

Sebata Holdings Limited

Incorporated in the Republic of South Africa

(Registration number 1998/003821/06)

JSE Share code: SEB ISIN: ZAE000260493

Listed on the General Segment of the Main Board

("Sebata" or "the company" or "the group")

UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024**CONDENSED GROUP STATEMENT OF PROFIT AND LOSS**

	Unaudited 6 months ended 30 September 2024	Unaudited 6 months ended 30 September 2023	Audited 12 months ended 31 March 2024
	R'000	R'000	R'000
Continuing operations			
Revenue	83 750	14 226	33 149
Cost of sales	(37 445)	(2 262)	(4 715)
Gross profit	46 305	11 964	28 434
Other net (expenses)/income	180	(1 780)	304
Administration expenses	(41 471)	(26 779)	(76 248)
(Loss)/Profit from operations	5 014	(16 595)	(47 510)
Finance income	604	379	915
Finance cost	(5 502)	(836)	(3 094)
Share of (loss)/profit of equity accounted associate	(377)	1 904	(61 790)
(Loss)/Profit before tax	(261)	(15 148)	(111 479)
Tax expense	(990)	4 315	(1 234)
(Loss)/Profit for the period	729	(10 833)	(112 713)
(Loss)/Profit attributable to:			
Owners of the parent	(142)	(11 211)	(113 938)
Non-controlling interest	871	378	1 225
	729	(10 833)	(112 713)
Attributable earnings per share (cents)			
Basic	(0.12)	(9.91)	(100.29)
Diluted basic	(0.12)	(9.91)	(100.29)
Headline	(0.13)	(9.91)	(102.20)
Diluted headline	(0.13)	(9.91)	(102.20)

CONDENSED GROUP STATEMENT OF OTHER COMPREHENSIVE INCOME

	Unaudited 6 months ended 30 September 2024	Unaudited 6 months ended 30 September 2023	Audited 12 months ended 31 March 2024
	R'000	R'000	R'000
(Loss)/Profit for the period	729	(10 833)	(112 713)
Other comprehensive (loss)/income:			
Items which may be subsequently reclassified through profit or loss:	-	-	-
	729	(10 833)	(112 713)
Total comprehensive income attributable to:			
Owners of the parent	(142)	(11 211)	(113 938)
Non-controlling interest	871	378	1 225
	729	(10 833)	(112 713)
Reconciliation of headline earnings (net of tax) for continuing operations:			
(Loss)/Profit attributable to owners of the parent	(142)	(11 211)	(113 938)
Loss/(Profit) on disposal of property, plant and equipment	(6)	-	4
(Reversal)/Impairment of Investment in Associate	-	-	(20 316)
Impairment of internally developed intangible asset of associate recognised through equity accounted loss from associate	-	-	18 369
Headline earnings	(148)	(11 211)	(115 881)
Weighted average number of shares (000s)	114 324	113 129	113 607
Diluted weighted average number of shares (000s)	114 324	113 129	113 607
Total number of shares in issue (000s)	114 915	113 427	114 027

CONDENSED GROUP STATEMENT OF FINANCIAL POSITION

	Unaudited 6 months ended 30 September 2024	Unaudited 6 months ended 30 September 2023	Audited 12 months ended 31 March 2024
	R'000	R'000	R'000
ASSETS			
Non-current assets	577 282	260 093	210 297
Property, plant and equipment	6 538	5 419	4 678
Investment Property	33 692	33 557	33 692
Intangible assets	528 902	38 446	38 239
Investments in associates	38	170 252	133 434
Deferred tax assets	8 112	12 419	254
Current assets	140 926	338 260	258 523
Inventories	13 907	-	158
Trade and other receivables	118 182	15 976	9 664
Income tax receivable	3 401	3 672	129
Other financial assets	-	302 380	236 479
Cash and cash equivalents	5 436	16 232	12 093
TOTAL ASSETS	718 208	598 353	468 820
EQUITY AND LIABILITIES			
EQUITY	348 339	477 561	347 612
Share capital and share premium	287 224	285 783	287 223
Other reserves	5 956	5 956	5 956
Retained earnings	54 319	185 698	54 464
Non-controlling interest	840	124	(31)
LIABILITIES			
Non-current liabilities	177 726	78 496	64 163
Other financial liabilities	78 687	31 965	30 576
Deferred tax liabilities	99 039	46 531	33 587
Current liabilities	192 143	42 296	57 045
Trade and other payables	147 931	28 167	19 024
Other financial liabilities	29 711	5 319	27 297
Income tax payable	7 487	1 796	3 710
Deferred vendor payments	7 014	7 014	7 014
TOTAL LIABILITIES	369 869	120 793	121 208
TOTAL EQUITY AND LIABILITIES	718 208	598 353	468 820

