



4SIGHT HOLDINGS LIMITED
(Incorporated in the Republic of South Africa)
(Registration number: 2022/852017/06)
("4Sight" or "the Company" or "the Group")
ISIN Code: MU0557S00001 JSE Code: 4SI

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

GROUP AND FINANCIAL HIGHLIGHTS

The board of directors (Board) is pleased to present the financial results for the six-month period ended 30 June 2023. 4Sight continued to execute on its defined strategy of Digital Transformation for Businesses, with the convergence of the Operational Technologies (OT) and Information Technology (IT) worlds with the Business Environment (BE) to ultimately reach the Artificial Intelligence (AI) aim of enhancing productivity for all. Channel Partner (CP) serves as the conduit for 4Sight's presence in Africa and the Middle East, extending its reach to more than 800 partners. These partners receive 4Sight's technological services and solutions through this channel. The 4 Clusters core focus is on targeted industries and their own IP solutions while bolstering delivery with deep domain skills, thus enabling and sustaining significant growth.

The integration of AI solutions into business operations serves as a potent catalyst across all clusters within 4Sight. This strategic endeavour is pivotal in the Group's 2023/2024 core strategy, aimed at propelling productivity as the ultimate objective for business advancement.

FINANCIAL SUMMARY

Some key metrics in respect of H1 2023 are reflected below:

- Increase in revenue by 37.1%
- Increase in operating profit by 121.1%
- Increase in basic earnings per share to 3.828 cents per share from 1.287 cents per share
- Increase in headline earnings per share to 3.828 cents per share from 1.288 cents per share
- Increase in cash balances during difficult economic conditions by 33.0%
- Increase in net asset value by 7.3%

COMMENTARY ON THE HALF YEAR RESULTS

Revenue continued on a growth trajectory, increasing by 37.1% and reaching R451.3 million compared to R329.2 million in the first six months of the prior year. There was growth in revenue across the board and within all Clusters. The biggest revenue contribution can be attributed to

the Operational Technologies Cluster and the Channel Partner Cluster, indicating the uptake of digital transformation and the cloud adoption and growth in Africa. 4Sight realised significant growth in Operating Profit, increasing by 121.1% to R26.8 million compared to R12.1 million in the first six months of the prior year.

4Sight managed to clear all legacy challenges of prior years and is now on a solid path of growth and sustained profitability. This solid profitability is due to the positioning of the distinct solutions and technologies available within the four Clusters and a continued focus on industry verticals.

4Sight generated strong free cashflow for the period under review, growing by 33.0% to R93.4 million from R70.3 million as at 31 December 2022. This growth was achieved during challenging times where cash is a critical component for continuous innovation, research and development and sustainability.

FUTURE OUTLOOK

4Sight remains ambitious and positive about the growth opportunity in digital transformation in the coming years. This is supported by the release and adoption of more Cloud and AI solutions and continuous automation and optimisation for companies.

4Sight continues its drive to extend its capability into new regions and global markets.

To further enhance the Enterprise 5.0 (Society 5.0) framework, 4Sight remains intent on expanding and innovating on its core capabilities to remain relevant in the market with the ever-changing technology landscape.

4Sight values its strategic partnerships with major global Technology companies, opening up new markets and industries and adding value and new capabilities to its partners' renowned solutions.

AI constitutes the fundamental underpinning of all our services, with each business case focused on distinct areas: automation and enhanced efficiency, comprehensive data analysis and insights, streamlined cost reduction and resource optimization, anticipatory predictive analytics, and the ultimate goal of increased productivity — which encapsulates the true essence of the advantages it offers.

