



COGNITION HOLDINGS LIMITED
Incorporated in the Republic of South Africa
(Registration number 1997/010640/06)
Share code: CGN ISIN: ZAE000197042
("Cognition" or "the Group" or "the Company")

**REVIEWED CONDENSED CONSOLIDATED RESULTS
FOR THE YEAR ENDED 30 JUNE 2023**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Figures in Rands	Change	Reviewed as at 30 June 2023	Audited as at 30 June 2022
Assets			
Non-Current Assets			
Property, plant and equipment	-38.7%	1 286 795	2 099 990
Goodwill	-96.6%	1 888 394	55 645 257
Intangible assets	-94.2%	995 506	17 287 467
Investment in associates	-4.2%	2 990 155	3 121 648
Deferred tax asset	-41.3%	2 029 630	3 456 899
	-88.7%	9 190 480	81 611 261
Current Assets			
Inventories	-60.3%	24 037	60 493
Trade and other receivables	-25.8%	30 346 498	40 921 145
Lease receivable	-100.0%	-	117 588
Current tax receivable	-88.3%	264 153	2 258 467
Cash and cash equivalents	88.5%	214 645 283	113 896 119
	56.0%	245 279 971	157 253 812
Non-current assets held for sale	-0.6%	11 804 312	11 880 638
Total Assets	6.2%	266 274 763	250 745 711
Equity and Liabilities			
Equity			
Stated capital	0.0%	159 420 500	159 420 500
Change in ownership	0.0%	(6 135 484)	(6 135 484)
Retained income	488.7%	83 717 207	14 221 402
	41.5%	237 002 223	167 506 418
Non-controlling interest	-94.3%	1 522 507	26 546 243
	22.9%	238 524 730	194 052 661
Liabilities			
Non-Current Liabilities			
Deferred tax liability	-100.0%	-	1 323 431
	-100.0%	-	1 323 431
Current Liabilities			
Trade and other payables	-54.5%	17 265 190	37 923 050
Current tax payable	11.1%	174 725	157 258
Dividend payable	0.0%	232 706	232 706
Third party prize money	-40.9%	10 077 412	17 056 605
	-49.9%	27 750 033	55 369 619
Total Liabilities	-51.1%	27 750 033	56 693 050
Total Equity and Liabilities	6.2%	266 274 763	250 745 711
Net asset value per share (cents)	41.5%	103.37	73.06
Net tangible asset value per share (cents)	147.6%	102.11	41.25
Shares in issue	0.0%	229 273 021	229 273 021

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Figures in Rands	Change	Reviewed for the year ended 30 June 2023	Audited for the year ended 30 June 2022*
Continuing operations			
Revenue	-13.6%	79 204 753	91 684 205
Cost of services	-26.0%	(20 646 452)	(27 909 343)
Gross profit	-8.2%	58 558 301	63 774 862
Other operating income	-39.3%	127 643	210 233
Other operating losses	251.9%	(99 181)	(28 184)
Other operating expenses	-32.7%	(13 730 269)	(20 394 045)
Depreciation and amortisation expense	-59.9%	(1 319 786)	(3 293 186)
Staff costs	-7.0%	(40 055 614)	(43 091 942)
Impairment on intangible assets		-	(8 222 394)
Loss on disposal of subsidiaries		-	(3 365 838)
Operating profit (loss)	124.2%	3 481 094	(14 410 494)
Investment income	546.3%	11 173 203	1 728 731
Finance costs		(222)	-
Income from equity accounted investments	-86.6%	106 928	800 920
Profit (loss) before taxation	224.2%	14 761 003	(11 880 843)
Taxation	-399.0%	(5 096 846)	1 704 891
Profit (loss) from continuing operations	195.0%	9 664 157	(10 175 952)
Discontinued operations			
Profit (loss) from discontinued operations	267.3%	59 103 304	(35 317 455)
Total comprehensive income (loss) for the year	251.2%	68 767 461	(45 493 407)
Profit (loss) attributable to:			
Owners of the parent:			
From continuing operations	187.0%	9 039 239	(10 388 749)
From discontinued operations	249.6%	60 456 566	(40 399 724)
	236.8%	69 495 805	(50 788 473)
Non-controlling interest			
Continuing operations	193.7%	624 918	212 797
Discontinued operations	-126.6%	(1 353 262)	5 082 269
	-113.8%	(728 344)	5 295 066
Total Comprehensive income (loss) attributed to:			
Owners of the parent	236.8%	69 495 805	(50 788 473)
Non-controlling interest	113.8%	(728 344)	5 295 066
	251.2%	68 767 461	(45 493 407)
Basic and diluted earnings (loss) per share (cents)	236.8%	30.31	(22.15)
Weight Average Shares in Issue		229 273 021	229 273 021
Fully Diluted Shares in Issue		229 273 021	229 273 021
*Restated for discontinued operations			