Net asset value per share (cents)	303.13	421.03	304.85
Net tangible asset value per share (cents)	-157.18	387.13	271.32

CONDENSED GROUP STATEMENT OF CASH FLOW

	Unaudited 6 months ended 30 September 2024	Unaudited 6 months ended 30 September 2023	Audited 12 months ended 31 March 2024
	R'000	R'000	R'000
Cash flow (used in)/generated from operating activities	10 945	(11 538)	(6 408)
Cash (used in)/generated from operations	14 323	(10 638)	(4 261)
Finance income	502	379	915
Finance costs	(3 186)	(836)	(2 192)
Income tax paid	(694)	(443)	(870)
Cash flow from investing activities	(20 872)	(1 064)	7 068
Property, plant and equipment acquired	(394)	(50)	(107)
Acquisition of subsidiaries net of cash acquired	(28 267)	-	-
Intangible assets acquired	(1 557)	(1 578)	(3 027)
Proceeds on disposal of property, plant and equipment	343	-	59
Other financial assets repaid	10 106	10 067	27 370
Other financial assets advanced	(1 103)	(9 503)	(17 227)
Cash flow from financing activities	3 270	24 103	6 702
Treasury shares sold/(repurchased)	-	720	-
Other financial liabilities repaid	(4 384)	(9 047)	(23 010)
Other financial liabilities raised	7 654	32 430	40 819
Dividends paid to non-controlling interest	-	-	(1 001)
Dividends paid	-	-	(10 106)
(Decrease)/Increase in cash and cash equivalents	(6 657)	11 501	7 362
Cash and cash equivalents at the beginning of the period	12 093	4 731	4 731
Cash and cash equivalents at the end of the period	5 436	16 232	12 093

CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

	Share Capital and Share Premium R'000	Other Reserves R'000	Retained Earnings R'000	Non- Controlling Interest R'000	TOTAL R'000
Balance at 1 April 2023	285 063	5 956	196 909	(254)	487 674
Loss for the period	-	-	(11 211)	378	(10 833)
Other comprehensive income					
Foreign currency translation differences	-	-	-	-	-
Transactions with owners, recorded directly in equity					
Share-based payment transactions	720	-	-	-	720
Disposal of subsidiaries	-	-	-	-	-
Balance at 30 September 2023	285 783	5 965	185 698	124	477 561
Balance at 1 October 2023	285 783	5 965	185 698	124	477 561
Loss for the period	-	-	(102 727)	847	(101 880)
Other comprehensive income					
Foreign currency translation differences	-	-	-	-	-
Transactions with owners, recorded directly in equity					
Dividends paid	-	-	(28 507)	(1 002)	(29 509)
Share-based payment transactions	1 440	-	-	-	1 440
Disposal of subsidiaries	-	-	-	-	-
Provision for repurchase of shares	-	-	-	-	-
Balance at 31 March 2024	287 223	5 956	54 464	(31)	347 612
Balance at 1 April 2024	287 223	5 956	54 464	(31)	347 612
Profit for the period	-	-	(142)	871	3 527
Other comprehensive income					
Foreign currency translation differences	-	-	(3)	-	-
Transactions with owners, recorded directly in equity					
Share-based payment transactions	-	-	-	-	-
Disposal of subsidiaries	-	-	-	-	-
Balance at 30 September 2024	287 224	5 956	54 319	840	348 339

