of market developments. The discount rates used are pre-tax and reflect the appropriate risk associated with the industry and respective businesses.

A summary of the key assumptions used for the value-in use calculations are as follows:

	Growth rate for 5 year period	Growth rate into perpetuity	Discount rate
2023	%	%	%
Software solutions	6%	5	19.01
2022			
Software solutions	7%	4	18.53

The impairment calculations were tested for sensitivity to significant changes in the key assumptions used. The basis for the sensitivity analysis was a reduction of up to 10% in the forecasted free cash flow used in the value-in use calculation and limiting of the growth rates to the lower levels used in the value-in-use calculations and a 5% increase in the discount rate used. The sensitivity analysis did not result in any impairment triggers being identified, therefore sensitivity disclosure was not made as the above reasonable changes in the key assumptions on which management has based its determination of the CGU's recoverable amount, would not cause the CGUs carrying amount to exceed its recoverable amount.

Notes to the Annual Financial Statements

Figures in R'000	2023	2022

9. Investments in associates

Carrying value of investment in associate	168,349	162,093

Balance at the beginning of the year	162,093	534,979
Share of profit/(loss) in investments accounted for using the equity method	1,218	(2,683)
Disposal of investment in associate	-	(4,534)
Donation of shares in associate as part of BBBEE transactions	-	-
(Reversal)/Impairment of associates	5,038	(365,669)
	168,349	162,093

Inzalo Enterprise Managment Systems (Pty) Ltd	69,098	65,045
R-data (Pty) Ltd	48,311	31,621
Micromega Accounting and Professional Services (Pty) Ltd	1,233	1,557
Inzalo Utility Systems (Pty) Ltd	49,669	63,832
Other	38	38
	168,349	162,093

2022

Impairment of Associates

In the 2020 financial year the majority of the group's interests in Sebata Municipal Solutions, MAPS, Rdata, Amanzi Meters and Inzalo Utility Systems were disposed of to Inzalo Capital Holdings ("Inzalo") (refer to note 33 for more detail on the terms of the transactions). Each of the transactions contained stipulated performance conditions that would result in the conclusion of the transactions. As at 31 March 2022, after taking into consideration the historic extensions granted on the of transaction, the Board has determined that the probability of bringing finality to these transactions within the contract period remains a risk. In reaching this conclusion the Board gave consideration to the progress Inzalo, as acquirors of the businesses, have made in respect of capital raising given the time parameters set in the agreements concluded between the parties.

It is in this regard that the Board has made the decision to be prudent, and that the assets need to be written down to their representative value in use. The values determined approximate a small premium to the net asset values of the underlying companies.

Importantly, the Board wishes to make stakeholders aware that the full value of the transactions with Inzalo are still contractually binding and whilst the Board has adopted prudency in the results of the company, they are desirous of Inzalo indeed concluding on them.

Inzalo Enterprise Managment Systems Proprietary Limited (EMS)

During 2020, the Group disposed of 55% and donated 2.5% of its interest in EMS. This resulted in a loss of control of the subsidiary and the remaining investment being accounted for as an associate. During the 2021 financial year the Group donated a further 2.5% of its interest in EMS to Inzalo Capital Holdings. EMS' shares are not publicly traded.

Total non-current assets	315,806	326,082
Total current assets	60,060	53,894
Total non-current liabilities	(70,246)	(64,474)
Total current liabilities	(154,645)	(166,449)
Net assets	150,975	149,053

Notes to the Annual Financial Statements

Figures in R'000	2023	2022

Investments in associates continued...

Revenue	152,635	134,427
Profit/(Loss) for the year	14,507	5,619

EMS is a leading provider of enterprise management systems, integrated technology solutions and multi-disciplinary professional services, focusing on servicing municipalities and the provincial governments. EMS' flagship product, SebataEMS was developed specifically to meet the requirements set out by National Treasury through its municipal standard chart of accounts (mSCOA) financial reporting framework and provides for full integration across the various required modules. Through its team of innovative and solutions-driven professionals, who are all specialists in their respective fields, EMS' services extend to numerous local government institutions and public utilities.

EMS' principal place of business is Southdowns Office Park, Block B, c/o John Vorster Drive and Karee Street, Centurion, 0157.

Micromega Accounting and Professional Services Proprietary Limited (MAPS)

In the 2020 financial year, the Group disposed of 55% and donated 2.5% of its interest in MAPS. This resulted in a loss of control of the subsidiary and the remaining investment being accounted for as an associate. During the 2021 financial year the Group donated a further 2.5% of its interest in MAPS to Inzalo Capital Holdings. MAPS' shares are not publicly traded.

Total non-current assets	13,780	10,841
Total current assets	706	701
Total non-current liabilities	-	-
Total current liabilities	(5,826)	(13,069)
Net assets	8,660	(1,527)

Revenue	485	2,399
Loss for the year	(809)	(5,465)

MAPS is an accredited training office, focusing on the upskilling and education of prospective accounting students as they complete their studies. MAPS, through its relationship with Sebata Municipal Solutions, facilitates the provision of key experiences to its candidates through secondments to municipalities as trainee accountants. MAPS holds accreditations from the South African Institute of Professional Accountants (SAIPA), the Chartered Institute of Management Accountants (CIMA) and the South African Institute of Chartered Accountants (SAICA) with a level 1 SAICA status. MAPS is one of few companies that holds accreditations with all three of these accounting bodies.

MAPS principal place of business is 83 Henry Street, Bloemfontein, 9301.

R-data Proprietary Limited

In the 2020 financial year, the Group disposed of 55% and donated 2.5% of its interest in R-data. This resulted in a loss of control of the subsidiary and the remaining investment being accounted for as an associate. During the 2021 financial year the Group donated a further 2.5% of its interest in R-data to Inzalo Capital Holdings. Rdata's shares are not publicly traded.

Total non-current assets	30,087	27,511
Total current assets	43,957	34,228
Total non-current liabilities	(4,527)	(4,301)
Total current liabilities	(21,070)	(13,711)
Net assets	48,447	43,727

Notes to the Annual Financial Statements

Figures in R'000	2023	2022

Investments in associates continued...

Revenue	46,138	40,667
Profit for the year	4,719	6,442

R-Data specialises in providing public sector accounting system solutions throughout Southern Africa mainly through the development and subsequent enhancement of the PROMUN accounting system. This system-based solution is supplemented by system implementation, system training, system development and database design, carried out by R-Data's highly-skilled technical and support personnel. R-Data's consistent and market leading delivery on these support functions, along with the robust and comprehensive nature of the development of the PROMUN system, has ensured long-term and valued relationships with its clients.

R-data's principal place of business is M5 Business Park, Block B, Unit 22, Eastman Road, Ndabeni, Cape Town, 7405.

Inzalo Utility-Systems Proprietary Limited

In the 2020 finacial year, the Group disposed of 55% and donated 2.5% of its interest in Inzalo Utility-Systems. This resulted in a loss of control of the subsidiary and the remaining investment being accounted for as an associate. During the 2021 financial year the Group donated a further 2.5% of its interest in Inzalo Utility-Systems to Inzalo Capital Holdings. The shares of Inzalo Utility Systems are not publicly traded.

