

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

SHORT-FORM UNAUDITED CONDENSED RESULTS FOR THE SIX MONTHS ENDED 31 AUGUST
 2020

	Change	Unaudited six months ended 31 Aug 20 R'000	Unaudited six months ended 31 Aug 19 R'000	Audited year ended 29 Feb 20 R'000
Highlights from Statement of Comprehensive Income				
Turnover	-44%	29,555	53,135	101,219
Profit before other income and expenses	-25%	18,991	25,350	46,248
Profit after tax	-44%	7,737	13,729	23,425
Earnings per share (cents)	-44%	5.0	8.8	15.0

Highlights from Statement of
 Financial Position

Total assets	7%	81,883	76,311	80,610
Cash and cash equivalents	68%	53,277	31,727	45,929
Equity	36%	65,363	47,925	57,627
Total liabilities	-42%	16,520	28,386	22,983

Dividends and distribution

Ordinary dividend per share declared for the period (cents)	100%	5.0	-	-
Ordinary dividend per share Paid during the period (cents)	0%	-	-	19.2

Net asset value per share at end of period (cents)	36%	41.9	30.7	36.9
Headline earnings per share (cents)*	-44%	5.0	8.8	15.0
Diluted headline earnings per share (cents)*	-44%	5.0	8.8	15.0

* There have been no reconciling items that would result in a change to the
 Headline earnings per share and the Diluted headline earnings per share.

Operational Review

I am pleased to present our results for the six months ended 31 August 2020 ("the current reporting period"), which continue to be underpinned by a high portion of recurring revenue, a robust balance sheet and strong cash flows. Despite having to navigate the business through one of the most difficult six months in our history, I am particularly pleased with our performance, immeasurably proud of our team's resolve and humbled by the tremendous support that we have received through this challenging time from our customers, suppliers and vendor partners.

Due largely to the fallout that we had with one of our key vendor partners towards the end of 2019, turnover decreased during the current reporting period by 44% to R29.6 million compared to the previous corresponding reporting period ("the prior reporting period"), as we had to abandon most of our sales pipeline derived from our historic Check Point Software Technologies Limited customer base, which accounted for as much as 90% of our turnover in the financial year prior to the vendor relationship failure. Despite the COVID-19 lockdown that followed shortly thereafter, as well as the economic meltdown that ensued, we remain encouraged by the support that we have received from our customers for the 'next generation' security technologies that we have recently onboarded to help protect them from the sophisticated and ever-changing IT security threat landscape.

Profit before other income and expenses during the current reporting period declined by 25% to R18.9 million representing a gross margin of 64% compared to the prior reporting period's gross margin of 48%. This seemingly dramatic increase is due to the strong concentration of and continued growth in our higher margin Managed Security Service and Managed Security Solution offerings, which feature our internally developed security infrastructure management and monitoring framework platform, MSS Pulse.

Foreign exchange fluctuation and volatility continues to be a major factor in our business for two main reasons. Firstly, when the Rand price of imported goods increases rapidly due to exchange rate fluctuation or volatility, customer budgets are negatively affected and seldom have the flexibility needed to absorb the impact of the change, which then adds pressure on anticipated deal-flows and margin. Secondly, as 66% of the R53.3 million cash reserves is held in Dollars and Pounds, the revaluation of this foreign currency through the statement of comprehensive income can have a material effect on our results. During the current reporting period the profit from the revaluation of our foreign cash balances amounted to R2.1 million compared to R1.3 million during the prior reporting period.

Finance income reduced to R387 000 during the current reporting period compared to R3.3 million during the prior reporting period. This decline is largely a result of our business partner no longer having to pay interest on the loan that they settled during the prior reporting period. Total comprehensive income decreased to R7.7 million during the current reporting period, from R13.7 million, which represents a decline of 44% in headline and earnings per share to 5.0 cents from 8.8 cents achieved in the prior reporting period.

Dividend Declaration

Despite it being somewhat untraditional for us to distribute surplus cash reserves midway through our financial year, I am pleased to announce that the board has decided to declare an interim dividend to shareholders for the six months ended 31 August 2020 of 5.0 cents per share, which will be subject to the dividend tax legislation. The main reason for deciding to declare this interim dividend is due to the realisation of a healthy profit during the current reporting period and the resultant unnecessarily high level of surplus cash, notwithstanding our continued focus on preserving the strength of our balance sheet through these uncertain times and commitment to give management the headroom needed to focus on building a robust and sustainable revenue structure around the recently onboarded security brands and technologies.

The salient dates will be as follows:

Declaration date	Friday, 13 November 2020
Last day to trade	Tuesday, 1 December 2020
Shares trade ex-dividend	Wednesday, 2 December 2020
Record date	Friday, 4 December 2020
Payment date	Monday, 7 December 2020

Share certificates may not be dematerialised or rematerialised between Wednesday, 2 December 2020 and Friday, 4 December 2020, both days inclusive.

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

- This is a dividend as defined in the Income Tax Act, 1962, and is payable from income reserves.
- The South African dividend tax ("DT") rate is 20%.
- The DT to be withheld by the Company in respect of the ordinary dividend amounts to 1.0 cents per share.
- The net ordinary dividend payable to shareholders who are not exempt from DT is therefore 4.0 cents per share, while a gross ordinary dividend of 5.0 cents per share is payable to those shareholders who are exempt from DT.
- The issued share capital of the Company at the declaration date comprises 170 592 593 ordinary shares.
- The Company's income tax reference number is 9340/150/71/4.

SHORT-FORM ANNOUNCEMENT

This short-form announcement is the responsibility of the directors of the Company. It contains only a summary of the information in the full announcement ("Full Announcement") and does not contain full or complete details. Any investment decisions by investors or shareholders should be based on the consideration of the Full Announcement. The Full Announcement is available at:

<https://senspdf.jse.co.za/documents/2020/jse/isse/isa/interim20.pdf>

and is also published on the Company's website at <https://www.isa.co.za/includes/downloadFile.php?display=Interim-Results-2020.pdf>

Both the short-form announcement and the Full Announcement are also available for inspection at the registered offices of ISA and the Designated Adviser, Merchantec Capital, during business hours, and copies may be obtained at no cost on request from the Company Secretary who is contactable on +27 11 325 6363 or isa@acorim.co.za.

SPECIAL THANKS

On behalf of the board, I would like to take this opportunity to thank the ISA team for their continued dedication and hard work. My appreciation is also extended to my colleagues on the board for their wise counsel and valuable input, as well as to all stakeholders, customers and vendors for their support.

For and on behalf of the board,

Clifford Katz
Chief Executive Officer

Johannesburg
13 November 2020

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

Non-executive

* Independent non-executive

Designated Adviser: Merchantec Capital

www.isaholdings.co.za

