ETION

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2021

2022

Advancing Humanity Through Technology

Contents

ETION LIMITED
("Etion" or "the Company" or "the Group")
(Incorporated in the Republic of South Africa)
(Registration Number: 1987/001222/06)
Share Code: ETO
ISIN: ZAE000097028

Key features

At 30 September 2021

Revenue ↑ 122% **R550.2 million** (Sept 2020: R247.4 million)	Profit after tax ↑ 1 292% **R68.2 million** (Sept 2020: R4.9 million profit)	Headline earnings per share ↑ 1 287% **12.07 cents** (Sept 2020: 0.87 cents)
EBITDA ↑ 353% **R100.1 million** (Sept 2020: R22.1 million)	Gross margin ↓ 1.8% **32.8%** (Sept 2020: 34.6%)	Cash and cash equivalents ↑ 230% **R196.3 million** (Sept 2020: R59.4 million)
Liquidity **2.0** (Sept 2020: 2.2)	Solvency **2.3** (Sept 2020: 2.6)	Debt/Equity **0.8** (Sept 2020: 0.6)

The key features, as detailed above related to both continuing and discontinued operations.

Etion Create order book **R520 million**	Etion Connect order book **R59 million**	Purchase consideration on disposal of LAWTrust **R311 million**[1]

The total contracted order book, as at date of publication of the results, represents the contracted customer orders that have been received but are still to be executed. This economic benefit will accrue during the 2022 financial year and onwards.

[1] *Includes R75 million pre-closing dividend*

Commentary

GROUP PROFILE

Etion Limited is a diversified digital technology investment holding company.

The Etion Board approved a strategy to sell the underlying operating entities and delist from the JSE's AltX once the disposal process is complete. During the first half of the 2022 financial year (H12022), LAWTrust was sold and is classified under discontinued operations. The remaining two operating entities, Connect and Create, traded well during H12022 with good prospects for the second half of the year and beyond. Both are classified as continuing operations. The Board is in the process of engaging with prospective bidders for both operating entities and is in a fairly advanced stage of discussions.

Continuing operations

Etion Connect (Connect) and Etion Create (Create)

Discontinued operations

Etion Secure (Secure / LAWTrust)

On 20 April 2021, Etion announced that it had entered into an agreement with Altron TMT SA Group (Altron) to sell 100% of LAWTrust. Following the approval of the sale by the Competition Tribunal on 20 September 2021 and fulfilment of all other conditions, the disposal was concluded, and transfer of ownership occurred with effect from 1 October 2021.

PERFORMANCE OVERVIEW

Etion's financial performance improved significantly during H12022 as all of the operating entities capitalised on growth opportunities in their markets, while the streamlining of operations during the previous financial year yielded positive results.

Major multi-year contracts secured by Create and Connect contributed to 142% year-on-year growth in the Group's R579 million order book from continuing operations at 30 September 2021.

STRATEGIC UPDATE

The Group's strategy to unlock value for its shareholders and to ultimately delist from the AltX gained momentum during the period under review, with progress achieved on the following strategic goals:

Strategic goal	Progress to date
Completing the LAWTrust disposal	— LAWTrust was sold for a total purchase consideration of R311 million with effect from 1 October 2021. The total purchase consideration consists of the sale consideration of R236 million and a pre-closing dividend of R75 million. The dividend comprised excess cash in LAWTrust, and was paid on 28 September 2021. — R185 million of the sale consideration was paid to Etion on 1 October. A further R21 million (including a net debt and working capital adjustment) was paid on 26 November 2021, with a final amount of R30 million to be paid on 1 October 2022 less any legitimate warranty, indemnity, and other potential claims under the sale of shares agreement. — The sale proceeds yielded a 271% return on investment for Etion over three years.
Repaying or restructuring debt	— The pre-closing dividend was used to settle R21.4 million outstanding on the Group's medium-term Nedbank loan.
Reinvestment and return to shareholders of free cash flow	— A 33 cents per share capital distribution, amounting to R186.3 million, was declared and paid to shareholders on 2 November 2021. — Investment in the continuing businesses, Create and Connect, delivered strong growth during the period under review, with combined revenue and profit contributions to the Group increasing by 181% and 263%, respectively.
Supporting Create and Connect	— Corporate continued to support the continuing operations in line with the Group's strategy, implementing growth initiatives that contributed to an increase in their free cash flow and ensuring that their capital structures are adequate to support future growth.
Proceeding with the disposal of Create and Connect	— Create and Connect are both being prepared for sale. — Corporate is engaging with parties that have expressed interest in acquiring either Connect or Create.

COVID-19 IMPACTS

Etion's operations maintained COVID-19 protocols and implemented several additional innovations to ensure safe working environments.

COVID-19 restrictions such as social distancing, travel bans to some locations, and supply chain disruptions impacted productivity and customer engagement at some operations. However, the sustained acceleration in demand for connectivity and cyber security continued to have materially positive consequences for our operations.

FINANCIAL RESULTS

Statement of profit or loss and other comprehensive income

Etion's improved financial performance during H12022 reflects the Group's recovery from the varying effects of COVID-19 and the positive impact of our response to the pandemic. The increase in profit after tax to R68.2 million (H12021: R4.9 million total comprehensive income) is attributed to a combination of growth in demand for products and services across all operations and the realignment of costs. Connect underwent a significant restructure in the 2021 financial year to align its cost base with its business model and related revenue. Corporate was restructured to align its cost base with that of a listed investment holding company.

ZAR/USD volatility resulted in net foreign exchange losses of R3 million (H12021: gains of R2.7 million). As an importer of product from a US supplier, Connect is vulnerable to fluctuations in ZAR/USD. However, its effective hedging programme limited its exposure to foreign exchange volatility on imported products.

LAWTrust was reported as a discontinued operation in terms of IFRS 5 – *Non-Current Assets Classified as Held for Sale and Discontinued Operations* for FY2021 and H12022. Consequently, the Group reclassified its investment in the underlying assets and liabilities of LAWTrust to assets/liabilities held for sale (Refer to note 6). As LAWTrust represents a separate major line of business, its results are presented as a discontinued operation in the unaudited condensed consolidated interim Statement of Profit or Loss and Other Comprehensive Income, including the re-presentation of the comparative H12021 financial information.

Revenue from the continuing operations grew by 181% to R387.9 million, largely due to increased investment by Connect's customers in infrastructure to support demand for fibre to homes and businesses and a surge in orders from Create's local and international mining and defence customers. On 1 October 2021, the committed order books for continuing operations amounted to R579 million, which bodes well for the remainder of 2022 and the 2023 financial year.

The gross profit margin of continuing operations improved from 20% to 22% year-on-year due to an improvement in Create's product mix, sound cost management and the negotiation of discounted prices from Connect's US supplier.

Operating costs from the continuing operations remained under control, increasing only marginally by 7% to R44.4 million, despite rapid growth in business activity.

