

**Sebata Holdings Limited**

Incorporated in the Republic of South Africa

(Registration number 1998/003821/06)

JSE Share code: SEB ISIN: ZAE000260493

("Sebata" or "the company" or "the group")

**PROVISIONAL AUDITED SUMMARISED CONSOLIDATED ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2023****CONDENSED GROUP STATEMENT OF PROFIT AND LOSS**

	Notes	Audited 12 months ended 31 March 2023 R'000	Audited 12 months ended 31 March 2022 R'000
Revenue	4	28 652	25 399
Cost of sales		(3 657)	(3 230)
<b>Gross profit</b>		<b>24 995</b>	<b>22 169</b>
Other net income/(expense)	5	(1 232)	63 724
Administration expenses	6	(47 088)	(1 062 813)
<b>Loss from operations</b>		<b>(23 325)</b>	<b>(976 920)</b>
Finance income	7	1 490	41 809
Finance cost		(985)	(983)
Share of (losses)/profit from equity accounted associate		1 218	(2 683)
<b>Loss before tax</b>		<b>(21 602)</b>	<b>(938 777)</b>
Tax expense		7 834	232 959
<b>Loss for the year</b>		<b>(13 768)</b>	<b>(705 818)</b>
<b>Profit/(Loss) attributable to:</b>			
Owners of the parent - continuing		(15 590)	(707 583)
Non-controlling interest - continuing		1 822	1 765
		<b>(13 768)</b>	<b>(705 818)</b>
<b>Attributable earnings/(loss) per share (cents)</b>			
<b>Basic</b>		<b>(13.78)</b>	<b>(646.99)</b>
<b>Diluted basic</b>		<b>(13.78)</b>	<b>(646.99)</b>
<b>Headline</b>		<b>(14.48)</b>	<b>(443.68)</b>
<b>Diluted headline</b>		<b>(14.48)</b>	<b>(443.68)</b>

## CONDENSED GROUP STATEMENT OF OTHER COMPREHENSIVE INCOME

	Audited 12 months ended 31 March 2023 R'000	Audited 12 months ended 31 March 2022 R'000
(Loss)/Profit for the year	(13 768)	(705 818)
Other comprehensive (loss)/income:		
Items which may be subsequently reclassified through profit or loss:		
Foreign currency translation differences	-	(663)
Disposal of subsidiary	-	355
	<b>(13 768)</b>	<b>(706 126)</b>
<b>Total comprehensive income attributable to:</b>		
Owners of the parent	(15 590)	(707 891)
Non-controlling interest	1 822	1 765
	<b>(13 768)</b>	<b>(706 126)</b>
<b>Reconciliation of headline earnings/(loss) (net of tax) for continuing operations:</b>		
(Loss)/Profit attributable to owners of the parent	(15 590)	(707 583)
Profit on disposal of property, plant and equipment	(92)	(168)
(Profit)/Loss on disposal of investment in subsidiaries and associates	-	(61 239)
(Reversal)/Impairment of investment in associate	(705)	283 759
<b>Headline earnings</b>	<b>(16 387)</b>	<b>(485 231)</b>
Weighted average number of shares (000s)	113 127	109 366
Diluted weighted average number of shares (000s)	113 127	109 366
Total number of shares in issue (000s)	113 127	113 127

## CONDENSED GROUP STATEMENT OF FINANCIAL POSITION

	Notes	Audited as at 31 March 2023 R'000	Audited as at 31 March 2022 R'000
<b>ASSETS</b>			
<b>Non-current assets</b>		<b>251 540</b>	<b>433 466</b>
Property, plant and equipment		1 548	3 149
Investment property		33 900	-
Intangible assets		38 143	36 705
Investments in associates		168 349	162 093
Other financial assets	8	-	230 661
Deferred tax assets		9 600	858
<b>Current assets</b>		<b>324 284</b>	<b>148 961</b>
Inventories		1 224	1 519
Trade and other receivables		10 712	9 975
Current tax		3 672	3 672
Other financial assets	8	303 945	132 601
Cash and cash equivalents		4 731	1 194
<b>TOTAL ASSETS</b>		<b>575 824</b>	<b>582 427</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital and share premium		285 063	285 063
Other reserves		5 956	(102)
Retained earnings		196 909	211 973
Non-controlling interest		(254)	(1 105)
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Other financial liabilities		444	1 054
Deferred tax liabilities		49 921	49 436
<b>Current liabilities</b>			
Trade and other payables		21 582	26 442
Other financial liabilities		8 844	1 725
Current tax		975	927
Deferred vendor payments		7 014	7 014
Bank overdraft		-	-
<b>TOTAL LIABILITIES</b>		<b>88 150</b>	<b>86 598</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>575 824</b>	<b>582 427</b>
Net asset value per share (cents)		431.08	438.29

