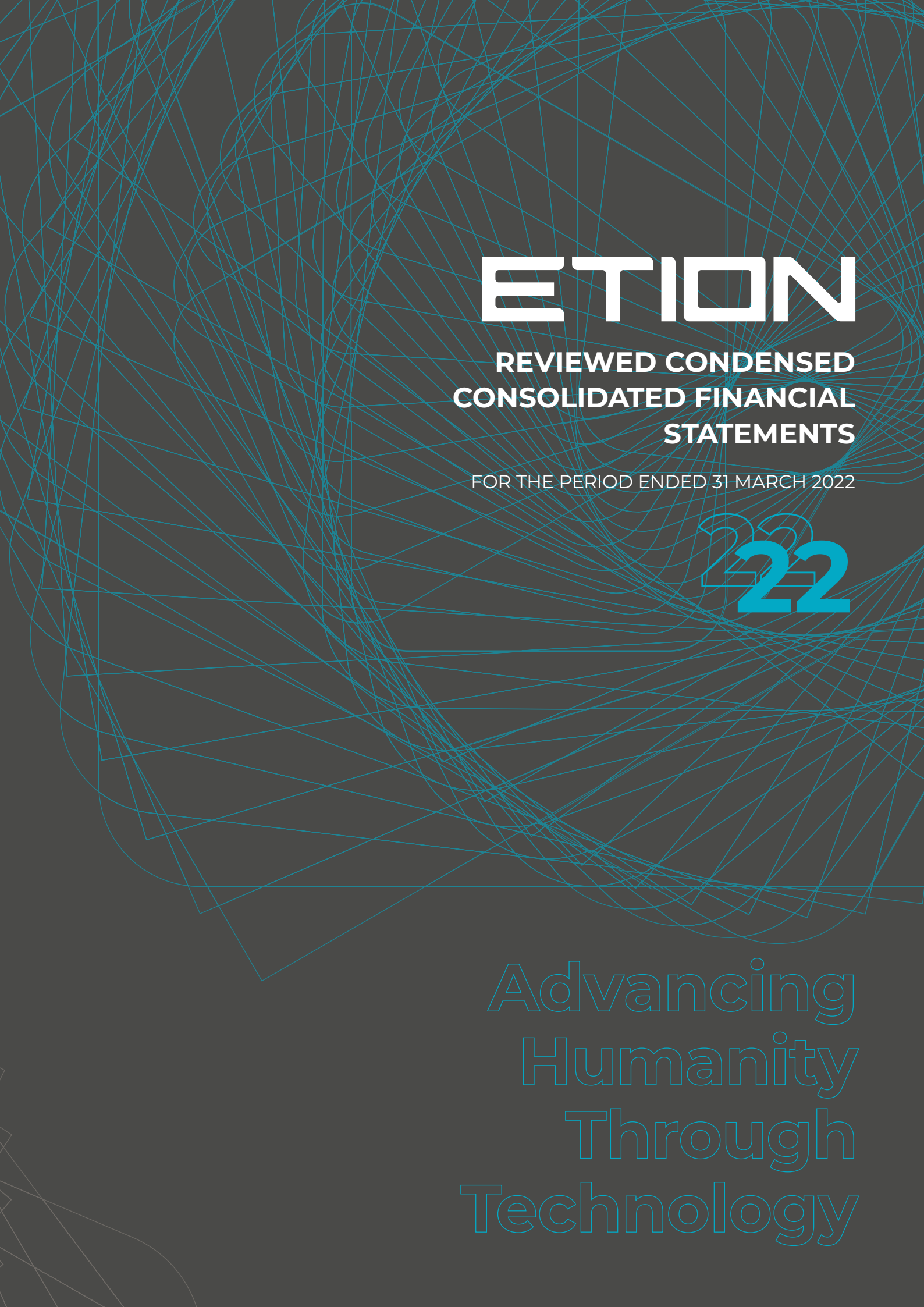




ETION

REVIEWED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2022

2022

Advancing
Humanity
Through
Technology

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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 31 March 2022

2022 IN REVIEW

Revenue
↑ 13%
R783.7 million
 (2021: R692.1 million)

Profit after tax
↑ 192%
R153.8 million
 (2021: R52.6 million)

Headline earnings per share
↑ 37%
12.75 cents
 (2021: 9.32 cents)

EBITDA
↑ 21%
R122.8 million
 (2021: R101.8 million)

Gross margin
↓ 1.9%
32.2%
 (2021: 34.2%)

Cash and cash equivalents
↓ 26%
R89.4 million
 (2021: R120.4 million)

Liquidity
17.3
 (2021: 1.9)

Solvency
2.8
 (2021: 2.4)

Debt/Equity
0.6
 (2021: 0.7)

The key features above relate to both continuing and discontinued operations.

Total consideration on disposal
 of LAWTrust
R311 million¹

Repayment of
 contributed capital
R186 million

¹ Includes R75 million pre-closing dividend.

Commentary

GROUP PROFILE

What we do

Etion Limited is a digital technology investment company that creates value by developing, producing, distributing and integrating niche world class technology-driven engineering solutions for selected South African and global markets.

The Etion Board approved a strategy in 2020 to unlock shareholder value and sell Etion's underlying operating entities and delist from the JSE's AltX once the disposal process is complete. Etion Secure (LAWTrust) was sold to Altron TMT SA Group (Altron) with effect from 1 October 2021 and was classified as a discontinued operation before the transaction. The remaining two operating entities, Connect and Create, traded well during the year with good future prospects.

On 20 May 2022, the Board announced its agreement with Reunert Applied Electronics Holdings Proprietary Limited (Reunert) to sell 100% of Etion Create for a purchase consideration of approximately R197 million. The sale is subject to the approval of the Competition Commission, the approval of Etion shareholders pursuant to the JSE Limited (JSE) Listings Requirements and the fulfilment of other conditions precedent by 20 November 2022.

On 28 June 2022, Etion entered into a sale of business agreement to sell the assets and operations of Etion Connect, to a newly formed entity consisting of a third-party equity partner as well as the executive management of Connect for a disposal consideration of R71.5 million. The disposal is subject to the fulfilment or waiver of several outstanding conditions precedent customary to a deal of this nature by no later than 28 September 2022.

As at 31 March 2022 | Discontinued operations held for sale | *Etion Connect (Connect)* | *Etion Create (Create)*

PERFORMANCE OVERVIEW

Etion's operating entities all delivered profitable growth as they capitalised on market opportunities in their operating environments. The Group yielded positive results from the streamlining of operations during the previous two financial years which enabled them to respond to increasing customer demand, while overcoming material external challenges.

The optimisation and growth of Etion's operating entities positioned them for favourable sale outcomes that are unlocking shareholder value and driving further value creation within the Group.

STRATEGIC UPDATE

The Group effectively implemented its strategy to unlock value for its shareholders, with progress achieved on the following strategic goals:

Strategic goal	Progress to date
Completing the LAWTrust disposal	— Concluded the LAWTrust sale for a total consideration of R311 million, which 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. — Total sale consideration from Altron comprises of R185 million received on 1 October 2021, a further R21 million (including a net debt and working capital adjustment) received on 26 November 2021 and a final payment of R30 million due to be received on 1 October 2022. — The sale proceeds from the LAWTrust disposal yielded a 271% return on investment for Etion over three years.
Repaying debt	— Utilised the LAWTrust pre-closing dividend to settle R21.9 million outstanding on the Group's medium-term Nedbank loan.

Reinvestment and return of free cash flow to shareholders	— A 33 cents per share contributed capital distribution, amounting to R186.3 million, was declared and paid to shareholders on 2 November 2021. — Investments in Create and Connect delivered strong growth, with combined revenue and profit contributions to the Group increasing by 48% and 113%, respectively.
Concluding the sale of Connect	— Entered into a sale of business agreement to sell the assets and operations of Connect, to a newly formed entity held by a third-party equity partner and executive management of Connect for a disposal consideration of R71.5 million. — R13.5 million will be retained in the Connect business upon Closing of the transaction resulting in total sale proceeds of R85 million.
Proceeding with the disposal of Create	— Entered into an agreement on 20 May 2022 to sell 100% of Create to Reunert for a purchase consideration of approximately R197 million, excluding a R2.56 million receivable from a customer and interest accrued from 31 March 2022 to the closing date of the transaction. The sum of these amounts will not exceed R210 million. — A circular containing the full details of the transaction and a notice convening a general meeting of Etion's shareholders will be distributed to shareholders in August 2022. The salient dates of the transaction and general meeting will be announced on SENS simultaneously.
Finalising the sale and leaseback of Create's office building	— Discussions with an interested party are currently underway to purchase 76 Regency Drive for R37 million and lease it back to Create. — Proceeds from the sale of the building will be used to settle the R27.2 million Nedbank loan on the property, thereby releasing Create and other subsidiaries from a cross-suretyship arrangement with Nedbank.
Resolving the outstanding lease on the Corporate head office building (85 Regency Drive)	— Secured a short-term tenant at a favourable rental to end June 2022 which reduced the lease cost. — Currently exploring various opportunities to optimise the cost of the remaining six year lease on 85 Regency Drive building.