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Figures in Rands	Stated capital	Equity due to change in ownership	Retained income	Total Equity attributable to equity holders of the group	Non-controlling interest	Total equity
Balance at July 2021	159 420 500	(12 892 945)	71 767 336	218 294 891	24 734 559	243 029 450
Total comprehensive loss for the year	-	-	(50 788 473)	(50 788 473)	5 295 066	(45 493 407)
Disposal of subsidiaries	-	6 757 461	(6 757 461)	-	-	-
Dividends	-	-	-	-	(3 483 382)	(3 483 382)
Balance at 1 July 2022	159 420 500	(6 135 484)	14 221 402	167 506 418	26 546 243	194 052 661
Total comprehensive profit (loss) for the year	-	-	69 495 805	69 495 805	(728 344)	68 767 461
Disposal of subsidiary	-	-	-	-	(23 987 394)	(23 987 394)
Dividends	-	-	-	-	(307 998)	(307 998)
Balance at 30 June 2023	159 420 500	(6 135 484)	83 717 207	237 002 223	1 522 507	238 524 730

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Figures in Rands	Change	Reviewed for the year ended 30 June 2023	Audited for the year ended 30 June 2022
Cash flows from operating activities			-
Cash generated from operations	-88.7%	1 746 705	15 457 125
Interest income	223.8%	12 170 697	3 758 624
Finance costs	-99.8%	(222)	(113 457)
Dividend from associate	-50.0%	238 421	476 841
Tax paid	28.7%	(6 663 923)	(5 177 062)
Net cash from operating activities	-47.98%	7 491 678	14 402 071
Cash flows from investing activities			
Purchase of property, plant and equipment	2.1%	(1 586 231)	(1 554 339)
Sale of property, plant and equipment	367.3%	135 516	29 002
Disposal through business combination	-3531.4%	96 638 427	(2 816 262)
Purchase of intangible assets	-37.8%	(1 712 395)	(2 751 579)
Sale of intangible asset		371	-
Lease receivable	-65.3%	89 796	258 926
Net cash from investing activities	-1469.07%	93 565 484	(6 834 252)
Cash flows from financing activities			
Dividends paid	-91.2%	(307 998)	(3 483 382)
Net cash from financing activities	-91.16%	(307 998)	(3 483 382)
Total cash and cash equivalents movement for the year	2366.7%	100 749 164	4 084 437
Cash and cash equivalents at the beginning of the year	3.7%	113 896 119	109 811 682
Total cash and cash equivalents at end of the year	88.48%	214 645 283	113 896 119

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL RESULTS

1. BASIS OF PREPARATION

The condensed consolidated financial statements are prepared in accordance with the requirements of the Listings Requirements of the Johannesburg Stock Exchange for condensed consolidated financial statements and the requirements of the Companies Act of South Africa. The Listings Requirements require preliminary reports to be prepared in accordance with the framework concepts and the measurement and recognition requirement of International Financial Reporting Standards (IFRS) and the SA financial reporting requirements and to also, as a minimum, contain the information required by IAS34 *Interim Financial reporting*. The accounting policies applied in the preparation of the condensed consolidated financial statements are in terms of IFRS and are consistent with those applied in the previous consolidated annual financial statements.

These reviewed condensed consolidated financial statements were prepared under the supervision of the Financial Director, Pieter Scholtz CA(SA).

2. DISPOSAL OF SUBSIDIARY

The Group disposed of its 50.01% interest in Private Property South Africa effective 18 November 2022 for a cash consideration of R150 million. The rationale for the sale is based on Private Property's growth prospects and related business imperatives that would have required an allocation of considerable additional resources in technology and marketing. The sale presented an opportunity for the company to return significant value to shareholders through the sale of its interest.