Total non-current assets	125,571	125,549
Total current assets	46,667	48,821
Total non-current liabilities	(41,538)	(41,204)
Total current liabilities	(41,939)	(28,517)
Net assets	88,761	104,649

Revenue	116,565	144,175
Profit for the year	(15,888)	(13,746)

Inzalo Utility Systems is the premier supplier of electronic water control and Standard Transfer Specification (STS) Association approved prepayment devices. They cater for a wide range of tailor-made metering solutions for water service providers and their customers through the application of next generation smart water management devices with a strong footprint in both the prepaid and bulk water metering market in South Africa. Inzalo Utility Systems provides various products and services that enable flow limitation, prepaid, postpaid billing and credit and revenue management.

Inzalo Utiity-System's principal place of business is 17/19 Valley View Road. Falcon Industrial Park, New Germany, 3610.

Notes to the Annual Financial Statements

Figures in R'000	2023	2022

10. Other financial assets

Non-interest bearing		
Inzalo Enterprise Management Systems (Pty) Ltd	66,533	93,617
Other	2,042	3,905
	68,575	97,522
Interest bearing		
Micromega Holdings Ltd (United Kingdom)	-	32,389
Inzalo UMS (Pty) Ltd	5,617	2,690
R-data (Pty) Ltd	-	-
Inzalo Capital Holdings (Pty) Ltd	229,753	230,661
	235,370	265,740
Credit loss allowance (Note 35)	-	-
	235,370	265,740
Current	303,945	132,601
Non-current	-	230,661
	303,945	363,262
Financial assets carried at amortised cost	74,192	132,601
Financial assets carried at fair value through profit and loss	229,753	230,661
	303,945	363,262

The carrying amounts of other financial assets are mainly denominated in South African Rand with amounts denominated in other currencies not deemed to give rise to a material forex risk. 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.

Exposure to credit risk

All of the groups other financial assets carried at amortised cost, are considered to have low credit risk. The risk is determined with reference to the counter parties ability to repay the funds, their past defaults and forward looking information including forecasts and macro-economic factors impacting the forecasts. The credit loss allowance recognised during the current and prior period was therefore limited to 12 monts ECL.

ECLs on other financial assets are provided once indicators that placed doubt on the borrowers ability to repay the funds have come to light, coupled with changes in the current and expected future credit risk of the counterparty taking into consideration forward looking information. No credit loss allowance has been recognised for the other financial assets carried at amortised cost as these are fully performing, show no indications of default historically, and no forward looking information or indicators have been identified which are indicative of forecast credit losses.

The other financial assets carried at fair value through profit or loss are not subject to credit loss assessment.

Notes to the Annual Financial Statements

Figures in R'000	2023	2022

Other financial assets continued...

Micromega Holdings Proprietary Limited UK ("MMG UK")

The loan arose as part of the Group's investment into the United Kingdom and is disclosed as a result of the disposal of MMG UK. The loan is unsecured and bears interest at prime. The loan and sale agreements limit any distributions to the new shareholders of MMG UK until such a time that the loan has been repaid. The loan has been repaid in the 2023 financial year, which was subsequently utilised to purchase property for the Group.

Inzalo Enterprise Management Systems and Inzalo Utility Management Services

The loans arose during the periods in which each of these businesses were controlled and subsequntly disposed of. While each of the transactions remains contingent on the achievement of performance targets, the loans would not be transferred. Each of these are indirectly secured as the shares that were disposed to Inzalo Capital Holdings are held as security against the contingent performance warranties, the loans are also repayable in the ordinary course of business. The loan to Inzalo Enterprise Management Systems is interest free while the loan to Inzalo UMS accrues interest at prime. Management has assessed the restructuring of the respective entities cost bases, the robust sales pipeline that has been built, forecasted growth rates, macro-economic growth rates of the countries in which these entities operate and the significant influence management continues to maintain over the investee and has concluded there is has been no significant change in the credit risk assessment of the outstanding amount receivable, thus there is no requirement to recognise a credit loss allowance as at year end. Furthermore, management has taken into account repayments against these loan accounts both during the financial year and post year end in assessing the counterparty’s ability to repay these loans. There has been no default by the counterparty historically. Further there has been no change in the quality of the collateral held. The maximum exposure to the credit risk is limited to the carrying value of the loans. The value of the collateral held exceeds the value of the loans and indicates that the loans are not credit impaired.

Inzalo Capital Holdings Proprietary Ltd

The financial assets are the result of contingent consideration due from the disposal of interest in Inzalo Enterprise Management Systems (Pty) Ltd, R-data (Pty) Ltd, MICROmega Accounting and Professional Services (Pty) Ltd, Inzalo Utility-Systems (Pty) Ltd, Amanzi Meters (Pty) Ltd and Inzalo UMS (Pty) Ltd in the 2020 financial year and are measured at fair value through profit and loss based on the probability-weighted average cash flows as determined in accordance with per IFRS 13.B26-B28. The loan unwinds at an interest equal to prime and becomes repayable on the achievement of the performance conditions stipulated in the sale agreements. In the event that the performance conditions are not achieved the shares will be returned to the Group and the transaction terminated. The entities disposed of will then again become wholly owned subsidiaries and will be consolidated. Refer to note 34 for fair value disclosures.

At 31 March 2022, after taking into consideration the historic extensions granted on the of transaction, the Board had determined that the probability of bringing finality to these transactions within the contract period remains a risk. In reaching this conclusion the Board gave consideration to the progress Inzalo, as acquirors of the businesses, have made in respect of capital raising given the time parameters set in the agreements concluded between the parties. It is in this regard that the Board has made the decision to be prudent, and that the assets needed to be written down to their representative fair values. The values determined approximate a small premium to the net asset values during the 2022 financial period of the underlying companies.

As at 31 March 2023, the Board has taken the same circumstances into consideration along with changes in the prevailing market conditions and has determined there has been no material change to the fair value of the other financial assets representing the contingent consideration receivable measured at fair value through profit or loss.

Importantly, the Board wishes to make stakeholders aware that the full value of the transactions with Inzalo are still contractually binding and whilst the Board has adopted prudency in the reporting of the Groups results, they are, they are desirous of Inzalo indeed concluding on them.

Notes to the Annual Financial Statements

Figures in R'000	2023	2022

Other financial assets continued...

Other financial assets carried at amortised cost are disclosed net of any expected credit losses. Refer to note 35.

11. Inventories

	2023	2022
Finished goods	1,224	1,519

No inventories are pledged as security.

	2023	2022
The amount of inventories recognised as an expense during the year:		
Carrying amount of inventories sold	2,368	1,720

Inventories are shown net of write downs.

12. Trade and other receivables

	2023	2022
Trade debtors	8,470	7,192
Prepaid expenses and deposits	1,805	422
Other	446	2,370
	10,721	9,984
Allowance for credit losses (Refer note 35)	(9)	(9)
	10,712	9,975
Items included in trade and other receivables not classified as financial instruments		
Prepaid expenses and deposits	1,806	422
	1,806	422
Trade and other receivables net of non-financial instruments (refer note 35)	**8,906**	**9,553**

The average credit period is less than 60 days with no interest charged on late payment. The credit quality of trade and other receivables can be assessed by reference to external credit ratings, or historical information, which indicates the credit quality as high as there have been no impairments on these receivables historically. Refer to note 36 for further detail on credit risk and expected credit loss allowances.