4Sight embarked on an end goal of achieving a 70/30 revenue mix, whereby 70% is annuity-based revenue and 30% is new sales. 4Sight remains well on track to achieving and sustaining the revenue mix as the Company continues to grow. This will be driven through a continuous mindset of creating 'as a service' solutions.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Unaudited six-month period ended 30 June 2023	Unaudited six-month period ended 30 June 2022	Audited year ended 31 December 2022
Figures in Rand thousands		R'000	R'000	R'000
Revenue	1	451 298	329 180	696 008
Cost of sales		(266 717)	(176 747)	(391 896)
Gross profit		184 581	152 433	304 112
Net gains and (losses)		3 649	(2 451)	(1 262)
Operating expenses		(161 471)	(137 881)	(280 775)
Operating profit		26 759	12 101	22 075
Investment income		1 659	626	1 957
Finance costs		(617)	(510)	(1 089)
Income from equity accounted investments		178	72	176
Profit before taxation		27 979	12 289	23 119
Taxation		(6 899)	(3 390)	(6 696)
Profit for the period		21 080	8 899	16 423
Unrealised exchange differences on translating foreign operations		(9)	(3)	(183)
Other comprehensive profit (loss) for the period net of taxation		(9)	(3)	(183)
Total comprehensive profit for the period		20 071	8 896	16 240
Profit attributable to:		21 080	8 899	16 423
Owners of the parent		20 421	8 480	15 404
Non-controlling interest		659	419	1 019
Total comprehensive profit for the period attributable to:		21 071	8 896	16 240
Owners of the parent		20 412	8 477	15 221
Non-controlling interest		659	419	1 019

Per share information:		Cents	Cents	Cents
Earnings per share		3.828	1.287	1.695
Diluted earnings per share		3.828	1.287	1.695
Headline earnings per share	2	3.828	1.288	1.757
Diluted headline earnings per share	2	3.828	1.288	1.757
Weighted average number of shares in issue		533 509 631	659 031 529	647 682 974
Fully diluted weighted average number of shares in issue		533 509 631	659 031 529	647 682 974

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	Unaudited as at 30 June 2023	Audited as at 31 December 2022
Figures in Rand thousands		R'000	R'000
ASSETS			
Non-Current Assets		265 510	267 918
Property, plant and equipment		32 826	32 165
Goodwill		178 200	178 200
Intangible assets		37 490	38 668
Deferred tax		16 084	18 153
Investment in associates		910	732
Current Assets		248 594	204 452
Inventories		8 603	10 168
Trade and other receivables	3	141 103	121 193
Other financial assets		250	250
Current tax receivable		5 208	2 591
Cash and cash equivalents		93 430	70 250
Total Assets		514 104	472 370
EQUITY AND LIABILITIES			
Equity			
Equity attributable to Equity Holders of Parent			
Share capital		257 988	257 988
Reserves		(216)	(207)
Retained income		49 364	28 943
Attributable to equity holders of the parent		307 136	286 724
Non-controlling interest		3 009	2 350
Total Equity		310 145	289 074
Liabilities			
Non-Current Liabilities			
Other financial liabilities	4	10 278	10 972
Current Liabilities			
Trade and other payables		170 072	148 438
Provisions		21 530	21 600
Other financial liabilities	4	1 697	1 627
Current tax payable		382	659
Total Liabilities		203 959	183 296
Total Equity and Liabilities		514 104	472 370

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital	Foreign Currency Translation Reserve	Retained Income	Total attributable to equity holders of the Group	Non- controlling interest	Total Equity
Figures in Rand thousands	R'000	R'000	R'000	R'000	R'000	R'000
Balance at 1 January 2022	273 988	(24)	13 539	287 503	2 831	290 334
Profit for the year	-	-	15 404	15 404	1 019	16 423
Other comprehensive loss	-	(183)	-	(183)	-	(183)
Total comprehensive income for the year	-	(183)	15 404	15 221	1 019	16 240
Repurchase of shares	(16 000)	-	-	(16 000)	-	(16 000)
Dividends Paid	-	-	-	-	(1 500)	(1 500)
Balance at 31 December 2022	257 988	(207)	28 943	286 724	2 350	289 074
Profit for the year	-	-	20 421	20 421	659	21 080
Other comprehensive loss	-	(9)	-	(9)	-	(9)
Total comprehensive income for the year	-	(9)	20 421	20 412	659	21 071
Balance at 30 June 2023	257 988	(216)	49 364	307 136	3 009	310 145

CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited six-month period ended 30 June 2023	Unaudited six- month period ended 30 June 2022	Audited year ended 31 December 2022
Figures in Rand thousands	R'000	R'000	R'000
Cash flows from operating activities			
Cash generated from operations	30 752	1 671	42 564
Investment income	1 659	626	1 957
Finance costs	(617)	(510)	(1 089)
Tax paid	(6 329)	(2 721)	(6 911)
Dividends paid	-	-	(1 500)
Net cash (used in)/generated from operating activities	25 465	(934)	35 021
Cash flows from investing activities			
Purchase of property, plant and equipment	(1 763)	(1 472)	(2 806)
Proceeds on disposal of property, plant and equipment	76	86	199
Purchase or development of intangible assets	-	(2 724)	(2 724)
(Advanced) proceeds from other financial assets	-	539	(50)
Net cash used in investing activities	(1 687)	(3 571)	(5 381)
Cash flows from financing activities			
Repayments of other financial liabilities	(624)	(831)	(1 706)
Repurchase of shares	-	-	(16 000)
Cash flows (used in) from financing activities	(624)	(831)	(17 706)
Total cash movement for the period	23 153	(5 336)	11 934
Total cash at the beginning of the period	70 250	58 472	58 472
Foreign currency translation	27	(0)	(156)
Total cash at end of the period	93 430	53 136	70 250

BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated results for the six-month period ended 30 June 2023 have been prepared in accordance with the requirements of the JSE Limited Listings Requirements for interim reports, the requirements of the Companies Act, No. 71 of 2008 applicable to condensed financial statements, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and contain information required by IAS 34 Interim Financial Reporting. The accounting policies applied in the preparation of these condensed consolidated six-months results are consistent with those applied in the previous annual financial statements.

These unaudited condensed consolidated financial statements should be read in conjunction with the Group's latest consolidated annual financial statements as at and for the year ended 31 December 2022 and do not include all the information required for a complete set of IFRS financial statements.

The unaudited condensed interim results were prepared by the corporate reporting staff and supervised by Eric van der Merwe, the Group's Financial Director, and were approved by the Board on 14 August 2023.

The Board takes full responsibility for the preparation of the unaudited condensed consolidated financial statements. These financial results have not been reviewed or reported on by the Company's auditor.

The unaudited condensed consolidated financial statements are presented in South African Rands, which is the Company's functional and reporting currency.

ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

The accounting policies applied in the preparation of the unaudited condensed consolidated financial statements are in terms of IFRS and are consistent with those applied in the previous consolidated annual financial statements.

THE 4SIGHT BUSINESS IN THE CURRENT ECONOMY

4Sight is a public company listed on the JSE AltX (ticker: 4SI) incorporated on 28 June 2017, specifically for the listing of the Group on 19 October 2017.

RESULTS COMMENTARY

Revenue from operations increased by 37.1% to R451.3 million from R329.1 million in the corresponding prior period. Revenue excluding consulting revenue increased by 38.4% from R229.0 million to R317.0 million.

Gross profit increased by 21.1% from R152.4 million to R184.6 million and the gross profit margin decreased to 40.9% in June 2023 compared to 46.3% in June 2022.

The total operating expenses for the period increased to R161.5 million (2022: R137.8 million) an increase of 17.1% compared to the corresponding prior period.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL RESULTS

1. REVENUE

	Unaudited six-month period ended 30 June 2023	Unaudited six-month period ended 30 June 2022	Audited 31 December 2022
Figures in Rand thousands	R'000	R'000	R'000
Licences	47 029	48 905	91 967
Software as a service	16 536	29 554	45 792
Consulting	134 230	100 207	217 038
Support and maintenance	213 203	122 796	288 161
Physical goods	35 443	20 844	45 675
Other revenue	4 786	6 874	7 374
	451 298	329 180	696 008

The Group assesses disaggregated revenue based on the nature, timing and uncertainty of revenue and cash flows due to economic factors. The disaggregation of revenue has been disclosed below.

