

**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”)

**UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023**

**CONDENSED GROUP STATEMENT OF PROFIT AND LOSS**

	Unaudited 6 months ended 30 September 2023	Unaudited 6 months ended 30 September 2022	Audited 12 months ended 31 March 2023
	R'000	R'000	R'000
<b>Continuing operations</b>			
Revenue	14 226	14 511	28 652
Cost of sales	(2 262)	(1 983)	(3 657)
<b>Gross profit</b>	<b>11 964</b>	<b>12 528</b>	<b>24 995</b>
Other net (expenses)/income	(1 780)	270	(1 232)
Administration expenses	(26 779)	(26 044)	(47 088)
<b>(Loss)/Profit from operations</b>	<b>(16 595)</b>	<b>(13 246)</b>	<b>(23 325)</b>
Finance income	379	1 367	1 490
Finance cost	(836)	(85)	(985)
Share of (loss)/profit of equity accounted associate	1 904	1 790	1 218
<b>(Loss)/Profit before tax</b>	<b>(15 148)</b>	<b>(10 174)</b>	<b>(21 602)</b>
Tax expense	4 315	5 394	7 834
<b>(Loss)/Profit for the period</b>	<b>(10 833)</b>	<b>(4 780)</b>	<b>(13 768)</b>
<b>(Loss)/Profit attributable to:</b>			
Owners of the parent	(11 211)	(5 675)	(15 590)
Non-controlling interest	378	895	1 822
	<b>(10 833)</b>	<b>(4 780)</b>	<b>(13 768)</b>
<b>Attributable earnings per share (cents)</b>			
<b>Basic</b>	<b>(9.91)</b>	<b>(5.19)</b>	<b>(13.78)</b>
<b>Diluted basic</b>	<b>(9.91)</b>	<b>(5.19)</b>	<b>(13.78)</b>
<b>Headline</b>	<b>(9.91)</b>	<b>(5.27)</b>	<b>(14.48)</b>
<b>Diluted headline</b>	<b>(9.91)</b>	<b>(5.27)</b>	<b>(14.48)</b>

**CONDENSED GROUP STATEMENT OF OTHER COMPREHENSIVE INCOME**

	Unaudited 6 months ended 30 September 2023	Unaudited 6 months ended 30 September 2022	Audited 12 months ended 31 March 2023
	R'000	R'000	R'000
(Loss)/Profit for the period	(10 833)	(4 780)	(13 768)
Other comprehensive (loss)/income:			
Items which may be subsequently reclassified through profit or loss:	-	-	-
	<b>(10 833)</b>	<b>(4 780)</b>	<b>(13 768)</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the parent	(11 211)	(5 675)	(15 590)
Non-controlling interest	378	895	1 822
	<b>(10 833)</b>	<b>(4 780)</b>	<b>(13 768)</b>
<b>Reconciliation of headline earnings (net of tax) for continuing operations:</b>			
(Loss)/Profit attributable to owners of the parent	(11 211)	(5 675)	(15 590)
Loss/(Profit) on disposal of property, plant and equipment	-	(85)	(92)
Impairment of Investment in Associate	-	-	(705)
<b>Headline earnings</b>	<b>(11 211)</b>	<b>(5 760)</b>	<b>(16 387)</b>
Weighted average number of shares (000s)	113 129	109 366	113 127
Diluted weighted average number of shares (000s)	113 129	109 366	113 127
Total number of shares in issue (000s)	113 427	113 127	113 127

