alviva
HOLDINGS

AUDITED SUMMARISED CONSOLIDATED

FINANCIAL RESULTS

for the year ended **30 JUNE 2021**

and ordinary cash dividend declaration

GROUP STRUCTURE

alviva
HOLDINGS

ICT DISTRIBUTION

The **ICT Distribution** segment imports and, in some cases, assembles ICT hardware and software and distributes it into the sub-Saharan African markets via reseller channels and national retail chains.

- Axiz
- Obscure
- Pinnacle
- Tarsus*
- vH Fibre Optics

SERVICES AND SOLUTIONS

The **Services and Solutions** segment offers systems integration and ICT solutions, including cyber security, application development, AI solutions and renewable energy projects in South Africa, the rest of Africa and beyond.

SOLUTIONS AND INTEGRATORS

- datacentrix
- DG digital generation
- intdev internet technologies
- CentraVoice

RENEWABLE ENERGY

- Solareff
- GridCars

APPLICATIONS AND IP

- SINTREX
- MERLYNN
- SynergERP

FINANCIAL SERVICES

The **Financial Services** segment offers finance solutions to business entities in the SMME and commercial sector, principally for office automation and technology-based equipment.

- centrafin (RAPID | RELIABLE | RESPONSIVE)

CENTRAL SERVICES

Group Central Services provides strategic direction and shared services to the Group.

- GROUP ADMINISTRATION
- GROUP TREASURY
- GROUP IT

* *Acquired after the reporting date.*

2021
AT A GLANCE

REVENUE	EBITDA
at R15 billion	at R887 million
UP 1%	UP 25%

EPS	HEPS
at 267,3 cents	at 285,0 cents
UP 137%	UP 91%

NET ASSET VALUE PER SHARE	NET TANGIBLE ASSET VALUE PER SHARE
at 2 120,2 cents	at 1 472,6 cents
UP 20%	UP 42%

CASH GENERATED	DIVIDEND DECLARED
R373 million	of 29 cents per share
	UP 93%

COMMENTARY

INTRODUCTION

The Board of Directors is pleased to present the audited summarised consolidated financial statements for the year ended 30 June 2021.

OVERVIEW

Alviva has shown great resilience in recovering from the effects of the lockdown experienced in the prior reporting period and operating in a constrained economic environment throughout the 2021 reporting period due to the impact of COVID-19. Sadly, the Group has been unable to avoid the trauma that the pandemic has caused, and five of our employees have passed away as a result of contracting the virus. Our heartfelt condolences, thoughts and prayers go out to their families and loved ones.

Revenue for the reporting period was approximately 1% above 2020, although the increase could have been substantially more if there had been an availability of product to fulfil the orders placed by the Group's customers. As mentioned in Alviva's interim results announcement, as well as being well publicised in the media, the world-wide shortage of processors and components significantly restricted the Group's ability to satisfy its customers' demands for products. Alviva had initially believed that this would be of a short-term nature, but it is now anticipated that the product availability will only return to historical norms by the next reporting date.

The Group managed its foreign exchange exposures exceedingly well, resulting in a gain on foreign exchange for the reporting period of R31 million. The gain on remeasurement of contingent consideration is largely due to the actions taken on SynergERP Limited ("Synerg UK"), which is explained in detail below, and the impairment losses on goodwill and intangible assets all relates to the same event. The impairment loss on the loan to an equity-accounted investee was reduced to R8 million but is still disappointing.

As reported at the interim stage, cash flow management has been excellent throughout the reporting period and net finance costs showed a significant decrease of R41 million compared to the prior reporting period. The Group redeemed R200 million of its preference shares to Absa Bank Limited ("Absa") in the reporting period, with R100 million redeemed in August 2020, as was previously announced, and then early redeemed a further R100 million in February 2021, thereby reducing the total amount of preference share funding to R200 million at 30 June 2021. On 1 July 2021, the Group issued an additional 10 (ten) preference shares to Absa.

The share repurchase programme's suspension was lifted during the reporting period and 13,8 million shares were repurchased at a total cost of R115 million. Headline earnings per share increased by 91% to 285,0 cents per share (cps) (2020: 149,4 cps).

FINANCIAL RESULTS

Segment performance

The **ICT Distribution segment** recovered well with revenue, prior to the exclusion of inter-segmental revenue, up by 3% and EBITDA by 37%.

The ICT Distribution segment is made up of Axiz, Obscure, Pinnacle and VH Fibre. Axiz is the most significant of the businesses in this segment.

Axiz delivered solid profits in an environment where product shortages and a substantial decrease in demand for enterprise products were the key features. Management of working capital was exemplary throughout and significant cash was generated.

Obscure enjoyed a much improved performance compared to the prior reporting period with revenue increasing by 50% and profit before tax increasing to R18 million, compared to R10 million in the prior reporting period. Their cyber security product portfolio is market leading and the Group remains confident that this business will continue to yield good returns.

Pinnacle had an excellent operating performance on the back of a few large enterprise deals and demand in the first quarter of the reporting period for work-from-home products. Their performance has been the stand-out feature of the ICT Distribution segment. In addition, Pinnacle has successfully implemented a new ERP system, allowing it to take advantage of enhanced digital efficiencies and reporting.

VH Fibre ("VHF"): Much work has been done to restructure VHF's business to its available market and the turnaround has been pleasing. VHF produced R10 million profit before tax for the reporting period compared to a breakeven in the prior reporting period.

The **Services and Solutions segment** is made up of three sub-segments:

- Solutions and Integrators: Datacentrix, DG and Centravoice/IntDev
- Renewable Energy: Solareff and GridCars
- Applications and IP: Merlynn, Sintrex and Synerg

Solutions and Integrators

Datacentrix has had a challenging trading period, although they performed to expectations. The Digital Business Solutions and Managed Services divisions exceeded their targets, but customers reduced considerably on their infrastructure spend, investing in work-from-home products. Tender activity, though, is at an all-time high and hopefully some of these will convert into sizeable commercial opportunities in the future.

DG was unable to repeat the stellar trading it had in the prior reporting period, which had included a number of large one-off deals. Revenue decreased by 28% and profit before tax by 37%.

Centravoice and **IntDev,** the connectivity and managed solutions unit, had plenty of challenges throughout the reporting period and managed to remain profitable, albeit marginally down on the prior reporting period.

Renewable Energy

Solareff grew revenue by 14% over the prior reporting period, although this was largely on the back of product sales rather than projects. Profitability recovered and the business is well-positioned with a good order book. **GridCars** has completed its roll-out of charging stations on the major highways between Johannesburg, Cape Town and Durban. It remains loss-making but the amounts are insignificant.