The carrying amount of trade and other receivables approximates their fair value due to the short term nature thereof.

Trade and other receivables pledged as security

Trade and other receivables were not pledged as security in 2023.

Currencies

The carrying amounts of trade and other receivables are mainly denominated in South African Rand with amounts denominated in other currencies not deemed to give rise to a material forex risk.

Notes to the Annual Financial Statements

Figures in R'000	2023	2022

13. Cash and cash equivalents

Favourable cash balances		
Cash on hand	147	147
Current accounts	4,174	1,035
Call accounts	1	9
Deposit accounts	409	3
	4,731	1,194

Currencies

The carrying amounts of cash and cash equivalents are mainly denominated in South African Rand with amounts denominated in other currencies not deemed to give rise to a material forex risk.

14. Share capital

Authorised		
200 000 000 Ordinary shares of R0.01 each	2,000	2,000
Issued		
113 127 757 (2022:113 127 757) Ordinary shares of R0.01 each	1,131	1,131
Share premium	283,932	283,932
	285,063	285,063

Share reconciliation	Number of shares	
Shares outstanding - beginning of the period	113,127,757	113,127,757
Treasury shares sold during the year	-	-
Shares outstanding - end of the period	113,127,757	113,127,757

The directors are authorised, until the forthcoming annual general meeting, to dispose of the unissued shares for any purpose and upon such terms and conditions as they deem fit, subject to the provision of section 38 and 41 of the Companies Act of South Africa and Johannesburg Stock Exchange requirements.

During the year no treasury shares were sold by the group (2022: nil) to be utilised to settle future vendor payments and vested share options. No treasury shares (2022: nil) were issued to employees during the year for vested and exercised options.

Notes to the Annual Financial Statements

Figures in R'000	2023	2022

15. Other reserves

Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Share-based payment reserve

Sebata Holdings Limited established the Micromega Share Incentive Trust in 2001 together with a detailed share incentive scheme. The purpose of this scheme is to provide employees of the Sebata group with the opportunity to acquire an interest in equity of Sebata Holdings Limited, thereby providing such employees with a further incentive to advance the group's interests, and promoting an identity of interests between such employees and the shareholders of the group.

The scheme is equity settled and in terms of the scheme, share options may not be exercised until after the period, provided that the employee remains in the employment of the Sebata group, calculated from the acceptance date, of:

- more than three years shall have elapsed, in which event not more than one third thereof;
- more than four years shall have elapsed, in which event not more than a further one third thereof, representing two thirds thereof cumulatively; and
- more than five years shall have elapsed, in which event not more than a further one third thereof, representing 100% thereof cumulatively.

The share options lapse if employment terminates before share options have vested.

The share options expire on the expiry of the option period, being eight years from grant date.

Outstanding options

The following options have been granted in terms of the MICROmega Share Incentive Trust to employees and are still outstanding.

	Number of ordinary share options	
Options granted at the beginning of the year	1,426,798	1,588,302
Movement during the year:		
- Options lapsed during the year	(677,160)	(161,504)
	749,638	1,426,798

Comprising:

	Grant Date	Remaining contractual useful life	Number of ordinary share options	
Share options at an exercise price of R 20.00 per share	Jan 2015	0 years	-	677,160
Share options at an exercise price of R 20.00 per share	Aug 2015	0.5 years	87,423	87,423
Share options at an exercise price of R 10.00 per share	Dec 2015	0.5 years	180,000	180,000
Share options at an exercise price of R 20.00 per share	Dec 2016	1 years	82,215	82,215
Share options at an exercise price of R 20.00 per share	Feb 2017	2 years	400,000	400,000
			749,638	1,426,798

Notes to the Annual Financial Statements

Figures in R'000	2023	2022

16. Non-controlling interest

Freshmark Systems Proprietary Limited

Freshmark Systems' principle place of business is South Africa and is owned 55% by the group. The table below is a summary of Freshmark Systems' financial information.

Non-current assets	24,700	22,342
Current assets	11,488	7,265
Non-Current liabilities	6,269	6,813
Current liabilities	4,841	3,355
Accumulated non-controlling interest included in the statement of profit and loss	12,864	12,013

Revenue	25,231	24,042
Profit for the year	4,050	3,922
Profit for the year allocated to non-controlling interest	1,822	1,765
Dividends paid to non-controlling interest	971	1,620

17. Other financial liabilities

Figures in R'000	2023	2022
Non-current liabilities		
Lease liabilities	444	1,054
	444	1,054
Current liabilities		
Lease liabilities	610	1,579
Rdata (Pty) Ltd	351	146
Inzalo Utility-Systems (Pty) Ltd	7,883	-
	8,844	1,725
	9,288	2,779
Interest bearing borrowings	1,054	2,779
Non-interest bearing borrowings	8,234	-
	9,288	2,779

The carrying amounts of cash and cash equivalents are mainly denominated in South African Rand with amounts denominated in other currencies not deemed to give rise to a material forex risk.

The fair value of other financial liabilities have been assessed taking into account their respective interest rates and maturity periods and due to the shorter term to maturity and the variability of the interest rates none of the fair values differ materially from the corresponding carrying values.

Lease liabilities

Lease liabilities presented above relate exclusively to the right of use assets for leased property disclosed in note 6.

At 31 March 2023 the group had not committed to any leases which had not commenced.

The lease liabilities are secured by the related underlying assets and the undiscounted maturity analysis related to these lease liabilities are disclosed in note 35. For interest expense in relation to leasing liabilities, refer to finance cost note 26.

Lease payments not recognised as a liability

The group has elected not to recognise a lease liability for short term leases (leases of expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. The group has not entered into any of these arrangements during the period.

Inzalo Utility-Systems

The loan has arisen during the current financial year and has been used to finance working capital requirements throughout the group including material investees. The loan is unsecured, repayable in the ordinary course of business and does not bare interest.

Figures in R'000	2023	2022

18. Deferred vendor payments

The amount due to vendors represents the balance of the purchase consideration owing in respect of acquisitions. The loans are settled through the issue of shares and cash resources on achievement of profit warranties. Deferred vendor payments are recognised when there is a reasonable expectation that the predetermined profit warranties will be achieved.

Reconciliation of deferred vendor payments:		
Balance at the beginning of the year	7,014	7,014
Balance at the end of the year	7,014	7,014
Current liabilities	7,014	7,014
The deferred vendor payments will be settled as follows:		
Through the issue of shares	-	-
Through the distribution of cash resources	7,014	7,014
	7,014	7,014

The fair value of the deferred vendor payments are calculated in accordance with the contractual terms of the purchase. The deferred vendor payments have not been settled as yet, due to a ongoing dispute with the previous shareholders insofar as it relates to the contingent consideration due and payable.