Net tangible asset value per share (cents)	397.36	405.85
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## CONDENSED GROUP STATEMENT OF CASH FLOW

	<b>Audited 12 months ended 31 March 2023 R'000</b>	<b>Audited 12 months ended 31 March 2022 R'000</b>
<b>Cash flow from operating activities</b>	<b>(21 347)</b>	<b>(21 055)</b>
Cash generated from operations	(19 714)	(20 194)
Finance income	358	58
Finance costs	(985)	(58)
Income tax paid	(1 006)	(861)
<b>Cash flow from investing activities</b>	<b>19 346</b>	<b>48 528</b>
Property, plant and equipment acquired	(129)	(157)
Intangible assets acquired	(3 849)	(4 327)
Investment property acquired	(34 299)	-
Proceeds on disposal of property, plant and equipment	152	233
Net cash (forfeited)/inflow from acquisition/disposal of businesses	-	(3 000)
Other financial assets repaid	60 398	60 312
Other financial assets advanced	(2 927)	(4 533)
<b>Cash flow from financing activities</b>	<b>5 538</b>	<b>(33 830)</b>
Other financial liabilities repaid	(1 579)	(45 849)
Other financial liabilities raised	8 088	13 639
Dividends paid to non-controlling interest	(971)	(1 620)
<b>(Decrease)/Increase in cash and cash equivalents</b>	<b>3 537</b>	<b>(6 357)</b>
Cash and cash equivalents at the beginning of the year	1 194	7 551
<b>Cash and cash equivalents at the end of the year</b>	<b>4 731</b>	<b>1 194</b>

## CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

	Share Capital and Share Premium R'000	Other Reserves R'000	Retained Earnings R'000	Non- Controlling Interest R'000	TOTAL R'000
<b>Balance at 1 April 2021</b>	285 063	561	919 131	(1 250)	1 203 505
Loss for the year	-	-	(707 583)	1 765	(705 818)
Other comprehensive income					
Foreign currency translation differences	-	(663)	-	-	(663)
<b>Transactions with owners, recorded directly in equity</b>					
Dividends paid	-	-	-	(1 620)	(1 620)
Share-based payment transactions	-	(355)	425	-	70
Disposal of subsidiaries	-	355	-	-	355
<b>Balance at 31 March 2022</b>	<b>285 063</b>	<b>(102)</b>	<b>211 973</b>	<b>(1 105)</b>	<b>495 829</b>
<b>Balance at 1 April 2022</b>	285 063	(102)	211 973	(1 105)	495 829
Loss for the year	-	-	(15 590)	1 822	(13 768)
Other comprehensive income					
<b>Transactions with owners, recorded directly in equity</b>					
Dividends paid	-	-	-	(971)	(971)
Share-based payment transactions	-	(526)	526	-	-
Provision for repurchase of shares	-	6 584	-	-	6 584
<b>Balance at 31 March 2023</b>	<b>285 063</b>	<b>(5 956)</b>	<b>196 909</b>	<b>(254)</b>	<b>487 674</b>

## NOTES TO THE GROUP FINANCIAL INFORMATION

### 1. Basis of preparation

These provisional audited summarised consolidated annual financial statements for the year ended 31 March 2023 are prepared in accordance with the framework concepts and the recognition and measurement criteria of International Financial Reporting Standards (“IFRS”), its interpretations adopted by the International Accounting Standards Board (“IASB”), the presentation 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, IAS 34 – Interim Financial Reporting, the Listings Requirements of the JSE Limited (“JSE”) and the requirements of the Companies Act, 2008 (Act 71 of 2008), as amended (“Companies Act”). The accounting policies applied in the preparation of these provisional audited summarised consolidated annual financial statements are in terms of IFRS and are consistent with those applied in the previous annual financial statements. The provisional audited summarised consolidated annual financial statements are prepared in accordance with the going concern principle under the historical cost basis as modified by the fair value accounting of certain assets and liabilities where required or permitted by IFRS.

