SILVERBRIDGE HOLDINGS LIMITED
INCORPORATED IN THE REPUBLIC OF SOUTH AFRICA
REGISTRATION NUMBER 1995/006315/06
SHARE CODE: "SVB"
ISIN: ZAE000086229
LEGAL ENTITY NUMBER (LEI): 3789001E59A77A6B9938
("SILVERBRIDGE" OR "THE GROUP" OR "THE COMPANY")

SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

GROUP PROFILE

SilverBridge offers solutions that modernise, digitalise and intelligently automate the operations and processes of companies offering financial products and services. Our experience has been built over 25 years. Our understanding of financial services helps our clients to improve and simplify their business. We achieve this by developing software products, implementing software solutions and providing services related to the software. All our offerings are cloud solutions leveraging the Microsoft Azure Cloud.

We have a digital suite of software products, with Exergy as our flagship platform, that enables core back-office policy administration in the life assurance and pension fund industries. The Exergy solution can be customised to suit the needs of a client. The solution also extends to offer group scheme administration, as well as elements of medical and short-term insurance. This caters for clients wanting to offer a wider range of financial services products on a single platform.

Our software products and hosted services are licensed to customers and payable on a monthly basis.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2022 R'000	2021 R'000
Revenue from contracts with customers	1.5	105 929	96 479
Other income		327	344
Personnel expenses		(75 531)	(71 381)
Depreciation and amortisation		(3 386)	(3 986)
Professional fees paid for services		(6 349)	(3 849)
Other expenses		(17 231)	(12 928)
Expected credit loss reversal		215	125
Results from operating activities		**3 974**	**4 804**
Finance income		388	422
Finance cost		(176)	(267)
Profit before income tax		**4 186**	**4 959**
Income tax		(1 868)	(1 681)
Profit and total comprehensive income for the year		**2 318**	**3 278**
Earnings per share			
Basic earnings per share (cents)	1.3	9.16	12.35
Diluted earnings per share (cents)	1.3	8.67	11.96

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	Notes	2022 R'000	2021 R'000
ASSETS			
Non-current assets		**33 290**	**26 749**
Equipment		473	423
Right-of-use property asset	1.6	2 711	768
Intangible assets and goodwill		26 049	22 238
Deferred tax assets		935	1 500
Withholding tax rebates receivable		3 122	1 820
Current assets		**36 157**	**36 719**
Withholding tax rebates receivable		382	502
Income tax receivable		566	422
Contract assets	1.4	2 242	4 169
Trade and other receivables		20 795	19 296
Cash and cash equivalents		12 172	12 330
Total assets		**69 447**	**63 468**
EQUITY AND LIABILITIES			
Equity		**51 035**	**49 990**
Share capital		336	336
Share premium		8 573	9 310
Treasury shares		(10 493)	(10 494)
Share-based payment reserve		4 972	4 512
Retained earnings		47 647	46 326
Non-current liabilities		**5 966**	**3 797**
Deferred tax liabilities		4 241	3 797
Lease liability	1.6	1 725	-
Current liabilities		**12 446**	**9 681**
Income tax payable		18	18
Lease liability	1.6	1 103	1 010
Trade and other payables	1.2	10 035	7 410
Contract liabilities	1.4	1 290	1 243
Total liabilities		**18 412**	**13 478**
Total equity and liabilities		**69 447**	**63 468**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2022

	Share capital R'000	Share premium R'000	Treasury shares R'000	Share-based payment reserve R'000	Retained earnings R'000	Total equity R'000
Balance at 30 June 2020	**336**	**10 956**	**(8 503)**	**3 487**	**43 048**	**49 324**
Profit and total comprehensive income for the year						
Profit for the year	-	-	-	-	3 278	3 278
Profit and total comprehensive income for the year	-	-	-	-	3 278	3 278
Transactions with owners, recorded directly in equity:						
Repayment of share ownership programme loans	-	-	209	-	-	209
Purchased of treasury shares by the Trust	-	-	(2 200)	-	-	(2 200)
Shares repurchased	-	(1 646)	(1)	-	-	(1 647)
Equity settled share-based payment	-	-	-	1 025	-	1 025
Total transactions with owners, recorded directly in equity:	-	(1 646)	(1 992)	1 025	-	(2 613)
Balance at 30 June 2021	**336**	**9 310**	**(10 494)**	**4 512**	**46 326**	**49 990**
Profit and total comprehensive income for the year						
Profit for the year	-	-	-	-	2 318	2 318
Profit and total comprehensive income for the year	-	-	-	-	2 318	2 318
Transactions with owners, recorded directly in equity:						
Dividends paid	-	-	-	-	(997)	(997)
Repayment of share ownership programme loans	-	-	3	-	-	3
Settlement of share-based payment	-	-	-	(300)	-	(300)
Shares repurchased	-	(737)	(1)	-	-	(738)
Equity settled share-based payment	-	-	-	760	-	760
Total transactions with owners, recorded directly in equity:	-	(737)	2	460	(997)	(1 272)
Balance at 30 June 2022	**336**	**8 573**	**(10 493)**	**4 972**	**47 647**	**51 035**