**CONDENSED GROUP STATEMENT OF FINANCIAL POSITION**

	Unaudited 6 months ended 30 September 2023	Unaudited 6 months ended 30 September 2022	Audited 12 months ended 31 March 2023
	R'000	R'000	R'000
<b>ASSETS</b>			
<b>Non-current assets</b>	<b>260 093</b>	<b>242 406</b>	<b>251 540</b>
Property, plant and equipment	5 419	2 380	1 548
Investment Property	33 557	33 603	33 900
Intangible assets	38 446	37 530	38 143
Investments in associates	170 252	163 883	168 349
Deferred tax assets	12 419	5 010	9 600
<b>Current assets</b>	<b>338 260</b>	<b>334 539</b>	<b>324 284</b>
Inventories	-	-	1 224
Trade and other receivables	15 976	7 035	10 712
Income tax receivable	3 672	4 060	3 672
Other financial assets	302 380	319 536	303 945
Cash and cash equivalents	16 232	3 908	4 731
<b>TOTAL ASSETS</b>	<b>598 353</b>	<b>576 945</b>	<b>575 824</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>	<b>477 561</b>	<b>491 049</b>	<b>487 674</b>
Share capital and share premium	285 783	285 063	285 063
Other reserves	5 956	(102)	5 956
Retained earnings	185 698	206 298	196 909
Non-controlling interest	124	(210)	(254)
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>	<b>78 496</b>	<b>49 493</b>	<b>49 735</b>
Other financial liabilities	31 965	1 317	444
Deferred tax liabilities	46 531	48 176	49 291
<b>Current liabilities</b>	<b>42 296</b>	<b>36 403</b>	<b>38 415</b>
Trade and other payables	28 167	16 845	21 582
Other financial liabilities	5 319	11 778	8 844
Income tax payable	1 796	766	975
Deferred vendor payments	7 014	7 014	7 014
<b>TOTAL LIABILITIES</b>	<b>120 793</b>	<b>85 896</b>	<b>88 150</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>598 353</b>	<b>576 945</b>	<b>575 824</b>

Net asset value per share (cents)	421.03	434.07	431.08
Net tangible asset value per share (cents)	387.13	400.89	397.36

## CONDENSED GROUP STATEMENT OF CASH FLOW

	Unaudited 6 months ended 30 September 2023	Unaudited 6 months ended 30 September 2022	Audited 12 months ended 31 March 2023
	R'000	R'000	R'000
<b>Cash flow (used in)/generated from operating activities</b>	<b>(11 538)</b>	<b>(15 774)</b>	<b>(21 347)</b>
Cash (used in)/generated from operations	(10 638)	(16 488)	(19 714)
Finance income	379	1 367	358
Finance costs	(836)	(85)	(985)
Income tax paid	(443)	(568)	(1 006)
<b>Cash flow from investing activities</b>	<b>(1 064)</b>	<b>8 172</b>	<b>19 346</b>
Property, plant and equipment acquired	(50)	(89)	(129)
Investment property acquired	-	(33 603)	(34 299)
Intangible assets acquired	(1 578)	(2 005)	(3 849)
Proceeds on disposal of property, plant and equipment	-	143	152
Other financial assets repaid	10 067	45 434	60 398
Other financial assets advanced	(9 503)	(1 708)	(2 927)
<b>Cash flow from financing activities</b>	<b>24 103</b>	<b>10 316</b>	<b>5 538</b>
Treasury shares sold/(repurchased)	720	-	-
Other financial liabilities repaid	(9 047)	(760)	(1 579)
Other financial liabilities raised	32 430	11 076	8 088
Dividends paid to non-controlling interest	-	-	(971)
<b>(Decrease)\Increase in cash and cash equivalents</b>	<b>11 501</b>	<b>2 714</b>	<b>3 537</b>
Cash and cash equivalents at the beginning of the year	4 731	1 194	1 194
<b>Cash and cash equivalents at the end of the year</b>	<b>16 232</b>	<b>3 908</b>	<b>4 731</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 2022</b>	<b>285 063</b>	<b>(102)</b>	<b>211 973</b>	<b>(1 105)</b>	<b>495 829</b>
Loss for the period	-	-	(5 675)	895	(4 780)
<b>Other comprehensive income</b>					
Foreign currency translation differences	-	-	-	-	-
<b>Transactions with owners, recorded directly in equity</b>					
Share-based payment transactions	-	-	-	-	-
Disposal of subsidiaries	-	-	-	-	-
<b>Balance at 30 September 2022</b>	<b>285 063</b>	<b>(102)</b>	<b>206 298</b>	<b>(210)</b>	<b>491 049</b>
<b>Balance at 1 October 2022</b>	<b>285 063</b>	<b>(102)</b>	<b>206 298</b>	<b>(210)</b>	<b>491 049</b>
Loss for the period	-	-	(9 915)	927	(8 988)
<b>Other comprehensive income</b>					
Foreign currency translation differences	-	-	-	-	-
<b>Transactions with owners, recorded directly in equity</b>					
Dividends paid	-	-	-	(971)	(971)
Share-based payment transactions	-	(526)	526	-	-
Disposal of subsidiaries	-	-	-	-	-
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>
<b>Balance at 1 April 2023</b>	<b>285 063</b>	<b>5 956</b>	<b>196 909</b>	<b>(254)</b>	<b>487 674</b>
Profit for the period	-	-	(11 211)	378	(10 833)
<b>Other comprehensive income</b>					
Foreign currency translation differences	-	-	-	-	-
<b>Transactions with owners, recorded directly in equity</b>					
Share-based payment transactions	720	-	-	-	720
Disposal of subsidiaries	-	-	-	-	-
<b>Balance at 30 September 2023</b>	<b>285 783</b>	<b>5 956</b>	<b>185 698</b>	<b>124</b>	<b>477 561</b>