Following the receipt of Altron's final payment, the conclusion of the sale of Create and Connect and the sale and leaseback of Create's building, Etion will focus on winding up the Corporate head office and commence with the process to delisting from the JSE AltX, subject to Board and shareholder approval, by distributing the cash proceeds to shareholders in the most efficient manner.

COVID-19 RESPONSE

South Africa emerged from a third wave of COVID-19 infections during the first half of the financial year and a fourth wave during the second half of the year. The effects of COVID-19 were felt in varying degrees across the Group's operations, with restrictions such as social distancing, travel bans to some locations, and supply chain disruptions impacting 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.

We implemented COVID-19 protocols, including hybrid working arrangements, and maintained healthy financial liquidity and debt levels, and sound working capital management.

 Note 2, Notes to the Reviewed Condensed Consolidated Financial Statements.

FINANCIAL RESULTS

Profit increased by 192% to R153.8 million (FY2021: R52.6 million).

Etion continued to achieve sustainable growth in profitability. The Group benefitted from a R140.6 million gain on the disposal of LAWTrust and a sizeable profit contribution by LAWTrust during the first half of the financial year.

The remaining operating entities, Connect and Create, traded well despite the ongoing pressures of COVID-19, supply chain disruptions and component shortages. The performance improvements are attributable to:

- Increasing demand for their products and services
- Effective delivery of growing customer orders, including major long-term contracts in the defence, mining and telecommunications markets
- A strong focus on the management of inventory and cash
- The positive effects of streamlining operations during the previous two financial years

On 18 March 2022, following the Board's approval of a funded management buy-out of Connect by its management team alongside a minority equity partner, and in accordance with the principles of IFRS 5, Etion reclassified its investment in the underlying assets and liabilities of Connect to disposal groups or non-current assets held for sale. Similarly, on 28 March 2022 after the Board approved the terms of the transaction to sell 100% of Create to Reunert, Etion reclassified its investment in Create's underlying assets and liabilities to disposal groups or non-current assets held for sale.

As both operations are separate major lines of business, their results are presented as discontinued operations, including the re-presentation of the comparative FY2021 financial information. Both disposals are expected to take effect during the 2023 financial year.

 Note 7, Notes to the Reviewed Condensed Consolidated Financial Statements.

Statement of profit or loss and other comprehensive income

Profit for the year comprised R203.2 million (FY2021: R85.8 million) from the discontinued operations and R49.4 million loss (FY2021: R33.1 million loss) after taxation from continuing operations.

Corporate costs reflected an expected credit loss (ECL) provision of R12.3 million on a long overdue debt that Create ceded to Etion Limited. Management had explored various alternatives to recover the amount due, including agreeing to an extended payment plan with the customer. Unfortunately, the customer was unable to honour this plan with its financial position worsening over the current financial year. The Group has thus elected to raise an allowance equal to the full value of the receivable owing. Corporate remained within budgeted costs despite the ECL due to delays in incurring certain costs associated with the disposal programme.

Operating costs from continuing operations includes an impairment loss of R14 million recognised on the goodwill attributable to the Safety and Productivity Solutions (SPS) operating segment housed within Create. An assessment determined that future royalty income from SPS activities would be limited to the delivery of products in terms of contracts which have been executed to date, resulting in the impairment of the value of goodwill.

LAWTrust delivered improved financial performance for the six months ended 30 September 2021, contributing R44.4 million in profit from discontinued operations (FY2021: R56.3 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.

Create (incorporating Digitise) continued on a path of significant revenue growth and exceeded profit expectations as it capitalised on a surge in orders from local and international mining and defence customers, resulting in an increase in profit from discontinued operations of R29.5 million (FY2021: R21.0 million). Gross profit margin improved from 28% to 30% year-on-year due to an improvement in Create's product mix, while operating costs remained under control, increasing only marginally despite rapid growth in business activity.

Increased investment by Connect's customers in infrastructure to support demand for fibre to homes and businesses, together with sound cost management and the negotiation of discounted prices from its US supplier, resulted in a growth in profit from discontinued operations to R33.4 million (FY2021: R8.5 million). As an importer of product from a primary US-based supplier, Connect is vulnerable to fluctuations in ZAR/USD. However, its effective hedging programme limited its exposure to foreign exchange volatility on imported products, resulting in losses of R3.1 million

(FY2021: gains of R6.6 million). Operating costs increased by 14% to R26.8 million due to higher costs incurred during the second half of the year to support BBBEE enterprise and supplier development initiatives.

The Group generated basic and diluted earnings per share of 36.00 cents (FY2021: 15.19 cents loss) from discontinued operations and basic and diluted loss per share of 8.75 cents (FY2021: 5.87 cents loss) from continuing operations.

Statement of financial position

Etion's financial position remained robust during the year, enabling the Group to use R21.4 million of the R75 million pre-closing dividend paid by LAWTrust on 28 September 2021 to repay the Nedbank medium-term loan.

Total assets amounted to R512 million (FY2021: R619 million) and liabilities were R184 million (FY2021: R258 million). These included the assets and liabilities of Create and Connect which were disclosed separately as non-current assets held for sale and liabilities of the disposal group, as required by IFRS 5. The cash and cash equivalents of Create and Connect (excluding R13.5 million to be retained in the business upon Closing of the transaction) are included in the R356 million (FY2021: R179 million) of non-current assets of the disposal group.

 Note 7, Notes to the Reviewed Condensed Consolidated Financial Statements.

Component shortages and supply chain disruptions placed pressure on the working capital and inventory management of Create and Connect, as reflected in lower cash balances of R19.8 million and R16.5 million, respectively, and corresponding increases in inventories.

Equity reduced by R186 million to R73 million as a result of the distribution of proceeds from the LAWTrust disposal to shareholders. Shareholders received a 33 cents per share return of contributed capital.

Cash flow statement

The reduction in the Group's net cash position from R120 million to R89 million was attributable to the impact of external operational challenges on Create's working capital, partially offset by favourable credit terms from Connect's US-based supplier. Management proactively monitored and managed inventory and debtors' days to improve the Group's working capital position.

Net working capital management

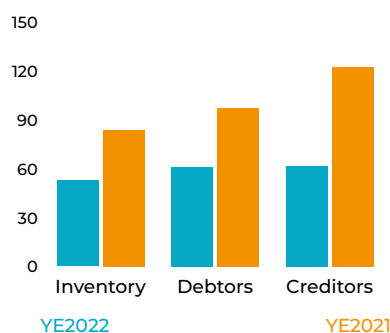
Number of days – Create



Create's inventory management was impacted by silicon component shortages, price inflation 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 two of Create's customers and late payments impacted debtors' days outstanding. Create engaged actively with its debtors and recovered the bulk of late payments (R22.3 million) from local debtors subsequent to the year-end.

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 supplier.

Connect's debtors are all current. Debtors' days are likely to increase as its anchor customer increased its payment terms to 90 days. Creditor days decreased due to a moderation in orders between a primary customer's first and second bulk deal orders during the second half of the year.

Investment in property, plant and equipment reduced to R4.3 million (FY2021: R7.4 million). Investment of R3.9 million (FY2021: R9.4 million) in development (capitalised as an intangible asset) was made in Etion Create.

LIQUIDITY, SOLVENCY AND GOING CONCERN CONSIDERATIONS

Net debt

With the exception of the Nedbank property loan of R27.2 million on Create's office building and asset-based financing facilities of R4.1 million in Create, the Group is debt-free.

OUR OPERATIONS

Discontinued operations

 			
	31 March 2022	31 March 2021	% change
Segment revenue	R288.0 million	R229.0 million	26%
Segment profit	R43.7 million	R29.1 million	50%
Segment profit, excluding Corporate recovery	R46.8 million	R35.0 million	34%
Gross profit	R86.3 million	R63.9 million	35%
Gross margin (%)	30%	28%	2%

On 31 March 2022 Etion Create acquired Etion Digitise as part of a larger restructuring activity undertaken by the Etion Group. The table above incorporates the segment results of Etion Create and Etion Digitise.

Drivers of change

Create maintained its trend of significant revenue and profit growth as it capitalised on the global reopening of economies and the return of growth cycles in its targeted defence and mining markets.

The award of a record number of new orders to be executed over the next two to three years sustained Create's order book growth from a high base established during 2021. This was driven by strong growth in demand from mining customers and major orders from local and international defence markets, including:

- The award of a three-year multi-million rand contract to deliver the CheetahNAV tactical navigation system. The CheetahNAV system is developed in-house to enable jamming-free situational awareness navigation information. Project execution commenced and early milestones were achieved but certain deliveries were shifted to the new financial year at the customer's request.
- A second three-year CheetahNAV contract was secured with the same customer in January 2022.
- A milestone was achieved in the mining sector when successful testing of a new product line by a customer generated significant interest and production orders for Australian mining houses. Create designs and manufactures safety, security, productivity improvement and other mining products on behalf of its customers.

