

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 ANNOUNCEMENT: ABRIDGED SUMMARISED CONSOLIDATED AUDITED RESULTS FOR THE YEAR ENDED 28 FEBRUARY 2021 AND CASH DIVIDEND DECLARATION.

	Change	Audited year ended 28 Feb 21 R'000	Audited year ended 29 Feb 20 R'000
Highlights from Statement of Comprehensive Income			
Revenue	-33%	67,316	101,219
Profit before Other income and expenses	-17%	38,505	46,248
Profit after tax	-45%	12,946	23,425
Earnings and diluted earnings Per share (cents)	-45%	8.3	15.0

Highlights from Statement of
Financial Position

Total assets	-8%	74,471	80,610
Cash and cash equivalents	7%	49,261	45,929
Equity	9%	62,773	57,627
Total liabilities	-53%	10,628	22,802

Highlights from Statement of
Changes in Equity

Dividends paid during the year	-87%	7,800	61 152
Net asset value per share at end of period (cents)	9%	40.2	36.9
Headline earnings per share (cents)	-45%	8.3	15.0
Diluted headline earnings per share (cents)	-45%	8.3	15.0

Notes to the statements:

RECONCILIATION OF HEADLINE EARNINGS

Earnings as per statement of comprehensive income	12 946	23 425
Profit on sale of property, plant and equipment	(72)	-
Headline earnings	12 874	23 425
Headline earnings per share (cents)	8.3	15.0

Operational Review

I am pleased to present our results for the full year ended 28 February 2021 ("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 years 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 staff, customers, suppliers, vendor partners and shareholders.

Financial

Due largely to the fallout that we had with one of our key vendor partners a few months before entering our first COVID-19 lockdown, turnover decreased by 33% during the current reporting period to R67.3 million compared to the R101.2 million achieved in the previous corresponding reporting period ("the prior reporting period"), as we had to abandon most of our sales pipeline that included their technologies, which accounted for as much as 90% of our turnover in the financial year prior to the vendor relationship failure. Despite the range of COVID-19 lockdowns and pandemic containment restrictions that followed, as well as the economic meltdown that ensued, we remain encouraged by the support that we have received from our customers for the more advanced and competitive 'next generation' security technologies that we onboarded to help protect them from the sophisticated and ever-changing IT security threat landscape.

Profit before other income and expenses ("gross profit") during the current reporting period declined by 17% to R38.5 million representing a gross margin of 57% compared to the prior reporting period's gross margin of 46%. This seemingly dramatic increase in gross margin is due to the strong concentration of and continued growth in our 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 77% of the R49.3 million cash reserves are 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, as was the case during the current reporting period where we recorded a loss from the revaluation of our foreign cash balances of R1.1 million compared to a profit of R2.5 million achieved during the prior reporting period, representing a negative change of R3.6 million between the current and previous reporting periods.

Finance income reduced to R696 000 during the current reporting period compared to R3.9 million during the prior reporting period, largely as a result of our business partner no longer having to pay interest on the loan that they settled during the prior reporting period, as well as the reduction in Rands held and the low rate of interest earned by our foreign cash reserves.

Most welcomed was the substantial increase in our share of profits of R2.4 million realised from our equity-accounted investment ("DataProof") during this reporting period, compared to the R259 000 recognised in the prior reporting period. DataProof continues to execute their growth strategy and has performed well in both their records management and cyber security divisions during this reporting period.

Total comprehensive income decreased to R12.9 million during the current reporting period, from R23.4 million, which represents a decline of 45% in headline and earnings per share to 8.3 cents from 15.0 cents achieved in the prior reporting period.

Dividend Declaration

During the current reporting period an interim dividend of R7.8 million for the half year ended 31 August 2020 was declared and paid to shareholders, representing a cash distribution of 5.0 cents per share. With the realisation of earnings of 8.3 cents per share in the current reporting period, we are now pleased to declare a final ordinary dividend to shareholders for the year ended 28 February 2021 of 3.3 cents per share, which will be subject to the dividend tax legislation.

