ISA Holdings Limited
Incorporated in the Republic of South Africa
(Registration number: 1998/009608/06)
Share code: ISA
ISIN: ZAE000067344
("ISA" or "the company" or "the group")

Abridged summarised consolidated audited results for the year ended 28 February 2022, cash and special dividend declaration and notice of Annual General Meeting

	28 Feb 22 year ended Audited R'000	28 Feb 21 year ended Audited R'000
SUMMARISED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME		
Project derived turnover	15 115	11 829
Subscription derived turnover	59 628	55 487
Revenue	74 743	67 316
Cost of sales	(34 861)	(28 811)
Profit before other income and expenses	39 882	38 505
Other income	1 927	384
Selling and marketing costs	(10 525)	(13 086)
Administrative expenses	(10 420)	(11 283)
Fair value loss	-	-
Expected Credit Loss	(188)	(38)
Finance income	551	696
Share of profits of equity-accounted investment	1 598	2 365
Profit before taxation	22 825	17 439
Taxation	(6 471)	(4 493)
Earnings attributable to equity shareholders for the year	16 354	12 946
Other comprehensive income	2 878	-
Total comprehensive income attributable to equity shareholders	19 232	12 946
Earnings per share (cents)	10.5	8.3
Diluted earnings per share (cents)	10.5	8.3

	As at 28 Feb 22 Audited R'000	As at 28 Feb 21 Audited R'000
SUMMARISED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION		
ASSETS		
Non-current assets	20 723	17 277
Property, plant and equipment	13 469	9 654
Other financial asset	2 371	2 406
Investment in joint venture	3 393	3 295
Deferred tax	1 490	1 922

Current assets	63 584	57 194
Cash and cash equivalents	47 345	49 261
Trade and other receivables	16 233	6 544
Current tax receivable	6	1 389
Total assets	84 307	74 471
EQUITY AND LIABILITIES		
Equity capital and reserves	70 348	62 773
Share capital and share premium	1 560	1 560
Reserves	65 910	62 213
Other reserves	2 878	-
LIABILITIES		
Non-Current liabilities		
Deferred tax	1 064	-
Current liabilities	12 895	11 698
Trade and other payables	12 443	10 628
Current tax payable	452	1 070
Total equity and liabilities	84 307	74 471

SUMMARISED CONSOLIDATED STATEMENTS OF CASH FLOW

	28 Feb 22 year ended Audited R'000	28 Feb 21 year ended Audited R'000
Cash flows from operating activities	6 709	11 280
Cash receipts from customers	65 053	75 630
Cash paid to supplier and employees	(53 602)	(62 410)
Cash generated from operations	11 451	13 220
Interest received	551	696
Taxation paid	(5 293)	(2 636)
Cash flows from investing activities	1 393	997
Purchase of property, plant and equipment	(107)	(113)
Dividends received	1 500	1 000
Proceeds on loans receivable	-	110
Cash flows from financing activities	(11 657)	(7 800)
Dividends paid to ordinary shareholders	(11 657)	(7 800)
Net increase in cash and cash equivalents	(3 555)	4 477
Revaluation of foreign cash balances	1 639	(1 145)
Cash and cash equivalents at beginning of the year	49 261	45 929
Cash and cash equivalents at end of the year	47 345	49 261

	28 Feb 22 year ended Audited R'000	28 Feb 21 year ended Audited R'000
SUMMARISED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY		
Share capital - ordinary shares		
Balance at beginning of the year	1 560	1 560
Balance at end of the year	1 560	1 560
Total share capital and share premium	1 560	1 560
Reserves - retained earnings		
Balance at beginning of the year	61 213	56 067
Comprehensive income – profit	16 354	12 946
Dividends paid during the year	(11 657)	(7 800)
Balance at end of the year	65 910	61 213
Other reserves		
Revaluation surplus on PPE	3 942	-
Deferred tax on revaluation	(1 064)	-
	2 878	-
Total equity capital and reserves	70 348	62 773

Notes to the statements:

RECONCILIATION OF HEADLINE EARNINGS

Earnings as per statement of comprehensive income	16 354	12 946
Profit on sale of property, plant and equipment	-	(72)
Headline earnings	16 354	12 874
Headline earnings per share (cents)	10.5	8.3
Diluted headline earnings per share (cents)	10.5	8.3

ORDINARY SHARES

Number of shares in issue at end of year ('000s)	155 996	155 996
Weighted average number of shares in issue ('000s)	155 996	155 996
Treasury shares held at end of year ('000s)	14 596	14 596
Net asset value per share at end of year (cents)	45.1	40.2
Net tangible asset value per share at end of year (cents)	45.1	40.2

OPERATIONAL REVIEW

I am pleased to present our results for the full year ended 28 February 2022 ("the current reporting period"), which continue to be underpinned by a high portion of recurring revenue, a robust balance sheet and strong cash flows. In context of the exceptionally challenging trading conditions in which we operate, together with the extreme pressure on the local economy, I am particularly pleased with our performance and humbled by the tremendous support that we have received through this challenging time from our staff, customers, suppliers, vendor partners and shareholders.