Figures in Rands	30 June 2023
Carrying value of assets sold	
Fixed assets	1 377 358
Intangible assets	12 536 822
Trade and other receivables	8 245 166
Deferred Tax	(230 591)
Inventory	78 322
Current tax receivable	165 054
Lease receivable	27 792
Cash and Cash Equivalent	51 230 343
Goodwill	53 756 863
Trade and other payables	(22 090 309)
Total identifiable asset value	105 096 820
Non-controlling interest in identifiable asset value	(23 987 394)
Total identifiable asset value related to Cognition Shareholders	81 109 426
Consideration received	150 000 000
Related transaction cost	(2 131 230)
Total identifiable asset value disposed of	(81 109 426)
Profit on disposal of subsidiary	66 759 344

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL RESULTS

3. DISCONTINUED OPERATIONS AND RESTATEMENT

The disposal of Private Property is classified by the Group as a discontinued operation and the comparative statement of profit or loss and other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

Figures in Rands	Reviewed for the year ended 30 June 2023	Audited for the year ended 30 June 2022
Discontinued operations		
Revenue	60 811 090	149 259 844
Cost of Sales	(1 792 942)	(5 599 011)
Gross profit	59 018 148	143 660 833
Operating expenditure	(58 934 045)	(131 555 295)
Depreciation and amortisation expense	(2 334 165)	(6 035 164)
Impairment of goodwill	-	(41 600 369)
Impairment of intangible assets	(2 655 239)	-
Profit from disposal of subsidiary	66 759 343	-
Investment income	997 494	2 029 893
Finance Cost	-	(113 457)
Profit before tax	62 851 536	(33 613 559)
Income tax expense	(3 748 232)	(1 703 896)
Profit after tax relating to discontinued operations	59 103 304	(35 317 455)

4. Goodwill

Figures in Rands	Reviewed for the year ended 30 June 2023	Audited for the year ended 30 June 2022
Cost	15 241 950	109 846 963
Accumulated impairment	(13 353 556)	(54 201 706)
Carrying value	1 888 394	55 645 257
Goodwill - BMi Research	1 888 394	1 888 394
Goodwill - Private Property	-	53 756 863
	1 888 394	55 645 257
Reconciliation of Goodwill		
Opening Balance of goodwill	55 645 257	97 245 626
Impairment loss	-	(41 600 369)
Disposal of subsidiary	(53 756 863)	-
Closing balance	1 888 394	55 645 257

The Group disposed of its shareholding in Private Property South Africa in the year under review.

BMi Research's goodwill is tested for impairment by determining the current value of the future projected cashflow for 5 years including the calculation of a terminal value after the period using an average revenue growth rate of 5.5% (2022: 4.5%) and terminal growth rate of 5.0% (2022: 4.5%).

The recoverable amount of the cash generating unit was calculated to be R27 562 460 (2022: R28 895 691) which relates to a goodwill value of R1 888 394 (2022: R1 888 394). If the future growth rate is increased by 1% then the value of the asset value calculated will be R34 093 311 (2022: R33 967 352). If the future growth rate is decreased by 1% then the value of the asset value calculated will be R24 256 445 (2022: R24 213 947).

The cashflow projections are in line with the normal rates achieved by the asset in the past. BMi Research is reported within the Knowledge Creation and Management Segment. The pre-tax discount rate of 28.95% (2022: 29.93%) used reflect the appropriate costs of capital and risks associated with the asset. If the discount rate is increased by 1% then the value of the asset value calculated will be R27 324 195 (2022: R28 599 991). If the discount rate is decreased by 1% then the value of the asset value calculated will be R27 810 101 (2022: R29 202 629).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL RESULTS

5. NON-CURRENT ASSETS HELD FOR SALE

At the reporting date the Group was in the process of selling its Office Building as it no longer required the office accommodation and hosting infrastructure. The transaction is expected to be concluded in September 2023. The value of the asset is accounted for at the carrying value of held for sale assets and is R11 804 312 (2022: R11 880 638) which is lower than the fair value off the asset less cost to sell the asset.

On 26 June 2023, the company entered into an agreement with Luma Proprietary Limited in terms of which it will, subject to the conditions precedent, dispose of 100% of the issued share capital of its subsidiary Four Rivers Trading 123 Proprietary Limited, the sole asset of which is the property known as Cognition House, situated at the corner of Bram Fischer Drive and Will Scarlett Avenue, Ferndale, Randburg.