Applications and IP

Sintrex showed a significant performance improvement with revenue up 14% and profit before tax up 95% compared to the previous reporting period. Annuity revenue also increased by 16%, underpinned by long-term contracts with customers across various industries.

The company's investment in locally developed products and services continues to satisfy the market demand for visibility products that focus on application performance, user experience, software defined wide area networks, working-from-home and cloud-based technologies.

Merlynn has encountered delays in getting their TOM technology and solutions implemented in first world countries. Proof-of-concept trials have largely been successful within North America, Europe and Asia Pacific. A number of these projects have been, or are in the process of being, converted into long-term software licence agreements. Processes surrounding contracting and supplier onboarding within the large multinationals along with COVID-19 challenges have seen some delays. Merlynn has adapted its route to market to incorporate large multi-national system integrators. This has increased the business pipeline as well as created more implementation capacity.

Synerg: With effect July 1, 2019, Alviva acquired 70% of the issued share capital of SynergERP Proprietary Limited ("Synerg SA") through its subsidiary DCT Holdings (RF) Proprietary Limited ("DCT") for a purchase consideration of R69 million. This was the existing and developed South African business in the ERP solutions and implementation arena. During the reporting period, Synerg SA executed a successful implementation of Pinnacle onto Sage X3, but profitability has been affected by a change in the go-to-market model of its main vendor whereby revenue is now based on annuity income generated and over a period of time. Revenue was down 17% and profit before tax decreased by 68%. The change in model means that income is not lost but instead has been deferred.

Shortly after the initial acquisition, Alviva acquired 51% of the issued share capital of SynergERP Limited – DWC LLC ("Synerg UAE") and SynergERP Limited ("Synerg UK") through its subsidiary Alviva International Investments Proprietary Limited ("Alviva International") for a maximum purchase consideration of AED13 million and GBP3 million, respectively. Both of these ventures were in their nascent stage and much had to be done to bring them to the level of Synerg SA. To that end, one of the founding executives relocated to the UAE in January 2021 to drive various opportunities in that region. Towards the end of the reporting period, a key individual, who was intricately involved in the overall business development of Synerg UK, resigned from his position. Management consequently decided to halt all business development in Synerg UK and focus on Synerg UAE, where prospects were looking promising. The mothballing of the Synerg UK operations resulted in the release of the related contingent consideration of R28 million to other income, the impairment of goodwill (R11 million) and the accelerated attributable amortisation of the remaining intangible assets less the tax thereon of R11 million. The effect on Alviva's headline earnings per share has been more pronounced as the latter two amounts are excluded from headline earnings, which then results in an increase of 23 cents to headline earnings per share.

The **Financial Services** segment has recovered from the serious uncertainty that was created due to the national lockdown in April 2020. During the reporting period, all the metrics that are tracked on a monthly basis returned to be in line with or better than those that were tracked in February 2020, prior to any COVID-19 impact. The book has grown by R142 million, of which R119 million relates to finance lease receivables, during the reporting period and, in June 2021, it exceeded R1 billion for the first time. Credit management was exemplary throughout the reporting period and estimated credit losses have been maintained at acceptable levels. The securitisation structure has been reset back to normal conditions and continues to provide sufficient funding for Centrafin's needs.

Investment activities and financial position

Intangible assets have decreased largely as a result of the amortisation and impairment loss recognised during the reporting period.

The value of inventory held at the end of June is higher than the levels held during the reporting period due to a significant holding and inventory in transit required to meet commitments on the National Student Financial Aid Scheme contract. Working capital has been well-managed throughout the reporting period, aided by the product shortages, as noted previously.

The cash and cash equivalents at the prior reporting date was exceptionally high and this has returned to normal levels throughout the reporting period and at the reporting date.

The share repurchase programme recommenced during the reporting period and R115 million was spent on repurchasing approximately 13,8 million shares and a further R19 million was spent on acquiring additional shares for the Forfeitable Share Plan. R20 million has been returned to shareholders in the form of dividends paid.

CORPORATE ACTIONS

Acquisition of Tarsus Technology Group Proprietary Limited ("Tarsus")

As detailed in the announcement on SENS, dated 12 November 2020, Alviva entered into a share purchase agreement ("SPA") with Mamzen Proprietary Limited ("the Seller") to acquire the entire issued share capital of Tarsus, for a maximum purchase consideration of R185 million (the "Acquisition"). The Acquisition became effective on 1 July 2021 and the consideration was finalised at R178 million (the "Final Consideration").

Tarsus has two main operating subsidiaries: Tarsus Distribution Proprietary Limited, the company that owns the South African, Botswana and Namibian IT distribution operations, and Tarsus on Demand Proprietary Limited, a company which operates a cloud solutions business.

The Final Consideration of R178 million is payable in cash as follows:

- R100 million on 1 July 2021 (settled on payment date);
- R20 million on 1 January 2022;
- R33 million on 1 January 2023; and
- R25 million on 1 January 2024.

The Acquisition is subject to warranties and indemnities normal to transactions of this nature.

Settlement of contingent consideration

Obscure Enterprises Proprietary Limited ("Obscure")

In terms of the agreement of purchase, the amount due in respect of the year ended June 2020 of R6 million was settled during the reporting period. There remains a contingent consideration for the final amount due, in respect of the reporting period ended 30 June 2021, of R13 million which should be settled in September 2021.

Acquisition of an additional 7,4% in Sintrex Integration Services Proprietary Limited ("Sintrex")

Effective 1 November 2020, Alviva, through its subsidiary company DCT Holdings (RF) Proprietary Limited ("DCT"), acquired an additional 7,4% of the issued share capital of Sintrex for an amount of R11 million. In addition, in January 2021 Sintrex repurchased 14 of its shares for a consideration of R9 million. The effect of these two transactions increased DCT's shareholding in Sintrex to 88%.

Effect of new acquisitions

Over the last few years, Alviva has paid approximately R648 million to acquire businesses to add to the Group's offering, to improve its growth prospects and to diversify its revenue streams from ICT distribution.

The returns in attributable profit to the Group, based on the reporting period to 30 June 2021, have been R64 million.

Within the next two years, once the intangible assets have been fully amortised, it is expected that these new acquisitions will contribute meaningfully to the Group.