Disaggregation of revenue – Geographical areas

	Unaudited six-month period ended 30 June 2023	Unaudited six-month period ended 30 June 2022	Audited 31 December 2022
Figures in Rand thousands	R'000	R'000	R'000
South Africa	272 252	240 812	492 391
Rest of Africa	159 019	76 014	170 928
Europe, Middle East and Australasia	14 957	9 946	24 402
Americas	5 070	2 407	8 287
	451 298	329 180	696 008

Disaggregation of revenue – Business Sector

	Unaudited six-month period ended 30 June 2023	Unaudited six-month period ended 30 June 2022	Audited 31 December 2022
Figures in Rand thousands	R'000	R'000	R'000
Public	31 469	20 177	43 718
Private	419 829	309 003	652 290
	451 298	329 180	696 008

2. HEADLINE EARNINGS RECONCILIATION

The headline earnings reconciliation and per share information is set out below:

	Unaudited six-month period ended 30 June 2023	Unaudited six-month period ended 30 June 2022	Audited year ended 31 December 2022
Reconciliation between earnings and headline earnings	R'000	R'000	R'000
Figures in Rand thousands			
Profit attributable to owners of the parent	20 421	8 480	15 404
Loss on disposal of equipment – net of tax	2	9	5
Headline earnings for the period	20 423	8 489	15 409
Per share information:	Cents	Cents	Cents
Headline earnings per share	3.828	1.288	2.379
Diluted earnings per share	3.828	1.288	2.379
Weighted average number of shares in issue	533 509 631	659 031 529	647 682 974
Fully diluted weighted average number of shares in issue	533 509 631	659 031 529	647 682 974

3. TRADE AND OTHER RECEIVABLES

Trade and other receivables comprise the following:

	Unaudited six-month period ended 30 June 2023	Audited year ended 31 December 2022
Figures in Rand thousands	R'000	R'000
Trade receivables	138 672	115 645
Credit loss allowance	(4 253)	(3 413)
Trade receivables net of credit loss allowance	134 419	112 232
Value added taxation	4 030	7 293
Other receivables	2 512	1 367
Deposits	116	75
Prepayments and deferred expenses	26	226
Total trade and other receivables	141 103	121 193

4. OTHER FINANCIAL LIABILITIES

Details of Other Financial Liabilities are set out below:

	Unaudited six-month period ended 30 June 2023	Audited year ended 31 December 2022
Figures in Rand thousands	R'000	R'000
Standard Bank of South Africa Ltd - Mortgage Bond	9 303	11 624
Other unsecured loans	975	975
Total other financial liabilities	10 278	12 599
Non-current liabilities		
At amortised cost	10 278	10 972
Current liabilities		
At amortised cost	1 697	1 627
Total other financial liabilities	11 975	12 599

5. TRADE AND OTHER PAYABLES

Trade and other receivables comprise the following:

	Unaudited six-month period ended 30 June 2023	Audited Year ended 31 December 2022
Figures in Rand thousands	R'000	R'000
Trade payables	140 157	120 151
Payroll accruals	10 389	13 354
Leave provision	8 679	8 296
Accrued expenses	6 476	3 285
Value added taxation	4 371	3 352
Total trade and other receivables	170 072	148 438

6. SEGMENTAL REPORT

The Group has 4 strategic clusters for reporting purposes – the Business Environment (BE), Information Technologies (IT), Operational Technologies (OT) and Channel Partner (CP) clusters.

The Business Environment (BE) Cluster. Digital transformation of an entire enterprise requires the convergence of the OT (Operational Technologies) and IT (Information Technologies) environments, so business applications can be developed on enterprise data that enable better and more informed business decision making.

The Business Environment Cluster partners with our customers to drive value. Most engagements start with an assessment of their Information and Communications Technologies (ICT) landscape. From these assessments, we help our customers build a self-funding digital transformation roadmap, where benefits from each digital initiative fund the next initiative.

We have a wide range of digital offerings, and the next digital initiative is driven by the fastest return on investment opportunity. After starting with assessments, we modernise and optimise the environment, implement our solutions, and provide a managed service for proactive maintenance and continuous improvement for our customers, focusing on a Cloud-First strategy.