6. EARNINGS PER SHARE

	Reviewed for the year ended 30 June 2023	Audited for the year ended 30 June 2022*
Earnings (loss) per share (cents)		
Earnings (loss) - continuing operations (cents)	3.94	(4.53)
Earnings (loss) - discontinued operations (cents)	26.37	(17.62)
	30.31	(22.15)
Headline earnings (loss) per share (cents)		
Headline earnings (loss) - continuing operations (cents)	3.98	(0.06)
Headline (loss) earnings - discontinued operations (cents)	(0.83)	0.52
	3.15	0.46
Diluted earnings (loss) per share (cents)		
Diluted earnings (loss) - continuing operations (cents)	3.94	(4.53)
Diluted earnings (loss) - discontinued operations (cents)	26.37	(17.62)
	30.31	(22.15)
Weighted average number of shares in issue	229 273 021	229 273 021
Diluted weighted average number of shares in issue	229 273 021	229 273 021

There were no instruments issued during the current period that have a dilutive impact.

The calculation of the earnings / (loss) per share for the Group is based on the following

	Reviewed for the year ended 30 June 2023	Audited for the year ended 30 June 2022*
Earnings (loss) per share	69 495 805	(50 788 473)
Earnings (loss) - continuing operations	9 039 239	(10 388 749)
Earnings (loss) - discontinued operations	60 456 566	(40 399 724)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL RESULTS

Reconciliation between earnings and headline earnings

Figures in Rands	Reviewed for the year ended 30 June 2023			
	Gross	NCI	Tax	Net
Continuing operations				
Profit attributable to ordinary shareholders of parent				9 039 239
Loss on disposal of property, plant and equipment	120 851	-	(32 630)	88 221
Net Headline earnings from continuing operations				9 127 460
Discontinued operations				
Profit attributable to ordinary shareholders of parent				60 456 566
(Profit) on disposal of subsidiary	(66 759 343)	-	3 439 651	(63 319 782)
Impairment of intangible assets	2 655 239	(1 327 354)	(358 917)	968 968
Net Headline (loss) from discontinued operations				(1 894 248)
Total Net Headline earnings				7 233 212

Figures in Rands	Audited for the year ended 30 June 2022			
	Gross	NCI	Tax	Net
Continuing operations				
(Loss) attributable to ordinary shareholders of parent				(10 388 749)
Loss on disposal of subsidiary	3 365 838	-	-	3 365 838
(Profit) on disposal of property, plant and equipment	(26 654)	-	7 463	(19 191)
Impairment of intangible asset	8 222 394	-	(1 316 346)	6 906 048
Net Headline (loss) from continuing operations				(136 054)
Discontinued operations				
(Loss) attributable to ordinary shareholders of parent				(40 399 724)
Impairment of goodwill	41 600 369	-	-	41 600 369
Net Headline earnings from discontinued operations				1 200 645
Total Net Headline earnings				1 064 591

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL RESULTS

7. Cash generated from operations

Figures in Rands	Reviewed for the year ended 30 June 2023	Audited for the year ended 30 June 2022
Profit (loss) before taxation		
Continuing operations	14 761 003	(11 880 843)
Discontinued operations	62 851 536	(33 613 559)
Adjustments for:		
Depreciation and Amortisation	3 577 625	9 328 350
Loss (profit) Profit on disposal of property, plant and equipment	120 851	(26 654)
(Profit) loss on disposal of business	(66 759 344)	3 365 838
Income from equity accounted investments	(106 928)	(800 920)
Interest income	(12 170 697)	(3 758 624)
Finance cost	222	113 457
Impairment of goodwill	-	41 600 369
Impairment of intangible assets	2 655 240	8 222 394
Non-current assets held for sale	76 326	
Cash-settled share-based payment	-	(1 675 612)
Changes in working capital		
Inventory	(41 866)	828 970
Trade and other receivables	2 329 481	(4 850 265)
Trade and other payables	1 432 449	5 452 849
Third party prize money	(6 979 193)	3 151 375
	1 746 705	15 457 125

8. Tax paid

Figures in Rands	Reviewed for the year ended 30 June 2023	Audited for the year ended 30 June 2022
Balance at the beginning of year	2 101 209	(220 948)
Current tax for the year	(8 510 650)	(2 854 905)
Disposal of subsidiary	(165 054)	
Balance at the end of the year	(89 428)	(2 101 209)
	(6 663 923)	(5 177 062)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL RESULTS

9. Disaggregation of revenue

The Group derives revenue from offering multiple services to customers.