LAWTrust delivered improved financial performance for the first half of the year, resulting in an increase in profit from discontinued operations to R44.4 million (H12021: R19.6 million). The increase included significant growth in most lines of business as well as revenue earned from the provision of a major certificate-based security solution to a South African public sector organisation following the re-award of the contract for a further five years in October 2020.

The Group generated headline earnings per share (HEPS) of 12.07 cents (H12021: 0.87 cents) from continuing and discontinued operations and HEPS of 4.16 cents (H12021: 2.59 cents loss) from continuing operations.

Statement of financial position

Etion's financial position strengthened considerably during the period under review, enabling the Group to use the R75 million pre-closing dividend paid by LAWTrust on 28 September 2021 to repay the Nedbank medium-term loan.

Total assets increased by R260.4 million to R769 million, supported by a R103.5 million increase in cash and cash equivalents to R162.9 million. The cash and cash equivalents included a cash balance of R61 million in Connect (March 2021: R26.3 million), a R39 million cash balance in Create (March 2021: R26.5 million) and the LAWTrust pre-closing dividend net of R21.39 million used to settle the Nedbank medium-term loan.

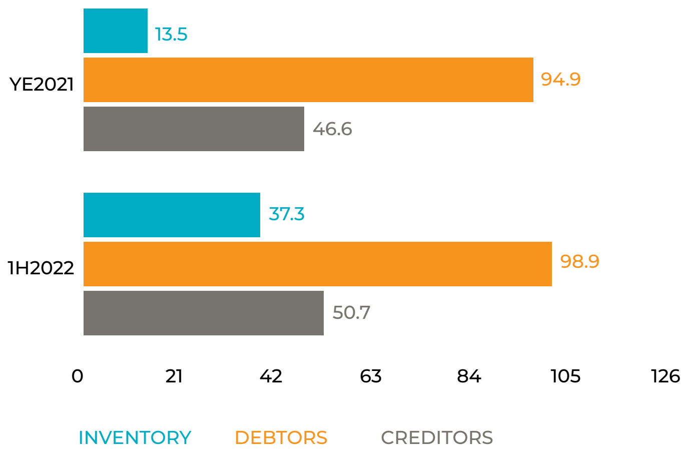
Etion's interest-bearing borrowings were reduced by R35.1 million to R32.2 million, with R21.4 million of this decrease a consequence of the settlement of the medium-term loan. Total liabilities increased by R144.5 million to R339.5 million. Equity increased by R115.9 million to R429.4 million.

Cash flow statement

The Group's net cash position increased by 230% to R196 million, R33.4 million of which was attributable to LAWTrust. The increase in cash generated by the continuing operations was attributable to their focus on inventory management and debt collection, as well as favourable credit terms from Connect's primary US-based supplier, despite challenges in their operating environments such as global silicon shortages and COVID-19 related supply chain disruptions.

Net working capital management

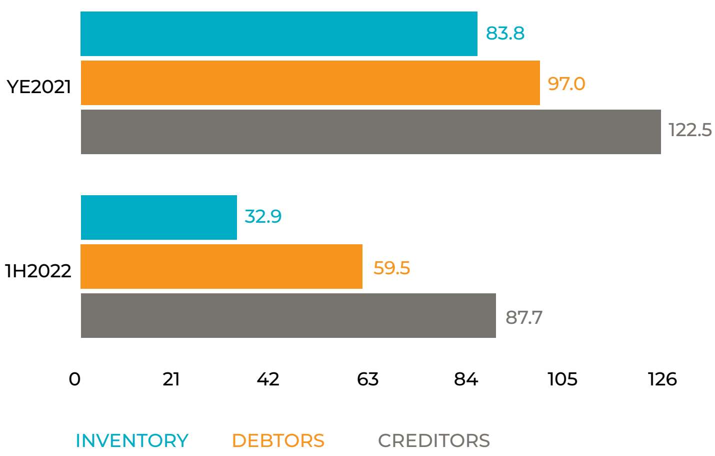
Number of days – Create



Create's inventory management was impacted by silicon component shortages and unpredictable supply chains. This increased pressure on cash flow as Create had to suspend its just-in-time procurement and build up stocks to maintain customer deliveries.

Long outstanding debts with three of Create's customers impacted debtors days outstanding. Create is managing the outstanding debts with active customer engagement and remains confident about the recoverability of these debts.

Number of days – Connect



Connect benefitted from active stock management. Connect's cash flow was positively impacted by its improved revenue performance and favourable credit terms with its primary US-based supplier.

Connect's debtors are current. Although its H12022 debtors were impacted by a balance outstanding (R42 million) from one of its biggest customers, this was paid subsequent to the period end.

Management continues to proactively monitor and manage inventory and debtors' days to improve the Group's working capital management.

Investment in property, plant and equipment declined from R5.8 million to R2.0 million following an increase in investment during the previous year to improve the capacity of the businesses in growing markets.

Refer to notes 4, 5 and 8 of the financial statements for further detail and commentary.

OUR OPERATIONS

Continuing operations

ETION CREATE

	1H22	1H21	% Change
Segment revenue	**R139.9 million**	R85.9 million	63%
Segment profit/(loss)	**R15.7 million**	(R4.6 million)	441%
Segment profit/(loss), excluding Corporate recovery	**R19.1 million**	(R1.7 million)	1 224%
Gross profit	**R36.9 million**	R18.5 million	99%
Gross margin (%)	**26.4%**	21.5%	4.9%
Total contracted order book 30 September	**R520 million**	R149 million	249%

Digitise was rationalised and operationally consolidated into Create during FY2021. Create continues to support Digitise customers in the rail industry. However, the underlying intellectual property continues to reside in Digitise. Management is formalising the transfer of the intellectual property to Create with effect from H22022. Due to the operational consolidation of Digitise and Create, the table above incorporates the segment results of Etion Digitise and Etion Create.

Drivers of change

Create (incorporating Digitise) continued on a path of significant revenue growth and exceeded profit expectations as it capitalised on the global reopening of economies and the resumption of growth cycles in its targeted markets.

Create's order book grew by 206% year-on-year to R520 million, driven by:

- Sustained improvement in its mining sector business as established and new customers responded to the positive commodities cycle and sought to recover revenue lost during COVID-19. Create designs and manufactures safety and other mining products for its diverse customer base who supply to the coal and gold sectors.
- A general increase in orders from local and international defence markets, including the conclusion of a three-year multi-million rand contract to deliver the CheetahNAV tactical navigation system. Create focused on preparation and commencement of work on the project during the period under review. The CheetahNAV system, developed in-house to enable jamming-free situational awareness navigation information, has been well received by defence businesses in Africa, the Middle East and Brazil.

The improvement in profit margin was primarily attributable to the mix of its business and sound cost management, which mitigated external challenges to project implementation. These challenges include silicon component shortages and COVID-19 related supply chain constraints that disrupted inventory management and customer deliveries. As a just-in-time manufacturer, the need to stockpile components to manage these shortages impacted working capital, cash flow and financial performance. COVID-19 also affected productivity and capacity from a human capital perspective.