The provisional audited summarised consolidated annual financial statements have been prepared under the supervision of Pierre van Eeden CA (SA), the Financial Director.

The provisional audited summarised consolidated annual financial statements are extracted from the audited annual consolidated financial statements and are consistent in all material respects with the group annual financial statements for the year ended 31 March 2023, which are available on the company’s website at [www.sebataholdings.com](http://www.sebataholdings.com)

This provisional report is extracted from audited financial information but is not itself audited.

The directors take full responsibility for the preparation of the report and confirm the financial information has been correctly extracted from the underlying audited annual consolidated financial information.

All financial information presented in South African Rand has been rounded to the nearest thousand.

Selected explanatory notes are included to explain certain events and transactions that are significant, in order to understand the group's financial position and performance.

## 2. Significant accounting policies

These provisional audited summarised consolidated annual financial statements have been prepared using accounting policies that comply with IFRS and are consistent with those used in the audited consolidated annual financial statements for the year ended 31 March 2022.

## 3. Audit opinion

The annual consolidated financial statements were audited by the group's auditors, Nexia SAB&T, and their unmodified audit report is available for inspection on the group's website at [www.sebataholdings.com](http://www.sebataholdings.com)

## 4. Revenue disaggregation

2023	Software Solutions R'000	Holdings and consolidated R'000	Total
<b>Revenue</b>	<b>25 231</b>	<b>3 421</b>	<b>28 652</b>
Major product lines over time			
<i>Software license with support and maintenance</i>	15 098	2 198	17 296
Major product lines at a point in time			
<i>Consulting</i>	1 500	6	1 506
<i>Support Services</i>	5 987	1 217	7 204
<i>Goods</i>	2 646	-	2 646

2022	Software Solutions R'000	Holdings and consolidated R'000	Total
<b>Revenue</b>	<b>24 042</b>	<b>1 357</b>	<b>25 399</b>
Major product lines over time			
<i>Software license with support and maintenance</i>	13 117	-	13 117
Major product lines at a point in time			
<i>Consulting</i>	2 480	-	2 480
<i>Support Services</i>	5 567	1 357	6 924
<i>Goods</i>	2 878	-	2 878

## 5. Other net income

(Loss) on foreign exchange	(1 664)	(81)
(Loss) on sale of associate	-	-
Profit/(Loss) on sale of subsidiaries	-	63 129

Profit on sale of property, plant and equipment	128	233
Rent received	284	241
Sundry income	20	202
	<b>(1 232)</b>	<b>63 724</b>

## 6. Administration expenses

Employee compensation and benefit expense	28 220	24 944
Motor vehicle expenses	149	91
Repairs and maintenance	47	39
Telephone and fax	365	356
Security	51	46
Insurance	274	188
Computer expense	682	383
Advertising expense	128	106
Audit fees	1 094	1 009
Courier and postage	29	46
Depreciation and amortisation	4 141	3 508
Printing and stationery	40	39
Travel - Local	1 165	1 061
Consulting fees	6 761	8 100
Electricity	280	140
Bank charges	167	175
Legal fees	561	817
Administration and management fee	118	104
Movement in credit loss allowance	2 071	1 198
Cleaning	60	42
Sponsorship enterprise development and donations	64	46
Entertainment	379	196
Fines and penalties	56	-
Fair value adjustment of financial assets	908	651 680
Impairment of investment in associate	(5 038)	365 669
Share based payments	-	70
Other	4 316	2 763
	<b>47 088</b>	<b>1 062 816</b>

## 7. Finance Income

Bank	374	678
Related parties	1 103	2 304
Tax Receivable	-	-
Deferred vendor assets	13	38 827
	<b>1 490</b>	<b>41 809</b>

## 8. Other Financial Assets – Fair value and risk management

The Board considers the carrying value of financial instruments of a short-term nature, that mature in 12 months or less, to approximate the fair value of such assets or liability classes. The carrying value of longer-term assets are considered to approximate their fair value as these instruments bear interest at interest rates appropriate to the risk profile of the asset or liability class.