Revenue from contracts with customers is recognised when control of the services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for the services. All invoices are due and payable with payment on presentation of invoice between 30 and 90 days except for a single multinational that has arranged longer payment terms not exceeding 120 days. Therefore, the Group has elected to apply the practical expedient as there are no significant financing components. Revenue is derived from fees charged to customers for the following service offerings:

- Online Platform Services
- Research Services
- Communication Service Revenue
- Campaign Service Development
- Supplementary Services

The Group does not encounter any revenue reversal due to returns, refunds, rebates and other similar obligations. An analysis of the Group's revenue streams is as follows:

Revenue stream	Performance obligation	Timing measurement	Judgement
Online Platform Services	The Group has various platforms that are used by its clients to enhance and promote their service to a large consumer base.	<p>Access to the online platform is based on a monthly fee that is recognised by the Group over time on a straight line basis.</p> <p>Platform services are invoiced on a prepaid basis or within the month that the service is rendered.</p> <p>Transaction-based services that are offered on the online platform are recognised when the transaction takes place at a point in time and invoiced when the service is rendered or within the month that the service is rendered.</p>	<p>Platform service delivery is largely automated as is the related billing.</p> <p>Judgement is therefore not required to estimate the amount or timing of the revenue recognised.</p>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL RESULTS

Revenue stream	Performance obligation	Timing measurement	Judgement
Research Services	Qualitative and quantitative research services.	<p>Continued data collection, collation and research analytics into monthly reports are recognised over time and invoiced in the month that the service is rendered.</p> <p>Where a research project spans more than one month, revenue is recognised upon achievement of the benchmarks set within the project.</p> <p>Depending on the agreement, a percentage of the invoicing takes place upon commissioning of the project and the remaining balance as the benchmarks are achieved. All invoicing that has not been recognised as revenue yet is recognised and disclosed as amounts received in advance within trade and other payables.</p>	<p>No judgement is required with regards to the timing and amount of ongoing data collection, collation and research analytics services.</p> <p>Management applies judgement to estimate benchmarks as follows:</p> <p>Work completed compared to the estimated work required to complete the service.</p> <p>The cost incurred at a period end over the total estimated cost to complete the service.</p> <p>This is applied on an individual project basis.</p>
Communication Services Revenue	Provision of communication services such as SMS, USSD, IVR, WhatsApp, App push and Fax services to users.	Revenue is recognised at a point in time when the transaction takes place. Invoicing takes place within the same month as the service is rendered.	No judgement is required with regards to the timing and amount as these services are automated.
Campaign Service Development	Represents fees for setting up and managing digital services used for business and marketing purposes.	<p>The setup of a service is recognised at the point in time when the service is provisioned and is invoiced within the same month.</p> <p>Revenue related to the management of services is invoiced within the month that the recognition takes place and is recognised by the Group over time.</p>	<p>Management applies judgement to determine if the service is setup and provisioned.</p> <p>No judgement required with regard to the timing and amount of management fees.</p>
Supplementary Services	Other revenue earned by the Group on services supplementary to the services above.	Other revenue relates to the sale of supplementary services that are recognised at a point in time.	No judgement required relating to the timing and amount of supplementary services.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL RESULTS

Figures in Rands	Reviewed for the year ended 30 June 2023		Audited for the year ended 30 June 2022*	
	Continuing operations	Discontinued operations	Continuing operations	Discontinued operations
Continuing operations				
Revenue from contracts with customers				
Rendering of services	189 920 097	60 811 090	235 017 325	149 259 843
Less: Agency revenue	(110 715 344)	-	(143 333 120)	-
	79 204 753	60 811 090	91 684 205	149 259 843
Disaggregation of revenue from contracts with customers				
The group disaggregates revenue from customers as follows:				
Rendering of service				
Africa revenue	485 140	-	23 580	-
South African revenue	78 719 612	60 811 090	91 660 625	149 259 843
	79 204 753	60 811 090	91 684 205	149 259 843
Timing of revenue recognition				
Over time				
Online Platform Services	-	60 811 090	-	149 259 843
Research Services	36 465 728	-	40 260 030	-
Campaign services	10 585 291	-	12 740 766	-
	47 051 020	60 811 090	53 000 797	149 259 843
At a point in time				
Online Platform Services	10 822 656	-	13 168 213	-
Communication Services	5 469 252	-	10 537 105	-
Campaign services	13 751 743	-	12 978 182	-
Supplementary Services	2 110 082	-	1 999 907	-
	32 153 733	-	38 683 408	-
Revenue from contracts with customers	79 204 753	60 811 090	91 684 204	149 259 843

*Restated for discontinued operations

The Group offers services that are classified as agency revenue in terms of IFRS 15 and as such the Group discloses these services separately in the note for enhanced disclosure purposes.