The improvement in profit margin was attributable to Create's product mix and sound cost management which mitigated significant challenges to project implementation. These challenges include ongoing silicon component shortages, unpredictable supply chains and price inflation that disrupted inventory management and customer deliveries during a period of significant growth in customer demand. As a just-in-time manufacturer, the sudden need to stockpile components to manage these shortages impacted Create's working capital, cash flow and financial performance.

By focusing on operational efficiency improvements and working with customers to ensure mutually beneficial outcomes, Create maintained service continuity in increasingly complex operating conditions. Production premises were expanded, the accounting system was upgraded and a balanced scorecard approach was reintroduced to strengthen the focus on financial, customer, operational, learning and growth outcomes.

New appointments in procurement, systems management and engineering enhanced the capacity and capability to manage procurement challenges and service a growing project pipeline. Create prioritises the retention of engineering talent by offering market-related remuneration and a favourable work environment, including mentoring by management and opportunities for growth and development.

The CheetahNAV system has been well received by defence businesses in Africa, the Middle East and Brazil. Create invested in its own intellectual property in the development of new features for CheetahNAV and smart display systems.

 			
	31 March 2022	31 March 2021	% change
Segment revenue	R336.0 million	R196.6 million	71%
Segment profit	R45.1 million	R11.1 million	306%
Segment profit, excluding Corporate recovery	R46.9 million	R14.8 million	217%
Gross profit	R75.2 million	R25.2 million	198%
Gross margin (%)	22%	13%	9%

Drivers of change

Connect delivered strong revenue and profit growth as it capitalised on pent-up demand for connectivity, focusing on key account management to increase sales and servicing a growing pipeline of orders.

The improvement in performance was driven by the resurgence in demand for fibre connectivity that prompted network operators to increase investment in the infrastructure providing fibre to homes and businesses. Connect's order book grew significantly over the past two years as it:

- Successfully executed a bulk deal (bulk deal 1) that resulted in a surge in revenue growth and supported an anchor carrier customer's two-year infrastructure expansion roll-out programme for an integrated fibre and mobile network.
- Concluded a second bulk deal (bulk deal 2) with the same customer for implementation during the 2023 financial year.
- Capacitated sales teams with training and incentives to strengthen the focus on strategic selling, while maintaining the momentum of revenue growth and pipeline execution.
- Focused on diversifying the customer base to mitigate concentration risk in a competitive telecommunications infrastructure market by:
 - o Strengthening its foothold in the fast-growing data centre market in South Africa and the rest of Africa.
 - o Responding to market need for redeveloped end-to-end low-cost alternative products to grow and retain customers that service lower LSM (living standards measure) customer bases.
 - o Achieving a breakthrough in the Namibian market with a new customer.
 - o Participating in the expansion of mobile network operator transmission networks to meet the demand for bandwidth.

Management consolidated its position as a profitable value-added reseller of connectivity products for telecommunications networks with efficient inventory and cash management.

The business successfully renegotiated payment terms with its primary US-based supplier to manage freight costs and better align with the payment cycle of its anchor customer that increased its terms to 90 days in January 2022. While payment for imported air-freighted components remains 120 days from shipping, payment for sea freight changed to 90 days from landing in South Africa.

Connect mitigated the risks of execution delays and penalties due to supply chain challenges with careful management of customer orders and expectations. The recovery of cost variances incurred when a customer required a change from sea to air freighting to accelerate contract execution, bolstered free cash flow.

As a result of prudent inventory management, including a concerted effort to sell slow moving stock, only R4.4 million of obsolete stock was written off (R2.4 million of which was provided for) during a year in which revenue grew by 71%.

Connect strengthened its key account management to drive sales as its logistics and fulfilment teams serviced a growing pipeline. Supply chain management, financial management and human resource management were also capacitated to support business growth and navigate increased complexity in the operating environment.

The business appointed a safety, health, environment and quality (SHEQ) management consultant to focus on SHEQ compliance with customer requirements.



For the
6 months ended
30 September
2021*

Segment revenue	R162.3 million
Segment profit	R49.4 million
Segment profit, excluding Corporate recovery	R52.2 million
Gross profit	R96.4 million
Gross margin (%)	59%

* Secure (LAWTrust) was sold with effect from 1 October 2021.

Drivers of change

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, LAWTrust contributed significantly to the Group's financial performance for the six months before its effective disposal date 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. The development of its own software for customer solutions and replication of internally developed solutions across a growing customer base enabled LAWTrust to scale its offering and achieve economies of scale, which contributed to the improvement in the gross profit margin.

OUTLOOK

Etion is in the final stage of completing the strategy to unlock shareholder value. Etion has entered into a sale of shares agreement to sell 100% of its shareholding in Create, with all risks in and benefits arising out of the transaction deemed to have passed to the Reunert with effect from 1 April 2022 ("Effective Date"). Ownership of the Sale Shares shall pass to the Purchaser on the Closing Date, subject to the fulfilment or waiver of conditions precedent. Furthermore, Etion concluded a sale of business agreement to sell the assets and operations of Etion Connect, to a newly formed entity consisting of a third-party equity partner as well as the executive management of Connect. The disposal will take effect from 1 April 2022 ("Effective Date") with all risks in and benefits arising out of the transaction deemed to have passed at Effective Date. Ownership of the Sale Assets and operations shall pass to the Purchaser on the Closing Date, subject to the fulfilment or waiver of conditions precedent.

Create

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

Key factors driving future growth:

- Continued investment by mining companies is expected to sustain growth over the next couple of years.
- Create's diversified operations across different sectors support sustainable future business development.
- Increasing interest in the CheetahNAV system, and investment in intellectual property to develop derivative products for customers who require features such as smart screens and auto trackers, resulted in additional orders during 2022.
- International business accounted for 64% of the order book at 31 March 2022 (31 March 2021: 31%), demonstrating the advances achieved in the internationalisation strategy.

Connect

Connect has built strong momentum in a market that is expected to sustain growth in excess of 8%² over the next five years. Demand for fibre in South African homes and offices continues to grow and average bandwidth consumption has increased to >30%² per operator due to remote or hybrid 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 as fibre installation extends from major cities to smaller regional hubs.

While Connect's key customers responded with agility to increased demand, the recovery of smaller fibre network operators to pre-COVID levels was slower but has now normalised.

A promising outlook is underpinned by:

- Approval of bulk deal 2 which is smaller than bulk deal 1 and will commence during the 2023 financial year. The anchor customer's stated intention to connect 220 000 dwellings to fibre annually is indicative of the ongoing potential to secure repeat work.
- Growth and diversification of the customer base and product portfolio to mitigate the risk of reliance on a few primary customers.
- Redevelopment of end-to-end low-cost alternative products to grow and retain customers that service growing lower LSM customer bases.
- Local manufacture of CommScope's Africa product portfolio and export to the rest of Africa market.
- Sustained investment in the South African data centre market.
- Increased certainty about government spectrum allocations which will unlock investment by mobile network operators in 4G and 5G expansion programmes.
- Expansion into wireless connectivity.

Group

Etion expects to complete its strategy to unlock shareholder value during 2023, focusing on:

- Concluding the sale of Create by fulfilling all of the conditions precedent, including shareholder and Competition Commission approval
- Concluding the sale of Connect
- Distributing the cash proceeds to shareholders in the most efficient manner
- Commencing with the process to delisting from the JSE's AltX and winding up the Group

By order of the Board,



Richard Willis
Acting Chief Executive Officer



Nerishini Naidoo
Chief Financial Officer

29 June 2022

² BMIT SA Digital lifestyle study 2021.

Independent auditor's review report on condensed consolidated financial statements

To the Shareholders of Etion Limited

We have reviewed the condensed consolidated financial statements of Etion Limited, set out on pages 11 to 36 of the provisional report, which comprise the condensed consolidated statement of financial position as at 31 March 2022 and the related condensed consolidated statements of profit and loss and other comprehensive income, changes in equity and cash flows for the year then ended, and selected explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, as set out in the statement of compliance and basis of preparation note, and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express a conclusion on these financial statements. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, which applies to a review of historical financial information performed by the independent auditor of the entity. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements of Etion Limited for the year ended 31 March 2022 are not prepared, in all material respects, in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, as set out in the statement of compliance and basis of preparation note to the financial statements, and the requirements of the Companies Act of South Africa.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.