Notes to the Annual Financial Statements

Figures in R'000	2023	2022

19. Deferred tax assets and liabilities

Reconciliation of deferred tax:		
Balance at beginning of year	(48,578)	(282,610)
Movements consisting of:		
Temporary differences recognised in profit and loss:		
Wear and tear allowances	(283)	(502)
Tax losses	8,639	14,755
Provisions, accruals and other allowances	(312)	592
Change in rate of tax	1,735	-
Financial assets and associates measured at fair value	(892)	219,187
Balance at end of year	(39,691)	(48,578)

The deferred tax asset and liability arises from the following temporary differences:		
Intangible assets	(5,878)	(5,894)
Financial assets	(71,108)	(72,818)
Contract assets	547	581
Provisions	360	684
Lease liabilities	40	132
Tax loss	36,348	28,737
	(39,691)	(48,578)

Deferred tax assets	9,600	858
Deferred tax liabilities	(49,291)	(49,436)
	(39,691)	(48,578)

The directors assessed that the deferred tax assets will be recovered based on profitability forecasts. The estimations that were made in this regard were the accuracy of prior year forecasts and the achievement thereof, macro economic factors in determining growth rates of the business units and current events that impact on future forecasts. Management has stress tested these inputs by decreasing the forecasts by 10% and not indentified any triggers that suggest the deferred tax assets are not recoverable. Additionally the assessed loss will be utilised by the capital gains generated on the recoginition of the sale of the Water and Software groups.

20. Trade and other payables

Trade creditors	6,362	6,635
Accrued expenses	2,183	1,803
Leave pay accrual	615	588
Contract Liabilities (Refer to note 22)	2,037	2,073
Provision for Share repurchase	-	6,584
Payroll accruals	2,191	2,270
Value Added Tax	170	92
Sundry creditors	8,024	6,397
	21,582	26,442

Notes to the Annual Financial Statements

Figures in R'000	2023	2022

Trade and other payables continued...

Items included in trade and other payables not classified as financial instruments

Value Added Tax	170	92
Provision for Share repurchase	-	6,584
Contract Liabilities	2,037	2,073
Leave pay accrual	615	588
Payroll accruals	2,191	2,270
	5,013	11,607
Trade and other payables net of non-financial instruments (refer note 35)	**16,569**	**14,835**

Creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken is less than 60 days. Due to the short term nature of the trade payables, the carrying value represents the fair value of the trade payables.

Employees' entitlement to annual leave is recognised when it accrues to employees. An accrual is made for the estimated liability for annual leave due as a result of services rendered by employees up to reporting period end.

Currencies

The carrying amounts of trade and other payables are mainly denominated in South African Rand with amounts denominated in other currencies not deemed to give rise to a material forex risk.

21. Current tax receivable/(payable)

Current tax in the Statement of Financial Position represents:		
Current year		
Provision for tax for the year	(1,054)	(1,072)
Provisional tax paid	1,006	1,008
Prior years		
Provision for tax relating to previous years	2,745	(50,019)
Final tax refunds during the year relating to previous years	-	(147)
Interest and penalties incurred	-	(36)
Other		
Foreign Currency translation	-	277
Disposal of subsidiaries	-	52,734
	2,697	2,745
Tax receivable	3,672	3,672
Tax payable	(975)	(927)
	2,697	2,745
Total tax payments	1,006	861

22. Commitments and contingencies

Capital commitments

There were no capital expenditure contracted for at the reporting date which have not yet been incurred and recognised in the financial statements.

Contingencies

The matter refered to in previous reports with regards to a material material shareholder that dissented in terms of s164 of the Companies Act on the conclusions Software transaction has been settled in the current period.

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.

Notes to the Annual Financial Statements

Figures in R'000	2023	2022

23. Revenue from contracts with customers

Sale of goods	2,646	2,878
Services rendered	26,006	22,521
	28,652	25,399

Disaggregation of Revenue

Major product lines over a period of time		
Software license with support and maintenance	17,296	13,117
	17,296	13,117
Major product lines at a point in time		
Consulting	1,506	2,480
Support Services	7,204	6,924
Goods	2,646	2,878
	11,356	12,282
Total Revenue from contracts with customers	28,652	25,399

Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried forward contract liabilities. Contract liabilities relate only to performance obligations linked to software licenses with support and maintenance, these performance obligations are expected to recognised as revenue in the next financial year. A number of the groups customers pay upfront for software licenses and the associated services, generally these are paid for in arrears in accordance with the customers approved credit terms.

Opening Balance	2,073	1,803
Movement for the year	(36)	270
Closing Balance	2,037	2,073

At the beginning of the year, R2 million was recognised as a contract liability. The total amount was recognised as revenue during the current year, due to the short term nature of the contracts entered into. The closing balance represents new contracts entered into where the performance obligations have not yet been met at year-end. The contract liability will to be recognised as revenue in the next financial year.

24. Other net income/(expenses)

Loss on foreign exchange	(1,664)	(81)
Profit on sale of property, plant and equipment	128	233
Profit on sale of subsidiaries	-	63,129
Rent received	284	241
Sundry income	20	202
	(1,232)	63,724

Notes to the Annual Financial Statements

Figures in R'000	2023	2022

25. Expenditure by nature

Other expenses		
Employee compensation and benefit expense	28,220	24,944
Motor vehicle expenses	149	91
Repairs and maintenance	47	39
Telephone and fax	365	356
Security	51	46
Insurance	274	188
Computer expense	682	383
Advertising expense	128	106
Audit fees	1,094	1,009
Courier and postage	29	46
Depreciation and amortisation	4,141	3,508
Printing and stationery	40	39
Travel - Local	1,165	1,061
Consulting fees	6,761	8,100
Electricity	280	140
Bank charges	167	175
Legal fees	561	817
Administration and management fee	118	104
Movement in credit loss allowance	2,071	1,198
Cleaning	60	42
Sponsorship, enterprise development and donations	64	46
Entertainment	379	196
Fines and penalties	56	-
Fair value adjustement of financial assets	908	651,680
(Reversal)/Impairment of Investment in associate	(5,038)	365,669
Share based payments	-	70
Other	4,316	2,760
	47,088	1,062,813

26. Finance income

Other receivables	374	678
Related parties	1,103	2,304
Other financial assets	13	38,827
	1,490	41,809

27. Finance costs

Other financial liabilities	819	609
Lease liabilities	166	297
Related parties	-	77
	985	983

Figures in R'000	2023	2022

28. Income tax expense

Current tax		
Current year	1,054	1,072
Deferred taxation		
Current year	(7,153)	(234,031)
Rate adjustment	(1,735)	-
	(7,834)	(232,959)

Reconciliation of rate of taxation	%	%
South African normal taxation rate	27.00	28.00
Adjusted for:		
Income not subject to tax - equity profits from associate	6.40	0.00
Expenses not deductible for tax	(5.10)	(23.70)
Current tax - prior year adjustment	0.00	0.00
Tax rate adjustment	8.00	0.00
Deferred tax due to disposal of businesses (note 34)	0.00	20.43
Capital gains tax due to disposal of businesses (note 34)	0.00	0.07
Net reduction	9.30	(3.20)
Effective rate of taxation	36.30	24.80