Create continued to focus on operational efficiency improvements, implementing an upgraded ERP system. A balanced scorecard approach was reintroduced to strengthen the focus on safety, health and environment management. An employee registration and sign-in app was implemented to improve safety in the event of an evacuation and to streamline COVID-19 related protocols. Several new appointments will enhance the capacity and capability to service a growing project pipeline as industry cycles improve.

ETION CONNECT

	1H22	1H21	% Change
Segment revenue	**R248.1 million**	R52.2 million	375%
Segment profit	**R29.5 million**	R1.7 million	1 635%
Segment profit, excluding Corporate recovery	**R31.5 million**	R3.5 million	800%
Gross profit	**R47.4 million**	R8.6 million	451%
Gross margin (%)	**19%**	16%	3%
Total contracted order book 30 September	**R59 million**	R90 million	(34%)

Drivers of change

Connect delivered substantial revenue and profit growth as it focused on key account management to increase sales and logistics and serviced a growing pipeline of orders.

The significant improvement in performance was driven by the resurgence in demand for fibre connectivity that prompted network operators to increase investment in the infrastructure that provides fibre to homes and businesses. The order book has grown over the past two years as a result of:

- A bulk deal (bulk deal 1) provided strong revenue growth and supported an anchor carrier customer's three-year infrastructure expansion roll-out programme for an integrated fibre and mobile network. The project was completed, and negotiations for bulk deal 2 are at an advanced stage.
- Successful marketing of the new bulk product range to multiple other customers at improved margins.
- Expansion into new products, services and geographies to sustain order book growth and mitigate concentration risk by diversifying the customer base. Developments include:
  - Strengthening its foothold in the fast-growing data centre market in South Africa and the rest of Africa.
  - Participating in the expansion of mobile network operator transmission networks to meet the demand for bandwidth.
  - Offering a redeveloped end-to-end low-cost alternative product to retain customers that evolved into lower LSM customer bases.
  - Achieving a breakthrough in the Namibian market by securing a new customer.

Management consolidated its position as a profitable value-added reseller of connectivity products for telecommunications networks with efficient inventory and cash management. The business secured additional price discounts from its primary US-based supplier and is renegotiating payment terms to better align with the payment cycle of its anchor customer.

Connect strengthened its supply chain management, financial management and human resource management capacity with new appointments. The business appointed a safety, health, environment and quality (SHEQ) management consultant to approve and align SHEQ compliance with customer requirements.

Discontinued operations

ETION SECURE

	1H22	1H21	% Change
Segment revenue	**R162.3 million**	R109.4 million	48%
Segment profit	**R49.3 million**	R20.6 million	139%
Segment profit, excluding Corporate recovery	**R54.0 million**	R23.2 million	133%
Gross profit	**R96.4 million**	R58.5 million	65%
Gross margin (%)	**59%**	53%	6%

Drivers of change

Secure (LAWTrust) continued to benefit from rapid acceleration in the pace of service automation and digitalisation in response to work-from-home or hybrid work arrangements and continuous increases in demand for digital services and cyber security.

In this enabling environment, Secure achieved budgeted revenue and profit growth as it sustained growth across its digital signing, identity verification and certificate-based security solutions. A key contributor to revenue growth was the renewal of a major certificate-based security solution contract to a South African public sector organisation for a further five years in October 2020. Developing its own software for customer solutions and replicating internally developed solutions across a growing customer base enabled Secure to scale its offering and achieve economies of scale, which contributed to the improvement in the gross profit margin.

OUTLOOK

Following the sale of LAWTrust, Etion enters the second half of the financial year with a simpler Group structure, comprising Create (incorporating Digitise) and Connect.

ETION CREATE

ETION CONNECT

ETION DIGITISE

Customer

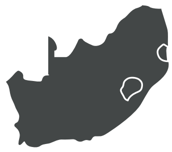
Retail Transportation and Logistics/Government and SOEs/Oil and Gas/Aerospace/Defence/Agriculture/Energy/Maritime/Telecommunications

Design/Development/Manufacturing (ODM capability to target local and international clients)

Connectivity/Digital Networks/Networks Infrastructure

Where we operate

SOUTH AFRICA



We provide revenue generating services to clients in:

- South Africa
- Sub-Saharan Africa
- UAE
- Saudi Arabia

Both continuing businesses are profitable and cash generative. Their combined committed order book amounts to R579 million at 30 September 2021 and is supported by several significant multi-year growth opportunities.

Create

The cyclical upturn in mining and defence markets is expected to sustain a positive multi-year outlook.

Key factors driving future growth

— Growth in the South African mining industry has contributed to increased investment by mining customers and is expected to continue over the next five years. Its diversified operations across different commodities support sustainable future business development.

— Increasing interest in the CheetahNAV system, including derivative products for customers who do not require a full navigation system but rather elements, such as smart screens and auto trackers, is likely to result in additional contracts during H22022.

— Continued maintenance of rail infrastructure and restoring of fleet defects for a key customer in the transport infrastructure market. Demand for its rail expansion, maintenance and security products and services is likely to resume as customers reinvest in transport infrastructure following the opening up of economies in South Africa and worldwide.

— Continued investment in its own IP to develop export products. Demand for its information and cyber security solutions in the rest of Africa and IoT connected devices in Jakarta, Indonesia, is expected to resume when COVID-19 related travel restrictions are lifted.

The international business accounted for 66% of its total order book at 30 September 2021 (September 2020: 31%), demonstrating its advances in its internationalisation strategy.

Connect

The home and business fibre markets in South Africa are projected to continue growing at more than 8%[2] annually over the next five years, and average bandwidth consumption has increased to >30%[2] per operator, mainly due to COVID-19 remote working trends. Technology upgrades and doubling of customer capacity by fibre network operators without doubling prices are driving additional demand for connectivity in competitive market conditions.

While its anchor customers responded with agility to increased demand, the post-COVID lockdown recovery of other customers was slower than anticipated. This is expected to normalise and return to pre-COVID levels during the period ahead.

A promising outlook is underpinned by:

— Approval of bulk deal 2, which will commence in November 2021. The anchor customer's stated intention to connect over 300 000 dwellings annually is indicative of the ongoing potential to secure repeat work.

— Extension of the bulk deal solution to other key customers. This will sustain order book growth and diversify the customer base.

— Sustained investment in the South African data centre market.

— Tenders submitted for substantial new opportunities, including the Square Kilometre Array fibre connectivity project and phase 3 of the Gauteng Broadband Network.

— Development of a business plan for local manufacture of its US-based supplier Africa product portfolio and export to the rest of Africa market.

[2] *BMIT SA Digital lifestyle study 2021*

Group

Etion will continue to implement its strategy to unlock shareholder value during H22022, focusing on:

— Supporting the growth profiles of the continuing businesses.

— Preparing the continuing businesses for sale and concluding agreements with prospective interested parties.

— Assessing the various options to delist from the AltX.