## NOTES TO THE GROUP FINANCIAL INFORMATION

### 1. Basis of preparation

These unaudited condensed consolidated interim financial statements for the six months ended 30 September 2023 are prepared in accordance with International Financial Reporting Standards (“IFRS”), IAS – 34 Interim Financial Reporting, the Listings Requirements of the JSE Limited, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by Financial Reporting Standards Council and the requirements of the Companies Act (No 71 of 2008), as amended (“Companies Act”). The accounting policies applied in the preparation of these condensed consolidated interim financial statements are in terms of IFRS and are consistent with those applied in the previous annual financial

statements. The unaudited condensed consolidated interim 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 fair value of financial instruments approximates their carrying value. The unaudited condensed consolidated interim financial statements have been prepared under the supervision of Pierre Van Eeden, CA (SA), the Financial Director of the company, and have not been reviewed by the company's external auditors.

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

## 2. Significant accounting policies

These unaudited condensed consolidated interim financial statements have been prepared using accounting policies that comply with IFRS and are consistent with those used in the audited annual consolidated financial statements for the year ended 31 March 2023. A number of amendments to accounting pronouncements are effective 1 April 2023, but they do not have a material effect on the group's interim financial statements.

## 3. Revenue disaggregation

<b>September 2023</b>	<b>Software Solutions R'000</b>	<b>ICT Support Services R'000</b>	<b>Holdings and consolidated R'000</b>	<b>Total R'000</b>
<b>Revenue</b>	<b>12 545</b>	<b>-</b>	<b>1 681</b>	<b>14 226</b>
Major product lines over time				
<i>Software license with support and maintenance</i>	8 122	-	1 681	9 803
Major product lines at a point in time				
<i>Consulting</i>	196	-	-	196
<i>Support Services</i>	2 370	-	-	2 370
<i>Goods</i>	1 857	-	-	1 857
<b>September 2022</b>	<b>Software Solutions R'000</b>	<b>ICT Support Services R'000</b>	<b>Holdings and consolidated R'000</b>	<b>Total R'000</b>
<b>Revenue</b>	<b>12 385</b>	<b>-</b>	<b>2 126</b>	<b>14 511</b>
Major product lines over time				
<i>Software license with support and maintenance</i>	7 527	-	-	7 527
Major product lines at a point in time				
<i>Consulting</i>	216	-	-	216
<i>Support Services</i>	2 842	-	2 126	4 968
<i>Goods</i>	1 800	-	-	1 800
<b>March 2023</b>	<b>Software Solutions R'000</b>	<b>ICT Support Services R'000</b>	<b>Holdings and consolidated R'000</b>	<b>Total R'000</b>
<b>Revenue</b>	<b>25 231</b>	<b>-</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

#### 4. Administration expenses

	Unaudited 6 months ended 30 September 2023	Unaudited 6 months ended 30 September 2022	Audited 12 months ended 31 March 2023
	R'000	R'000	R'000
Employee compensation and benefit expense	13 023	13 545	28 220
Motor vehicle expenses	53	72	149
Repairs and maintenance	43	17	47
Telephone and fax	178	178	365
Security	24	24	51
Insurance	281	173	274
Computer expense	477	325	682
Advertising expense	-	57	128
Audit fees	640	545	1 094
Courier and postage	7	15	29
Depreciation and amortisation	2 267	1 836	4 141
Printing and stationery	27	19	40
Travel - Local	723	593	1 165
Consulting fees	3 338	3 933	6 761
Electricity	172	203	280
Bank charges	88	75	167
Legal fees	1 872	402	561
Administration and management fee	48	48	118
Movement in credit loss allowance	1 202	1 132	2 071
Cleaning	30	39	60
Sponsorship enterprise development and donations	17	38	64
Entertainment	84	165	379
Fines and Penalties	-	-	56
Fair value adjustment of financial assets	-	-	908
Impairment of investment in associate	-	-	(5 038)
Share based payments	-	-	-
Other	2 185	2 610	4 316
	<b>26 779</b>	<b>26 044</b>	<b>47 088</b>

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

Directors consider 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.