The board of directors of ISA ("board") has reasonably concluded that the company will satisfy the solvency and liquidity requirements immediately after distribution thereof and for the next 12 months.

The salient dates will be as follows:

Declaration date	Friday, 28 May 2021
Last day to trade	Tuesday, 20 July 2021
Shares trade ex-dividend	Wednesday, 21 July 2021
Record date	Friday, 23 July 2021
Payment date	Monday, 26 July 2021

Share certificates may not be dematerialised or rematerialised between Wednesday, 21 July 2021 and Friday, 23 July 2021, 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 0.66 cents per share.
- The net ordinary dividend payable to shareholders who are not exempt from DT is therefore 2.64 cents per share, while a gross ordinary dividend of 3.3 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.

Market and prospects

While our journey to reaching and exceeding our former turnover and profitability levels is likely to be somewhat tougher and longer than initially anticipated, I am particularly encouraged by the depth and complexity of security solutions making their way into our growing sales pipeline, especially noting a sense of excitement within our customer base and prospects of our recently onboarded 'next generation' security technologies and evolving Managed Security Services that now include more advanced threat detection and incident response type of service deliverables.

I continue to be optimistic about our long-term prospects as the key drivers of the information security market remain robust. With the continued evolution and persistence of threats and attack vectors against corporate information and IT resources, together with the increased regulatory and legislative compliance requirements, stakeholders continue to elevate the importance of IT security within their organisations. By leveraging this positive sentiment towards the information and infrastructure security market, as well as our positioning as a thought leader in this niche market segment, we are likely to continue delivering above average tangible returns over time.

Conclusion

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. Finally, I thank all stakeholders, customers and vendors for their support, and I look forward to meeting shareholders at the Annual General Meeting to be held on Thursday, 1 July 2021.

Integrated Annual Report

Shareholders are advised that the integrated annual report has been distributed to shareholders and will be available on the company's website at www.isa.co.za.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of shareholders of ISA ("Annual General Meeting") will be held at 10:00 on Thursday, 1 July 2021 through electronic participation.

Shareholders who wish to participate electronically at the Annual General Meeting are required to contact JSE Investor Services at meetfax@jseinvestorservices.co.za; or alternatively contact JSE Investor Services' offices on +27 86 154 6572 as soon as possible, but in any event, for administrative purposes only, by no later than 10:00 on Monday, 28 June 2021.

SHORT-FORM ANNOUNCEMENT

The content of this short-form announcement is the responsibility of the directors of the company. The short-form announcement contains only a summary of the information in the Abridged Summarised Consolidated Audited Results for the year ended 28 February 2021 ("Full Announcement") which is available at: <https://senspdf.jse.co.za/documents/2021/jse/isse/isa/ye21.pdf> and is also published on the company's website at <https://www.isa.co.za/sens/SENS-20210528-01.pdf>, and accordingly 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 information in this short-form announcement has been extracted from the Full Announcement, but the short-form announcement itself has not been reviewed or audited by the company's auditors.

The abridged summarised consolidated Audited Results have been extracted from the annual financial statements for the year ended 28 February 2021 which was audited by Mazars, who expressed an unmodified audit opinion. The key audit matters addressed in the auditor's report relate to the going concern of the group. A copy of their audit report and the group annual financial statements are available for inspection at the company's registered office, Block 9 Pinewood Office Park, 33 Riley Road, Woodmead 2191 and on the company's website at www.isa.co.za.

Due to the lockdown restrictions imposed as a result of the COVID-19 pandemic, neither the short-form announcement nor the Full Announcement will be available for inspection at the registered offices of ISA or the Designated Adviser, Merchantec Capital, during business hours. However, copies thereof 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.

For and on behalf of the board,

Clifford Katz
Chief Executive Officer
Johannesburg
31 May 2021

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