By order of the Board,

Richard Willis
Acting Chief Executive Officer

Nerishini Naidoo
Chief Financial Officer

1 December 2021

Unaudited condensed consolidated **interim financial results**

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 September 2021

	Notes	**30 September 2021 (Unaudited) R'000**	30 September 2020 (Unaudited) R'000	31 March 2021 (Audited) R'000
Assets				
Non-current assets		**177 179**	268 608	182 014
Property, plant and equipment		**38 791**	45 776	40 112
Right-of-use assets		**20 801**	25 428	22 695
Intangible assets	3	**85 560**	156 041	83 764
Investments in joint ventures		**–**	1 020	–
Deferred tax asset		**30 829**	39 368	34 450
Other financial asset		**1 198**	975	993
Current assets		**431 236**	239 972	257 998
Inventories	4	**79 093**	42 761	47 462
Loans to related company		**–**	2 304	–
Trade and other receivables	5	**172 140**	101 516	128 999
Contract assets		**14 962**	31 007	20 725
Other financial assets		**–**	29	–
Current tax receivable		**2 134**	2 996	3 008
Cash and cash equivalents		**162 907**	59 359	57 804
Non-current assets held for sale and assets of disposal group	6	**160 546**	–	179 080
Total assets		**768 961**	508 580	619 092
Equity and liabilities				
Equity		**429 435**	313 557	361 250
Share capital		**259 541**	259 541	259 541
Retained income		**169 894**	54 016	101 709
Non-current liabilities		**54 884**	84 718	74 873
Interest-bearing borrowings	7	**28 762**	53 186	46 293
Contract liabilities		**–**	355	–
Deferred tax liability		**3 124**	5 822	4 260
Lease liabilities		**22 998**	25 355	24 320
Current liabilities		**219 584**	110 305	136 106
Trade and other payables	8	**179 940**	69 534	98 611
Interest-bearing borrowings	7	**3 407**	14 059	13 953
Contract liabilities		**26 353**	19 405	18 550
Current tax payable		**4 323**	1 270	–
Provisions		**2 600**	2 600	2 600
Lease liabilities		**2 617**	3 424	2 341
Bank overdraft		**344**	13	51
Liabilities of disposal group	6	**65 058**	–	46 863
Total liabilities		**339 526**	195 023	257 842
Total equity and liabilities		**768 961**	508 580	619 092

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the 6 months ended 30 September 2021

	Notes	6 months ended 30 September 2021 (Unaudited) R'000	6 months ended 30 September 2020 (Unaudited) R'000	Year ended 31 March 2021 (Audited) R'000
Continuing operations				
Revenue		**387 927**	138 012	419 269
Cost of sales		**(303 655)**	(110 919)	(333 673)
Gross profit		**84 272**	27 093	85 596
Other operating income		**2 204**	913	1 274
Other (losses)/gains		**(2 968)**	2 686	8 948
Movement in credit loss allowances		**(1 259)**	(3 149)	(1 419)
Other operating costs		**(44 403)**	(41 352)	(88 849)
Operating profit/(loss)		**37 846**	(13 809)	5 550
Finance income		**333**	253	373
Finance costs		**(4 351)**	(4 397)	(8 557)
Profit/(loss) before taxation		**33 828**	(17 953)	(2 634)
Taxation		**(10 046)**	3 328	(1 030)
Net profit/(loss) for the period from continuing operations		**23 782**	**(14 625)**	**(3 664)**
Discontinued operations				
Profit from discontinued operations	6	**44 403**	19 555	56 287
Profit for the period		**68 185**	**4 930**	**52 623**
Other comprehensive income		**–**	–	–
Total comprehensive income for the period		**68 185**	**4 930**	**52 623**
Profit/(loss) attributable to:				
Owners of the parent:				
From continuing operations		**23 782**	(14 625)	(3 664)
From discontinued operations		**44 403**	19 555	56 287
		68 185	**4 930**	**52 623**
Per share information				
Basic and diluted earnings per share (cents)	2	**12.07**	0.87	9.32

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the 6 months ended 30 September 2021

	Issued share capital R'000	Retained income R'000	Total R'000
Balance as at 1 April 2020 (Audited)	259 541	49 086	308 627
Movements during the period	–	–	–
Profit for the period	–	4 930	4 930
Balance as at 30 September 2020 (Unaudited)	259 541	54 016	313 557
Movements during the period	–	–	–
Profit for the period	–	47 693	47 693
Balance as at 1 April 2021 (Audited)	**259 541**	**101 709**	**361 250**
Movements during the period	–	–	–
Profit for the period	**–**	**68 185**	**68 185**
Balance as at 30 September 2021 (Unaudited)	**259 541**	**169 894**	**429 435**

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the 6 months ended 30 September 2021

	Notes	6 months ended 30 September 2021 (Unaudited) R'000	6 months ended 30 September 2020 (Unaudited) R'000	Year ended 31 March 2021 (Audited) R'000
Cash flow from operating activities				
Cash receipts from customers		**593 449**	259 252	634 654
Cash paid to suppliers and employees		**(467 144)**	(264 025)	(549 741)
Cash generated from/(utilised in) operations	9	**126 305**	(4 773)	84 913
Finance income received		**883**	411	860
Finance costs*		**(144)**	(1 742)	(733)
Tax paid		**(11 755)**	(3 303)	(16 049)
Net cash flow generated from/(utilised in) operating activities		**115 289**	(9 407)	68 991
Cash flows from investing activities				
Purchase of property, plant and equipment		**(1 955)**	(5 806)	(7 352)
Proceeds on sale of property, plant and equipment		**436**	–	–
Purchase of other intangible assets		**(4 043)**	(4 960)	(9 455)
Repayments of other financial assets		**(205)**	–	–
Net cash flow utilised in investing activities		**(5 767)**	(10 766)	(16 807)
Cash flows from financing activities				
Repayments of other financial liabilities		**(83)**	–	83
Proceeds from interest-bearing borrowings		**–**	4 620	–
Repayment of interest-bearing borrowings		**(28 077)**	(3 942)	(4 748)
Finance costs*		**(4 432)**	(1 315)	(8 670)
Payment on lease liabilities		**(1 689)**	(2 068)	(4 409)
Net cash flow utilised in financing activities		**(34 281)**	(2 705)	(17 744)
Total cash movement for the period		**75 241**	(22 878)	34 440
Cash, cash equivalents and bank overdrafts at beginning of period		**120 388**	82 606	82 606
Effects of exchange rate changes on cash		**371**	(382)	3 341
Cash, cash equivalents net of bank overdrafts at end of period**		**196 000**	59 346	120 387

* *Total finance costs paid was R4.576 million (2020: R3.057 million, March 2021: R9.403 million)*
** *The statement of cash flows presents the movement in cash flows related to continuing and discontinued operations*