Share repurchases

Over the last five years, Alviva has repurchased 61 million shares from its 183 million shares in issue on 30 June 2016, at a total cost of R742 million. During the reporting period alone, the Group repurchased 13,8 million shares at a cost of R115 million. The share repurchase programme, as approved by shareholders at its AGM, will continue along prudent lines and with due consideration to the Group's resources.

CHANGES TO THE BOARD AND COMMITTEES

There have been no changes to the Board during the reporting period. The Board comprises seven directors, two executive directors and five non-executive directors. The executive directors are the Chief Executive Officer and the Chief Financial Officer. Four of the five non-executive directors are independent. The Chairperson, a non-executive director, is not considered to be independent but the independence of the Board is strengthened by the inclusion of a Lead Independent Director as recommended by King IV™.

DIVIDENDS

The Company's policy is to declare a dividend of 10% of HEPS (and since the introduction of Dividends Tax, a gross dividend of 10% of HEPS before deducting Dividends Tax). To this end, the Board has declared a final dividend of 29 cents (2020: 15 cents) per ordinary share for the financial year ended 30 June 2021.

Notice is hereby given that a final dividend of 29 cents per ordinary share for the year ended 30 June 2021 has been declared by the Board of the Company.

The salient dates applicable to the final dividend are as follows:

	Date
Last day of trade "cum" dividend	Tuesday, 9 November 2021
First day to trade "ex" dividend	Wednesday, 10 November 2021
Record date	Friday, 12 November 2021
Payment date	Monday, 15 November 2021

No share certificates may be dematerialised or rematerialised between Wednesday, 10 November 2021 and Friday, 12 November 2021, both days inclusive.

Dividends are to be paid out of distributable reserves. Dividends Tax of 20% will be withheld in terms of the Income Tax Act for those shareholders who are not exempt from dividend tax. In accordance with paragraphs 11.17(a)(i) to (ix) and 11.17(c) of the JSE Listings Requirements, the following additional information is disclosed:

- The gross local dividend amount is 29 cents per ordinary share for shareholders exempt from Dividends Tax;
- The net local dividend amount is 23,2 cents per ordinary share for shareholders liable to pay Dividends Tax;
- Alviva Holdings Limited has 122 520 303 ordinary shares in issue (which includes 7 815 000 FSP shares); and
- Alviva Holdings Limited's income tax reference number is 9675/146/71/7.

Where applicable, payment in respect of certificated shareholders will be transferred electronically to shareholders' bank accounts on the payment date. Shareholders who have dematerialised their shares will have their accounts at their Central Securities Depository Participant or broker credited on the payment date.

PROSPECTS AND STRATEGIC INITIATIVES

The outlook for the year to 30 June 2022 remains uncertain. The shortage of components and products, the increase in shipping costs and delays, together with an economy that has been ravaged over the last 18 months, are all features that will remain for some time to come. Yet, on the positive side, the demand for the Group's products and services remains strong. The new acquisitions that have recently been brought into the Group offer exciting prospects, although much effort is required to bring them to produce to their full potential. The Board remains cautiously optimistic.

For and on behalf of the Board

A Tugendhaft
Chairperson

P Spies
Chief Executive Officer

27 September 2021
Midrand

Consolidated

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2021

	2021 Audited R'000	2020 Audited R'000
Revenue (note 2)	**14 893 135**	14 804 155
Cost of sales	**(12 361 365)**	(12 370 493)
Gross profit	**2 531 770**	2 433 662
Other income	**61 050**	27 382
Gain on discounting of finance lease agreements	**767**	1 272
Gain on foreign exchange	**30 931**	630
Profit on disposal of property, plant and equipment	**76**	1 611
Gain on remeasurement of contingent consideration	**29 276**	23 869
Operating expenses	**(2 023 339)**	(2 072 507)
Selling expenses	**(52 054)**	(59 940)
Impairment losses and write-offs on trade and finance lease receivables	**(30 284)**	(45 645)
Impairment loss on loan to equity-accounted investee	**(7 646)**	(27 990)
Impairment loss on goodwill	**(11 062)**	(49 563)
Impairment loss on intangible assets	**(25 656)**	–
Employee benefit expenses	**(1 329 843)**	(1 323 782)
Administration expenses	**(249 292)**	(246 505)
Depreciation and amortisation	**(317 502)**	(319 082)
Operating profit before interest	**569 481**	388 537
Finance income	**23 904**	50 666
Finance costs	**(159 717)**	(227 640)
Share of profit of equity-accounted investee	**1 924**	–
Profit before tax	**435 592**	211 563
Income tax expense	**(135 095)**	(74 688)
Profit for the period	**300 497**	136 875
Other comprehensive income:		
Items that may be reclassified to profit or loss:	**(7 549)**	4 609
Exchange differences from translating foreign operations	**(7 549)**	4 609
Total comprehensive income for the period	**292 948**	141 484
Net profit for the period attributable to:	**300 497**	136 875
Owners of the Company	**325 846**	148 724
Non-controlling interests	**(25 349)**	(11 849)
Total comprehensive income attributable to:	**292 948**	141 484
Owners of the Company	**318 297**	153 333
Non-controlling interests	**(25 349)**	(11 849)
Earnings per ordinary share (cents)		
– Basic earnings per ordinary share	**267,3**	112,7
– Diluted earnings per ordinary share	**258,9**	110,7
Non-IFRS information *		
Earnings before interest, tax, depreciation and amortisation	**886 983**	707 619

** This information is not required by IFRS but is presented as additional information to the users of the financial statements.*

Consolidated

STATEMENT OF FINANCIAL POSITION

as at 30 June 2021

	2021 Audited R'000	2020 Audited R'000
ASSETS		
Non-current assets	**2 013 763**	2 080 544
Property, plant and equipment	**456 638**	457 218
Intangible assets	**139 425**	320 127
Goodwill (note 5)	**603 392**	614 454
Investment in equity-accounted investees	**66 421**	41 773
Finance lease receivables	**648 793**	556 138
Deferred tax assets	**99 094**	90 834
Current assets	**4 982 969**	5 711 445
Inventory (note 8)	**1 153 743**	1 228 187
Trade and other receivables	**2 593 594**	2 946 836
Finance lease receivables	**324 970**	298 383
Current tax assets	**31 049**	18 418
Cash and cash equivalents	**879 613**	1 219 621
Total assets	**6 996 732**	7 791 989
EQUITY AND LIABILITIES		
Capital and reserves	**2 489 460**	2 377 779
Stated capital	**1 225**	1 363
Treasury shares	**(121 195)**	(115 328)
Other equity reserves	**25 010**	46 289
Retained earnings	**2 526 920**	2 345 484
Non-controlling interests	**57 500**	99 971
Non-current liabilities	**1 042 868**	1 244 584
Interest-bearing liabilities	**968 153**	1 075 406
Non-interest-bearing liabilities	**22 990**	72 829
Contract liabilities	**16 627**	16 064
Deferred tax liabilities	**35 098**	80 285
Current liabilities	**3 464 404**	4 169 626
Trade and other payables	**2 706 354**	3 626 394
Interest-bearing liabilities	**294 196**	332 194
Non-interest-bearing liabilities	**12 664**	7 584
Contract liabilities	**195 777**	183 929
Bank overdraft	**220 000**	–
Current tax liabilities	**35 413**	19 525
Total equity and liabilities	**6 996 732**	7 791 989