Financial

Revenue increased by 11% to R74.7 million compared to R67.3 million in the previous corresponding reporting period (“the prior reporting period”), of which a healthy 79.8% is of a recurring nature and includes turnover from both product subscription sales, and from our various Managed Security Service subscription offerings. Profit before other income and expenses ("gross profit") increased by a relatively modest 3.6% to R39.9 million during the current reporting period compared to R38.5 million in the prior reporting period, which was somewhat lower than expected due to the inclusion of several larger low-margin projects completed and recognised during the current reporting period.

Operating expenditure decreased by a pleasing 13.8% to R21.1 million compared to R24.5 million in the prior reporting period, but if the effect of the R2.8 million swing in the revaluation of our foreign currency reserve from a loss of R1.2 million in the prior reporting period to a profit of R1.6 million in the current reporting period was to be excluded, the decrease in operating expenditure would have only been 9.6%, which is in line with managements anticipated result and illustrates their continued focus on managing expenditure within the group.

On a less pleasing note, the share of profits from our equity-accounted investment ("DataProof") declined by 32.4% to R1.6 million compared to R2.4 million in the prior reporting period, this despite a substantial increase in turnover. While this decline is unfortunate in the short term, management remain confident about their prospects as they continue to pivot the business into a more sustainable and scalable entity that can achieve above average growth, especially in their cyber security division.

Earnings increased to R16.4 million compared to R12.9 million in the prior reporting period, which represents a very satisfying increase of 26.3% in headline and earnings per share to 10.5 cents from 8.3 cents achieved in the prior reporting period; and total comprehensive income increased by 48.6% to R19.2 million compared to R12.9 million in the prior reporting period, which increase beyond earnings is due to the fair value revaluation of our owner-occupied property in Sandton.

Distribution
During the current reporting period an interim dividend of R6.7 million for the half year ended 31 August 2021 was declared and paid to shareholders, representing a cash distribution of 4.3 cents per share. With the realisation of earnings of 10.5 cents per share for the current reporting period, we are now pleased to declare a final ordinary dividend to shareholders for the year ended 28 February 2022 of 6.2 cents per share, as well as a special dividend of 10.0 cents per share, which is subject to the South African Reserve Bank ("SARB") approval. Both the ordinary and special dividend will be subject to the dividend tax legislation. The reason for declaring the special dividend, payable from income reserves, is to reduce the unnecessarily high level of cash in the business, which came about when we decided to forgo a final dividend for the year ended 29 February 2020 in order to preserve the strength of our balance sheet through those uncertain times.

The board of directors of ISA ("board") has reasonably concluded that the company will satisfy the solvency and liquidity requirements immediately after distribution thereof and for the next 12 months.

The salient dates for the ordinary dividend will be as follows:

Declaration date	Friday, 27 May 2022
Last day to trade	Tuesday, 19 July 2022
Shares trade ex-dividend	Wednesday, 20 July 2022
Record date	Friday, 22 July 2022

Payment date	Monday, 25 July 2022

Share certificates may not be dematerialised or rematerialised between Wednesday, 20 July 2022 and Friday, 22 July 2022, both days inclusive.

In terms of the dividend tax legislation, effective 1 April 2012, the following additional information is disclosed:

- This is a dividend as defined in the Income Tax Act, 1962, and is payable from income reserves.
- The South African dividend tax (DT) rate is 20%.
- The DT to be withheld by the company in respect of the ordinary dividend amounts to 1.24 cents per share.
- The net ordinary dividend payable to shareholders who are not exempt from DT is therefore 4.96 cents per share, while a gross ordinary dividend of 6.2 cents per share is payable to those shareholders who are exempt from DT.
- The DT to be withheld by the company in respect of the special dividend amounts to 2.0 cents per share.
- The net special dividend payable to shareholders who are not exempt from DT is therefore 8.0 cents per share, while a gross special dividend of 10.0 cents per share is payable to those shareholders who are exempt from DT.
- The issued share capital of the company at the declaration date comprises 170 592 593 ordinary shares.
- The company's income tax reference number is 9340/150/71/4.

The salient dates for the special dividend will be announced once we have received the approval from SARB.

Market and prospects

While our journey to reaching and exceeding our former turnover and profitability levels is likely to be somewhat tougher and longer than initially anticipated, I am particularly encouraged by the depth and complexity of security solutions making their way into our growing sales pipeline, especially noting a sense of excitement within our customer base and prospects of our recently onboarded 'next generation' security technologies and evolving Managed Security Service offerings that now include more advanced threat detection and incident response service deliverables.

I continue to be optimistic about our long-term prospects, as the key drivers of the information security market remain robust. With the continued evolution and persistence of threats and attack vectors against corporate information and IT resources, together with the increased regulatory and legislative compliance requirements, stakeholders continue to elevate the importance of IT security within their organisations. By leveraging this positive sentiment towards the information and infrastructure security market, as well as our positioning as a thought leader in this niche market segment, we are likely to continue delivering above average tangible returns over time.