UNAUDITED CONDENSED CONSOLIDATED INTERIM SEGMENT REPORT

For the 6 months ended 30 September 2021

	6 months ended 30 September 2021 (Unaudited) R'000	6 months ended 30 September 2020 (Unaudited) R'000	Year ended 31 March 2021 (Audited) R'000
Segment revenue			
Digitise: Safety and productivity solutions	**5 768**	1 588	13 533
Create: Original design manufacturing*	**134 087**	84 288	215 450
Connect: Digital network solutions	**248 103**	52 159	196 584
Secure: Cyber security solutions	**162 277**	109 430	272 871
Eliminations	**(46)**	(37)	(6 319)
	550 189	247 428	692 119
Discontinued operations	**(162 262)**	(109 416)	(272 850)
Total	**387 927**	138 012	419 269
Segment profit/(loss)			
Digitise: Safety and productivity solutions	**3 321**	(1 672)	7 325
Create: Original design manufacturing*	**12 394**	(2 984)	21 789
Connect: Digital network solutions	**29 459**	1 688	11 140
Secure: Cyber security solutions	**49 360**	20 557	72 661
Eliminations	**11 736**	6 171	(9 157)
	106 270	23 760	103 758
Discontinued operations	**(57 222)**	(25 125)	(74 008)
Sub-total	**49 048**	(1 365)	29 750
Corporate costs	**(11 202)**	(12 444)	(24 200)
Finance costs	**333**	253	373
Finance income	**(4 351)**	(4 397)	(8 557)
Profit/(loss) before taxation	**33 828**	(17 953)	(2 634)
Financial position			
Assets			
Digitise: Safety and productivity solutions	**21 243**	45 560	21 214
Create: Original design manufacturing*	**274 118**	209 195	226 529
Connect: Digital network solutions	**199 800**	84 139	140 047
Secure: Cyber security solutions (disposal group held for sale)	**160 546**	134 516	179 080
Corporate	**113 254**	35 170	52 222
Total assets	**768 961**	508 580	619 092
Liabilities			
Digitise: Safety and productivity solutions	**6 574**	6 020	4 365
Create: Original design manufacturing*	**114 741**	70 331	79 550
Connect: Digital network solutions	**131 165**	27 222	76 058
Secure: Cyber security solutions (disposal group held for sale)	**65 058**	32 785	46 863
Corporate	**21 988**	58 665	51 006
Total liabilities	**339 526**	195 023	257 842

** Operating segment includes results of Create, Parsec Properties and Parsec Holdings.*

The following table shows the basis on which revenue is recognised:

	Digitise: Safety and Productivity Solutions R'000	Create: Original Design Manu–facturing* R'000	Connect: Digital Network Solutions R'000	Secure: Cyber Security Solutions R'000	Elimina–tions R'000	Discon–tinued operation R'000	Total R'000
6 months ended 30 September 2021 (Unaudited)							
Resale of finished goods	**4 878**	**–**	**248 103**	**3 052**	**(31)**	**(3 052)**	**252 950**
Sale of goods manufactured	**–**	**107 837**	**–**	**–**	**–**	**–**	**107 837**
Sale of design, development and project services	**–**	**26 250**	**–**	**–**	**–**	**–**	**26 250**
Sale of licences	**–**	**–**	**–**	**71 232**	**–**	**(71 232)**	**–**
Support and maintenance services	**890**	**–**	**–**	**87 993**	**(15)**	**(87 978)**	**890**
At a point in time	**4 878**	**107 837**	**248 103**	**91 045**	**(46)**	**(91 030)**	**360 787**
Over time	**890**	**26 250**	**–**	**71 232**	**–**	**(71 232)**	**27 140**
	5 768	**134 087**	**248 103**	**162 277**	**(46)**	**(162 262)**	**387 927**
6 months ended 30 September 2020 (Unaudited)							
Resale of finished goods	1 588	–	52 159	6 377	–	(6 377)	53 747
Sale of goods manufactured	–	67 063	–	–	(23)	–	67 040
Sale of design, development and project services	–	17 225	–	–	–	–	17 225
Sale of licences	–	–	–	54 856	(14)	(54 842)	–
Support and maintenance services	–	–	–	48 197	–	(48 197)	–
At a point in time	1 588	67 063	52 159	61 233	(37)	(61 219)	120 787
Over time	–	17 225	–	48 197	–	(48 197)	17 225
	1 588	84 288	52 159	109 430	(37)	(109 416)	138 012

	Digitise: Safety and Productivity Solutions R'000	Create: Original Design Manu–facturing* R'000	Connect: Digital Network Solutions R'000	Secure: Cyber Security Solutions R'000	Elimina–tions R'000	Discon–tinued operation R'000	Total R'000
Year ended 31 March 2021 (Audited)							
Resale of finished goods	11 291	–	193 384	9 722	–	(9 722)	204 675
Sale of goods manufactured	–	173 188	–	–	(5 846)	–	167 342
Sale of design, development and project services	–	42 262	–	–	(422)	–	41 840
Sale of network installation services	–	–	3 200	–	–	–	3 200
Sale of licences	–	–	–	128 832	–	(128 832)	–
Support and maintenance services	2 242	–	–	134 317	(51)	(134 296)	2 212
At a point in time	11 291	173 188	193 384	138 554	(5 846)	(138 554)	372 017
Over time	2 242	42 262	3 200	134 317	(473)	(134 296)	47 252
	13 533	215 450	196 584	272 871	(6 319)	(272 850)	419 269

* *Operating segment includes results of Create, Parsec Properties and Parsec Holdings.*

The Group discloses its reportable segments according to the Group's components that the executive management team, consisting of the Group chief executive officer, the chief financial officer and managing directors and executives from the subsidiaries, monitor regularly in making decisions about the operating matters. Digitise and Create are currently considered separately by the executive management team when making operating decisions, therefore Digitise is presented as its own operating segment in the segment report.

The executive management team uses segment profit/(loss), excluding Corporate recovery, to assess the performance of the segments. This excludes the respective Corporate recovery fees charged to the operating segment to recover costs incurred at a head office level.

A reconciliation of adjusted profit to operating profit before income tax is provided as follows:

	6 months ended 30 September 2021 (Unaudited) R'000	6 months ended 30 September 2020 (Unaudited) R'000	Year ended 31 March 2021 (Audited) R'000
Segment profit, excluding Corporate recovery	**102 335**	24 753	127 789
Intersegment eliminations	**11 736**	6 171	(9 157)
Management fees	**(7 801)**	(7 164)	(14 874)
Corporate costs	**(11 202)**	(12 444)	(24 200)
Finance costs	**(4 351)**	(4 397)	(8 557)
Finance income	**333**	253	373
Discontinued operations	**(57 222)**	(25 125)	(74 008)
Profit/(loss) before income tax from continuing operations	**33 828**	(17 953)	(2 634)

Notes to the unaudited condensed consolidated **interim financial statements**

1. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these unaudited condensed consolidated interim financial statements are the same as those applied in the last annual consolidated financial statements as at and for the year ended 31 March 2021 (last annual consolidated financial statements). The Group did not have to change its accounting policies or make retrospective adjustments.

Significant judgements and sources of estimation uncertainty

In preparing these unaudited condensed consolidated interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are the same as those described in the last annual consolidated financial statements.