**Non-interest bearing**

Inzalo Enterprise Management Systems Proprietary Limited	66 533	93 617
Other	2 042	3 905
	<b>68 575</b>	<b>97 522</b>

**Interest bearing**

Micromega Limited (UK)	-	32 389
Inzalo UMS Proprietary Limited	5 617	2 690
Inzalo Capital Holdings Proprietary Limited (“Inzalo Capital Holdings”)	229 753	230 661
	<b>235 370</b>	<b>265 740</b>

Credit loss allowance	-	-
	<b>235 370</b>	<b>265 740</b>

<b>Total</b>	<b>303 945</b>	<b>363 262</b>
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Financial assets carried at amortised cost	74 192	132 601
Financial assets carried at fair value through profit or loss	229 753	230 661
<b>Total</b>	<b>303 945</b>	<b>363 262</b>

All loans receivable are denominated in South African Rand. The loans are carried at their amortised cost while the financial asset receivable from Inzalo Capital Holdings is measured at fair value. The fair value of other financial assets carried at amortised cost have been assessed taking into account their respective interest rates and maturity periods. None of the fair values differ materially from the corresponding carrying values due to the short-term nature of these assets.

**Inzalo Capital Holdings**

The financial assets are the result of contingent consideration due from the disposal of interest in Sebata Municipal Solutions Proprietary Limited, MICROmega Accounting and Professional Services Proprietary Limited, Inzalo Utility-Systems Proprietary Limited, Amanzi Meters Proprietary Limited and Inzalo UMS Proprietary Limited in the 2020 financial year and are measured at fair value through profit and loss based on the probability-weighted average cash flows as determined in accordance with IFRS 13.B26-B28. The loan unwinds at an interest equal to prime and becomes repayable on the achievement of the performance conditions stipulated in the sale agreements. In the event that the performance conditions are not achieved the shares will be returned to the group and the transaction terminated. The entities disposed of will then again become wholly owned subsidiaries and will be consolidated.

As at 31 March 2023, after taking into consideration the historic extensions granted on these transactions, the Board has determined that the probability of bringing finality to these transactions within the contract period remains a risk. In reaching this conclusion the Board gave consideration to the progress Inzalo Capital Holdings, as acquirors of the businesses, have made in respect of capital raising, given the time parameters set in the agreements concluded between the parties.

It is in this regard that the Board has made the decision to be prudent, and that the assets need to be written down to their representative fair values. The values determined approximate a small premium to the net asset values of the underlying companies.

Importantly, the Board wishes to make stakeholders aware that the full value of the transactions with Inzalo Capital Holdings are still contractually binding and whilst the Board has adopted prudence in the results of the company, they are desirous of Inzalo Capital Holdings indeed concluding on them.

**Level of fair value**

Description	Fair value hierarchy	Valuation technique	Significant unobservable inputs	Discount rates	Sensitivity of the input to fair value
Other financial asset: Inzalo Capital Holdings	Level 3	Probability of achieving Net Profit	Future growth rates and discount rates.	2023: 19.01%	5% increase in the discount rate applied would result in a



<p>after Tax or EBITDA earn out targets, which if unlikely, requires fair value determination utilising the discounted cash flow - income approach valuation.</p>	<p>2022: 18.53%</p>	<p>decrease in the fair value by R109 million with a 5% decrease in the discount rate applied would result in an increase in the fair value by R207 million. Additionally, a 10% increase in the turnover projected would result in an increase in the fair value of R134 million. The Inzalo Capital Holdings financial asset is contingent on the successful achievement of the predetermined earn out targets over the earn out period as previously communicated, failing which the equity which serves as security against the financial assets would be returned to the group and ownership revert back to Sebata Holdings Limited. Once it is determined that the underlying profit warranties will no longer be achieved, and the contingent consideration would no longer become receivable, the value of the financial asset would be equal to the fair value of the equity instruments serving as security against the financial asset receivable.</p>
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## 9. Commitments and contingencies

The group has contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business. It is not anticipated that any material liabilities will arise from these contingent liabilities.