ADDITIONAL INFORMATION *

Capital management		
Net asset value per share (cents)	**2 120,2**	1 763,9
Net tangible asset value per share (cents)	**1 472,6**	1 040,2
Working capital management		
Investment in working capital (R'000)	**845 206**	364 700
Liquidity and solvency		
Debt to equity (%)	**51,9**	61,8
Current ratio (excluding inventory in transit and work in progress)	**1,47**	1,48
Acid test (excluding inventory in transit)	**1,17**	1,08

** This information does not form part of the statement of financial position but is disclosed as additional information for the user.*

Consolidated

STATEMENT OF CASH FLOWS

for the year ended 30 June 2021

	2021 Audited R'000	2020 Audited R'000
Profit before tax	**435 592**	211 563
Adjusted for:		
Finance income	**(23 904)**	(50 666)
Finance costs	**159 717**	227 640
Non-cash flow items	**323 430**	396 446
– Depreciation and amortisation	**317 502**	319 082
– Gain on remeasurement of contingent consideration	**(29 276)**	(23 869)
– Profit on disposal of property, plant and equipment	**(76)**	(1 611)
– Share of profit of equity-accounted investee	**(1 924)**	–
– Foreign exchange (gain)/loss on contingent consideration	**(7 462)**	6 162
– Impairment loss on goodwill and intangible assets	**36 718**	49 563
– Impairment on loan to equity-accounted investee	**7 646**	27 990
– Debt forgiveness relief on leases	**–**	(1 242)
– Gain on remeasurement of lease liabilities	**(121)**	–
– Equity-settled share-based payment expense	**423**	20 458
– Other non-cash items	**–**	(87)
Changes in working capital	**(521 433)**	1 016 060
Cash generated from operations	**373 402**	1 801 043
Net finance costs	**(135 813)**	(176 974)
Finance income received	**23 904**	50 666
Finance costs paid	**(159 717)**	(227 640)
Income tax paid	**(185 285)**	(115 736)
	52 304	1 508 333
Cash flows from investing activities		
Acquisition of property, plant and equipment	**(45 229)**	(96 578)
Proceeds on disposals of property, plant and equipment	**1 373**	15 946
Acquisition of intangible assets	**(20 948)**	(47 188)
Proceeds on disposals of intangible assets	**8 751**	592
(Advances of)/receipts from loan to equity-accounted investee	**(30 370)**	18 356
Acquisition of subsidiaries, net of cash acquired	**–**	(48 619)
Net investment in finance lease receivables	**(119 242)**	(8 357)
	(205 665)	(165 848)
Cash flows from financing activities		
Interest-bearing liabilities raised	**83 507**	205 000
Interest-bearing liabilities repaid	**(224 777)**	(4 697)
Payments of lease liabilities	**(68 117)**	(56 270)
Non-interest-bearing liabilities repaid	**(8 021)**	(57 724)
Repurchase of shares	**(114 876)**	(102 194)
Treasury shares acquired	**(19 119)**	(10 378)
Proceeds on disposal of treasury shares	**755**	–
Transactions with non-controlling interests, including dividends	**(28 002)**	(25 465)
Dividends paid to ordinary shareholders	**(20 448)**	(41 492)
	(399 098)	(93 220)
(Decrease)/increase in net cash, cash equivalents and overdrafts	**(552 459)**	1 249 265
Net cash and cash equivalents at 1 July	**1 219 621**	(34 253)
Effects of exchange rate changes on cash held in foreign currencies	**(7 549)**	4 609
Net cash and cash equivalents at 30 June	**659 613**	1 219 621
Cash and equivalents	**879 613**	1 219 621
Bank overdraft	**(220 000)**	–

Consolidated

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2021

	2021 Audited R'000	2020 Audited R'000
Opening balance	**2 377 779**	2 335 027
Ordinary shares repurchased and cancelled	**(114 876)**	(102 194)
Treasury shares acquired *1	**(19 119)**	(10 378)
Total comprehensive income	**318 297**	153 333
Profit for the period	**325 846**	148 724
Other comprehensive (loss)/income	**(7 549)**	4 609
Settlement of equity-settled share-based payment (FSP2) *2	**–**	–
Treasury shares	**11 273**	20 869
Retained earnings	**2 880**	(8 523)
Equity-settled share-based payment reserve	**(14 153)**	(12 346)
Treasury shares sold *3	**1 979**	
Net movement in non-controlling interests *4	**(54 575)**	23 025
Equity-settled share-based payment reserve *5	**423**	20 458
Dividends paid	**(20 448)**	(41 492)
Closing balance	**2 489 460**	2 377 779
Attributable to:		
Owners of the Company	**2 431 960**	2 277 808
Non-controlling interests	**57 500**	99 971

*1 *These transactions include ordinary shares purchased and not cancelled to service the forfeitable share plan.*

*2 *During the reporting period, the equity-settled share-based payment plan "FSP 2" was settled and shares were transferred to the respective participants. All shares transferred were held as treasury shares by the Group. The related equity-settled share-based payment reserve was transferred to retained earnings.*

*3 *Forfeited "FSP 2" shares not transferred to other share repurchase programmes, were sold to market in accordance with the FSP rules. The loss on disposal was recognised in retained earnings.*

*4 *Including net loss attributable to non-controlling interests.*

*5 *During the reporting period, an additional forfeitable share plan ("FSP 6") became active. The FSP is classified as an equity-settled share-based payment plan and the vesting conditions are similar to those of the FSPs that were active at the prior reporting date.*