The Information Technologies (IT) Cluster. The IT Cluster sells and supports numerous ERP (Enterprise Resource Planning) solutions – delivering on integrated Human Capital, Accounting and CRM (Customer Relation Management) business management applications, managing the entire business processes around finance and accounting requirements, to inventory and operations.

Particularly in light of the current policies governing hybrid work, we view people as any organization's most valuable asset. Our payroll and Human Resource (HR) Management solutions takes care of your pay runs and overall payroll processes as well as facilitate the management of the employee journey, creating the Digital Twin for the work, home balance today.

The Operational Technologies (OT) Cluster. 4Sight's OT Cluster provides key 4IR technologies and services needed to help industrial customers with their full end-to-end digital transformation journey, while following a cost effective and low risk, self-funding methodology. This allows customers to remain competitive in the digital economy while making sure any digital initiative has a 6-month or better return on investment.

We believe that the key characteristic of 4IR is the intelligent use of data to support better decision-making in near real time. This is critically important in today's hyper-competitive digital economy in which the ability to pivot rapidly in response to changing market conditions or customer demand, is vital. To realise the true value of 4IR technologies, organisations will need to evolve to ensure people and technology also converge.

The Channel Partner (CP) Cluster. The Channel Partner (CP) Cluster is 4Sight's 100% partner-focused ecosystem. The Cluster supports and empowers an ever-expanding channel of Value-Added Resellers across Africa, the Middle East and Central Europe to distribute 4Sight's OT, IT and BE integrated solutions to markets across the world.

Contained within the 4Sight Channel Partner (CP) Cluster is 4Sight's Cloud Distributor through the Microsoft Indirect Cloud Solution Provider (CSP) program, ISV channel and Alliance Partners.

The financial information for the four main clusters is presented below:

Figures in Rand thousands	BE Cluster		IT Cluster		OT Cluster		CP Cluster		Consolidation		Total	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Segmental service line	Unaudited Six-month period ended 30 June 2023	Unaudited Six-month period ended 30 June 2022	Unaudited Six-month period ended 30 June 2023	Unaudited Six-month period ended 30 June 2022	Unaudited Six-month period ended 30 June 2023	Unaudited Six-month period ended 30 June 2022	Unaudited Six-month period ended 30 June 2023	Unaudited Six-month period ended 30 June 2022	Unaudited Six-month period ended 30 June 2023	Unaudited Six-month period ended 30 June 2022	Unaudited Six-month period ended 30 June 2023	Unaudited Six-month period ended 30 June 2022
Revenue												
External	65 188	55 480	106 491	80 159	129 606	87 673	153 207	103 277	(3 194)	2 591	451 298	329 180
Internal	387	3 274	208	818	-	-	-	-	(595)	(4 092)	-	-
Operating Profit/(Loss)	6 260	2 294	18 318	6 541	21 704	14 817	13 325	3 008	(32 848)	(14 559)	26 759	12 100
Depreciation and amortisation	(1 177)	(1 688)	-	(3)	-	(207)	-	(8)	(1 030)	(387)	(2 207)	(2 294)
Taxation	(1 690)	(642)	(4 946)	(1 829)	(5 860)	(4 251)	(3 598)	(872)	9 195	4 204	(6 899)	(3 390)
Profit/(Loss)	4 570	1 651	13 372	4 703	15 844	10 930	9 727	2 243	(22 433)	(10 629)	21 080	8 899

The executive directors do not monitor assets and liabilities by Cluster.

Geographical clusters

The Group operates primarily in South Africa since its disposal of the Digitata Group and no longer reports on the various individual geographical areas.

7. SUBSEQUENT EVENTS

COMPLETION OF THE RE-DOMICILING OF 4SIGHT TO SOUTH AFRICA

Shareholders are referred to the announcement published on SENS on 16 May 2023, where shareholders were informed that following its application to the Mauritian authorities, 4Sight has been successfully removed from the Mauritian register of companies and is now solely a South African entity. 4Sight is in the process of applying to the JSE for a new international securities identification number (ISIN).