Online platform services, research services and certain supplementary services are accounted for in the Knowledge Management segment with the remaining revenue accounted for in the Active Data Exchange Services segment.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL RESULTS

10. Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers ("the CODM"). These CODM have been identified as the executive committee members who make strategic decisions. The CODM have organised the operations of the Company based on its brands and this has resulted in the creation of the following two reportable segments:

Active Data Exchange Services - A unified messaging system that integrates and delivers a suite of messaging services through a single hosted platform.

Knowledge Creation and Management - Building permission-based marketing strategies to enhance singular customer profiles, with deep granularity in line with privacy legislation. This segment uses technology to establish a "new asset class" by collecting data, adding content and meaning to create information and providing insights, inferences and experiences to culminate in knowledge.

All of the Company's assets are located in South Africa.

Figures in Rands	Reviewed for the year ended 30 June 2023		Audited for the year ended 30 June 2022*	
	Continuing operations	Discontinued operations	Continuing operations	Discontinued operations
Gross Revenue				
Active Data Exchange Services	37 444 237	-	43 990 023	-
Knowledge Creation and Management	152 475 859	60 811 090	191 027 301	149 259 843
	189 920 097	60 811 090	235 017 324	149 259 843
Revenue Generated as agency service				
Active Data Exchange Services	(3 542 921)	-	(5 735 800)	-
Knowledge Creation and Management	(107 172 423)	-	(137 597 319)	-
	(110 715 344)	-	(143 333 119)	-
Revenue				
Active Data Exchange Services	33 901 317	-	38 254 223	-
Knowledge Creation and Management	45 303 436	60 811 090	53 429 982	149 259 843
	79 204 753	60 811 090	91 684 205	149 259 843
Cost of sales				
Active Data Exchange Services	(6 725 144)	-	(11 101 849)	-
Knowledge Creation and Management	(13 919 987)	(1 794 263)	(16 807 494)	(5 604 649)
	(20 645 131)	(1 794 263)	(27 909 343)	(5 604 649)
Gross profit				
Active Data Exchange Services	27 176 172	-	27 152 374	-
Knowledge Creation and Management	31 383 449	59 016 827	36 622 488	143 655 194
	58 559 622	59 016 827	63 774 862	143 655 194

*Restated for discontinued operations

COMMENTARY

The board of directors of Cognition ("the Board") presents the results for the financial year ended 30 June 2023.

OPERATIONAL PERFORMANCE

Financially the most significant event was concluding the disposal of the Group's majority interest in Private Property which is classified and reported on by the Group as discontinued operations. The disposal resulted in a direct profit of R66.7 million before tax and improved the cash holdings of the Group significantly.

The remaining business units of the Group are reported as continuing operations and consist of Research and Insights, Campaign and Data Management Services and Channel Incentives.

In last year's report we reported that management focus will be to embark on several initiatives to strengthen the core of the Company and drive revenue and profit growth. The initiatives identified were, "a clear focus on increasing technological capacity, improved solutions for customers to drive revenue growth, right-sizing of the business and simplification of internal systems and processes and ongoing monitoring and control of costs within the business."

The Group was successfully able to right-size and unlock significant value this year by reducing its staff complement, combining key functions and processes and leveraging of infrastructure internally and through its largest shareholder. This has all led to a reduction in operating cost which is expected to continue.

Research and Insights – Customised research and insights partner, focusing on product pricing, B2B and consumer research, market sizing and advertising monitoring.

Challenging economic circumstances have led to subdued sales within this division, albeit fortunately mitigated by an enhanced gross profit margin resulting in a slight improvement in revenue this year, up from R23.5 million to R23.8 million.

The diverse strategic and bespoke research and analytics solutions are an essential part of the business and necessary for future growth. Management continues to monitor costs; look at opportunities to automate and improve efficiencies whilst keeping the value of delivering exceptional insights to our customers top of mind.

The business unit has focussed on innovation and the development of new products such as:

- An enhanced Print Ads system to gather promotional pricing data which delivers additional outputs in promotional pricing reports.
- Development of a Mystery Shopping platform that turns Mystery Shopping results around in 24-48 hours.
- Dashboard development with more engaging visualisations of the data for the Pricing Intelligence and Adcheck divisions.