Notes to the Annual Financial Statements

Figures in R'000	2023	2022

29. Directors' emoluments

Name	Number of share options available - 2023	Number of share options available - 2022	Salary	Bonuses and performance related payments	Directors fees	Total 2023	Total 2022
IG Morris	-	-	1,709	-	-	1,709	1,345
CA King	100,000	100,000	-	-	-	-	544
P van Eeden	-	39,474	2,150	-	-	2,150	1,800
DA Di Siena	-	-	-	-	165	165	203
PH Duvenhage	-	-	-	-	165	165	210
TW Hamill	-	-	-	-	158	158	188
D Passmore	-	-	-	-	173	173	218
S Nodwele	-	-	-	-	180	180	218
Members of key management	-	-	5,286	-	-	5,286	4,315
	100,000	139,474	9,145	-	840	9,985	9,041

Name	Grant date	Strike Price	Vesting Date	Number of options granted	Opening Balance	Number of options lapsed	Closing Balance
PW van Eeden	Jan-15	10	Jan-20	39,474	39,474	(39,474)	-
C King	Feb-17	10	Feb-22	100,000	100,000	-	100,000
				139,474	139,474	(39,474)	100,000

Notes to the Annual Financial Statements

Figures in R'000	2023	2022

30. Earnings per share

The calculation of loss per ordinary share for continuing operations of 13.78 cents (2022: 646.99 cents) is based on the loss attributable to ordinary shareholders of R15.5 million (2022: R707.5 million) and a weighted average of 113,127,757 (2022: 109,365,553) ordinary shares in issue throughout the year.

The calculation of diluted loss per ordinary share for continuing operations of 13.78 cents (2022: 646.99 cents) is based on the loss attributable to ordinary shareholders of R15.5 million (2022: R707.5 million) and a weighted average of 113,127,757 (2022: 109,365,553) ordinary shares in issue throughout the year.

Reconciliation between weighted average number of ordinary shares and diluted weighted average number of ordinary shares:

	2023	2022
Weighted average ordinary shares	113,127,757	109,365,553
Dilutionary effect of share options in issue	-	-
Weighted average diluted ordinary shares	113,127,757	109,365,553

The weighted average number of shares is the number of shares outstanding at the beginning of the period, adjusted for any additional shares issued during the period, appropriately weighted for the time the shares are outstanding. Furthermore, any treasury shares held by the group are deducted from this amount. Additionally the shares that are subject to possible buy back in 2022 have been deducted.

The calculation of headline loss per share for continuing operations of 14.48 cents (2022: 443.68 cents) is based on loss of R16.3 million (2022: R485.2 million) and a weighted average of 113,127,757 (2022: 109,365,553) ordinary shares in issue throughout the year.

The calculation of diluted headline loss per share from continuing operations of 14.48 cents (2022: 443.68 cents) is based on loss of R16.3 million (2022: R485.2 million) and a weighted average of 113,127,757 (2022: 109,365,553) ordinary shares in issue throughout the year.

Reconciliation between earnings and headline earnings:

	Profit before tax	**Taxation**	**Non-controlling interest**	**Net Profit**	**Net Profit**
	2023	**2023**	**2023**	**2023**	**2022**
Loss attributable to owners of the parent	(21,602)	7,834	(1,822)	(15,590)	(707,583)
Profit on disposal of property, plant and equipment	(128)	36	-	(92)	(168)
Profit on disposal of investments in subsidiaries and associates	-	-	-	-	(61,239)
(Reversal)/Imapirment of investment in associates	(908)	203	-	(705)	283,759
	(22,638)	**8,073**	**(1,822)**	**(16,387)**	**(485,231)**

Notes to the Annual Financial Statements

Figures in R'000		2023	2022

31. Cash generated from operations

	2023	2022
Profit before tax from continuing operations	(21,602)	(938,777)
Adjusted for:		
Share of (profit)/loss from equity accounted associates	(1,218)	2,683
Depreciation and amortisation	4,516	3,950
Profit on disposal of property, plant and equipment	(128)	(233)
Profit on disposal of subsidiaries and associates	-	(63,129)
Impairment of other financial assets	2,071	1,265
Fair value remeasurement of other financial assets	908	651,680
Impairment of investment in associates	(5,038)	365,669
Share-based payment expense	-	70
Finance income	(1,490)	(41,809)
Finance costs	985	983
Movement in working capital		
Decrease/(Increase) in trade and other receivables	295	(1,342)
(Increase)/Decrease in trade and other receivables	(737)	(3,599)
Increase in trade and other payables	1,724	2,395
	(19,714)	(20,194)

32. Cash flow on acquisition of property, plant and equipment

	2023	2022
Total additions to property, plant and equipment	129	157
Less: acquired property, plant and equipment financed	-	-
Cash outflow on additions to property, plant and equipment	129	157

33. Cash flow on other financial liabilities

		2023	2022
Movement on other financial liabilities			
Other borrowings raised	Cash flow	8,088	13,639
Purchase of property, plant and equipment	Non-cash	-	-
Repayment of lease liabilities	Cash flow	(1,579)	(1,379)
Repayment of borrowings raised	Cash flow	-	(44,470)
Interest accrued	Non-cash	166	891
		6,675	(31,319)

Figures in R'000

34. Disposal of businesses

2022

Micromega Holdings Proprietary Limited (UK)

On 30 June 2021 the group disposed of its interests Micromega Limited (UK). Due to the funding gap that was required to grow the operations internationally and the adverse exchange rates, the board of directors of Sebata (“Board”) decided to exit the investment. The transaction resulted in a profit on disposal of R8.7million.

NOSA Investment Holdings Proprietary Limited and NOSA Consulting Proprietary Limited

On 31 August 2021 the group disposed of its interests in two non-operational subsidiaries for a nominal fee, namely NOSA Investment Holdings Proprietary Limited ("NIH") and NOSA Consulting Proprietary Limited ("NC"). The transaction resulted in a profit on disposal of R54.3million.

	MMG UK	**NIH**	**NC**	**Total**
Property, plant and equipment	20	-	-	20
Intangible assets	-	-	-	-
Goodwill	-	-	-	-
Investments in Associates	4,534	-	-	4,534
Inventories	7	-	-	7
Other financial Assets	20,767	-	-	20,767
Trade and other receivables	2,378	-	-	2,378
Cash and cash equivalents	3,000	-	-	3,000
Trade and other payables	(282)	-	-	(282)
Other financial liabilities	(41,174)	-	-	(41,174)
Foreign Currency Translation Reserve	355	-	-	355
Tax receivable/(payable)	1,623	(54,357)	-	(52,734)
Total net assets disposed	**(8,772)**	**(54,357)**	**-**	**(63,129)**
Profit/(loss) on disposal	8,772	54,357	-	63,129
Non-controlling interest	-	-	-	-
Consideration	**-**	**-**	**-**	**-**
Cash Disposed of	(3,000)	-	-	(3,000)
Net Cash flow from disposal	**(3,000)**	**-**	**-**	**(3,000)**

Water Group (USC Metering and Amanzi Meters)

During 2019, the group announced that it had entered into Sale of Shares Agreements, Donation Agreements and Shareholders’ Agreements with Inzalo Capital Holdings (“Inzalo”), for the disposal of 55% of the total issued share capital in Amanzi Meters Proprietary Limited (“Amanzi Meters”) and USC Metering Proprietary Limited (“USC Metering”) and the donation of 5% of the total issued share capital in each of such companies to Inzalo for an aggregate purchase consideration of R388 484 000. The purchase price is payable on the achievement of a net profit after tax of R165 million over the 24 month period from the effective date, with the effective date of the transaction being 1 August 2019. the donation shares are donated in two tranches of 2.5% each, with the first being donated as at the effective date and the second tranche being donated 12 months after the effective date. If the profit warranty is not met the sale shares will be returned to Sebata and Sebata will have an obligation to repurchase the donation shares at the growth in the net asset value of the business per share.