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2022

	2022 R'000	2021 R'000
Cash generated from operations	9 799	2 446
Interest received	290	422
Finance cost	(176)	(267)
Taxation paid	(869)	(1 011)
Net cash inflow from operating activities	**9 044**	**1 590**
Cash flows from investing activities		
Equipment acquired to maintain operations	(433)	(125)
Proceeds from sale of equipment	219	-
Cash outflow from capitalisation of development costs	(5 284)	(3 289)
Net cash used in investing activities	**(5 498)**	**(3 414)**
Cash flows from financing activities		
Principal portion of lease payments	(1 668)	(2 751)
Settlement of share-based payment	(300)	-
Dividend paid	(997)	-
Purchase of treasury shares by SilverBridge holdings	(738)	(1 646)
Purchase of treasury shares by the SilverBridge Employee Share Trust	-	(2 200)
Net cash used in financing activities	**(3 703)**	**(6 597)**
Net (decrease)/increase in cash and cash equivalents	**(158)**	**(8 420)**
Cash and cash equivalents at the beginning of the year	12 330	20 750
Cash and cash equivalents at the end of the year	**12 172**	**12 330**

CONSOLIDATED SEGMENT REPORTS FOR THE YEAR ENDED 30 JUNE 2022

OPERATING SEGMENTS

2022	**Implementation services**	**Support services**	**Hosting services**	**Rental and maintenance**	**Research and development**	**Total**
	R'000	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Revenue recognised over time	3 999	72 469	5 846	-	-	**82 314**
Revenue recognised at a point in time	-	-	-	50 492	-	**50 492**
Segment revenue inter-group	-	(26 877)	-	-	-	**(26 877)**
Segment revenue external	**3 999**	**45 592**	**5 846**	**50 492**	**-**	**105 929**
Direct segment cost	(2 996)	(33 518)	(4 070)	(6 488)	(12 594)	**(59 666)**
Capitalisation	-	-	-	-	5 284	**5 284**
Segment gross profit	**1 003**	**12 074**	**1 776**	**44 004**	**(7 310)**	**51 547**
Indirect segment cost	(5 012)	(17 242)	(1 060)	(8 043)	(14 528)	**(45 885)**
Provision for expected credit loss expense on debtors not credit impaired	10	35	2	16	29	**92**
Provision for expected credit loss reversal on debtors credit impaired	13	46	3	22	39	**123**
Segment profit/(loss)	**(3 986)**	**(5 087)**	**721**	**35 999**	**(21 770)**	**5 877**
Cost related to ROX transaction*						**(1 903)**
Finance income						**388**
Finance cost						**(176)**
Income tax						**(1 868)**
Profit for the year						**2 318**

*Cost not attributable to any individual segment. Refer to note 5: Subsequent events

OPERATING SEGMENTS (CONTINUED)

2021	Implementation services	Support services	Hosting services	Rental and maintenance	Research and development	Total
	R'000	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Revenue recognised over time	4 014	45 395	4 254	-	-	**53 663**
Revenue recognised at a point in time	-	-	-	42 901	-	**42 901**
Segment revenue inter-group	-	(85)	-	-	-	**(85)**
Segment revenue external	**4 014**	**45 310**	**4 254**	**42 901**	**-**	**96 479**
Direct segment cost	(2 749)	(27 544)	(3 104)	(5 879)	(11 693)	**(50 969)**
Capitalisation	-	-	-	-	3 289	**3 289**
Segment gross profit	**1 265**	**17 766**	**1 150**	**37 022**	**(8 404)**	**48 799**
Indirect segment cost	(4 820)	(16 575)	(1 019)	(7 735)	(13 971)	**(44 120)**
Provision for expected credit loss reversal on debtors not credit impaired	(17)	(57)	(4)	(27)	(48)	**(153)**
Provision for expected credit loss expense on debtors credit impaired	30	105	6	49	88	**278**
Segment profit/(loss)	**(3 542)**	**1 239**	**133**	**29 309**	**(22 335)**	**4 804**
Finance income						**422**
Finance cost						**(267)**
Income tax						**(1 681)**
Profit for the year						**3 278**