NOTES TO THE GROUP FINANCIAL INFORMATION

1. Basis of preparation

These unaudited condensed consolidated interim financial statements for the six months ended 30 September 2024 are prepared in accordance with International Financial Reporting Standards (“IFRS”), IAS – 34 Interim Financial Reporting, the Listings Requirements of the JSE Limited, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by Financial Reporting Standards Council and the requirements of the Companies Act (No 71 of 2008), as amended (“Companies Act”). The accounting policies applied in the preparation of these unaudited condensed consolidated interim financial statements are in terms of IFRS and are consistent with those applied in the previous

annual financial statements. The unaudited condensed consolidated interim financial statements are prepared in accordance with the going concern principle under the historical cost basis as modified by the fair value accounting of certain assets and liabilities where required or permitted by IFRS. The fair value of financial instruments approximates their carrying value. The unaudited condensed consolidated interim financial statements have been prepared under the supervision of Ross King, the Executive Financial Director of the company, and have not been reviewed by the company's external auditors.

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

2. Significant accounting policies

These unaudited condensed consolidated interim financial statements have been prepared using accounting policies that comply with IFRS and are consistent with those used in the audited annual consolidated financial statements for the year ended 31 March 2024. A number of amendments to accounting pronouncements are effective 1 April 2024, but do not have a material effect on the group's interim financial statements.

3. Revenue disaggregation

September 2024	Software Solutions R'000	ICT Support Services R'000	Holdings and consolidated R'000	Total R'000
Revenue	71 346	-	12 404	83 750
Major product lines over time				
<i>Software license with support and maintenance</i>	35 097	-	1 104	36 201
Major product lines at a point in time				
<i>Consulting</i>	26 206	-	-	26 206
<i>Support Services</i>	7 987	-	-	7 987
<i>Goods</i>	2 056	-	11 300	13 356
September 2023	Software Solutions R'000	ICT Support Services R'000	Holdings and consolidated R'000	Total R'000
Revenue	12 545	-	1 681	14 226
Major product lines over time				
<i>Software license with support and maintenance</i>	8 122	-	1 681	9 803
Major product lines at a point in time				
<i>Consulting</i>	196	-	-	196
<i>Support Services</i>	2 370	-	-	2 370
<i>Goods</i>	1 857	-	-	1 857
March 2024	Software Solutions R'000	ICT Support Services R'000	Holdings and consolidated R'000	Total R'000
Revenue	26 477	-	6 672	33 149
Major product lines over time				
<i>Software license with support and maintenance</i>	22 600	-	6 055	28 655
Major product lines at a point in time				
<i>Consulting</i>	-	-	617	617
<i>Support Services</i>	-	-	-	-
<i>Goods</i>	3 877	-	-	3 877

4. Administration expenses

	Unaudited 6 months ended 30 September 2024	Unaudited 6 months ended 30 September 2023	Audited 12 months ended 31 March 2024
	R'000	R'000	R'000
Employee compensation and benefit expense	17 949	13 023	23 475
Motor vehicle expenses	569	53	123
Repairs and maintenance	41	43	74
Telephone and fax	642	178	325
Security	12	24	32
Insurance	659	281	504
Computer expense	1 026	477	817
Advertising expense	47	-	91
Audit fees	11	640	135
Courier and postage	19	7	22
Depreciation and amortisation	8 394	2 267	4 664
Printing and stationery	66	27	58
Travel	(876)	723	1 234
Consulting fees	4 188	3 338	9 214
Electricity	294	172	322
Bank charges	152	88	201
Legal fees	609	1 872	1 886
Administration and management fee	(63)	48	101
Movement in credit loss allowance	-	1 202	14 749
Cleaning	29	30	43
Sponsorship enterprise development and donations	9	17	55
Entertainment	273	84	399
Fines and Penalties	-	-	103
Fair value adjustment of financial assets	-	-	45 572
Impairment of investment in associate	-	-	(26 875)
Share based payments	-	-	-
Other	7 421	2 185	1 924
	41 471	26 779	76 248

5. Other Financial Assets – Fair value and risk management

Other financial assets in prior periods arose primarily as a result of the Transactions (as referred to in note 6 – Business Combinations). The termination of the Transactions has resulted in these other financial assets no longer existing as the companies they related to are now consolidated within the group as wholly owned subsidiaries.