Director: HB Eksteen

Registered Auditor

4 Lisbon Lane, Waterfall City, Jukskei View

Johannesburg, South Africa

29 June 2022

Reviewed condensed consolidated results

REVIEWED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

	Notes	31 March 2022 (Reviewed) R'000	31 March 2021 (Audited) R'000
Assets			
Non-current assets		52 180	182 014
Property, plant and equipment		29 976	40 112
Right-of-use assets		17 661	22 695
Intangible assets	4	–	83 764
Deferred tax asset		4 543	34 450
Other financial asset	6	–	993
Current assets		104 110	257 998
Inventories		–	47 462
Trade and other receivables	5	5 548	128 999
Contract assets		–	20 725
Current tax receivable		1 910	3 008
Other financial asset	6	30 000	–
Cash and cash equivalents		66 652	57 804
Non-current assets held for sale and assets of disposal group	7	356 035	179 080
Total assets		512 325	619 092
Equity and liabilities			
Equity		328 815	361 250
Share capital		73 285	259 541
Retained income		255 530	101 709
Non-current liabilities		47 240	74 873
Interest-bearing borrowings	8	24 827	46 293
Deferred tax liability		1 801	4 260
Lease liabilities		20 612	24 320
Current liabilities		6 029	136 106
Trade and other payables		1 314	98 611
Interest-bearing borrowings	8	2 382	13 953
Contract liabilities		–	18 550
Provisions		–	2 600
Lease liabilities		2 333	2 341
Bank overdraft		–	51
Liabilities of disposal group	7	130 241	46 863
Total liabilities		183 510	257 842
Total equity and liabilities		512 325	619 092

REVIEWED CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2022

	Notes	Year ended 31 March 2022 (Reviewed) R'000	Year ended 31 March 2021 (Audited*) R'000
Continuing operations			
Other operating income		3 628	–
Movement in credit loss allowances		(12 397)	(50)
Other operating expenses		(39 128)	(27 108)
Operating profit/(loss)		(47 897)	(27 158)
Finance income		1 628	–
Finance costs		(6 730)	(7 689)
Loss before taxation		(52 999)	(34 847)
Income tax income		3 624	1 716
Loss for the year from continuing operations		(49 375)	(33 131)
Discontinued operations			
Profit from discontinued operations	7	203 196	85 754
Profit for the year		153 821	52 623
Other comprehensive income		–	–
Total comprehensive income for the year		153 821	52 623
Profit/(loss) attributable to:			
Owners of the parent:			
From continuing operations		(49 375)	(33 131)
From discontinued operations		203 196	85 754
		153 821	52 623
Earnings per share for profit/(loss) from continuing operations attributable to the ordinary equity holders of the company:			
Basic and diluted loss per share (cents)	3	(8.75)	(5.87)
Earnings per share for profit/(loss) from discontinued operations attributable to the ordinary equity holders of the company:			
Basic and diluted earnings/(loss) per share (cents)	3	36.00	(15.19)
Earnings per share for profit attributable to the ordinary equity holders of the company:			
Basic and diluted earnings per share (cents)	3	27.25	9.32

* The FY2021 amounts have been re-presented due to the classification of Create (including Digitise) and Connect as discontinued operations.

REVIEWED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2022

	Issued share capital R'000	Retained income R'000	Total R'000
Balance at 1 April 2020 (Audited)	259 541	49 086	308 627
Profit for the year	–	52 623	52 623
Other comprehensive income	–	–	–
Total comprehensive income for the year	–	52 623	52 623
Balance as at 1 April 2021 (Audited)	259 541	101 709	361 250
Profit for the year	–	153 821	153 821
Other comprehensive income	–	–	–
Total comprehensive income for the year	–	153 821	153 821
Reduction of contributed share capital	(186 256)	–	(186 256)
Balance as at 31 March 2022 (Reviewed)	73 285	255 530	328 815

REVIEWED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2022

	Notes	Year ended 31 March 2022 (Reviewed) R'000	Year ended 31 March 2021 (Audited) R'000
Cash flow from operating activities			
Cash receipts from customers		823 095	634 654
Cash paid to suppliers and employees		(754 651)	(549 741)
Cash generated from operations	9	68 444	84 913
Finance income received		3 342	860
Finance costs paid*		(2 986)	(733)
Tax paid		(41 482)	(16 049)
Net cash flow generated from operating activities		27 318	68 991
Cash flows from investing activities			
Purchase of property, plant and equipment		(4 259)	(7 352)
Proceeds on sale of property, plant and equipment		488	–
Purchase of other intangible assets		(3 872)	(9 455)
Proceeds from disposal of subsidiary, net of cash disposed***		172 655	(9 455)
Net cash flow from investing activities		165 012	(16 807)
Cash flows from financing activities			
Reduction of share capital		(186 256)	–
Proceeds from other financial liabilities		–	83
Repayments of other financial liabilities		(83)	–
Proceeds from interest-bearing borrowings raised		1 223	–
Repayment of interest-bearing borrowings		(30 120)	(4 748)
Finance costs paid*		(4 530)	(8 670)
Payment on lease liabilities		(2 933)	(4 409)
Net cash flow from financing activities		(222 699)	(17 744)
Total cash movement for the year		(30 369)	34 440
Cash at beginning of year		120 387	82 606
Effects of exchange rate changes on cash		(596)	3 341
Total cash and cash equivalents at end of the year**		89 422	120 387

* Total finance costs paid was R7.516 million (FY2021: R9.403 million).

** The statement of cash flows presents the movement in cash flows related to continuing and discontinued operations.

*** Proceeds from disposal of subsidiary, net of cash disposed is comprise of sale consideration received from Altron to date, being the R185 million received on 1 October 2021 and the R21.092 million received on 26 November 2021, less the cash balance of LAWTrust as at 1 October 2021, being R33.437 million.

REVIEWED CONDENSED CONSOLIDATED SEGMENT REPORT

For the year ended 31 March 2022

	Year ended 31 March 2022 (Reviewed) R'000	Year ended 31 March 2021 (Audited**) R'000
Segment revenue		
Create: Original Design Manufacturing*	287 969	228 983
Connect: Digital Network Solutions	335 964	196 584
Secure: Cyber Security Solutions	162 278	272 871
Eliminations	(2 530)	(6 325)
	783 681	692 113
Discontinued operations	(783 681)	(692 113)
Total	-	-
Segment profit		
Create: Original Design Manufacturing*	43 674	29 164
Connect: Digital Network Solutions	45 136	11 140
Secure: Cyber Security Solutions	49 361	72 661
Eliminations	1 229	(10 532)
	139 400	102 433
Discontinued operations	(142 074)	(106 709)
	(2 674)	(4 276)
Corporate costs	(45 223)	(22 882)
Finance costs	(6 730)	(7 689)
Finance income	1 628	-
Loss before taxation	(52 999)	(34 847)
Financial position		
Assets		
Create: Original Design Manufacturing*	306 391	247 743
Connect: Digital Network Solutions (Disposal group held for sale)	103 673	140 047
Secure: Cyber Security Solutions (FY2021: Disposal group held for sale)	-	179 080
Corporate	102 261	52 222
Total assets	512 325	619 092
Liabilities		
Create: Original Design Manufacturing*	136 462	83 915
Connect: Digital Network Solutions (Disposal group held for sale)	24 858	76 058
Secure: Cyber Security Solutions (FY2021: Disposal group held for sale)	-	46 863
Corporate	22 190	51 006
Total liabilities	183 510	257 842

* On 31 March 2022 Create acquired Digitise as part of a larger restructuring activity undertaken by the Group. The segment results include the results of Create, Digitise, Parsec Properties and Parsec Holdings.

** The FY2021 amounts have been re-presented due to the classification of Create (including Digitise) and Connect as discontinued operations.

	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 2022 (Reviewed)						
Segment revenue						
Resale of finished goods	5 963	334 193	3 052	–	(343 208)	–
Sale of goods manufactured	216 014	–	–	(2 515)	(213 499)	–
Sale of design, development and project services	63 615	–	–	–	(63 615)	–
Sale of licences	–	–	71 232	–	(71 232)	–
Support and maintenance services	2 377	1 771	87 994	(15)	(92 127)	–
At a point in time	221 977	334 193	74 284	(2 515)	(627 939)	–
Over time	65 992	1 771	87 994	(15)	(155 742)	–
Sales to external customers	285 455	335 964	162 262	–	(783 681)	–
Year ended 31 March 2021 (Audited**)						
Segment profit						
Resale of finished goods	11 291	193 384	9 722	–	(214 397)	–
Sale of goods manufactured	173 188	–	–	(5 852)	(167 336)	–
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)	(136 508)	–
At a point in time	184 479	193 384	138 554	(5 852)	(510 565)	–
Over time	44 504	3 200	134 317	(473)	(181 548)	–
Sales to external customers	183 986	163 010	255 891	–	(602 887)	–

* On 31 March 2022 Create acquired Digitise as part of a larger restructuring activity undertaken by the Group. The segment results include the results of Create, Digitise, Parsec Properties and Parsec Holdings.

** The FY2021 amounts have been re-presented due to the classification of Create (including Digitise) and Connect as discontinued operations.