COMMENTARY

1. NOTES TO THE ABRIDGED AUDITED CONSOLIDATED FINANCIAL STATEMENTS

1.1 BASIS OF PREPARATION

The summary consolidated financial statements for the year ended 30 June 2022 have been prepared in accordance with the requirements of the JSE Limited Listings Requirements (“Listings Requirements”) for preliminary reports, and the requirements of the Companies Act of South Africa, Act 71 of 2008, as amended, applicable to summary financial statements. The Listings Requirements require preliminary reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 - Interim Financial Reporting. The accounting policies applied in the preparation of the consolidated financial statements, from which the summary consolidated financial statements were derived, are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements (“Annual Financial Statements”).

This summary report is extracted from audited information but is not itself audited. The Annual Financial Statements for the year were audited by Mahdi Meyer Steyn Chartered Accounts Incorporated who expressed an unmodified opinion thereon. The audited Annual Financial Statements and the auditor’s report thereon are available for inspection at the Company’s registered office and on the company website, www.silverbridge.co.za. The Company’s auditors have not reviewed nor reported on any comments relating to the Company’s prospects. For a better understanding of the Group’s financial position and results of operations, these preliminary financial statements must be read in conjunction with the Group’s audited Annual Financial Statements for the year ended 30 June 2022 which include all disclosures required by IFRS.

These summarised Annual Financial Statements for the year ended 30 June 2022 were prepared by the Group Financial Executive, Freddie van Heerden, under the supervision of the Group Financial Director, Lee Kuyper, CA (SA).

The directors take full responsibility for the preparation of the preliminary report and that the financial information has been correctly extracted from the underlying Annual Financial Statements.

1.2 TRADE AND OTHER PAYABLES

Trade and other payables comprised of the following:

	2022 R'000	2021 R'000
Financial liabilities		
Trade payables	1 910	711
Other financial liabilities	2 028	1 026
Incentive accrual	3 264	2 768
Non-financial liabilities		
Other non-financial liabilities	2 475	2 301
VAT payable	358	604
Total trade and other payables	**10 035**	**7 410**

1.3 EARNINGS PER SHARE

BASIC EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the year by the weighted average number of ordinary shares outstanding during the year.

	2022	2021
Reconciliation of the weighted average number of shares in issue		
Shares in issue at the beginning of the period ('000)	33 589	33 589
Shares repurchased during the period ('000)	(389)	(452)
Effect of treasury shares acquired ('000)	(7 884)	(6 590)
Weighted average number of shares in issue during the year ('000)	25 316	26 548
Profit for the year (R'000)	2 318	3 278
Basic earnings per share (cents)	**9.16**	**12.35**

DILUTED EARNINGS PER SHARE

Diluted earnings per share is calculated by dividing the profit for the year by the fully diluted weighted average number of ordinary shares outstanding during the year.

	2022	2021
Reconciliation between weighted average number of shares in issue and weighted average number of shares in issue used for diluted earnings per share		
Weighted average number of shares in issue ('000)	25 316	26 548
Adjusted for - Effect of diluted* number of shares ('000)	1 426	868
Weighted average number of shares in issue used for diluted earnings per share ('000)	**26 742**	**27 416**
Profit for the year (R'000)	2 318	3 278
Diluted earnings per share (cents)	**8.67**	**11.96**

*Diluted shares are the bonus element relating to the share option schemes when comparing the issue price to the market price of the shares at year-end. This is, however, excluded to the extent the impact is anti-dilutive.

HEADLINE EARNINGS PER SHARE

Headline earnings per share is calculated by dividing the headline earnings for the year by the weighted average number of ordinary shares outstanding during the year.

	2022	2021
Weighted average number of shares in issue ('000)	**25 316**	**26 548**
Reconciliation between basic earnings and headline earnings		
Profit for the year (R'000)	2 318	3 278
Adjusted for:		
– Profit on disposal of equipment (R'000)	(171)	(14)
Headline earnings for the year (R'000)	2 147	3 264
Headline earnings per share (cents)	**8.48**	**12.30**

DILUTED HEADLINE EARNINGS PER SHARE

Diluted headline earnings per share is calculated by dividing the headline earnings for the year by the diluted weighted average number of ordinary shares outstanding during the year.