Disposal of businesses continued...

Software Group (Sebata Municipal Solutions, R-data and Micromega Accounting and Professional Services)

During 2020 the group announced that it had entered into Sale of Shares Agreements, Donation Agreements and Shareholders' Agreements with Inzalo Capital Holdings ("Inzalo"), for the disposal of 55% of the total issued share capital in Sebata Municipal Solutions Proprietary Limited ("Sebata Municipal"), R-data Proprietary Limited ("R-data") and Micromega Accounting and Professional Services Proprietary Limited ("MAPS") and the donation of 5% of the total issued share capital in each of such companies to Inzalo for an aggregate purchase consideration of R501.9. The purchase price is payable on the achievement of an earnings before interest, tax, depreciation and amortisation of R80 million over the 24 month period from the effective date, with the effective date of the transaction being 1 February 2020. The donation shares are donated in two tranches of 2.5% each, with the first being donated as at the effective date and the second tranche being donated 12 months after the effective date. If the profit warranty is not met the sale shares will be returned to Sebata and Sebata will have an obligation to repurchase the donation shares at the growth in the net asset value of the business per share.

Water and Software Group

These deals earnings deadlines and earnings warranties have been adjusted and extended twice with the current extension being valid until 30 September 2023 to achieve a revised EBITDA target of R40 million for the Water deal and R35 million for the Software deal. These extensions have been granted on the back of market conditions that have been prevalent and hampered on both the ability to achieve the earnings hurdle rates in both deals and the ability of Inzalo to raise the requisite funding to settle their obligations to the Group. The extensions remain legally binding and valid and remain an avenue that the Board is following in order to create value to all shareholders.

Cash flows from disposals of businesses are shown net of cash disposed of.

Figures in R'000 | 2023 | 2022

35. Financial instruments

The group has classified its financial assets in the following categories:

	Financial assets at fair value through profit or loss	Financial assets held at amortised cost	Total
2023			
Other financial assets	229,753	74,192	303,945
Trade and other receivables	-	8,906	8,906
Cash and cash equivalents	-	4,731	4,731
	229,753	87,829	317,582
2022			
Other financial assets	230,661	132,601	363,262
Trade and other receivables	-	9,553	9,553
Cash and cash equivalents	-	1,194	1,194
	230,661	143,348	374,009

The group has classified its financial liabilities in the following categories:

	Financial liabilities at fair value through profit or loss	Financial liabilities payable at amortised cost	Total
2023			
Other financial liabilities	-	9,288	9,288
Deferred vendor payments	7,014	-	7,014
Trade and other payables	-	16,569	16,569
	7,014	25,857	32,871
2022			
Other financial liabilities	-	2,779	2,779
Deferred vendor payments	7,014	-	7,014
Trade and other payables	-	14,835	14,835
Bank overdraft	-	-	-
	7,014	17,614	24,628

Notes to the Annual Financial Statements

Figures in R'000	2023	2022

Financial instruments continued...

Level of fair value

Description	Fair value heirarchy	Valuation technique	Significant unobservable inputs	Discount and Growth 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 of equity security utilising the discounted cash flow - income approach valuation.	Future growth rates and discount rates.	Discount 2023: 19.01% 2022: 18.53% Growth 2023: 5% 2022: 4%	5% increase in the discount rate applied would result in a decrease in the fair value by R109 million with a 5% decrease in the discount rate applied would result in an increase in the fair value by R207 million. Additionally a 10% increase in the turnover projected would result in an increase in the fair value of R134 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 serves 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.

Notes to the Annual Financial Statements

Figures in R'000	2023	2022

36. Risk management

Overview

The group has exposure to the following risks from its use of financial instruments:
· credit risk
· liquidity risk
· interest rate risk

This note presents information about the group’s exposure to each of the above risks, the group’s objectives, policies and processes for measuring and managing risk, and the group’s management of capital. Further quantitative disclosures are included throughout these financials.

The directors have overall responsibility for the establishment and oversight for the group’s risk management framework. The directors are responsible for developing and monitoring the group’s risk management policies.

The group’s risk management policies are established to identify and analyse the risk faced by the group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly.

The Board oversees how management monitors compliance with the group’s risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the group.

Figures in R'000

Risk management continued...

36.1 Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the group's trade receivables from customers and deposits with banks.

Trade and other receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on individual credit limits and historical default rates. Outstanding customer receivables are regularly monitored to ensure exposure to credit risk is maintained within the defined parameters.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Management includes in its assessment the forecast macro-economic conditions in which its clients operate and the likelihood that these would further deteriorate resulting in a future default event, and subsequent possible increase in credit losses. The forecast market conditions are based largely on macroeconomic information that is available as at the time of performing the assessment, which includes amongst others the impact associated with the decline in the local economy on the ability of the customer to pay its accounts, as well as the forward looking GDP and general unemployment figures of the country in which it operates. With the client base comprising largely local authorities the forecasted information mirrors that of the performance of the local and provincial spheres of government and the larger country as a whole, which includes amongst others forecast changes in economic stability, changes in credit worthiness of counterparties, and funding availability of counterparties. Further, given the client base, the default on contracted payment, if they were to occur, is mitigated from credit loss following from the fact that each of the clients exists out of a legislative requirement and are ultimately supported by the National Treasury. Generally, trade receivables are written-off if there is an indication that these are impaired. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 37. The Group does not hold collateral as security.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

2023	**Carrying Value**	**ECL Rate**	**Expected Credit Loss**
Trade Debtors Carrying Amount:			
Current	3 871	0.05%	2
30 Days	1 167	0.09%	1
60 Days	594	0.17%	1
90 Days	236	0.42%	1
+120 Days	2 602	0.15%	4
Total	8,470		9

Notes to the Annual Financial Statements

Figures in R'000	2023	2022

Risk management continued...