	Unaudited 6 months ended 30 September 2023	Unaudited 6 months ended 30 September 2022	Audited 12 months ended 31 March 2023
	R'000	R'000	R'000
<b>Non-interest bearing</b>			
Inzalo Enterprise Management Systems Proprietary Limited	60 933	80 957	66 533
Inzalo Utility Systems Proprietary Limited	9 503	-	-

Other	-	3 520	2 042
	<b>70 436</b>	<b>84 477</b>	<b>68 575</b>
<b>Interest bearing</b>			
Inzalo UMS Proprietary Limited	2 191	4 398	5 617
Inzalo Capital Holdings Proprietary Limited (“ <b>Inzalo Capital Holdings</b> ”)	229 753	230 661	229 753
	<b>231 944</b>	<b>235 059</b>	<b>235 370</b>
Credit loss allowance	-	-	-
	<b>231 944</b>	<b>235 059</b>	<b>235 370</b>
<b>Total</b>	<b>302 380</b>	<b>319 536</b>	<b>303 945</b>
Financial assets carried at amortised cost	72 627	88 875	74 192
Financial assets carried at fair value through profit or loss	229 753	230 661	229 753
<b>Total</b>	<b>302 380</b>	<b>319 536</b>	<b>303 945</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 values 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, MICROOmega 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 30 September 2023, after taking into consideration the historic extensions granted on these transactions, the board of the directors of Sebata (“**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, has 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 after Tax or EBITDA earn out targets, which if	Future growth rates and discount rates.	2023: 19.01% 2022: 18.53%	5% increase in the discount rate applied would result in a decrease in the fair value by R109 million with a 5% decrease in the discount rate applied would result in an increase

unlikely, requires fair value determination utilising the discounted cash flow - income approach valuation.

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.

## 6. 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.

## 7. Segment information

	<b>Unaudited 6 months ended 30 September 2023  R'000</b>	<b>Unaudited 6 months ended 30 September 2022  R'000</b>	<b>Audited 12 months ended 31 March 2023  R'000</b>
<b>SEGMENT REVENUE</b>			
Software and Consulting Services	12 545	12 385	25 231
Holdings and consolidated	1 681	2 126	3 421
<b>Total revenue</b>	<b>14 226</b>	<b>14 511</b>	<b>28 652</b>

**SEGMENT PROFIT / (LOSS)**

Software and Consulting Services	462	1 091	2 227
Holdings and consolidated	(11 673)	(6 766)	(17 817)
<b>Total profit/(loss)</b>	<b>(11 211)</b>	<b>(5 675)</b>	<b>(15 590)</b>

**SEGMENT ASSETS**

Software and Consulting Services	41 785	30 440	33 563
Holdings and consolidated	556 568	546 505	542 261
<b>Total assets</b>	<b>598 353</b>	<b>576 945</b>	<b>575 824</b>

**SEGMENT LIABILITIES**

Software and Consulting Services	18 493	7 895	11 110
Holdings and consolidated	102 300	78 001	77 040
<b>Total liabilities</b>	<b>120 793</b>	<b>85 896</b>	<b>88 150</b>

**8. Related party disclosure**

The group entered into transactions and had balances with related parties as listed below. These include associates, joint operations, directors and members of key management. The transactions that are eliminated on consolidation are not included. Transactions with related parties are effected on a commercial basis and related party debts are repayable on a commercial basis.

	<b>Unaudited 6 months ended 30 September 2023 R'000</b>	<b>Unaudited 6 months ended 30 September 2022 R'000</b>	<b>Audited 12 months ended 31 March 2023 R'000</b>
<b>Talacar Holdings Proprietary Limited</b>			
Consulting fees	1 269	3 379	3 477

**9. 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.

During the period under review, Siphwe Nodwele resigned as an independent non-executive director and as Chairperson of the Audit Committee with effect from 28 August 2023.

**10. Subsequent events**

On 2 October 2023, the Board declared a special cash dividend of 25 cents per share payable out of distributable reserves.

The Board is not aware of any other significant events have occurred in the period between the reporting date and the date of this report.

## **11. Commentary on results**

Trading conditions in which the group operates remain arduous. These conditions have been exacerbated by the slowdown in the local economy and resultant slowdown in the spend of local authorities, specifically within the water sector. 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 June 2024. 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 first six months of the 2024 financial year. As at 30 September 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 an 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 December 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); 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 have been reviewed or reported on by Sebata's auditors.