SEGMENT ANALYSIS

for the year ended 30 June 2021

	Segment revenue		Inter-segment revenue		External revenue	
	2021 Audited R'000	2020 Audited R'000	2021 Audited R'000	2020 Audited R'000	2021 Audited R'000	2020 Audited R'000
Business unit						
ICT Distribution	**10 868 650**	10 542 572	**(598 765)**	(674 816)	**10 269 885**	9 867 756
Services and Solutions	**4 488 150**	4 819 613	**(65 164)**	(80 719)	**4 422 986**	4 738 894
Financial Services	**200 404**	199 819	**(140)**	(2 314)	**200 264**	197 505
	15 557 204	15 562 004	**(664 069)**	(757 849)	**14 893 135**	14 804 155

	Segment EBITDA *	
	2021 Audited R'000	2020 Audited R'000
Business unit		
ICT Distribution	**475 141**	346 348
Services and Solutions	**278 842**	176 465
Financial Services	**125 879**	133 498
Group Central Services	**7 121**	51 308
EBITDA *	**886 983**	707 619
Depreciation and amortisation	**(317 502)**	(319 082)
Share of profit of equity-accounted investee	**1 924**	–
Net finance costs	**(135 813)**	(176 974)
Profit before tax	**435 592**	211 563

** Earnings before interest, tax, depreciation and amortisation.*

	Net operating assets	
	2021 Audited R'000	2020 Audited R'000
Business unit		
ICT Distribution	**1 170 468**	1 169 630
Services and Solutions	**598 217**	598 512
Financial Services	**269 441**	239 004
Group Central Services	**451 334**	370 633
	2 489 460	2 377 779

The segments of the Group are based on the information reported to the chief decision maker (CEO), under advice from his senior executive team, and have not changed from the prior reporting period.

SELECTED NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2021

1. SALIENT FEATURES OF THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

The summarised consolidated financial statements comprise the summarised consolidated statement of financial position at 30 June 2021, the summarised consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows and selected notes for the reporting period then ended.

Responsibility for annual results

The Board takes full responsibility for the preparation of the summarised consolidated financial statements and that the financial information has been correctly derived and are consistent in all material respects with the underlying audited consolidated financial statements. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of the summarised consolidated financial statements that are free from material misstatement, whether owing to fraud or error.

Basis of preparation and statement of compliance

The summarised consolidated financial statements for the reporting period ended 30 June 2021 have been prepared in accordance with the Group's accounting policies under the supervision of the Group Financial Director, Mr RD Lyon CA, and comply with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS"), SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the Listings Requirements for preliminary reports of the JSE Limited, the requirements of the Companies Act of South Africa (Act 71 of 2008), as amended and, as a minimum, contain all of the information required by IAS 34: *Interim Financial Reporting*.

The summarised consolidated financial statements of the Group are prepared as a going concern on a historical basis, except for derivative financial instruments and contingent consideration, which are stated at fair value as applicable.

Accounting policies, estimates and judgements

All accounting policies, inclusive of reasonable judgements and estimates, applied by the Group in these summarised consolidated financial statements are the same as those applied by the Group in the underlying audited consolidated financial statements for the reporting period ended 30 June 2021. All accounting policies are consistent with the prior reporting period and comply with IFRS.

Significant estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

1. SALIENT FEATURES OF THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS continued

New and revised Standards and Interpretations issued but not yet effective

Management assessed all of the standards and interpretations issued but not yet effective and is of the opinion that none of these standards and interpretations will have a material impact on the results of the Group in future periods. The Group has not early adopted any new or amended standards and interpretations not yet effective.

Functional and presentation currency

The summarised consolidated financial statements are presented in South African Rands, the functional currency of the Group. All amounts are rounded to the nearest thousand, except where another rounding measure has been indicated in the summarised consolidated financial statements.

Comparative figures

Unless otherwise indicated, comparative figures refer to the 12-month reporting period ended 30 June 2020.

Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements for the reporting period ended 30 June 2020.

Independent audit

This summarised report was extracted from the audited consolidated financial statements but was not itself audited.

The auditors, SizweNtsalubaGobodo Grant Thornton Incorporated, expressed an unmodified opinion on the consolidated financial statements from which the summarised consolidated financial statements were derived. A copy of the auditor's report, which includes key audit matters, on the consolidated financial statements is available for inspection at the Company's registered office or can be downloaded from the Company's website: www.alvivaholdings.com, together with the financial statements referred to in the auditor's report.

Any forward-looking financial information disclosed in this results announcement has not been reviewed or audited or otherwise reported on by the Company's auditors.

for the year ended 30 June 2021

2. REVENUE

The Group generates revenue primarily from the sale of IT-, fibre- and solar-related products and provision of installation, distribution and maintenance services. Other sources of revenue for the Group include rental income from equipment and finance income from finance leases entered into with customers.

	2021 Audited R'000	2020 Audited R'000
Revenue from contracts with customers	**14 664 917**	14 586 277
Other revenue	**228 218**	217 878
– Revenue related to leases	**228 218**	217 878
Total revenue	**14 893 135**	14 804 155

Disaggregation of revenue

In the following tables, revenue from contracts with customers is disaggregated by timing of revenue recognition, major service offering, contributing industry and geographic regions. The tables include a reconciliation of the disaggregated revenue with the Group's reportable segments.

2021

Timing of recognition

	Reportable segments			30 June 2021 Total R'000
	ICT Distribution R'000	Services and Solutions R'000	Financial Services R'000	
Timing of revenue recognition				
At a point in time	10 075 760	2 448 021	–	**12 523 781**
Over a period of time	194 125	1 947 011	–	**2 141 136**
Revenue from contracts with customers	10 269 885	4 395 032	–	**14 664 917**
Revenue related to leases	–	27 954	200 264	**228 218**
Total revenue	10 269 885	4 422 986	200 264	**14 893 135**

Major service offering

	Reportable segments			30 June 2021 Total R'000
	ICT Distribution R'000	Services and Solutions R'000	Financial Services R'000	
Service offerings				
IT-related products	9 929 631	2 362 146	–	**12 291 777**
Fibre-related products	146 409	–	–	**146 409**
Solar-related products	–	85 875	–	**85 875**
Electric charge-point sales	–	3 190	–	**3 190**
Installation services	1 256	225 895	–	**227 151**
Infrastructure management	–	119 882	–	**119 882**
Maintenance services	–	206 447	–	**206 447**
Consulting services – usage	111 050	207 670	–	**318 720**
Consulting services – labour hours	81 539	1 183 927	–	**1 265 466**
Revenue from contracts with customers	10 269 885	4 395 032	–	**14 664 917**
Revenue related to leases	–	27 954	200 264	**228 218**
Total revenue	10 269 885	4 422 986	200 264	**14 893 135**

for the year ended 30 June 2021

2. REVENUE continued

Contributing industry

	Reportable segments			30 June 2021 Total R'000
	ICT Distribution R'000	Services and Solutions R'000	Financial Services R'000	
Industries				
ICT	10 122 220	3 992 631	–	**14 114 851**
Fibre solutions	147 665	–	–	**147 665**
Renewable energy	–	278 695	–	**278 695**
Infrastructure management	–	123 706	–	**123 706**
Revenue from contracts with customers	10 269 885	4 395 032	–	**14 664 917**
Revenue related to leases	–	27 954	200 264	**228 218**
Total revenue	10 269 885	4 422 986	200 264	**14 893 135**