CHANGE OF FINANCIAL YEAR-END

Shareholders are referred to the announcement published on SENS on 26 July 2023, where shareholders were informed that 4Sight has changed its financial year-end from 31 December to 28 February to align with the tax year-end of the South African Revenue Service, which is administratively more convenient for the Company.

8. RELATED PARTY DISCLOSURE

OPERATING LEASE PAYMENTS

- Double Peak Properties 41 (Pty) Ltd (a company related to TE Zitzke) – R2 029 148 (2022: R1 913 751).
- SETEC Software (Pty) Ltd and Martiq 399 CC (a company and close corporation related to J Botha) – Nil (2022: R32 840).

There were no other related party transactions which are material that were included in the results for the period ended 30 June 2023.

Transactions between the Company and its subsidiaries which are related parties of the Company have been eliminated on consolidation and are not disclosed in this note.

Transactions with related parties are affected on a commercial basis and related party debts are repayable on a commercial basis.

9. BOARD OF DIRECTORS

Shareholders are referred to the SENS announcement released on 16 May 2023, which communicated Dr. Sidharth Sharma's resignation as a director of the Company following the completion of the Redomicile. Additionally, shareholders are directed to the SENS announcement published on 27 July 2023, announcing the appointment of Mr. Douglas Ramaphosa to the Board of 4Sight as an independent non-executive director, effective from 1 August 2023.

10. DIVIDEND

The Board has declared an interim ordinary gross cash dividend of 2.5 cents (HY2022: Nil) per ordinary share payable from income in respect of prior periods and the six months ended 30 June 2023.

The number of ordinary shares in issue at the date of this declaration is 534 334 631 (including 825 000 treasury shares held by the Group). The gross dividend is subject to local dividends tax of 20% for those shareholders to whom local dividends tax is applicable. The resultant net interim dividend amount for the six months ended 30 June 2023 is 2.0 cents per share for those shareholders subject to local dividends tax, and 2.5 cents per share for those shareholders not subject to local dividends tax. The Company's tax reference number is 9883271182.

The salient dates for the interim dividend are as follows:

Last day to trade cum dividend	Tuesday, 12 September 2023
Shares trade ex-dividend	Wednesday, 13 September 2023
Record date	Friday, 15 September 2023
Payment date	Monday, 18 September 2023

Share certificates may not be dematerialised or materialised between Wednesday, 13 September 2023 and Friday, 15 September 2023, both dates inclusive.

11. APPRECIATION

With significant growth reported in revenue, profit and cash for the first 6 months of the 2023 financial year, we would like to sincerely thank all our stakeholders for their significant contributions. Thank you to our people for their hard work, customer centricity and dedication as we continue to drive digital transformation.

Our appreciation is extended to our customers and partners and their support as we strive to deliver value for all, by innovating and differentiating ourselves in the market.

We wish to express our gratitude to our Board for placing their faith in us and are appreciative of each and every executive committee member's devotion in steering the business in line with our strategic goals.

We look forward to collectively powering strong performance for the next 6 months of 2023.

For and on behalf of the Board

Chairperson
Kamil Patel
Date: 14 August 2023

Chief Executive Officer
Tertius Zitzke

Executive Directors Tertius Zitzke (Chief Executive Officer) Eric van der Merwe (Financial Director)	Independent Non-Executive Directors Kamil Patel (Chairperson) Andrew Murgatroyd (Audit and Risk Committee Chairperson) Christopher Crowe (Remuneration and Nominations Committee Chairperson)
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	Marichen Mortimer (Social and Ethics Committee Chairperson) Johan Nel Douglas Ramaphosa
Company Secretary and Registered Office Tracy Short C/o 4Sight House, 28 Roos Street, Fourways, Gauteng, South Africa, 2191	Designated Advisor Java Capital Trustees and Sponsors (Pty) Ltd
Transfer Secretaries JSE Investor Services (Pty) Ltd	WEBSITE www.4sight.cloud