	Create: Original Design Manu- facturing* R'000	Connect: Digital Network Solutions R'000	Secure: Cyber Security Solutions R'000	Total R'000
Year ended 31 March 2022 (Reviewed)				
Segment profit excluding corporate recovery	46 853	46 948	52 170	145 971
Year ended 31 March 2021 (Audited**)				
Segment profit excluding corporate recovery	35 059	14 832	77 948	127 839

* On 31 March 2022 Create acquired Digitise as part of a larger restructuring activity undertaken by the Group. The segment results include the results of Create, Digitise, Parsec Properties and Parsec Holdings.

** The FY2021 amounts have been re-presented due to the classification of Create (including Digitise) and Connect as discontinued operations.

The Executive Committee uses segment profit/(loss) excluding Corporate recovery as a measure to assess the performance of the segments. This excludes the respective Corporate recovery fee 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:

	12 months ended 31 March 2022 (Reviewed)	12 months ended 31 March 2021 (Audited*)
Segment profit excluding corporate recovery	145 971	127 839
Intersegment eliminations	1 229	(10 532)
Management fees	(7 800)	(14 874)
Corporate costs	(45 223)	(22 882)
Finance costs	(6 730)	(7 689)
Finance income	1 628	–
Discontinued operations	(142 074)	(106 709)
Profit/(loss) before income tax from continuing operations	(52 999)	(34 847)

* The FY2021 amounts have been re-presented due to the classification of Create (including Digitise) and Connect as discontinued operations.

Notes to the reviewed condensed consolidated financial statements

1. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these reviewed condensed consolidated 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 as a result of adopting these standards.

1.1 Significant judgements and sources of estimation uncertainty

In preparing these reviewed condensed consolidated 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 expenses. 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 were the same as those described in the last annual consolidated financial statements, except for the following:

Date of classifying investments in Create and Connect as Non-current assets held for sale and Discontinued operations in terms of IFRS 5 Non-Current Assets Classified as Held for Sale and Discontinued Operations

The classification of the Company's investments in Etion Create (Pty) Ltd and Etion Connect (Pty) Ltd as held for sale was considered to be a matter of significant judgement due to the considerations applied by management in determining the classification of the investments as held for sale.

Investment in Etion Create

As at 28 March 2022, Etion Limited transferred its investment in the underlying assets and liabilities of Etion Create to disposal groups or non-current assets held for sale (refer note 7). As Etion Create 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 FY2021 financial information. The assets and liabilities of Etion Create in the consolidated statement of financial position are presented as a disposal Group in assets held for sale line item as at 31 March 2022.

A programme to market and dispose of the Create business was launched in September 2021 with numerous engagements taking place between various interested parties and Etion in respect of the potential acquisition of the subsidiary. Following the receipt of a non-binding indicative expression of interest from Reunert and Etion's acceptance thereof a confirmatory due diligence review was performed to allow for the submission of a binding undertaking from Reunert. The director's approved the salient terms of the proposed transaction and accepted the binding undertaking to acquire 100% of Create's issued share capital from Etion as at 28 March 2022.

In order for Etion Create to be classified as "held for sale" the sale is required to be highly probable. As at 31 March 2022 the transaction still requires shareholder approval by way of a special resolution. The shareholder meeting for approval is only anticipated to take place in July 2022, after these financial statements have been authorised for issue.

Management applied their judgement and determined the sale of Etion Create to be highly probable based on the following circumstances:

- The sale is in an advanced stage;
- A significant percentage of shareholding is held by management or privately by individuals and institutions (53.72%);
- Discussions with major shareholders indicate that they will not oppose the special resolution; and
- Canvassing activities undertaken demonstrate that the majority of shareholders are most likely to vote in favour of the special resolution.

1. SIGNIFICANT ACCOUNTING POLICIES continued

Investment in Etion Connect

As at 18 March 2022, Etion Limited transferred its investment in the underlying assets and liabilities of Etion Connect to disposal groups or non-current assets held for sale (refer note 7). As Etion Connect 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 FY2021 financial information. The assets and liabilities of Etion Connect in the consolidated statement of financial position are presented as a disposal Group in assets held for sale line item as at 31 March 2022.

Given its strong management team, single key supplier and relationship with its anchor carrier customer, the most suitable exit strategy in respect to Etion Connect was determined to be a funded management buy-out ('MBO') alongside a minority equity partner. To this end, a number of the commercial banks, development funding institutions and private equity partners were approached during November 2021 to assess their interest in participating in a MBO of Etion Connect. Detailed discussions ensued between Etion, the Etion Connect management team and various interested parties and potential funders, resulting in the receipt of an equity term sheet from the preferred equity partner and a non-binding indicative term sheet from Standard Bank. The salient terms of the proposed MBO transaction and the acceptance of the equity term sheet from the preferred private equity partner and non-binding indicative term sheet from Standard Bank to fund the transaction was approved by the Etion Investment and Disposal Committee as at 18 March 2022.

In order for Etion Connect to be classified as "held for sale" the sale is required to be highly probable. As at 31 March 2022 the transaction still required final approval by Standard Bank's Credit Committee subject to the completion of a confirmatory due diligence review and the satisfaction of certain key conditions precedent related to the business's net working capital cycle, supplier payment terms and securing of a bulk deal from one of Etion Connect's anchor customers. The Credit Committee meeting for approval of the transaction took place on 11 May 2022 with the proposed transaction being approved by the requisite majority of the Committee members.

Management applied their judgement and determined the sale of Etion Connect to be highly probably based on the following circumstances:

- The sale is in an advanced stage;
- The disposal is classified as a Category 2 transaction from a JSE Limited listing requirements perspective and only requires Board approval to proceed- approval has been secured from the Etion Investment and Disposal Committee; and
- Key conditions precedent to the transaction have been fulfilled with the remaining conditions being customary to a deal of this nature.

2. IMPACT OF COVID-19

After emerging from a third wave of Covid-19 infections in the first half of the financial year and a fourth wave in the second half, the effects of Covid-19 are felt in varying degrees across the Group's operations. The Covid-19 pandemic has changed working practices globally, driving an increase in home and hybrid-working models. Despite the challenges brought on by Covid-19 and the weak and uncertain economic environment, the Group remains focussed on maintaining a healthy liquidity position and debt levels, and improving working capital management.

While every effort has been made to quantify the future impact that the virus will have on the Group, the situation remains fluid and uncertain.

Management has therefore conducted a review of the possible financial effects the pandemic could have on the measurement, presentation and disclosure of balances that are most likely to be materially impacted as at 31 March 2022:

COVID-19 consideration	Assessment	Impact
Impairment of goodwill	Due to the long-term impact of the pandemic on the economy as a whole, management has adopted a conservative approach in determining the operational and valuation assumptions and inputs applied in the recoverability assessment related to the Safety and Productivity Solutions cash generating unit (CGU) and related goodwill held within the Group.	Low
Inventory	Pressure on the global supply chain has had a significant impact on our order lead times, impacting the operations of Etion Create. This has had an adverse impact on inventory, with the need to increase levels to mitigate the risk and secure inventory volumes. The shortage is seen to have a negative impact on pricing and management is continuously working on mitigating both these risks through continued engagement with key suppliers and exploring alternative procurement avenues. Management has also reviewed the inventory holdings of the businesses in the Group and determined the proposed selling price to be in excess of the cost.	Low

2. IMPACT OF COVID-19 continued

COVID-19 consideration	Assessment	Impact
Allowance for expected credit losses	The Group generally deals with a widespread customer base. The financial impact of the crisis has put an increased level of pressure on customers throughout the economic landscape in South Africa and foreign countries in which the Group operates. The overall increased risk is mitigated by the Group in relation to the continuous enforcement of the strict credit approval process, historically applied. A consistent methodology is applied to most debtors however specific provision has been made for those debtors identified as having a higher risk of default. In these instances, management has applied a judgemental overlay to account for the increased credit risk. Furthermore, since the commencement of COVID-19 there is no significant evidence to suggest a change of credit risk and hence no adjustments have been made to the definition of default applied by the Group. The debtor's book was assessed based on shared credit risk characteristics and into common ageing buckets. Management has also considered the industries in which our customers operate and reviewed various media platforms to ascertain whether any of the Group's customers or their industries were at risk of being impacted by COVID-19. The economic consequences of measures to curb the outbreak of COVID-19 have negatively affected a specific debtor's ability to pay. Management has explored various alternatives in an effort to recover the amount due, including agreeing to an extended payment plan with the customer. Unfortunately, the customer has been unable to honour this plan with its financial position worsening over the current financial year. The Group has thus elected to raise an allowance for expected credit losses equal to the full value of the receivable owing. The Group has monitored collections during the reporting period which on the whole have remained strong except as detailed above. The Group has also considered any specific communications from customers that would cause concern around their ability to meet their short-term obligations. No such communications were received.	Low
Non-financial asset Impairment (Property, plant and equipment and right-of-use assets)	The nature of the non-financial assets and the fact that the significant operational entities of the Group have performed well in the current financial year, resulted in the overall non-financial assets being recovered through use in the normal course of business. In addition to this, the Group's revenue-generating processes are not entirely dependent on the non-financial assets of the Group. Discretionary capital expenditure was reduced for most of the financial year. The recoverable amount calculations performed in respect to various CGUs still support the carrying value of non-financial assets of the Group.	Insignificant