2022	**Carrying Value**	**ECL Rate**	**Expected Credit Loss**
Trade Debtors Carrying Amount:			
Current	2 652	0.08%	2
30 Days	609	0.16%	1
60 Days	382	0.26%	1
90 Days	195	0.51%	1
+120 Days	3 354	0.12%	4
Total	7,192		9

Credit quality of trade and other receivables can be analysed as follows:	**2023**	**2022**
Group 1	17	432
Group 2	4,056	3,310
Group 3	4,397	3,450
Total	8,470	7,192

Group 1 - new customers (less than six months)

Group 2 - existing customers (more than six months) with no defaults (no bad debt write-off/hand-overs) in the past

Group 3 - existing customers (more than six months) with some defaults

Management does not expect any losses from non-performance by these counterparties as the disclosure above is the maximum exposure due from credit risk.

Deposits with banks

The credit risk policy for financial institutions and service providers has the objective to minimise losses that could result from counterparty failure. All such counterparties are assessed on an annual basis to ensure credit worthiness and the evaluations will be based on the financial strength of the counterparty as published by a recognised rating agency.

Short term credit ratings with banks where balances are held:

	31 March 2023	**31 March 2022**
	Moody's	Moody's
Bidvest Bank	N/A	N/A
First National (a division of FirstRand Bank Limited)	P - 3	P - 3

Moody's Rating Scale

P - 1: Issuers have a superior ability to repay short-term debt obligations

P - 2: Issuers have a strong ability to repay short-term debt obligations

P - 3: Issuers have an acceptable ability to repay short-term debt obligations

Management does not expect any losses from non-performance by these counterparties.

Figures in R'000

Risk management continued...

Other financial assets

Other financial assets vary from being short term to five-year term debt with market related interest rates terms and conditions. Loans to associates are provided based on the credit risk assessment of the entity. Liquidity and solvency tests are assessed as part of the loan approval process. The exposure are monitored on an ongoing basis. Management has assessed the credit quality of these assets based on historical defaults, the borrowers ability to pay the debt and the security that management has in place over these amounts. Management uses both current and forward looking information in assessing these ECL's, future forecasts the borrowers ability to meet these forecasts and macroeconomic information are taken into account in assessing this information. In assessing these forecasts management assess entity specific inputs including among others forecasted sales pipelines where available; the costs of service delivery; the cost of administrative functions and resource requirements. Management further assess the growth rates and discounts rates applied to forecasts; the market incline/decline rates anticipated in the market; unemployment rates and overall GDP forecasts. ECLs on other financial assets are only provided once indicators exist that cast doubt on the borrowers ability to repay the amounts due, or existing market conditions indicate ECLs are required.

36.2 Liquidity risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash/liquid assets to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation.

Typically the group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the group's statement of financial position remains lowly geared and thus the directors are comfortable with the ability to receive lines of credit.

The table below analyses the group's financial liabilities that will be expected to be settled on a net basis into relevant maturity groups based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows:

	Less than 1 year	Between 1 and 5 years	Total
2023			
Other financial liabilities	8,234	-	8,234
Lease liabilities	655	475	1,130
Deferred vendor payments	7,014	-	7,014
Trade and other payables	16,569	-	16,569
	32,472	475	32,947
2022			
Other financial liabilities	146	-	146
Lease liabilities	1,739	1,224	2,963
Deferred vendor payments	7,014	-	7,014
Trade and other payables	14,835	-	14,835
	23,734	1,224	24,958

Notes to the Annual Financial Statements

Figures in R'000	2023	2022

Risk management continued...

36.3 Interest rate risk

The group exposure on fair value interest rate risk mainly arises from its interest baring financial assets and liabilities. It also has exposure on cash flow interest rate risk which is mainly arising from its deposits with banks and interest-bearing borrowings with the banks. It is a common practice in South Africa to have floating rate borrowings with the banks.

In order to manage the cash flow interest rate risk, the group will repay the corresponding borrowings when it has surplus funds.

Sensitivity analysis based on balances at reporting date:

	2023	2022
Other financial assets	303,945	363,262
Cash and cash equivalents	4,731	1,194
Other financial liabilities	(9,288)	(2,779)
Deferred vendor payments	(7,014)	(7,014)
Less: Non-interest bearing financial assets/(liabilities)	(65,958)	(97,522)
Less: Non-interest bearing deferred vendor payments	7,014	7,014
Net interest-bearing assets/(liabilities)	233,430	264,155
Interest rate change	2 %	2 %
Potential after tax impact on earnings	3,361	3,804

The sensitivity analysis has been prepared with the assumption that the change in interest rates had occurred at the balance sheet date and had been applied to the exposure to interest rate risk for the relevant financial instruments in existence at that date. The changes in interest rate represent management's assessment of a reasonably possible change in interest rates at that date over the period until the next annual balance sheet date.

37. Capital management

The Boards policy is to maintain a strong capital base to maintain creditor and shareholder confidence and to sustain future development of the business. The Board monitors return on capital, which the group defines as net operating income divided by total shareholders equity. The Board also monitors the level of dividends to ordinary shareholders. There were no changes in the group's approach to capital management during the year. The group is not subject to externally imposed capital requirements.

38. Segment information

The operating segments are based on reports reviewed by the executive committee who makes the strategic-decisions of the group, and who is therefore the chief operating decision-making body of the group.

Reportable segments

The executive committee assesses the performance of these operating segments based on attributable earnings to the group.

2023	**Software Solutions**	**ICT Support Services**	**Holdings and Consolidated ***	**Total**
	R'000	**R'000**	**R'000**	**R'000**
Revenue	25,231	-	3,421	28,652
Major product lines over time				
Software license with support and maintenance	*15,098*	-	*2,198*	*17,296*
Major product lines at a point in time				
Consulting	*1,500*	-	*6*	*1,506*
Support Services	*5,987*	-	*1,217*	*7,204*
Goods	*2,646*	-	-	*2,646*
Depreciation, amortisation and impairments	2,903	-	1,238	4,141
Employee costs	9,945	-	18,275	28,220
Finance income/(expenses)	(130)	-	635	505
Share of profit of equity accounted associates	-	-	1,218	1,218
Tax expense	1,271	-	7,455	8,726
Earnings attributable to owners of the parent	2,227	-	(17,817)	(15,590)
Assets	33,563	-	542,261	575,824
Liabilities	11,110	-	77,040	88,150

Notes to the Annual Financial Statements

Figures in R'000	2023	2022

Segment information continued...

2022	**Software Solutions**	**ICT Support Services**	**Holdings and consolidated ***	**Total**
	R'000	**R'000**	**R'000**	**R'000**
Revenue	24,042	-	1,357	25,399
Major product lines over time				
Software license with support and maintenance	*13,117*	-	-	*13,117*
Major product lines at a point in time				
Consulting	*2,480*	-	-	*2,480*
Support Services	*5,567*	-	*1,357*	*6,924*
Goods	*2,878*	-	-	*2,878*
Depreciation, amortisation and impairments	2,603	-	1,347	3,950
Employee costs	9,091	-	16,040	25,131
Finance income/(expenses)	(165)	-	40,991	40,826
Share of profit of equity accounted associates	-	-	(2,683)	(2,683)
Tax expense	1,538	-	231,421	232,959
Earnings attributable to owners of the parent	2,157	-	(709,740)	(707,583)
Assets	33,315	-	549,112	582,427
Liabilities	12,755	-	73,843	406,255

* Holdings and Consolidated mainly comprise the corporate office, sub holding companies and reconciling items. These predominantly include elimination of intergroup sales, profits and intergroup receivables and payables and other unallocated assets and liabilities contained in the integrated group. Holdings and consolidated is not considered to be an operating segment.