2. HEADLINE EARNINGS PER SHARE

for the 6 months ended 30 September 2021

	6 months ended 30 September 2021 (Unaudited)	6 months ended 30 September 2020 (Unaudited)	6 months ended 31 March 2021 (Audited)
Basic and diluted profit per share attributable to ordinary shareholders			
Net profit attributable to ordinary shareholders (R'000)	**68 185**	4 930	52 623
Weighted average number of shares in issue	**564 411 033**	564 411 033	564 411 033
Basic and diluted profit per share attributable to ordinary shareholders (cents)	**12.07**	0.87	9.32
Headline and diluted headline profit per share attributable to ordinary shareholders			
Net profit attributable to ordinary shareholders (R'000)	**68 185**	4 930	52 623
Net profit/(loss) attributable to ordinary shareholders – Continuing Operations (R'000)	**23 782**	(14 625)	(3 664)
Net profit attributable to ordinary shareholders – Discontinued Operations (R'000)	**44 403**	19 555	56 287
Non-headline items after tax:			
Loss on sale of intangible assets (R'000)	**356**	–	–
Loss on the sale of property, plant and equipment (R'000)	**(436)**	–	–
Total tax effect of adjustments (R'000)	**22**	–	–
Headline and diluted headline profit per share attributable to ordinary shareholders (R'000)	**68 127**	4 930	52 623
Headline and diluted headline profit/(loss) from continuing operations (R'000)	**23 468**	(14 625)	(3 664)
Headline and diluted headline profit from discontinued operations (R'000)	**44 659**	19 555	56 287
Weighted average number of shares in issue	**564 411 033**	564 411 033	564 411 033
Headline and diluted headline profit per share attributable to ordinary shareholders (cents)	**12.07**	0.87	9.32
Headline and diluted headline profit/(loss) per share from continuing operations (cents)	**4.16**	(2.59)	(0.65)
Headline and diluted headline profit per share from discontinued operations (cents)	**7.91**	3.46	9.97

3. INTANGIBLE ASSETS

	Cost R'000	Accumulated amortisation R'000	Carrying amount R'000
Intangible assets – 30 September 2021 (Unaudited)			
Customer relationships and brands	**23 620**	**(23 620)**	**–**
Computer software	**4 115**	**(3 297)**	**818**
Goodwill	**149 272**	**(81 371)**	**67 901**
Development of intellectual property	**40 819**	**(23 978)**	**16 841**
Total	**217 826**	**(132 266)**	**85 560**
Intangible assets – 31 March 2021 (Audited)			
Customer relationships and brands	23 620	(23 620)	–
Computer software	3 616	(2 957)	659
Goodwill	149 272	(81 371)	67 901
Development of intellectual property	38 229	(23 025)	15 204
Total	214 737	(130 973)	83 764
Intangible assets – 30 September 2020 (Unaudited)			
Customer relationships and brands	39 467	(31 015)	8 452
Computer software	6 504	(6 099)	405
Goodwill	149 272	(25 171)	124 101
Development of intellectual property	44 126	(21 043)	23 083
Total	239 369	(83 328)	156 041

3. INTANGIBLE ASSETS continued

	Opening balance R'000	Additions R'000	Amortisation R'000	Classified as held for sale R'000	Total R'000
Reconciliation of intangible assets – 30 September 2021 (Unaudited)					
Computer software	**659**	**477**	**(318)**	**–**	**818**
Goodwill	**67 901**	**–**	**–**	**–**	**67 901**
Development of intellectual property	**15 204**	**2 590**	**(953)**	**–**	**16 841**
Total	**83 764**	**3 067**	**(1 271)**	**–**	**85 560**
Reconciliation of intangible assets – 31 March 2021 (Audited)					
Customer relationships and brands	8 452	–	(1 585)	(6 867)	–
Computer software	405	1 143	(342)	(547)	659
Goodwill	124 101	–	–	(56 200)	67 901
Development of intellectual property	23 083	3 333	(3 470)	(7 742)	15 204
Total	156 041	4 476	(5 397)	(71 356)	83 764
Reconciliation of intangible assets – 30 September 2020 (Unaudited)					
Customer relationships and brands	10 824	–	(2 372)	–	8 452
Computer software	736	19	(350)	–	405
Goodwill	124 101	–	–	–	124 101
Development of intellectual property	19 642	4 962	(1 521)	–	23 083
Total	155 303	4 981	(4 243)	–	156 041

The significant movement in intangible assets to R85.6 million (H12021: R156.0 million) was a consequence of the reclassification of intangible assets attributable to the LAWTrust disposal group to assets held for sale. Refer to note 6 for further detail.

4. INVENTORIES

	30 September 2021 (Unaudited) R'000	30 September 2020 (Unaudited) R'000	31 March 2021 (Audited) R'000
Inventories comprise:			
— Raw materials, components	**442**	–	386
— Work in progress	**(18)**	969	–
— Finished goods	**81 148**	44 641	49 555
	81 572	45 610	49 941
Allowance for slow-moving inventories	**(2 479)**	(2 849)	(2 479)
	79 093	42 761	47 462

Compared to both the prior interim period and year-end, the increase in inventory is largely attributable to the accumulation of stock holdings in Create to facilitate the execution of projects during the second half of the financial year. The procurement of parts has been a tactical decision to try and manage the risk of parts not being available through traditional procurement channels and reducing the overall lead time, which could have an impact on the execution of orders.

5. TRADE AND OTHER RECEIVABLES

	30 September 2021 (Unaudited) R'000	30 September 2020 (Unaudited) R'000	31 March 2021 (Audited) R'000
Financial instruments			
Trade receivables	**164 025**	93 024	117 330
Gross trade receivables	**173 120**	114 264	124 128
Provision for impairment	**(9 095)**	(21 240)	(6 798)
Deposits	**866**	1 033	1 133
Other receivables	**189**	169	4
Sundry debtors	**650**	918	650
Non-financial instruments			
Value added tax	**4 628**	97	6 233
Employee costs in advance	**66**	207	25
Prepayments	**1 716**	6 068	3 624
	172 140	101 516	128 999

Gross trade receivables (excluding Secure) increased by 88% compared to the prior period. This is in line with the improved revenue performance in Connect and Create. Trade receivables include an amount of R42 million owed by one of Connect's biggest customers, which was received after the period end on 1 October 2021. The provision for impairment decreased by R12.1 million due to the write off of third party debt of R12.7 million previously provided for in H1FY2021.

