

CONDENSED CONSOLIDATED RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

CONDENSED GROUP STATEMENT OF PROFIT AND LOSS

	Unaudited 6 months ended 30 September 2021	Unaudited 6 months ended 30 September 2020	Audited 12 months ended 31 March 2021
	R'000	R'000	R'000
Continuing operations			
Revenue	11 541	20 850	33 910
Cost of sales	(1 267)	(7 394)	(8 648)
Gross profit	10 274	13 456	25 262
Other net (expenses)/income	63 581	(21 847)	(20 982)
Distribution expenses	-	(34)	-
Administration expenses	(414 299)	(60 994)	(119 970)
(Loss)/Profit from operations	(340 444)	(69 419)	(115 690)
Finance income	46 178	44 602	88 896
Finance cost	(725)	(9 793)	(10 742)
Share of (loss)/profit of equity accounted associate	(1 506)	4 616	3 105
(Loss)/Profit before tax	(296 497)	(29 994)	(34 431)
Tax expense	91 055	3 730	(16 426)
(Loss)/Profit for the year from continuing operations	(205 442)	(33 724)	(50 857)
Profit for the year from discontinued operations	-	-	-
(Loss)/Profit for the period	(205 442)	(33 724)	(50 857)
(Loss)/Profit attributable to:			
Owners of the parent - continuing	(206 031)	(34 434)	(52 604)
Owners of the parent - discontinued	-	-	-
Non-controlling interest – continuing	589	710	1 747
Non-controlling interest - discontinued	-	-	-
	(205 442)	(33 724)	(50 857)
Attributable earnings per share (cents)			
Basic	(188.38)	(30.44)	(47.36)
Continuing operations	(188.38)	(30.44)	(47.36)
Discontinued operations	-	-	-
Diluted basic	(188.38)	(30.44)	(47.36)
Continuing operations	(188.38)	(30.44)	(47.36)
Discontinued operations	-	-	-
Headline	(132.25)	(12.78)	(28.46)
Continuing operations	(132.25)	(12.78)	(28.46)
Discontinued operations	-	-	-
Diluted headline	(132.25)	(12.78)	(28.46)

Continuing operations	(132.25)	(12.78)	(28.46)
Discontinued operations	-	-	-

CONDENSED GROUP STATEMENT OF OTHER COMPREHENSIVE INCOME

	Unaudited 6 months ended 30 September 2021 R'000	Unaudited 6 months ended 30 September 2020 R'000	Audited 12 months ended 31 March 2021 R'000
(Loss)/Profit for the period	(205 442)	(33 724)	(50 857)
Other comprehensive(loss)/income:			
Items which may be subsequently reclassified through profit or loss:			
Foreign currency translation differences	(664)	73	(338)
Disposal of subsidiaries	356	-	-
	(205 750)	(33 651)	(51 195)
Total comprehensive income attributable to:			
Owners of the parent	(206 339)	(34 361)	(52 942)
Non-controlling interest	589	710	1 747
	(205 750)	(33 651)	(51 195)
Reconciliation of headline earnings (net of tax) for continuing operations:			
(Loss)/Profit attributable to owners of the parent	(206 031)	(34 434)	(52 604)
Loss/(Profit) on disposal of property, plant and equipment	(45)	(426)	(156)
(Profit)/Loss on disposal of investment in subsidiaries	(63 128)	20 400	21 143
Impairment of Investment in Associate	124 572	-	-
Headline earnings	(144 632)	(14 460)	(31 617)
Reconciliation of headline earnings (net of tax) for discontinued operations:			
Loss/Profit attributable to owners of the parent	-	-	-
Loss/(Profit) on disposal of property, plant and equipment	-	-	-
Loss/(Profit) on disposal of investment in subsidiaries	-	-	-
Profit on disposal of discontinued operations	-	-	-
Headline earnings	-	-	-
Weighted average number of shares (000s)	109 366	113 128	111 077
Diluted weighted average number of shares (000s)	109 366	113 132	111 079
Total number of shares in issue (000s)	109 366	113 128	109 366