The group is organised into two reportable segments:

1. Software Solutions: Consists of the development of bespoke software solutions
2. Holdings and Consolidated: Corporate office, sub holding companies and reconciling items

Intersegment transactions are entered into under the normal commercial terms and conditions. The revenue from external parties is measured in a manner consistent with that of the statement of profit and loss.

Segment assets consist primarily of property, plant and equipment, intangible assets, investments in associates, deferred tax assets, inventories, trade and other receivables and cash and cash equivalents.

Segment liabilities comprise primarily of other financial liabilities, deferred tax liabilities, trade and other payables, bank overdrafts and income tax liabilities.

Figures in R'000	2023	2022

Segment information continued...

The majority of the group companies are domiciled in South Africa and mainly serve the South African market. The result of revenue from external customers in South Africa is R25.3 million (2021: R23.7 million) and is allocated to each segment as per the table above.

39. Related party transactions and balances

The group entered into transactions and had balances with related parties as listed below. These include associates, 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.

A listing of the group's principal and fellow subsidiaries, joint ventures and associates is set out in note 40.

The following transactions were carried out with related parties:

Kamberg Investment Holdings Proprietary Limited		
Shareholder		
Interest paid	-	30
Laird Investments Proprietary Limited		
Shareholder		
Disposal of MMG UK	-	1
Interest paid	-	564
Talacar Holdings Proprietary Limited*		
Consulting fees	3,477	4,978

* CA King and TW Hamil are both indirect benificaries of Talacar Holding Proprietary Limited. The consulting fees are not paid in relation to their services as directors.

Figures in R'000 | 2023 | 2022

40. List of subsidiaries, associates

Name	Interest held 2023	Interest held 2022	Issued capital 2023	Country
Subsidiaries - direct and indirect interest				
Arbez Advanced Solutions Proprietary Limited	100%	100%	1,000	RSA
Cloudware Proprietary Limited	100%	100%	100	RSA
ESGA Proprietary Limited	100%	100%	100	RSA
Freshmark Systems Proprietary Limited	55%	55%	100	RSA
Micromega Financial Services Proprietary Limited	100%	100%	100	RSA
Micromega H2O Proprietary Limited	100%	100%	100	RSA
Micromega Services and Support DRC	100%	100%	69,282	DRC
Micromega Technologies Proprietary Limited	100%	100%	100	RSA
Micromega Treasury Solutions Proprietary Limited	100%	100%	8,404,751	RSA
MIS Consulting Proprietary Limited	100%	100%	100	RSA
NOSA Investment Holdings Proprietary Limited (Hong Kong)	100%	100%	1	Hong Kong
NOSA Mozambique Proprietary Limited	100%	100%	7,418	Mozambique
NOSA Technologies Proprietary Limited	84%	84%	100	RSA
NOSA Travel Agency Proprietary Limited	100%	100%	1	RSA
Ocneblok Proprietary Limited	100%	100%	200	RSA
Stable-Net Proprietary Limited	100%	100%	120	RSA
Associates - direct and indirect interest				
Micromega Accounting and Professional Services Proprietary Limited	40%	40%	16	RSA
Amanzi Proprietary Limited	40%	40 %	200	RSA
R-Data Proprietary Limited	40%	40%	1,000	RSA
Inzalo Enterprise Management Systems Proprietary Limited	40%	40%	7,931,095	RSA
Inzalo Utility Systems Proprietary Limited	40%	40%	120	RSA
Inzalo Utility Management Services Proprietary Limited	40%	40%	100	RSA

41. Events after reporting date

Extension of the Water and Software deals

The Board ratified the extension of the earn out periods with effect from 31 March 2023 for both the Water and Software disposals which were executed in the 2020 financial period. The extensions up to 30 September 2023 were granted in order to allow the Board to assess the viability of the existing empowerment structure and any alternative thereto.

No other significant events have occurred in the period between the reporting date and the date of this report.

42. Going Concern

The annual consolidated financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The directors believe that the Group has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual consolidated financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the Group is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the Group. The director directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

Notwithstanding the Groups operating loss and cash utilised from operating activities for the period, the directors are comfortable that the Group has sufficient cash resources available from financial assets to cover its operating requirements for the foreseeable future. The Group also has access to unencumbered property which can be utilized to secure funding if need be.

Figures in R'000 | 2023 | 2022

43. Shareholders' Information

Analysis of Share Register at 31 March 2023	Number of shareholders	Percentage of shareholders	Number of shares	Percentage of share capital
Portfolio size				
1 to 50 000	2,649	98.3	4,335,534	3.77
50 001 to 250 000	33	1.2	3,560,970	3.09
Over 250 000	13	0.5	107,018,585	93.14
	2,695	100	114,915,089	100.00

Non-public and public shareholders	Number of shareholders	Number of shares	Percentage of share capital
Non-public shareholders			
Laird Investments (Pty) Ltd	1	82,498,315	71.79
Kamberg Investment Holdings (Pty) Ltd	1	10,733,180	9.34
Micromega Holdings Limited	1	3,784,994	3.29
Subsidiary Companies	1	1,787,332	1.56
Directors (direct beneficial interest)	2	112,696	0.10
Directors (Subsidiary companies - direct and indirect beneficial interest)	1	100,063	0.09
	7	99,016,580	86.16
Total public shareholders	2,688	15,898,509	13.84
	2,695	114,915,089	100.00

Major shareholders	Number of shares	Percentage of share capital
Laird Investments (Pty) Ltd	82,498,315	71.79
Kamberg Investment Holdings (Pty) Ltd	10,733,180	9.34
Micromega Holdings Limited	3,784,994	3.29
Seratrix (Pty) Ltd	3,375,200	2.94
MICROmega Financial Services (Pty) Ltd	1,787,332	1.56
Mr Leon van Heerden	1,434,710	1.25
Banque Lombard Odier & CIE SA	719,486	0.63
SBSA ITF Integral BCI Equity Fund	630,000	0.55
Clements Nominees Limited	598,500	0.52
Lylalex (ty) Ltd	592,787	0.52
CR Oosthuizen Family Trust	304,081	0.26

Notes to the Annual Financial Statements

Figures in R'000	2023	2022

Shareholders' Information continued...

Directors interest in securities

	2023		2022	
	Direct	Indirect	Direct	Indirect
IG Morris	-	10,733,180	-	10,733,180
CA King	111,196	86,283,309	111,196	82,226,017
P van Eeden	-	-	-	-
DA di Siena	-	-	-	-
PH Duvenhage	-	-	-	-
D Passmore	-	-	-	-
TW Hamill	1,500	86,283,309	1,500	82,226,017
S Nodwele	-	-	-	-
	112,696	97,016,489	112,696	92,959,197

There were no changes in these shareholdings from the date of the financial year end to the date of approval of the annual consolidated financial statements.