REPORTING

These abridged summarised consolidated financial statements have been derived from the consolidated annual financial statements as at 28 February 2022 and are consistent in all material respects with the group financial statements. This abridged report is extracted from audited financial information but is not itself audited. The directors take full responsibility for the preparation of the abridged report and that the financial information has been correctly extracted from the underlying financial statements. Any reference to future financial performance included in this announcement has not been reviewed or reported on by the company's auditors. The auditor's report does not necessarily cover all the information contained in this announcement. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's work they should obtain a copy of that report together with the accompanying financial information from the company's website.

The abridged financial information has been prepared in accordance with the framework concepts and the measurement and recognition requirements of IFRS, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee, the information required by IAS 34: Interim Financial Reporting, the JSE Limited (JSE")Listings Requirements, and the Companies Act(Act 71 of 2008), as amended ("Companies Act").

This abridged report has been prepared using accounting policies that comply with IFRS and which are consistent with those applied in the financial statements for the year ended 28 February 2021, except for the change in accounting policy on property, plant and equipment. The preparation of the group financial statements for the financial year ended 28 February 2022 was supervised by the Financial Director, Priscilla Mogoboya, and has been audited in terms of all the applicable requirements of Section 29(1) of the Companies Act.

The auditors, Mahdi Meyer Steyn Chartered Accountants Inc, have issued their opinion on the underlying group annual financial statements for the year ended 28 February 2022. The audit was conducted in accordance with International Standards on Auditing. They have issued an unmodified audit opinion. The key audit matters addressed in the auditor's report relate to the change in accounting policy and the revenue recognition. A copy of their audit report and the group annual financial statements are available for inspection at the company's registered office and on the company's website at www.isa.co.za.

SUBSEQUENT EVENTS
The directors are not aware of any reportable matters arising after the financial year end and up to the date of this report.

CHANGES IN DIRECTORATE
There were no changes to the board during the 2022 financial year.

CHANGE IN AUDITOR
With reference to the announcement released on SENS by the company on 16 February 2022, Mahdi Meyer Steyn Chartered Accountants Inc. ("MMS") have been appointed as the group's external auditor, with Tiana Kluyts as designated audit partner for the financial year ended 28 February 2022, replacing Mazars with effect from 22 February 2022. The appointment is subject to shareholder approval at the group's upcoming Annual General Meeting.

The change in the audit firm was initiated by the group to comply with the Independent Regulatory Board for Auditors' 2017 ruling on mandatory audit firm rotation, which requires a company to rotate its external auditor where it has held such appointment for ten consecutive financial years. Such mandatory audit firm rotation is effective for financial years commencing on or after 1 April 2023. Mazars had been the Group's external auditor since 2009, hence the group's decision to implement the rotation for the 28 February 2022 financial year.

INTEGRATED ANNUAL REPORT
Shareholders are advised that the integrated annual report is in the process of being distributed to shareholders and will be available on the company's website at www.isa.co.za.

NOTICE OF ANNUAL GENERAL MEETING
Notice is hereby given that the Annual General Meeting of shareholders of ISA ("Annual General Meeting") will be held at 10:00 on Thursday, 30 June 2022 for the purpose of considering, and, if deemed fit, passing, with or without modification, the resolutions set out hereafter.

The board has determined that, in terms of section 62(3)(a), as read with section 59 of the Companies Act, the record date for the purposes of determining which shareholders of the company are entitled to participate in and vote at the Annual General Meeting is Friday, 24 June 2022. Accordingly, the last day to trade ISA shares in order to be recorded in the Register to be entitled to vote will be Tuesday, 21 June 2022.

The Annual General Meeting will be accessible through electronic participation, as permitted by the JSE, the provisions of the Companies Act and the company's Memorandum of Incorporation.

To this end, the company together with its share transfer secretaries, JSE Investor Services Proprietary Limited ("JSE Investor Services"), shall host the Annual General Meeting on an interactive electronic platform, to facilitate remote participation by shareholders. JSE Investor Services will also act as meeting scrutineer.

Shareholders who wish to participate electronically at the Annual General Meeting are required to contact the JSE Investor Services at meetfax@jseinvestorservices.co.za; or alternatively contact JSE Investor Services' offices on +27 86 154 6572 as soon as possible, but in any event, for administrative purposes only, by no later than 10:00 on Monday, 27 June 2022.

Special Thanks
On behalf of the board, I would like to take this opportunity to thank the ISA team for their continued dedication and hard work. My appreciation is also extended to my colleagues on the board for their wise counsel and valuable input. Finally, I thank all stakeholders, customers and vendors for their support, and I look forward to meeting shareholders at the Annual General Meeting to be held on Thursday, 30 June 2022.

For and on behalf of the board.

Clifford Katz
Chief Executive Officer
Johannesburg
27 May 2022

Directors: CS Katz (Chief Executive Officer), PJG Green (Chief Technical Officer), P Mogoboya (Financial Director), AJ Naidoo#, C Pillay, DS Seaton*, N Maphothi*, Onica Seku (Chairperson)*

Non-executive

* Independent non-executive

Designated Adviser: Merchantec Capital

www.isaholdings.co.za