The business unit will continue to innovate, manage and enhance operational efficiencies to ensure optimised results and relevancy in the current market.

Campaign and Data Management Service - Collaborates with brands and agencies that want to connect, engage with, and understand their customers' behaviour, using relevant market technology.

This business unit navigates through an evolving landscape increasingly shaped by major social media platforms such as Facebook, X, Instagram, TikTok and Snapchat. As a result, our service portfolio is transitioning away from traditional bearer services such as USSD and SMS, therefore focusing more on campaign design and integration services with platforms which ultimately are changing the cost of the services we offer with a 13% improvement in Gross Profit margin when compared to the previous year.

The past year witnessed a 3.1% decline in the number of campaigns we hosted and additionally we had a reduction in average campaign value of 8.6%, which when combined resulted in a decline in revenue. Encouragingly, the enhanced Gross Profit margin has effectively balanced the scales, enabling the business unit to sustain a Gross Profit that mirrors the prior year's performance.

COMMENTARY

Channel Incentives - Channel Incentives enables brands to reward resellers and sales agents that market and sell its products to end consumers. In addition, the Channel Incentives platform simplifies the claiming of incentives and assists with the product training process, leading to increased sales and product knowledge.

Over the past two years the business unit has been severely impacted by restrictions placed on its operations by the cellular retailers. These restrictions culminated in the last remaining cellular franchise retailer restricting the use of the Channel Incentive platform in October 2022. Responding to these restrictions, the business unit focused on rationalising its operating structure and offering innovative payment solutions for incentives that are simpler, faster and more cost effective than those of its competitors. The net result is that even though there has been a significant decrease in its traditional offering of more than 55% in the past year, the new service offerings are slowly regaining market share reducing the impact of the decline to only 39% when compared to the prior year.

Financial Performance

Revenue from continuing operations declined from R91.7 million down to R79,2 million, a 13.6% decline with Gross Profit reducing by 8.2% from R63.7 million to R58.6 million. As indicated above this is mostly due to the decline in Channel Incentives.

Due to the right-sizing and significant operating cost reductions, staff costs declined by 7% from R43 million to R40 million and operating cost reduced by 32.7% from R20,3 million to R13.7 million. Earnings Before Interest, Taxation, Depreciation and Amortisation (EBITDA) increased from R470k to R4.8 million for continuing operations.

In addition, the Group did not need to impair intangible assets or goodwill in the period under review and did not incur any losses on the sale of subsidiaries as it did in the previous year. It further benefited from prevailing high interest rates which, with its substantial cash balance has resulted in significant income from interest, resulting in the Group being able to report Profit before Tax from continuing operations of R14,7 million as compared to a loss of R11.8 million in the previous period.

With the profit on the sale of Private Property the Group reported Profit from discontinued operations for the year of R59.1 million as compared to a loss in the previous period of R35.3 million.

Consequently, the Group was able to report a Total Comprehensive Income for the year of R68.7 million compared to a prior year loss of R45.5 million.

Earnings per share, from continuing operations was 3.94 cents as compared to a loss of 4.53 cents for the previous year, with Headline Earnings per share, from continuing operations up to 3.98 cents as compared to a loss of 0.06 cents for the previous year.

Statement of Financial Position

The Group continues to maintain a prudent approach regarding the use and allocation of its resources and continues to maintain a healthy financial position with very limited long-term debt and a healthy cash balance.

Due to the sale of Private Property the Statement of Financial Position changed significantly with the Group's Trade and Other Receivables decreasing 25.8% from R40.9 million down to R30.3 million and current liabilities reducing from R55.3 million to R27.7 million. Goodwill carried by the Group in the past mostly related to Private Property which has now reduced significantly from R55.6 million to R1.8million.

The Group's cash resources increased from R113.9 million in the previous financial year to R214.6 million, an increase of 88.5% which was predominantly as a result of the sale of Private Property. The Group generated R7.5 million net cash from operating activities in the past year down from R14.4 million in the prior year which however included a full year of Private Property.

The Net Asset Value per share of the Group is 103.37 cents as compared to 73.06 cents in the previous year and the Net Tangible Asset Value per share increased from 41.25 cents to 102.11 cents per share.

COMMENTARY

Equity Movements

Cognition Holdings did not declare a dividend during the year, although one subsidiary did declare and pay a dividend resulting in a dividend to non-controlling interest of R307 998.

As at 30 June 2023, the Company did not hold any treasury shares.