Geographic regions

	Reportable segments			30 June 2021 Total R'000
	ICT Distribution R'000	Services and Solutions R'000	Financial Services R'000	
Regions				
South Africa	8 799 690	4 231 013	–	**13 030 703**
Africa (excluding South Africa)	1 470 186	71 793	–	**1 541 979**
Other *	9	92 226	–	**92 235**
Revenue from contracts with customers	10 269 885	4 395 032	–	**14 664 917**
Revenue related to leases	–	27 954	200 264	**228 218**
Total revenue	10 269 885	4 422 986	200 264	**14 893 135**

* *Includes Group entities in the UK and the Middle East.*

2. REVENUE continued

2020

Timing of recognition

	Reportable segments			30 June 2020 Total R'000
	ICT Distribution R'000	Services and Solutions R'000	Financial Services R'000	
Timing of revenue recognition				
At a point in time	9 629 391	2 972 845	–	12 602 236
Over a period of time	238 365	1 745 676	–	1 984 041
Revenue from contracts with customers	9 867 756	4 718 521	–	14 586 277
Revenue related to leases	–	20 373	197 505	217 878
Total revenue	9 867 756	4 738 894	197 505	14 804 155

Major service offering

	Reportable segments			30 June 2020 Total R'000
	ICT Distribution R'000	Services and Solutions R'000	Financial Services R'000	
Service offerings				
IT-related products	9 508 021	2 899 384	–	12 407 405
Fibre-related products	125 530	–	–	125 530
Solar-related products	–	73 461	–	73 461
Electric charge-point sales	–	4 578	–	4 578
Installation services	13 260	241 217	–	254 477
Infrastructure management	–	103 137	–	103 137
Maintenance services	–	215 206	–	215 206
Consulting services – usage	104 449	180 528	–	284 977
Consulting services – labour hours	116 496	1 001 010	–	1 117 506
Revenue from contracts with customers	9 867 756	4 718 521	–	14 586 277
Revenue related to leases	–	20 373	197 505	217 878
Total revenue	9 867 756	4 738 894	197 505	14 804 155

for the year ended 30 June 2021

2. REVENUE continued

Contributing industry

	Reportable segments			30 June 2020 Total R'000
	ICT Distribution R'000	Services and Solutions R'000	Financial Services R'000	
Industries				
ICT	9 728 966	4 365 744	–	14 094 710
Fibre solutions	138 790	–	–	138 790
Renewable energy	–	245 996	–	245 996
Infrastructure management	–	106 781	–	106 781
Revenue from contracts with customers	9 867 756	4 718 521	–	14 586 277
Revenue related to leases	–	20 373	197 505	217 878
Total revenue	9 867 756	4 738 894	197 505	14 804 155

Geographic regions

	Reportable segments			30 June 2020 Total R'000
	ICT Distribution R'000	Services and Solutions R'000	Financial Services R'000	
Regions				
South Africa	8 318 072	4 442 623	–	12 760 695
Africa (excluding South Africa)	1 549 684	209 643	–	1 759 327
Other *	–	66 255	–	66 255
Revenue from contracts with customers	9 867 756	4 718 521	–	14 586 277
Revenue related to leases	–	20 373	197 505	217 878
Total revenue	9 867 756	4 738 894	197 505	14 804 155

* *Includes Group entities in the UK and Middle East.*

3. FINANCIAL REVIEW

	2021 Audited	2020 Audited
Performance per ordinary share (cents)		
Basic and diluted earnings per ordinary share		
– Basic earnings per ordinary share	**267,3**	112,7
– Diluted earnings per ordinary share	**258,9**	110,7
Headline and diluted headline earnings per ordinary share		
– Headline earnings per ordinary share	**285,0**	149,4
– Diluted headline earnings per ordinary share	**276,1**	146,7
Core and diluted core earnings per ordinary share		
– Core earnings per ordinary share	**356,0**	225,9
– Diluted core earnings per ordinary share	**344,8**	222,0
Dividend cover (declared)	**9,2**	7,5
Dividend cover (paid)	**15,9**	3,6
Returns (%)		
Gross profit	**17,0**	16,4
Operating expenses	**(13,6)**	(14,0)
EBITDA *	**6,0**	4,8
Operating profit before interest and tax	**3,8**	2,6
Effective tax rate	**31,0**	35,3
Profit for the period	**2,0**	0,9
Return on equity	**13,8**	6,5

** Earnings before interest, tax, depreciation and amortisation.*

for the year ended 30 June 2021

4. RECONCILIATION OF HEADLINE AND CORE EARNINGS

	2021 Audited R'000	2020 Audited R'000
Earnings attributable to ordinary shareholders	**325 846**	148 724
Profit on disposal of property, plant and equipment net of tax	**(55)**	(1 160)
Impairment loss on goodwill net of tax	**11 062**	49 563
Attributable impairment loss on intangible assets net of tax	**10 598**	–
Headline earnings	**347 451**	197 127
Acquisition costs net of tax	**2 880**	790
Amortisation of intangible assets net of tax	**83 554**	100 255
Core earnings **	**433 885**	298 172
Number of ordinary shares in issue ('000)		
– Total number of shares in issue *	**114 705**	129 137
– Weighted average number of shares in issue *	**121 895**	131 987
– Weighted average number of shares in issue for purpose of dilution*	**125 853**	134 351

* *Excluding treasury shares.*

** *Core earnings per share is considered a meaningful additional measure of evaluating the performance of the Group's operations. It is based on the headline earnings measure and adjusted to exclude the amortisation of intangible assets recognised on business combinations and related business combination acquisition costs. It is not an IFRS measure.*

5. ANALYSIS OF GOODWILL

	2021 Audited R'000	2020 Audited R'000
Balance at 1 July	**614 454**	631 526
Business combinations during the reporting period	**–**	32 491
– SynergERP Proprietary Limited	**–**	18 928
– SynergERP Limited – UK ("Synerg UK")	**–**	11 062
– SynergERP Limited – DWC LLC	**–**	2 501
Impairment losses	**(11 062)**	(49 563)
Balance at 30 June	**603 392**	614 454

As mentioned, a key individual, who was intricately involved in the overall business development of Synerg UK, resigned from his position towards the end of the reporting period resulting in a decision by management to halt all operations. These actions resulted in an impairment of the goodwill attributable to Synerg UK in the current reporting period. In addition, the Group recognised an impairment loss amounting to R26 million in respect of the customer relationship (included in 'intangible assets') associated with Synerg UK.