## 10. Segment information

	<b>Audited 12 months ended 31 March 2023 R'000</b>	<b>Audited 12 months ended 31 March 2022 R'000</b>
<b>SEGMENT REVENUE</b>		
Software solutions	25 231	24 042

Holdings and consolidated	3 421	1 357
<b>Total revenue</b>	<b>28 652</b>	<b>25 399</b>
<b>SEGMENT PROFIT/(LOSS)</b>		
Software solutions	2 227	2 157
Holdings and consolidated	(17 817)	(709 740)
<b>Total profit</b>	<b>(15 590)</b>	<b>(707 583)</b>
<b>SEGMENT ASSETS</b>		
Software solutions	33 563	33 315
Holdings and consolidated	542 261	549 112
<b>Total assets</b>	<b>575 824</b>	<b>582 427</b>
<b>SEGMENT LIABILITIES</b>		
Software solutions	11 110	12 755
Holdings and consolidated	77 040	73 843
<b>Total liabilities</b>	<b>88 150</b>	<b>86 598</b>

## 11. Related party disclosure

Listed below are the balances in respect of transactions entered into with related parties. These include associates, joint operations, directors and members of key management. The transactions that are eliminated on consolidation are not included.

	<b>Audited 12 months ended 31 March 2023 R'000</b>	<b>Audited 12 months ended 31 March 2022 R'000</b>
<b>Kamberg Investment Holdings Proprietary Limited</b>		
Interest paid	-	30
<b>Laird Investments Proprietary Limited</b>		
Disposal of MMG UK	-	1
Interest paid	-	564
<b>Talacar Holdings Proprietary Limited</b>		
Consulting fees	3 477	4 978

## 12. Corporate Governance and changes to the Board

Sebata has embraced the recommendations of the King IV Report on governance and strives to provide reports to shareholders that are timely, accurate, consistent and informative.

There were no changes to the Board during the period.

## 13. Subsequent events

The board ratified the extension of the earn out periods with effect from 31 March 2023 for both the Water and Software disposals which were executed in the 2020 financial period. The extensions up to 30 September 2023 were granted in order to allow the board to assess the viability of the existing empowerment structure and any alternative thereto.

No other significant events have occurred in the period between the reporting date and the date of this report.

#### **14. Commentary on results**

Trading conditions in which the group operates remain arduous. These conditions have only been exacerbated by the slow down in the local economy and resultant slow down in the spend of local authorities. Local authorities are under pressure, with many being entirely dependent on funding from National Government in order to operate. Even in these challenging circumstances, the performance of the companies that form part of the group and those over which Sebata has significant influence, has remained stable.

#### ***Water and Software deals with Inzalo Capital Holdings***

The Water and Software deals that were entered into with Inzalo Capital Holdings in the 2020 financial year, with the earn out periods extended in the two previous financial years, have been extended to 30 September 2023. These deals were significantly impaired to their respective fair values in the 2022 financial year. It was further determined that there was no significant change to these fair values in the 2023 financial year. As at 31 March 2023, after taking into consideration the historic extensions granted on these transactions, the Board has determined that the probability of bringing finality to these transactions within the contract period remains a risk and that the granting of a single six month extension with the hope of bringing these transactions to a positive conclusion is the best approach. Importantly, the Board wishes to make stakeholders aware that the full value of the transactions with Inzalo Capital Holdings are still contractually binding and they are desirous of Inzalo Capital Holdings indeed concluding on them.

#### **Outlook**

The restructurings have returned the group to a more sustainable operational state and allowed the Board to strengthen the balance sheet. The Board remains committed to bringing finality to the Inzalo Capital Holdings transactions and returning maximum value to shareholders.

By order of the Board

18 July 2023

Directors: DA Di Siena (Independent Non-Executive Chairperson); IG Morris (Chief Executive Officer); P van Eeden (Financial Director); CA King (Executive Director); PH Duvenhage (Independent Non-Executive Director); TW Hamill (Non-Executive Director); S Nodwele (Chair of the Audit Committee and Independent Non-Executive Director) and D Passmore (Independent Non-Executive Director).

Company Secretary: L Mayer

Auditors: Nexia SAB&T

Transfer Secretaries: Singular Systems Proprietary Limited

Sponsor: Merchantec Capital

Attorneys: Di Siena Attorneys

Note: No forward-looking statements in this announcement has been reviewed or reported on by Sebata's auditors.