	Unaudited 6 months ended 30 September 2024	Unaudited 6 months ended 30 September 2023	Audited 12 months ended 31 March 2024
	R'000	R'000	R'000
Non-interest bearing			
Inzalo Enterprise Management Systems Proprietary Limited	-	60 933	49 608
Inzalo Utility Systems Proprietary Limited	-	9 503	-
	-	70 436	49 608

Interest bearing			
Inzalo UMS Proprietary Limited	-	2 191	3 731
Inzalo Capital Holdings Proprietary Limited (“ Inzalo Capital Holdings ”)	-	229 753	183 140
	-	231 944	186 871
Credit loss allowance	-	-	-
	-	231 944	186 871
Total	-	302 380	236 479
Financial assets carried at amortised cost	-	72 627	49 298
Financial assets carried at fair value through profit or loss	-	229 753	187 181
Total	-	302 380	236 479

6. Business Combinations

As set out in the announcement released on SENS on 31 July 2024 (and using the terms defined therein unless otherwise stated), on 1 July 2024, Sebata re-acquired its interests in the companies comprising the “**Water Group**” and the companies comprising the “**Software Group**” (collectively referred to as the “**Transactions**”) which are the subject of the now terminated Transactions. While no cash consideration was payable for the acquisition, other financial assets receivable and the non-controlling interest held in the associates were derecognised in exchange for the controlling equity interest re-acquired. The details of the re-acquired companies are set out as follows:

- 60% of the interest in Inzalo Enterprise Management Systems Proprietary Limited (previously, Sebata Municipal Solutions Proprietary Limited). Goodwill to the value of R78.82 million was accounted for. Net assets acquired amounted to R150.49 million;
- 60% of the interest in R-Data Proprietary Limited. Goodwill to the value of R54.52 million was accounted for. Net assets acquired amounted to R31.31 million;
- 60% of the interest in MICROmega Accounting and Professional Services Proprietary Limited. Goodwill to the value of R51.30 million was accounted for. Net assets acquired amounted to -R51.30 million;
- 60% of the interest in Inzalo Utility Systems Proprietary Limited (previously, USC Metering Proprietary Limited). Goodwill to the value of R81.47 million was accounted for. Net assets acquired amounted to -R93.71 million; and
- And 60% of the interest in Inzalo Amanzi Meters Proprietary Limited. Goodwill to the value of R3.22 million was accounted for. Net assets acquired amounted to -R2.45 million.

The fair value of assets acquired, and liabilities assumed relating to the above business combinations are subject to change should additional information become available within the 12 month re-measurement period from date of re-acquisition.

7. Commitments and contingencies

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

8. Segment information

	Unaudited 6 months ended 30 September 2024	Unaudited 6 months ended 30 September 2023	Audited 12 months ended 31 March 2024
	R'000	R'000	R'000

SEGMENT REVENUE			
Software and Consulting Services	71 346	12 545	26 477
Holdings and consolidated	12 404	1 681	6 672
Total revenue	83 750	14 226	33 149
SEGMENT PROFIT / (LOSS)			
Software and Consulting Services	10 791	462	1 496
Holdings and consolidated	(10 933)	(11 673)	(115 434)
Total profit/(loss)	(142)	(11 211)	(113 938)
SEGMENT ASSETS			
Software and Consulting Services	371 971	41 785	34 101
Holdings and consolidated	346 237	556 568	434 719
Total assets	718 208	598 353	468 820
SEGMENT LIABILITIES			
Software and Consulting Services	227 945	18 493	13 427
Holdings and consolidated	141 924	102 300	107 781
Total liabilities	369 869	120 793	121 208

9. Related party disclosure

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

	Unaudited 6 months ended 30 September 2024 R'000	Unaudited 6 months ended 30 September 2023 R'000	Audited 12 months ended 31 March 2024 R'000
Talacar Holdings Proprietary Limited			
Consulting fees	-	1 269	2 538
Interest Paid	-	-	3
Other financial liabilities – loan from related party	-	-	2 921
Capital raising fee	-	-	1 635
Laird Investments Proprietary Limited			
Other financial liabilities – loan from related party	15 766	-	14 920
Interest Paid	902	-	819
Consulting Fees	-	-	300
Big Sky Ranch Proprietary Limited			
Consulting Fees	319	-	-
Semantic Capital Ltd			
Other financial liabilities – loan from related party	41 738	-	1 748

10. Corporate Governance and changes to the Board

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

During the period under review, Dylan Strydom and Ruan Viljoen were appointed to the Board as Executive Directors with effect from 6 May 2024. They were later appointed as joint Chief Executive Officers of the company with effect from 17 September 2024.