6. DISCONTINUED OPERATIONS OR DISPOSAL GROUPS OR NON-CURRENT ASSETS HELD FOR SALE

	30 September 2021 (Unaudited) R'000	30 September 2020 (Unaudited) R'000	31 March 2021 (Audited) R'000
Profit and loss			
Revenue	**162 262**	109 416	272 850
Cost of sales	**(65 800)**	(50 877)	(122 023)
Gross profit	**96 462**	58 539	150 827
Other operating income	**3 673**	3 254	6 434
Other gains	**170**	290	334
Movement in credit losses	**363**	342	339
Other operating expense	**(43 446)**	(37 300)	(83 926)
Operating profit	**57 222**	25 125	74 008
Investment income	**550**	158	487
Finance costs	**(225)**	(234)	(846)
Income from equity accounted investments	**1 574**	781	806
Profit before taxation	**59 121**	25 830	74 455
Taxation	**(14 718)**	(6 275)	(18 168)
Profit for the period	**44 403**	19 555	56 287

6. DISCONTINUED OPERATIONS OR DISPOSAL GROUPS OR NON-CURRENT ASSETS HELD FOR SALE continued

	30 September 2021 (Unaudited) R'000	30 September 2020 (Unaudited) R'000	31 March 2021 (Audited) R'000
Assets and liabilities			
Non-current assets held for sale			
Property, plant and equipment	**5 542**	–	4 317
Current assets held for sale			
Right-of-use assets	**2 066**	–	1 486
Intangible assets	**72 138**	–	71 356
Investments in joint ventures	**2 619**	–	1 046
Loans to Group companies	**2 348**	–	2 350
Trade and other receivables	**36 779**	–	33 913
Deferred tax asset	**5 024**	–	1 463
Inventories	**593**	–	514
Cash and cash equivalents	**33 437**	–	62 635
Total current assets	**155 004**	–	174 763
Total assets	**160 546**	–	179 080
Liabilities of disposal groups			
Trade and other payables	**28 005**	–	26 432
Other financial liability	**–**	–	83
Lease liabilities	**1 636**	–	1 700
Contract liabilities	**23 585**	–	15 754
Tax payable	**11 782**	–	2 894
Total liabilities	**65 058**	–	46 863
Cash flows			
Net cash inflow from operating activities	**49 844**	27 320	63 821
Net cash (outflow)/inflow from investing activities	**(2 362)**	(11 015)	9 152
Net cash outflow from financing activities	**(77 051)**	(17 709)	(38 821)
	(29 569)	(1 404)	34 152

During FY2021, the Etion Board embarked on a programme to market and dispose of the LAWTrust business. The Group engaged with various interested parties and instituted a formal process to govern the disposal process. Multiple bids were received and considered. Final binding offers were received in December 2020, a preferred bidder was selected, and further negotiations were undertaken. The Board approved the transaction and sale and purchase agreement on 29 March 2021.

Following the approval of the transaction and consideration of the principles and criteria related to IFRS 5 *Non-Current Assets Classified as Held for Sale and Discontinued Operations*, the Group reclassified its investment in the underlying assets and liabilities of LAWTrust to assets held for sale. As LAWTrust represents a separate major line of business, its results are presented as a discontinued operation in the statement of profit or loss and other comprehensive income, including the re-presentation of the comparative financial information. The sale took effect after the interim reporting period on 1 October 2021 (refer to Events subsequent to period-end).

7. INTEREST-BEARING BORROWINGS

	30 September 2021 (Unaudited) R'000	30 September 2020 (Unaudited) R'000	31 March 2021 (Audited) R'000
Current	**3 407**	14 059	13 953
— Properties loan	**1 756**	1 571	1 495
— Nedbank loan	**–**	9 424	9 772
— COVID relief loan	**332**	–	322
— Instalment sale agreement	**1 319**	3 064	2 364
Non-current	**28 762**	53 186	46 293
— Properties loan	**25 813**	28 220	26 719
— Nedbank loan	**–**	21 021	16 045
— COVID relief loan	**323**	–	491
— Instalment sale agreement	**2 626**	3 945	3 038
Total	**32 169**	67 245	60 246
— Properties loan	**27 569**	29 791	28 214
— Nedbank loan	**–**	30 445	25 817
— COVID relief loan	**655**	–	813
— Instalment sale agreements	**3 945**	7 009	5 402

The medium-term loan with Nedbank, which was secured to fund the acquisition of LAWTrust in June 2018, was settled on 29 September 2021.

During FY2021, the Group received a three-month repayment holiday in respect to the property loan facility in Parsec Properties as part of the COVID-19 relief initiatives. The extension of credit over the three-month period was granted based on a variable interest rate of prime less 1%. As the property loan bears interest at a fixed rate of 10.76%, a new facility was initiated to facilitate the arrangement, resulting in the institution of a COVID relief loan facility with Nedbank to be financed for a period of 3.25 years at an interest rate of prime less 1%.

8. TRADE AND OTHER PAYABLES

	30 September 2021 (Unaudited) R'000	30 September 2020 (Unaudited) R'000	31 March 2021 (Audited) R'000
Financial instruments			
Trade payables	**160 236**	41 793	85 156
Accruals expenses	**15 633**	18 703	10 039
Sundry creditors	**–**	143	346
Non-financial instruments			
Accrued leave	**1 427**	6 690	1 099
Value added tax	**2 644**	2 205	1 971
	179 940	69 534	98 611

Trade and other payables (excluding Secure) increased in line with increased procurement to support revenue growth during the six month period and anticipated project execution during the second half of the year. Connect benefited from negotiating favourable credit terms with its major supplier, thereby improving the business's cash position at the end of the current interim period. No payables are outside contractual payment terms.

9. CASH GENERATED FROM OPERATIONS

	6 months ended 30 September 2021 (Unaudited) R'000	6 months ended 30 September 2020 (Unaudited) R'000	Year ended 31 March 2021 (Audited) R'000
Profit before taxation	**92 949**	7 877	71 821
Profit/(Loss) before taxation from continuing operations	**33 828**	(17 953)	(2 634)
Profit before taxation from discontinued operations	**59 121**	25 830	74 455
Adjustments for:			
Depreciation and amortisation	**5 053**	10 773	22 252
Interest income	**(883)**	(411)	(860)
Finance costs	**4 576**	4 631	9 403
Increase in provision for slow-moving and obsolete raw materials	**–**	2 707	2 337
(Decrease)/increase in provision for impairment of trade receivables	**(1 259)**	2 807	1 637
Decrease in provision for impairment of financial assets	**–**	–	(557)
Profit on sale of property, plant and equipment	**(436)**	–	–
Loss on sale of intangible assets	**356**	–	–
Income from equity accounted investments	**(1 574)**	(781)	(806)
Unrealised foreign exchange differences – cash and bank equivalents	**(371)**	382	(3 341)
Unrealised foreign exchange differences – debtors	**369**	634	93
Unrealised foreign exchange differences – trade creditors	**7 172**	6 820	(1 450)
Changes in working capital:			
Inventories	**(31 708)**	9 874	5 028
Contract assets	**5 763**	(6 148)	(2 241)
Trade and other receivables	**(45 117)**	6 635	(46 184)
Trade and other payables	**75 781**	(53 748)	10 063
Contract liabilities	**15 634**	3 175	17 718
	126 305	(4 773)	84 913

Statement of **compliance** and **basis of preparation**

The unreviewed, unaudited condensed consolidated interim results for the 6 months ended 30 September 2021 have been prepared in accordance with the JSE Limited Listings Requirements for the interim financial statements and the requirements of the South African Companies Act, No. 71 of 2008 (as amended), where applicable to interim financial statements. The interim financial statements were prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), IAS 34 *Interim Financial Reporting* (IAS 34), SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council (FRSC), and to also, as a minimum, contain the information required by IAS 34.