6. CHANGES TO NON-CONTROLLING INTERESTS

Sintrex Integrated Services Proprietary Limited ("Sintrex")

On 2 November 2020, Alviva, through its subsidiary company DCT Holdings (RF) Proprietary Limited, acquired an additional 7% of the issued share capital of Sintrex for an amount of R11 million, thereby increasing its shareholding in Sintrex to 83%.

In addition, Sintrex repurchased 6% of its issued share capital on 5 January 2021 for an amount of R9 million, thereby increasing the Group's shareholding to 88%.

7. SHARE REPURCHASES AND REDEMPTION OF PREFERENCE SHARES

During the reporting period the Group repurchased 13,8 million (2020: 7,1 million) shares at a cost of R115 million (2020: R102 million).

No additional redeemable preference shares were issued to Absa Bank Limited ("Absa") during the reporting period (2020: 60 redeemable preference shares). During the period 10 preference shares were redeemed on 20 August 2020 and another 10 preference shares were redeemed on 8 February 2021, totalling an amount of R200 million.

8. INVENTORY *

	2021 Audited R'000	2020 Audited R'000
Inventory on hand	**930 475**	1 059 851
Inventory in transit	**203 938**	148 685
Work in progress	**19 330**	19 651
	1 153 743	1 228 187

* *The various categories have been presented net of the allowance for obsolete inventory.*

9. FAIR VALUE HIERARCHY

A summary of the financial instruments measured at fair value is set out below.

Fair value hierarchy:

Level 1 – fair value is determined from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – fair value is determined through the use of valuation techniques based on observable inputs, either directly or indirectly.

Level 3 – fair value is determined through the unobservable inputs for the asset or liability.

The following table presents the Group's material financial instruments that are measured at fair value:

	Level	**2021 Audited R'000**	2020 Audited R'000
Derivatives related to risk management *	2	**10 742**	11 772
Contingent consideration **	3	**35 654**	79 976

** Derivatives are included as part of trade and other payables.*

*** The contingent consideration is included as part of non-interest bearing liabilities.*

Contingent consideration

	GROUP	
	2021 R'000	2020 R'000
Balance at 1 July	**79 976**	89 898
Acquisition of SynergERP Propriety Limited *	**–**	13 381
Acquisition of interest in SynergERP Limited – DWC LLC ("Synerg DWC")	**–**	24 288
Acquisition of interest in SynergERP Limited – UK ("Synerg UK")	**–**	27 840
Settlement paid to vendors	**(7 584)**	(57 724)
Total adjustments recognised in profit or loss **	**(36 738)**	(17 707)
Foreign exchange (gain)/loss	**(7 462)**	6 162
Fair value gain	**(29 276)**	(23 869)
Balance at 30 June	**35 654**	79 976

** The contingent consideration was settled in the period that the business was acquired.*

*** The information presented in the table was reallocated in the current reporting period to disclose the effect of foreign exchange differences.*

The fair value of foreign exchange contracts has been determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currencies, i.e., forward pricing. The valuations are performed internally by each financial institution with internally specific inputs.

The fair value of contingent consideration was determined at the reporting date using the discounted cash flow method. The inputs into the model included the expected cash flows in terms of the performance conditions of the acquirees, based on internally prepared budget and forecasted estimates, discounted at an intrinsic borrowing rate of the treasury function of the Group.

For all other financial assets and liabilities, the carrying amount is considered to approximate the fair value, except for finance lease receivables for which the fair value is considered to represent the undiscounted cash flows.

for the year ended 30 June 2021

10. CAPITAL MANAGEMENT AND DEBT COVENANTS

Type of debt/facility	Subsidiary	Imposed covenant(s)/triggers
Banking facilities – Direct	Axiz Proprietary Limited	▸ Debt cover ratio in respect of utilised facility not to be less than 1, based on a specific debtors book formula applied by the bank. ▸ Intercompany loans may not exceed R100 million. ▸ Retained earnings must exceed R450 million.
	Centrafin Proprietary Limited	▸ Debt cover ratio in respect of utilised facility not to be less than 3, based on a specific debtors book formula applied by the bank.
	Datacentrix Proprietary Limited	▸ Debt cover ratio in respect of utilised facility not to be less than 2, based on a specific debtors book formula applied by the bank.
	Obscure Technologies Proprietary Limited	▸ Debt cover ratio in respect of utilised facility not to be less than 1, based on a specific debtors book formula applied by the bank.
	Pinnacle Micro Proprietary Limited	▸ A collateral cover ratio of 167%. ▸ At least 70% of the debtors' book must be insured from time to time.
	Sintrex Integration Systems Proprietary Limited	▸ Debt cover ratio in respect of utilised facility not to be less than 3, based on a specific debtors book formula applied by the bank. ▸ Dividend cover of at least 2 times.
Banking facilities – Contingent	Datacentrix Proprietary Limited Obscure Technologies Proprietary Limited Pinnacle Micro Proprietary Limited	None required by the bank(s).
Banking facilities – Settlement	Axiz Proprietary Limited Datacentrix Proprietary Limited Pinnacle Micro Proprietary Limited	None required by the bank(s).
Redeemable preference share liability	Alviva Holdings Limited	▸ Net leverage ratio may not exceed 3. ▸ Interest cover ratio of equal to or more than 3.5.
	Datacentrix Proprietary Limited	▸ Net leverage ratio may not exceed 2. ▸ Interest cover ratio of equal to or more than 3.5.
Asset-backed senior loan: Nedbank	Centrafin Receivables (RF) Proprietary Limited	The covenants are directly linked to the lease book (balance disclosed as part of 'finance lease receivables') applicable to the securitisation agreement with the financial institution: ▸ Debt cover ratio of at least 1, based on a specific lease book formula applied by the bank; and ▸ Specific portfolio covenants and transactional criteria determined by the bank.