Also with effect from 17 September 2024, Mr Ian Gregory Morris, the previous Chief Executive Officer and interim Chief Financial Officer, assumed the role of Non-Executive Chairperson; Mr Pierre Duvenhage, a previous Independent Non-Executive Director, assumed the role of Lead Independent Non-Executive Director; Ms Deborah Di Siena the previous Independent Non-Executive Chairperson, assumed the role of Independent Non-Executive Director; Mr Craig Anderson King, previous Executive Director, assumed the role of Non-Executive Director and Ross Wylde King was appointed as Executive Financial Director of the Company.

Further, Luschenca Mayer resigned as group Company Secretary with effect from 31 August 2024. Reegan Basil Smith was appointed as group Company Secretary with effect from 1 September 2024.

11. Subsequent events

On 21 November 2024, the group applied to the JSE for the transfer of its listing to the General Segment of the JSE's Main Board, which transfer came into effect on 5 December 2024.

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

12. Commentary on results

Trading conditions in which the group operates remain difficult. There is improved sentiment around local authorities since the national elections but tangible change will take time to reverse the recent trend of a slowdown in the local economy and resultant slowdown in the spending of local authorities, specifically within the water sector. Local authorities remain under pressure, with many being largely funded through National Government in order to operate. Despite the challenging macro environment, the performance of the companies, have remained stable with promising areas of improvement.

Water and Software deals with Inzalo Capital Holdings

As set out in the announcement released on SENS on 31 July 2024, with effect from 1 July 2024, the Transactions, comprising the separate disposals of Sebata's 55% interest in, and donations of its 5% interest in each of the "Water Group" of companies and the "Software Group" of companies, to Inzalo Capital Holdings, were terminated. The terminations were as a result of Inzalo Capital Holdings not meeting its obligations in terms of the achievement of certain profit warranties, as detailed in the announcements and relevant circulars relating to each of the Transactions. Accordingly, the company regained ownership of the equity interests originally disposed of and donated to Inzalo Capital Holdings with effect from 1 July 2024.

For the Water and Software deals that were entered into during the 2020 financial year, the earn out periods were extended in the two previous financial years, being 2022 and 2023, with a final extension having been granted to 30 June 2024. The Transactions were significantly impaired to their respective fair values in the 2022 financial year. As a result of the termination of the Transactions, Sebata has regained full control of each of the Water and Software deal companies and are consolidated into these results. However, this does limit the comparability between these unaudited condensed consolidated interim results for the six month period ended 30 September 2024 and prior periods as Sebata moves from equity accounted profit to a consolidation of the companies.

Outlook

Recent operational restructurings as referred to in the Sebata unaudited condensed consolidated interim results for the six month period ended 30 September 2023 have returned the group to a more sustainable operational state and allowed the Board to strengthen the balance sheet. The Board is confident that this restructuring, now having had time to take effect, together with the termination of the Transactions will provide an improved operational environment and remains committed to returning maximum value to shareholders.

By order of the Board

5 February 2025

Directors: IG Morris (Non-Executive Chairperson); PH Duvenhage (Lead Independent Non-Executive Director); DA Di Siena (Independent Non-Executive Director); RJ Viljoen (Joint Chief Executive Officer); DL Strydom (Joint Chief Executive Officer); RW King (Executive Financial Director); CA King (Non-Executive Director); TW Hamill (Non-Executive Director); and D Passmore (Independent Non-Executive Director)

Company Secretary: RB Smith

Auditors: Nexia SAB&T

Transfer Secretaries: Singular Systems Proprietary Limited

Sponsor: Merchantec Capital

Attorneys: Di Siena Attorneys

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