The accounting policies applied by the Group in preparation of these unaudited condensed consolidated interim financial statements are in terms of IFRS, and are consistent with those applied by the Group in its annual consolidated financial statements for the year ended 31 March 2021. The unaudited condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 March 2021, which have been prepared in accordance with IFRS.

The directors take full responsibility for the preparation of the unreviewed, unaudited condensed consolidated interim financial statements.

PREPARER

These unaudited condensed consolidated interim financial statements results were prepared by Nerishini Naidoo CA(SA), the Chief Financial Officer.

GOING CONCERN

The directors have reviewed the Group's budget and cash flow forecast for the year to September 2022. On this basis and in light of the Group's current financial position, the directors are satisfied that the Group will continue to operate for the foreseeable future and have adopted the going concern basis in preparing these reviewed provisional financial results.

DIRECTORATE

The following changes were made to the Board:

— EC de Kock resigned as Chief Executive Officer and executive director of the Board with effect from 1 June 2021. EC de Kock remains on the Board as a non-executive director.

— R Willis was appointed as Acting Chief Executive Officer effective from 1 June 2021.

— Z Ntsalaze was appointed as an independent non-executive director with effect from 1 September 2021.

EVENTS SUBSEQUENT TO PERIOD-END

Disposal of LAWTrust

On 20 April 2021, Etion entered into a sale of shares agreement to sell 100% of the issued shares in LAWTrust to Altron TMT SA Group (Pty) Limited for a disposal consideration of R245 million.

The disposal was subject to the fulfilment or waiver of several outstanding conditions precedent, including inter alia the approval from the Competition Commission and shareholders of Etion pursuant to the JSE Limited Listings Requirements. The general meeting to approve the transaction was held on 14 July 2021, with all the resolutions to approve the disposal passed by the requisite majorities of the Group's shareholders. On 21 September, the Competition Tribunal approved the disposal and, with all conditions precedent fulfilled, the transaction became effective on 1 October 2021.

Disposal of the 76 Regency Drive building

On 8 November 2021, Etion entered into an agreement to sell the building (located at 76 Regency Drive) in which Etion Create resides for a disposal consideration of R37 million. The sale is subject to the customary conditions precedent related to a transaction of this nature, with the purchaser agreeing to enter into an eight-year lease agreement with Etion Create to allow the operations to remain on the premises. The property loan will continue to be serviced over the remaining term of the facility.

Declaration of capital reduction

On 6 October 2021, the Board approved and declared a reduction of the contributed tax capital of Etion of 33 cents per ordinary share following the successful conclusion of the LAWTrust disposal.

The distribution of R186.3 million was paid on 2 November 2021.

No other matter or circumstance has occurred after period-end but before the financial statements were issued that significantly affected, or may significantly affect the Group's operations, the results of those operations or the state of affairs of the entity at the reporting date.

FAIR VALUE DISCLOSURES

The company has several financial instruments which are not measured at fair value in the balance sheet. However, for all of these financial assets and financial liabilities, their carrying amount is a reasonable approximation of fair value.

Categories of financial assets

	Amortised cost R'000	Total R'000	Fair value R'000
As at 30 September 2021 (Unaudited)			
— Trade and other receivables	**165 730**	**165 730**	**165 730**
— Cash and cash equivalents	**162 907**	**162 907**	**162 907**
— Other financial asset	**1 198**	**1 198**	**1 198**
	329 835	**329 835**	**329 835**
As at 31 March 2021 (Audited)			
— Trade and other receivables	119 117	119 117	119 117
— Cash and cash equivalents	57 804	57 804	57 804
— Other financial asset	993	993	993
	177 914	177 914	177 914
As at 30 September 2020 (Unaudited)			
— Loan to related company	2 304	2 304	2 304
— Trade and other receivables	95 144	95 144	95 144
— Cash and cash equivalents	59 359	59 359	59 359
— Other financial asset	1 004	1 004	1 004
	157 811	157 811	157 811

Categories of financial liabilities

	Amortised cost R'000	Leases R'000	Total R'000	Fair value R'000
As at 30 September 2021 (Unaudited)				
— Trade and other payables	**175 869**	**–**	**175 869**	**175 869**
— Interest-bearing borrowings	**32 169**	**–**	**32 169**	**32 169**
— Bank overdraft	**344**	**–**	**344**	**344**
— Lease liabilities	**–**	**25 615**	**25 615**	**25 615**
	208 382	**25 615**	**233 997**	**233 997**
As at 31 March 2021 (Audited)				
— Trade and other payables	95 541	–	95 541	95 541
— Interest-bearing borrowings	60 246	–	60 246	60 246
— Bank overdraft	51	–	51	51
— Lease liabilities	–	26 661	26 661	26 661
	155 838	26 661	182 499	182 499
As at 30 September 2020 (Unaudited)				
— Trade and other payables	60 639	–	60 639	60 639
— Interest-bearing borrowings	67 245	–	67 245	67 245
— Bank overdraft	13	–	13	13
— Lease liabilities	–	28 779	28 779	28 779
	127 897	28 779	156 676	156 676

FAIR VALUE HIERARCHY

Assets and liabilities measured or disclosed at fair value in the statement of financial position are categorised in their entirety into the following three levels of the fair value hierarchy based on the lowest level input that is significant to the fair value measurement in its entirety:

- Level 1: Fair value measured using quoted prices (unadjusted) in active markets for identical financial assets or liabilities
- Level 2: Fair value measured using inputs other than quoted prices included within level 1 that are observable for the financial asset or liability, either directly or indirectly
- Level 3: Fair value measured using inputs for the financial asset or liability that are not based on observable market data

The fair value of financial instruments traded in active markets is based on quoted market prices at the financial period-end date. The quoted market price for financial assets held by the Group is the current bid price.

The fair value of forward exchange contracts is determined using the quoted forward exchange rates at the financial period-end date, with the resulting value discounted back to present value.

The fair value of derivative financial assets (e.g. forward exchange contracts) is based on a level 2 in the fair value measurement hierarchy.

The carrying value of non-current financial assets and liabilities at market related floating rates approximate fair value and are classified as level 3.

Where the effects of discounting are immaterial, short-term receivables and short-term payables are measured at the original invoice amount. Due to the short-term nature of trade receivables and trade payables, their carrying amounts approximate their fair value.

IAS 24 – RELATED PARTY TRANSACTIONS

Related party transactions similar to those disclosed in the Group's 2021 annual financial statements took place for the six months ended 30 September 2021.

Additional **information**

Any investment decision should be based on the announcement accessible from Wednesday, 1 December 2021, via the JSE Link and also available on the Company's website at http://www.etion.co.za/investor-relations/

Copies of the announcement may also be requested by contacting Nerishini Naidoo by email at nerishini.naidoo@etion.co.za and are available for inspection at the Company's registered office at no charge, weekdays during office hours.

Directors

CP Bester
M Janse Van Rensburg
T Daka
EC de Kock
Z Ntsalaze
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* *Executive*

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