3. HEADLINE EARNINGS PER SHARE

	12 months ended 31 March 2022 (Reviewed)	12 months ended 31 March 2021 (Audited*)
Profit attributable to ordinary shareholders (R'000)	153 821	52 623
Basic and Diluted earnings per share (cents)	27.25	9.32
Reconciliation of headline earnings:		
Profit attributable to ordinary shareholders (R'000)	153 821	52 623
Gains on disposal of subsidiary (R'000)	(140 603)	–
Impairment of goodwill (R'000)	14 041	–
Total tax effect of adjustments (R'000)	44 719	–
Headline and diluted profit attributable to ordinary shareholders (R'000)	71 978	52 623
Headline and diluted headline loss from continued operations (R'000)	(35 334)	(33 131)
Headline and diluted headline profit from discontinued operations (R'000)	107 312	85 754
Weighted average number of shares in issue	564 411 033	564 411 033
Headline and diluted headline earnings per share attributable to ordinary shareholders (cents)	12.75	9.32
Headline and diluted headline loss per share from continued operations (cents)	(6.26)	(5.87)
Headline and diluted headline earnings per share from discontinued operations (cents)	19.01	15.19

* The FY2021 amounts have been re-presented due to the classification of Create (including Digitise) and Connect as discontinued operations.

4. INTANGIBLE ASSETS

	Cost/ valuation R'000	Accumulated amortisation R'000	Carrying value R'000
Intangible assets – 2022 (Reviewed)			
Customer relationships and brands	–	–	–
Computer software	–	–	–
Goodwill	–	–	–
Development of intellectual property	–	–	–
Total	–	–	–
Intangible assets – 2021 (Audited)			
Customer relationships and brands	23 674	(23 674)	–
Computer software	3 614	(2 956)	658
Goodwill	93 072	(25 171)	67 901
Development of intellectual property	38 229	(23 024)	15 205
Total	158 589	(74 825)	83 764

4. INTANGIBLE ASSETS continued

	Opening balance R'000	Additions R'000	Amorti- sation R'000	Impair- ment R'000	Classified as held for sale R'000	Total R'000
Reconciliation of intangible assets – 2022 (Reviewed)						
Development of intellectual property	15 205	2 590	(3 417)	–	(14 378)	–
Computer software	658	500	(625)	–	(533)	–
Goodwill	67 901	–	–	(14 041)	(53 860)	–
Total	83 764	3 090	(4 042)	(14 041)	(68 771)	–
Reconciliation of intangible assets – 2021 (Audited)						
Customer relationships and brands	10 824	–	(3 957)	–	(6 867)	–
Development of intellectual property	19 642	8 295	(4 990)	–	(7 742)	15 205
Computer software	737	1 160	(692)	–	(547)	658
Goodwill	124 101	–	–	–	(56 200)	67 901
Total	155 304	9 455	(9 639)	–	(71 356)	83 764

The significant movement in intangible assets results from the reclassification of intangible assets attributable to the disposal groups to assets held for sale. Refer to note 7 for further detail.

Impairment of Safety and Productivity Solutions goodwill

During the current financial year, management determined that the recoverable amount of R1.1 million of the goodwill attributable to the Safety and Productivity Solutions (SPS) CGU is lower than the carrying amount of R15.1 million. As a result an impairment loss of R14 million has been recognised in the current reporting period.

The recoverable amount of the SPS CGU is determined based on a value in use calculation relating specifically to the CGU. The calculation used pre-tax cash flow projections with reference to the revenue expected to be earned from servicing customers, as well as future royalty income earned through the utilisation of internally generated intellectual property, covering a three year period. The discount rates are pre-tax and reflect the specific risks relating to the relevant segment.

Key assumptions used for the value in use calculations are as follows:

	12 months ended 31 March 2022 (Reviewed) %	12 months ended 31 March 2021 (Audited) %
Gross margin	40	39
Growth rate (average)	4.5	7
Discount rate (pre-tax)	16	21
Terminal growth rate	3.5	5

On 31 March 2022 Etion Create acquired Etion Digitise as part of a larger restructuring activity undertaken by the Etion Group, this was done under the ambit of a common control transaction. The SPS consolidated goodwill of R1 million has been presented together with the consolidated goodwill attributable to Etion Create (ODM).

5. TRADE AND OTHER RECEIVABLES

	12 months ended 31 March 2022 (Reviewed) R'000	12 months ended 31 March 2021 (Audited) R'000
Financial instruments		
Trade receivables	13 518	124 128
Loss allowance	(12 361)	(6 798)
Trade receivables at amortised cost	1 157	117 330
Deposits	2	1 133
Other receivables	–	4
Sundry debtors	20	650
Non-financial instruments		
Receiver of revenue – VAT	4 094	6 233
Employee costs in advance	–	25
Prepayments	275	3 624
Total trade and other receivables	5 548	128 999

The significant movement in trade and other receivables is a consequence of the reclassification of the Create and Connect disposal groups to assets held for sale. The expected credit loss allowance increased during the current year as a result of a long overdue debt that Create ceded to Etion Limited. Management explored various alternatives to recover the amount due, including agreeing to an extended payment plan with the customer. Unfortunately, the customer was unable to honour this plan with its financial position worsening over the current financial year. The Group thus elected to raise an allowance equal to the full value of the receivable owing (R12.4 million).

6. OTHER FINANCIAL ASSET

	12 months ended 31 March 2022 (Reviewed) R'000	12 months ended 31 March 2021 (Audited) R'000
Interest free borrowings		
Tau Di A Rora Technologies CC*	–	993
Other receivables		
Deferred consideration receivable from Altron	30 000	–
	30 000	993

* During the current financial year the interest free borrowings have been Reclassified to Non-current assets held for sale.

Other receivables

On 20 April 2021, Etion Limited announced that it had entered into an agreement with Altron TMT SA Group to sell 100% of the issued shares in LAWTrust for a total disposal consideration of R236 million. This comprised of R185 million paid to Etion on 1 October 2021, a further R21 million (including a net debt and working capital adjustment) paid to Etion on 26 November 2021, and 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.

Management have assessed the probability of the impact of any warranties, indemnities or claims under the sale of shares agreement and have determined that the full R30 million is expected to be received from Altron.

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

Law Trusted Third Party Services (Pty) Ltd

During the prior financial year, the Board embarked on a programme to market and dispose of the Law Trusted Third Party Services (Pty) Ltd business with numerous engagements taking place between various interested parties and Etion in respect of the potential acquisition of the subsidiary. A formal process to govern the sale of Law Trusted Third Party Services (Pty) Ltd was instituted in September 2020 with numerous bids being received and considered. Final binding offers were received in December 2020 whereafter a preferred bidder was selected, and further negotiations undertaken. The Board approved the transaction and sales and purchase agreement as at 29 March 2021. The disposal is consistent with the Group's strategy to unlock shareholder value.

As at 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 Company reclassified its investment in Law Trusted Third Party Services (Pty) Ltd to non-current assets held for sale.

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. Again on disposal of subsidiary amounting to R140.603 million has been recognised in the current financial year as a result of the transaction.

	For the 6 months ended 30 September 2021 (Reviewed) R'000	31 March 2021 (Audited) R'000
Profit or loss		
Revenue	162 262	272 850
Cost of sales	(65 800)	(122 023)
Gross profit	96 462	150 827
Other operating income	3 673	6 434
Other gains	170	334
Movement in credit losses	363	339
Other operating expenses	(43 446)	(83 926)
Operating profit	57 222	74 008
Investment income	550	487
Finance costs	(225)	(846)
Income from equity accounted investments	1 574	806
Profit before taxation	59 121	74 455
Taxation	(14 718)	(18 168)
Profit for the year from discontinued operations (LAWTrust)	44 403	56 287
Profit earned by Etion Limited on disposal of investment in subsidiary	140 603	–
Tax attributable to the disposal of the investment in subsidiary	(44 719)	–
Profit for the year from discontinued operations (Total)	140 287	56 287

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

Law Trusted Third Party Services (Pty) Ltd continued

	For the 6 months ended 30 September 2021 (Reviewed) R'000	31 March 2021 (Audited) R'000
Assets and liabilities		
Non-current assets held for sale		
Property, plant and equipment	-	4 317
Assets of disposal groups		
Right-of-use assets	-	1 486
Intangible assets – including goodwill	-	71 356
Investment in joint venture	-	1 046
Loans to related company	-	2 350
Trade and other receivables	-	33 913
Deferred tax asset	-	1 463
Inventories	-	514
Cash and cash equivalents	-	62 635
	-	174 763
	-	179 080
Liabilities of disposal groups		
Trade and other payables	-	26 432
Other financial liability	-	83
Lease liabilities	-	1 700
Contract liabilities	-	15 754
Current tax payable	-	2 894
	-	46 863
Cash flows		
Net cash inflow from operating activities	49 844	63 821
Net cash (outflow)/inflow from investing activities	(2 363)	9 152
Net cash outflow from financing activities	(77 051)	(38 821)
	(29 482)	34 152

Etion Create (Pty) Ltd

During the current financial year the Board embarked on a programme to market and dispose of the Create business with numerous engagements taking place between various interested parties and Etion in respect of the potential acquisition of the subsidiary. Following the receipt of a non-binding expression of interest in this regard, negotiations were undertaken with the potential purchaser. The Board approved the salient terms to the proposed transaction and accepted the binding undertaking from the purchaser as at 28 March 2022. The disposal is consistent with the Group's strategy to unlock shareholder value. At reporting date, the fair value less cost of disposal based on the agreed purchase price exceeds the net carrying value of the Etion Create CGU.