	2022	2021
Weighted average number of shares in issue used for diluted* earnings per share (‘000)	26 742	27 416
Headline earnings for the year (R'000)	2 147	3 264
Diluted headline earnings per share (cents)	**8.03**	**11.91**

*Diluted shares are the bonus element relating to the share option schemes when comparing the issue price to the market price of the shares at year-end. This is, however, excluded to the extent the impact is anti-dilutive.

1.4 ASSETS AND LIABILITIES RELATED TO CONTRACTS WITH CUSTOMERS

Contract liabilities (deferred revenue) and contract assets (revenue recognised but not yet invoiced) refers to the timing difference between recognition of revenue and invoicing to the client.

	2022 R'000	2021 R'000
Contract asset		
Revenue recognised not yet invoiced	2 242	4 169
Contract liability		
Deferred revenue	(1 290)	(1 243)
Net (liability)/asset	**952**	**2 926**

1.5 REVENUE PER GEOGRAPHICAL REGION

	2022 R’000	2021 R’000
South Africa	53 286	43 921
Namibia	22 328	19 969
Ghana	6 855	6 164
Kenya	5 155	6 961
Lesotho	5 058	4 495
Botswana	4 440	4 000
Zimbabwe	3 210	3 815
Mauritius	2 710	3 375
Mozambique	1 958	1 998
Zambia	929	722
Nigeria	-	1 059
Total revenue	**105 929**	**96 479**

1.6 FAIR VALUES

The carrying amounts of all financial assets and liabilities are a reasonable approximation of their fair value.

2. CHANGES TO THE BOARD OF DIRECTORS

Mr Tyrrel Murray resigned as an independent non-executive director on 29 October 2021.

Ms Lulama Booi resigned as a non-executive director on 7 September 2022.

Mr. Albert Geldenhuys was appointed as a non-executive director on 7 September 2022.

3. RE-APPOINTMENT OF AUDITORS

The board of directors recommend the re-appointment of Mahdi Meyer Steyn Chartered Accountants Incorporated, with Ms. Tiana Kluyts as designated audit partner, as the independent external auditors for the 2022/2023 financial year.

4. AUDIT REPORT

The Annual Financial Statements for the year ended 30 June 2022 have been audited by Mahdi Meyer Steyn Chartered Accountants Incorporated, with Ms. Tiana Kluyts as the designated audit partner, who expressed an unmodified opinion thereon. The full auditors report includes details of key audit matters.

5. SUBSEQUENT EVENTS

ROX Equity Partners Limited (Registration number 10937650) (Incorporated in England and Wales) ("ROX Equity Partners" or "ROX"), acquired a majority shareholding of SilverBridge Holdings Limited after 30 June 2022 and is the ultimate legal holding company of SilverBridge Holdings Limited and its subsidiaries. A change in control was effective on 19 August 2022.

This represents a non-adjusting event, which arose after year end which requires disclosure as it is material in nature.

6. FINANCIAL RESULTS AND PERFORMANCE

We are pleased with the positive performance of the business during the period under review. Although the overall result was negatively impacted by the once-off costs related to the offer by ROX Equity Partners, the business grew both from a revenue and profitability perspective, growing by 10% and 29% respectively after removing these costs.

We continue to see demand for the modernisation of core insurance systems and the digitalisation of processes. Our modern and digital insurance product suite enables us to be relevant to these needs and continue to meet this demand.

Our customer relationships, many of which have been built over more than a decade, have grown from strength to strength. During uncertain times, and as we settle into the new ways of working, we continue to support our customers and enable them to better deal with many of the challenges they experience.

Revenue increased by 10% compared to the comparative period from adding new customers.

Subsequent to year end, ROX Equity Partners gained ultimate control of SilverBridge Holdings Limited. Advisory and administration costs related to the offer of R1.9 million were incurred during the period and are included in the overall reported costs and profitability of the business.

Cost increased by 11%. Other than normal inflationary increases, the increase was driven by the cost to onboard and train new people to create more capacity for future support and implementations, as well as costs related to the afore-mentioned ROX Equity Partners offer.

Profit decreased by 29% to R2.3 million from the prior interim period profit of R3.3 million. Normalised profit, after the removal of the R1.9 million non-recurring costs related to the ROX offer, increased by 29% from R2.3 million to R4.2 million

SEGMENTAL REVIEW

Implementation services

This segment implements our solutions for clients and is project based.