Going Concern

The Board has formally considered the going concern assertion for the year going forward by evaluating the Groups forecasts and cash requirements and is of the opinion that it is appropriate.

Prospects

The Group has achieved noteworthy strides this year in aligning its business structure and processes with its product lineup and strategic direction. A collaborative effort with its controlling shareholder, Caxton & CTP Limited Publishers and Printers ("Caxton") has been initiated to pinpoint and capitalise on prospects within Caxton and its clientele. This concerted approach signifies Cognitions' commitment to exploiting untapped potential during these difficult economic times.

The Board is also working closely with Caxton to identify the most effective way of returning value to shareholders.

REVIEW OPINION

The group's auditor BDO South Africa Incorporated has reviewed the condensed consolidated financial information for the year. The unmodified review report is set out below. The review was performed in accordance with ISRE 2410: Review of Interim Financial Information Performed by the Independent Auditor of the Entity. Any reference to future financial performance included in this announcement has not been reviewed or reported on by the group's external auditor. The auditor's review report does not necessarily report on all of the information contained in this announcement/financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's review engagement, they should refer to the review report included this announcement/financial results together with the accompanying financial information.

CORPORATE GOVERNANCE

The Board recognises the need to conduct the affairs of the Group with integrity and in compliance with the principles of the King Report on Governance Principles of South Africa ("King IV report"). Throughout the year under review, the Group has complied with the principles as set out in the King IV report.

DIRECTOR CHANGES

During the year under review Graham Groenewaldt, an executive director of the Company, reached retirement age and resigned as a director on 30 June 2023.

EVENTS AFTER REPORTING PERIOD

The directors are not aware of any other material events which occurred after the reporting date and the date of this report.

COMMENTARY

ANNUAL REPORT

Shareholders are advised that the Annual Report will be available on the Company's website at www.cgn.co.za and will be distributed to shareholders on or about Friday, 29 September 2023.

Dividend

In view of the statement made in the "Prospects" paragraph above the Board has elected not to declare a dividend at this stage.

For and on behalf of the Board

Paul Jenkins

Chairman

Rob Fedder

Chief Executive Officer

Pieter Scholtz

Financial Director

Johannesburg

4 September 2023

Business and Registered Office:

Caxton House, 4th Floor,
Address 368 Jan Smuts Avenue,
Craighall, 2196
PO Box 3386,
Pinegowrie, 2123

Telephone +27-11-293-0000

Directors: Paul Jenkins## - Chairman, Rob Fedder –
CEO, Pieter Scholtz - Financial Director,
Miles Crisp##, Dennis Lupambo##, Steve Naudé##,
Amasi Mwela#, Servaas de Kock#

Non-executive

* Independent

Company Secretary: **Felicia van der Merwe CA(SA)**

Auditor: **BDO South Africa Incorporated**

Transfer Secretaries: **Computershare Investor
Services Proprietary Limited**

Sponsor: **AcaciaCap**



INDEPENDENT AUDITOR'S REVIEW REPORT ON THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the shareholders of Cognition Holdings Limited

We have reviewed the condensed consolidated financial statements of Cognition Holdings Limited, contained in the accompanying condensed consolidated financial statements for the year ended 30 June 2023 as set out on pages 1 to 12, which comprise the condensed consolidated statement of financial position as at 30 June 2023 and the condensed consolidated statements of profit or 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 condensed consolidated financial statements, as set out in note 1 to the financial statements, 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 condensed consolidated financial statements. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, which applies to a review of historical 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 Cognition Holdings Limited for the year ended 30 June 2023 are not prepared, in all material respects, in accordance with requirements of the JSE Limited Listings Requirements for condensed consolidated financial statements, as set out in note 1 to the financial statements and the requirements of the Companies Act of South Africa.

BDO South Africa Incorporated

Registered Auditors

Kathryn Luck

Director

Registered Auditor

4 September 2023

Wanderers Office Park
52 Corlett Drive
Illovo, 2196

BDO South Africa Incorporated
Registration number: 1995/002310/21
Practice number: 905526
VAT number: 4910148685

Chief Executive Officer: LD Mokoena

A full list of all company directors is available on www.bdo.co.za

The company's principal place of business is at The Wanderers Office Park, 52 Corlett Drive, Illovo, Johannesburg where a list of directors' names is available for inspection. BDO South Africa Incorporated, a South African personal liability company, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.



www.cognitionholdings.co.za