As at 28 March 2022, following the approval of the transaction, and consideration of the principles and requirements 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 Etion Create to disposal groups or non-current assets held for sale. As Etion Create 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 FY2021 financial information. The sale is expected to take effect in the next financial year.

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

Etion Create (Pty) Ltd continued

	31 March 2022 (Reviewed) R'000	31 March 2021 (Audited) R'000
Profit or loss		
Revenue	285 455	222 682
Cost of sales	204 479	162 318
Gross profit	80 976	60 364
Other operating income	405	1 335
Other gains	1 751	2 315
Movement in credit losses	1 687	2 500
Other operating expenses	(46 292)	(38 712)
Operating profit	38 527	22 802
Investment income	197	303
Finance costs	(366)	(756)
Profit before taxation	38 358	22 349
Taxation	(8 876)	(1 354)
Profit for the year from discontinued operations*	29 482	20 995
Assets and liabilities		
Non-current assets held for sale		
Property, plant and equipment	7 290	–
Assets of disposal groups		
Intangible assets – including goodwill	68 757	–
Other financial assets	522	–
Inventories	72 476	–
Trade and other receivables	87 994	–
Contract assets	13 891	–
Deferred tax asset	857	–
Cash and cash equivalents	19 779	–
	264 276	–
	271 566	–
Liabilities of disposal groups		
Interest bearing borrowings	4 140	–
Contract liabilities	42 818	–
Trade and other payables	54 219	–
Current tax payable	4 194	–
Bank overdraft	12	–
	105 383	–
Cash flows		
Net cash (outflow)/inflow from operating activities	(7 756)	3 030
Net cash inflow/(outflow) from investing activities	4 564	(10 139)
Net cash outflow from financing activities	(2 914)	(4 252)
	(6 106)	(11 361)

* Profit for the year from discontinued operations relating to Create contains R3.844 million profit (FY2021: R6.6 million profit) relating to Digitise.

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

Etion Connect (Pty) Ltd

In light of the nature of the business and its operating model and structure, the Board determined that the most suitable exit strategy in respect to Etion Connect was to conclude a funded management buy-out ('MBO') alongside a minority equity partner. To this end, a number of the commercial banks, development funding institutions and private equity partners were approached during November 2021 to assess their interest in participating in a MBO of Connect. The Standard Bank of South Africa was one such party that expressed an interest in funding the MBO alongside a potential equity partner. Discussions between Etion, the Connect management team, the potential equity partner and Standard Bank ensued in this regard. On 18 March 2022, the Etion Investment and Disposal Committee approved the salient terms of the proposed MBO transaction, the acceptance of the equity term sheet from the private equity partner and a non-binding indicative term sheet received from Standard Bank to fund the transaction. The disposal is consistent with the Group's strategy to unlock shareholder value. At reporting date, the fair value less cost of disposal based on the agreed purchase price exceeds the net carrying value of the Etion Connect CGU.

As at 18 March 2022, following the approval of the transaction, and consideration of the principles and requirements 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 Etion Connect to disposal groups or non-current assets held for sale. As Etion Connect represents a separate major line of business, their 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 FY2021 financial information. The sale is expected to take effect in the next financial year.

	31 March 2022 (Reviewed) R'000	31 March 2021 (Audited) R'000
Profit or loss		
Revenue	335 964	196 587
Cost of sales	260 769	171 355
Gross profit	75 195	25 232
Other operating income	503	421
Other (losses)/gains	(3 106)	6 633
Movement in credit losses	573	1 132
Other operating expenses	(26 843)	(23 513)
Operating profit	46 322	9 905
Investment income	968	70
Finance costs	(194)	111
Profit before taxation	47 096	9 864
Taxation	(13 669)	(1 392)
Profit for the year from discontinued operations	33 427	8 472

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

Etion Connect (Pty) Ltd continued

	31 March 2022 (Reviewed) R'000	31 March 2021 (Audited) R'000
Assets and liabilities		
Non-current assets held for sale		
Property, plant and equipment	1 005	–
Assets of disposal groups		
Right-of-use assets	1 246	–
Intangible assets	15	–
Inventories	41 034	–
Trade and other receivables	38 167	–
Cash and cash equivalents	3 002	–
	83 464	–
	84 469	–
Liabilities of disposal groups		
Trade and other payables	23 431	–
Lease liabilities	1 426	–
	24 857	–
Cash flows		
Net cash inflow from operating activities	6 362	2 650
Net cash (outflow)/inflow from investing activities	(15 508)	13 492
Net cash outflow from financing activities	(702)	(2 411)
	(9 848)	13 730

	Non-current assets held for sale R'000	Liabilities of disposal group R'000	Profit from discontinued operations R'000
2022 (Reviewed)			
LAWTrust (including Etion Limited's profit on disposal on investment in subsidiary)	–	–	140 287
Etion Create	271 566	105 383	29 482
Etion Connect	84 469	24 857	33 427
Total	356 035	130 240	203 196
2021 (Audited)			
LAWTrust	179 080	46 863	56 387
Etion Create	–	–	20 995
Etion Connect	–	–	8 472
Total	179 080	46 863	85 754

8. INTEREST-BEARING BORROWINGS

	31 March 2022 (Reviewed) R'000	31 March 2021 (Audited) R'000
Current		
– Property loan: Senior debt	2 040	1 496
– Nedbank loan	–	9 770
– Covid relief loan	342	322
– Instalment sale agreement	–	2 364
	2 382	13 952
Non-current		
– Property loan: Senior debt	24 678	26 719
– Nedbank loan	–	16 046
– Covid relief loan	149	491
– Instalment sale agreement	–	3 038
	24 827	46 294
Total		
– Property loan: Senior debt	26 718	28 215
– Nedbank loan	–	25 816
– Covid relief loan	491	813
– Instalment sale agreement	–	5 402
	27 209	60 246

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 on the basis of 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. This resulted 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%.

9. CASH GENERATED FROM OPERATIONS

	31 March 2022 (Reviewed) R'000	31 March 2021 (Audited) R'000
Loss before taxation from continued operations	(52 999)	(34 847)
Profit before taxation from discontinued operations	285 178	106 668
Adjustments for:		
Depreciation and amortisation	12 648	22 252
Interest income	(3 342)	(860)
Finance costs paid	7 516	9 403
Increase/(decrease) in allowance for slow moving and obsolete raw materials	(1 084)	2 337
Increase in ECL impairment	9 778	1 637
Profit on sale of property, plant and equipment	(434)	–
Income from equity accounted investments	(1 574)	(806)
Gains on disposal of investment in subsidiary	(140 603)	–
Decrease in provisions	(2 600)	–
Bad debts written off	562	–
Impairment of goodwill	14 041	–
Unrealised foreign exchange differences – cash and bank equivalents	597	(3 341)
Unrealised foreign exchange differences – debtors	585	93
Unrealised foreign exchange differences – trade creditors	(270)	(1 450)
(Decrease)/increase in provision for impairment of other financial assets	–	(557)
Changes in working capital:		
Inventories	(65 042)	5 028
Trade and other receivables	(16 029)	(46 184)
Contract assets	6 834	(2 241)
Trade and other payables	(17 419)	10 063
Contract liabilities	32 100	17 718
	68 444	84 913

The cash flow statement has been prepared on the direct method. This note has been included for more detail for the users of the financial statements.

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

The reviewed condensed consolidated results for the year ended 31 March 2022 have been prepared in accordance with the JSE Limited Listings Requirements for provisional reports and the requirements of the South African Companies Act, No. 71 of 2008 (as amended). The Listings Requirements require provisional 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 Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and to also, at a minimum, contain the information required by IAS 34 – Interim Financial Reporting.

The accounting policies applied by the Group in preparation of these reviewed condensed consolidated 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.

These reviewed condensed consolidated financial statements were prepared under the supervision of the Chief Financial Officer, Nerishini Naidoo CA(SA).

These reviewed condensed consolidated financial statements for the year ended 31 March 2022 have been reviewed by PricewaterhouseCoopers Inc., who expressed an unmodified review conclusion.