The segment gross margin decreased to 25% compared to 32% in the comparative period. The decrease in margin is because of the new people appointed during the period, for whom a lower level of output is initially expected. After the allocation of indirect costs, the segment posted a loss.

Although this segment is a small contributor in terms of overall revenue, it remains important as it unlocks the annuity revenue from support, hosting, and software rental. We remain pleased with our implementation approach.

Support services

Support is contracted on a monthly basis and is annuity based.

Revenue was flat. Despite a strong first half, the second half of the financial year saw a few larger contracts requiring more capacity than planned. This resulted in a decrease in capacity available to do additional support work, which generates additional support revenue, as well as a decrease in margin. The gross margin decreased from 39% in the comparative period to 26%. This additional cost being spent is expected to normalise in the next financial year.

Hosting services

This segment provides cloud-based hosting services to our customers.

Hosting revenue increased by 37% from new cloud hosting contracts added. The gross margin increased from 27% in the comparative period to 30% as higher initial costs related to new customers added in the previous financial year normalised.

We remain satisfied with the cloud-based hosting segment where we expect continued growth.

Software rental and maintenance

Software rental is annuity based.

Revenue increased by 18% due to the addition of new clients. The segment posted a profit of R36 million compared to R29.3 million in the comparative period due to this increase in revenue. Cost related to the maintenance of our products increased by 10%, as initial product support of our latest cloud-based version of our core product went live. The gross profit margin increased from 86% to 87%.

Our software and the growth of our annuity rental stream remain a core focus going forward.

Research and development

Total direct costs were R12.6 million compared to R11.7 million in the comparative period. Costs of R5.3 million related to the continued development of our new cloud-based version were capitalised. The investment into new products remains an important part of our business for the future.

7. GROUP OUTLOOK

We remain well positioned for the future, on the back of our continued investments into our software products and our people. Our core business remains healthy and our efforts in delivering value to our clients' digital transformation objectives remain a key part of our growth strategy.

Our product suite continues to evolve into a globally competitive, modern and digital solution for the life insurance and pension industries. In this period, we were nominated as one of three finalists for the Microsoft Independent Software Vendor: Financial Services partner of the year award. This not only expands what is possible for SilverBridge but also brings a new level of credibility to our modernisation, digitalisation, and intelligent process automation offerings.

Although our environment remains complex with many changes and challenges facing the industry, we see opportunity for growth. We are well positioned to capitalise on these opportunities and look forward to the next chapter of SilverBridge's story with our new majority shareholder, ROX Equity Partners. This shareholding relationship brings experience, capital and networks to our business which will enable us to grow from strength to strength, ultimately benefiting our clients, our people, and stakeholders in general.

On behalf of the Board

Jaco Swanepoel
Chief Executive Officer

Robert Emslie
Chairman

Pretoria

14 September 2022

CORPORATE INFORMATION

SILVERBRIDGE HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)
(Registration No. 1995/006315/06)
JSE SHARE CODE: “SVB” ISIN CODE: ZAE000086229
Legal entity number (LEI): 3789001E59A77A6B9938
(“SilverBridge” or “the Group”)

DIRECTORS OF SILVERBRIDGE:

Robert Emslie (Chairman) **, Jaco Swanepoel (CEO), Lee Kuyper (Financial Director), Jeremy de Villiers **, Hasheel Govind **, J Makhubela **, A Geldenhuys*

* Non-executive
**Independent non-executive
(All the directors are South African citizens).

SILVERBRIDGE REGISTERED OFFICES

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118 Mercy Avenue, Waterkloof Glen
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(PO Box 11799, Erasmuskloof, 0048)

COMPANY SECRETARY:

Fusion Corporate Secretarial Services Proprietary Limited
represented by Melinda Gous
Suite E014, Midlands Office Park East, Midstream Estate, Midstream,
Pretoria, 1692
(PO Box 68528, Highveld, 0169)

LEGAL ADVISERS:

Gildenhuys Malatji Attorneys Inc.
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GROUP AUDITORS

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(Registration number: 2009/014806/21)
494 Ontdekkers Road, Florida Hills, 1709
Gauteng, South Africa

TRANSFER SECRETARIES

Computershare Investor Services Proprietary Limited
(Registration number: 2004/003647/07)
Rosebank Towers, 15 Biermann Avenue, Rosebank, 2107
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DESIGNATED ADVISER:

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