10. CAPITAL MANAGEMENT AND DEBT COVENANTS continued

The Group provides the relevant banks with the calculations as frequently as is required in terms of the covenants. The Group was not in proximity to breaching any of the covenants, as tabled above, at the reporting date and does not expect this to change.

The Board considers the Group's debt to be of an acceptable level. The Board, as an internal measure, excludes the debt relating to Centrafin Receivables in respect of the asset-backed senior loan with Nedbank, when considering debt levels, since the debt is ring-fenced as part of a securitisation structure.

The Group is considered to be a cash-generating business and current cash resources, amounting to R660 million (2020: R1 billion), would be utilised if the Group were to trigger a breach of any of the imposed covenants. The Board assesses the triggers on a regular basis, in line with the frequency of reporting to the banks, to identify and address any possible concerns timeously.

The debt-covenant ratio is presented on page 9.

11. EVENTS AFTER THE REPORTING DATE

Other than as disclosed below, there were no events material to the understanding of the financial statements that occurred after the reporting date and the authorisation date of the financial statements, except the continuation of the risk-adjusted approach implemented by the South African government in response to the COVID-19 pandemic.

General repurchase of shares

After the reporting date, the Company repurchased an additional 538 069 shares under the authority granted by shareholders at the AGM held on 18 November 2020. The repurchase was put in place pursuant to a repurchase programme prior to the commencement of the prohibited period in accordance with the JSE Listings Requirements.

Forfeitable Share Plan Sixth allocation ("FSP 6")

FSP 6, along with its participants and share allocation, was approved by the Board on 15 June 2021. A total of 2 840 000 shares were allocated to FSP 6. All participants accepted the shares granted to them and the scheme became effective after the reporting date.

Issue of preference shares

On 1 July 2021, Alviva, through its subsidiary, DCT Holdings (RF) Proprietary Limited, issued an additional 10 (ten) redeemable preference shares of R10 million each to Absa Bank Limited (acting through its Corporate and Investment Banking Division).

Civil disorder

Riots and protests took place in South Africa from 9 July 2021 in response to the arrest of former president Jacob Zuma in terms of a judgement issued by the Constitutional Court of South Africa. The riots escalated to looting that started in KwaZulu-Natal province on the evening of 9 July 2021 and spread to the Gauteng province on the evening of 11 July 2021. This was fueled by job layoffs and economic inequality that had increased during the COVID-19 pandemic.

Road closures on two major national roads, namely the N3 and N2, affected the transportation of goods from the east coast into provinces in the north. This affected the transportation of goods to landlocked countries in Africa including Botswana, Zimbabwe and Zambia. Multiple logistics and fuel companies in KwaZulu-Natal and Gauteng declared force majeure, citing fears of continued looting, hijackings, truck burnings, and social unrest increasing the costs sustained from the looting and damage to property.

Furthermore, the container ports of Richards Bay and Durban, located in KwaZulu-Natal, ceased operations. After several attacks on trucks, the N3, which links port Durban with Johannesburg, was closed on 10 July 2021.

The South African Rand weakened against major foreign currencies as a direct result of the temporary economic instability caused by the riots and protests.

Alviva was unable to avoid the effects of the riots and approximately R3,7 million of Alviva's inventory, that was being held at a logistics service provider whilst en route to customers in the Durban area, was either destroyed or looted. A claim has already been submitted to SA Special Risk Insurance Assurance (SASRIA).

Thankfully no staff were physically injured but there was a degree of productivity lost over the period and certain additional costs were incurred to secure the Group's operations.

11. EVENTS AFTER THE REPORTING DATE continued

Acquisition of the Tarsus Group

Alviva, through its subsidiary, DCT Holdings (RF) Proprietary Limited, has recently acquired 100% of the issued share capital of Tarsus Technology Group Proprietary Limited ("Tarsus"). The acquisition of Tarsus was effective 1 July 2021.

The purchase price for the 100% shareholding in Tarsus amounts to a total estimated cash consideration of R178 million. The consideration is payable as follows:

Tranche	Date payable	Amount
Tranche 1	1 July 2021	R100 million
Tranche 2	1 January 2022	R20 million
Tranche 3	1 January 2023	R33 million
Tranche 4	1 January 2024	R25 million

Tranche 1 was paid on the acquisition date.

The Tarsus Group has two main operating subsidiaries: Tarsus Distribution Proprietary Limited, the company that owns the South African, Botswana and Namibian IT distribution operations, and Tarsus on Demand Proprietary Limited, a company which operates a cloud solutions business.

Tarsus Distribution is a distributor that is focused on making leading IT hardware brands available to the Southern African reseller channel similarly to the Alviva subsidaries Axiz Proprietary Limited and Pinnacle Micro Proprietary Limited. The company is well positioned to meet the channel's needs for credit funding, stock availability and efficient logistics. Tarsus on Demand provides customers and partners with leading and advanced cloud solutions.

The transaction meets the definition of a business combination as set out in IFRS 3: *Business Combinations*. Management is in the process of finalising the acquisition method of recognition in terms of the business combination as the transaction still falls within the allowable measurable period as permitted by IFRS 3: *Business Combinations.* Therefore, the at acquisition fair values of the identified assets and liabilities acquired and assumed, as well as any possible goodwill that may arise from the transaction, have not been disclosed.

ALVIVA HOLDINGS LIMITED

(incorporated in the Republic of South Africa)
Registration number: 1986/000334/06
ISIN: ZAE000227484
Share code: AVV
"Alviva" or "the Company" or "the Group"

Directors:

A Tugendhaft * (Chairperson), P Spies (Chief Executive Officer), SH Chaba *^, RD Lyon (Chief Financial Officer), PN Masemola *^, MG Mokoka *^, P Natesan *^ (Lead Independent Director)

** Non-Executive ^ Independent*

Registered Office:

The Summit, 269, 16th Road, Randjespark, Midrand, 1685

Preparer of results: RD Lyon CA

Company Secretary: SL Grobler CA(SA)

Transfer Secretaries:

Computershare Investor Services (Pty) Ltd, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196

Auditors:

SizweNtsalubaGobodo Grant Thornton Incorporated, Registered Auditors, 20 Morris Street East, Woodmead, Johannesburg, 2191

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Deloitte & Touche Sponsor Services (Pty) Ltd, Deloitte Place, 5 Magwa Crescent, Waterfall City, Midrand, 2090

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