The directors take full responsibility for the preparation of the reviewed condensed consolidated financial statements.

PREPARER

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

GOING CONCERN

We are continually monitoring the COVID 19 outbreak and developments closely. The Group follows guidance from the World Health Organisation and abides by the requirements as activated by local governments. The Board undertakes regular rigorous assessment of whether the Group is a going concern in light of current economic conditions and available information about future risks and uncertainties.

Following the receipt of Altron's final payment, the conclusion of the sale of Create and Connect and the sale and leaseback of Create's building, Etion will focus on winding up the Corporate head office and commence with the process to delisting from the JSE AltX, subject to Board and shareholder approval, by distributing the cash proceeds to shareholders in the most efficient manner.

The directors have reviewed the Group's budget, projections of its expected short term profitability and related cash flow forecasts for the year ending March 2023 which confirm that the Group has sufficient capital, liquidity and a positive future performance outlook to continue to meet its short-term obligations. 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, even when considering the imminent disposal of Create and Connect and have therefore adopted the going concern basis in preparing these annual consolidated financial statements.

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 31 May 2021. EC de Kock will remain 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 non-executive director with effect from 1 September 2021.

EVENTS SUBSEQUENT TO YEAR-END

Disposal of Create

On 20 May 2022, Etion entered in a sale of shares agreement to sell 100% of its shareholding in Etion Create (Pty) Ltd (Create) to Reunert Applied Electronics Holdings Proprietary Limited (Reunert) for a disposal consideration of approximately R197 million (limited to a maximum of R210 million).

The disposal is subject to the fulfilment or waiver of several outstanding conditions precedent by no later than 20 November 2022, including inter alia the approval from the Competition Commission and shareholders of Etion pursuant to the JSE Limited Listings Requirements. A circular to shareholders outlining all the pertinent information to the transaction will be posted on 1 August 2022 with the general meeting to approve the transaction to be held on 30 August 2022.

Disposal of Connect

On 28 June 2022, Etion entered into a sale of business agreement to sell the assets and operations of Etion Connect (Pty) Ltd ("Connect"), as a going concern, to a newly formed entity held by the management team of Connect and a minority private equity party for a disposal consideration of R71.5 million.

The disposal is subject to the fulfilment or waiver of several outstanding conditions precedent customary to a deal of this nature by no later than 28 September 2022.

KwaZulu-Natal floods

While Etion continues to monitor the potential impact of the KwaZulu-Natal floods, our preliminary assessments indicate that our operating activities have been largely unaffected by these events.

Potential risks identified include:

- Delayed/non-payment from customer - The geographical locations within which we operate have not been impacted by the floods, with business continuing as usual. The Group has not received any specific communications from customers that would cause concern about their ability to meet their short-term obligations.
- Supply chain – We have not experienced any major disruptions or delays in the procurement of goods and services.

These risks and other emerging risks are monitored on an ongoing basis by the Group executive management team and in line with the operation's business continuity plans. While every effort is being made to manage these risks, we are unable to quantify the future impact that this may have on the Company.

No other matter or circumstance has occurred subsequent to year-end but before the financial statements were issued that has significantly affected, or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the entity at the reporting date, other than the events disclosed above.

EVENTS DURING THE YEAR

Impact of COVID-19

While every effort has been made to quantify the future impact that the virus will have on the Company, the situation remains fluid following the lifting of National State of Disaster and the termination of most of the mandatory measures put in place to curb the spread of virus. In light of the country's transition from these measures and the uncertainty regarding the pace of the recovery of social and economic activity to pre-pandemic levels, management has conducted a review of all possible financial effects the virus could have on the measurement, presentation and disclosure provided.

Impact of war in Ukraine

The geopolitical situation in Eastern Europe intensified on 24 February 2022, with Russia's invasion of Ukraine. The war between the two countries continues to evolve as military activity proceeds and additional sanctions are imposed. In addition to the human toll and impact of the events on entities that have operations in Russia, Ukraine, or neighbouring countries (e.g., Belarus) or that conduct business with their counterparties, the war is increasingly affecting economic and global financial markets and exacerbating ongoing economic challenges, including issues such as rising inflation, global supply chain disruption and weakening of the global post COVID-19 pandemic recovery.

In light of the broader impact on these macroeconomic conditions, and as the events arising from Russia's invasion of Ukraine occurred before the reporting date, with continued impacts after the reporting date, the Group considers this to be an adjusting post balance sheet event and has thus performed an assessment as to the potential financial effects arising from the war in Ukraine. Our current assessments indicate that our operating entities have been largely unaffected by these events with possible emerging risks being monitored on an ongoing basis by the Group executive management team and in line with the operation's business continuity plans. The Company has no operations in Ukraine, Russia or neighbouring countries, and the Company's operations do not rely on exports from these countries. While every effort is being made to manage these risks as they emerge, the situation remains volatile, and we are unable to quantify the future impact that this may have on the Group.

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 basis of 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; and
- 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 year-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 year-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.

FINANCIAL INSTRUMENTS – FAIR VALUES

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

The carrying value of non-current financial assets and liabilities at market related floating rates approximates fair value and is 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.

Categories of financial assets

	Amortised cost R'000	Total R'000	Fair value R'000
As at 31 March 2022 (Reviewed)			
– Trade and other receivables	1 179	1 179	1 179
– Cash and cash equivalents	53 153	53 153	53 153
– Other financial asset	30 000	30 000	30 000
	84 332	84 332	84 332
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

Categories of financial liabilities

	Amortised cost R'000	Leases R'000	Total R'000	Fair value R'000
As at 31 March 2022 (Reviewed)				
– Trade and other payables	791	–	791	791
– Interest-bearing borrowings	27 209	–	27 209	27 209
– Lease liabilities	–	22 945	22 945	22 945
	28 000	22 945	50 945	50 945
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

IAS 24 RELATED PARTY TRANSACTIONS

Related party transactions similar to those disclosed in the Group's 2021 annual consolidated financial statements took place during the current year and will be disclosed in the Group's annual consolidated financial statements for the year ended 31 March 2022, except for the following:

Management Incentive Plan

During the current financial year, a Management Incentive Plan ("MIP") was established as a mechanism to incentivise and retain key executives to facilitate the implementation of Etion's strategy to unlock shareholder value and sell the underlying operating entities. R Willis, N Naidoo, S Mafu and P Pelser in their capacities as Acting Group Chief Executive Officer, Group Chief Financial Officer, Managing Director of Etion Connect and Managing Director of Etion Create, respectively, will be qualifying employees and participate in the MIP.

In terms of the MIP, the remuneration of the key executives will be varied as a result of the disposal of Etion Create and Etion Connect by an amount equal to 20% of the amount by which the purchase consideration of the respective businesses exceeds the hurdle rate values as approved by the Board. The incentive plan is capped at R7.5 million in aggregate for the sale of both Etion Create and Etion Connect, with the allocation between the key executives subject to the discretion of the Board (to be determined upon closing). The incentive is payable to the key executives upon the successful implementation and close of the disposal transactions and the receipt of the related proceeds. This is expected to be completed within 12 months from reporting date and therefore the MIP is regarded as a short-term incentive scheme. The key executives are also required to be in the employment of Etion Group (either full time or part time) until the finalisation of the disposal transactions.

As at year-end, an assessment has been performed to determine the accrual to be recognised in relation to the services delivered by the key executives under the terms of the MIP. The result thereof, has been determined to be immaterial and therefore no accrual has been recognised. Considerable effort has been invested by the key executives subsequent to year-end to enable the execution of legal agreements and ensure successful implementation of these disposal transactions (refer to Events Subsequent to Year-End). As a result, the financial impact of the MIP, amounting to R7.5 million, will be accounted for during the 2023 financial year.

Additional **information**

Any investment decision should be based on the announcement accessible from 29 June 2022, 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.aidoo@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
R Willis (Acting CEO)*
N Naidoo (CFO)*

* *Executive*

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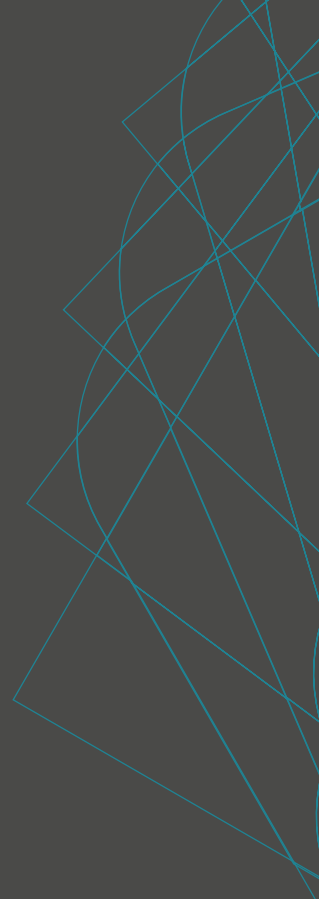
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[www.
etion.co.za](http://www.etion.co.za)

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