CONDENSED GROUP STATEMENT OF FINANCIAL POSITION

	Unaudited 6 months ended 30 September 2021	Unaudited 6 months ended 30 September 2020	Audited 12 months ended 31 March 2021
	R'000	R'000	R'000
ASSETS			
Non-current assets	408 278	1 103 657	1 459 827
Property, plant and equipment	3 900	6 289	4 776
Intangible assets	35 198	33 117	34 564
Investments in associates	368 408	577 815	534 979
Other financial assets	-	486 192	885 022
Deferred tax assets	772	244	486
Current assets	847 092	536 031	147 339
Inventories	-	-	184
Trade and other receivables	8 264	15 201	9 693
Income tax receivable	3 672	4 977	5 105
Other financial assets	830 463	503 663	124 806
Cash and cash equivalents	4 693	12 190	7 551
TOTAL ASSETS	1 255 370	1 639 688	1 607 166
EQUITY AND LIABILITIES			
EQUITY	997 834	1 228 993	1 203 505
Share capital and share premium	285 063	285 063	285 063
Other reserves	(102)	7 485	561
Retained earnings	713 534	937 292	919 131
Non-controlling interest	(661)	(847)	(1 250)
LIABILITIES			
Non-current liabilities	194 614	270 345	285 698
Other financial liabilities	3 211	3 123	2 602
Deferred tax liabilities	191 403	267 222	283 096
Current liabilities	62 922	140 350	117 963
Trade and other payables	24 997	47 320	24 329
Other financial liabilities	29 752	27 614	31 496
Income tax payable	1 159	58 402	55 124
Deferred vendor payments	7 014	7 014	7 014
Bank overdraft	-	-	-
TOTAL LIABILITIES	257 536	410 695	403 661
TOTAL EQUITY AND LIABILITIES	1 255 370	1 639 688	1 607 166

Net asset value per share (cents)	912.38	1 086.37	1 083.49
Net tangible asset value per share (cents)	880.19	1 057.09	1 052.37

CONDENSED GROUP STATEMENT OF CASH FLOW

	Unaudited 6 months ended 30 September 2021	Unaudited 6 months ended 30 September 2020	Audited 12 months ended 31 March 2021
	R'000	R'000	R'000
Cash flow (used in)/generated from operating activities	(639)	7 092	(14 148)
Cash (used in)/generated from operations	(756)	7 455	(10 917)
Finance income	1 418	106	330
Finance costs	(579)	(172)	(2 682)
Income tax paid	(722)	(297)	(879)
Cash flow from investing activities	(938)	35 883	(51 647)
Property, plant and equipment acquired	(37)	(20)	(145)
Intangible assets acquired	(1 698)	(2 072)	(4 525)
Proceeds on disposal of property, plant and equipment	62	606	510
Investment in associate	-	-	-
Net cash inflow/(outflow) from acquisition/disposal of businesses	(3 000)	10 967	10 967
Other financial assets repaid	3 735	34 293	62 379
Other financial assets advanced	-	(7 891)	(17 539)
Cash flow from financing activities	(1 281)	(44 656)	(43 819)
Treasury shares sold/(repurchased)	-	-	-
Acquisition of non-controlling interest without a change in control	-	-	-
Other financial liabilities repaid	(9 357)	(44 656)	(63 872)
Other financial liabilities raised	8 076	-	21 493
Deferred vendor payments repaid	-	-	-
Dividends paid to non-controlling interest	-	-	(1 440)
(Decrease)/Increase in cash and cash equivalents	(2 858)	(1 681)	(6 320)
Cash and cash equivalents included in assets held for sale	-	-	-
Cash and cash equivalents at the beginning of the year	7 551	13 871	13 871
Cash and cash equivalents at the end of the year	4 693	12 190	7 551

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
Balance at 1 April 2020	285 063	7 434	971 611	3 692	1 267 800
Loss for the period	-	-	(34 434)	710	(33 724)
Other comprehensive income					
Foreign currency translation differences	-	73	-	-	73
Transactions with owners, recorded directly in equity					
Share-based payment transactions	-	(22)	115	-	93
Disposal of subsidiaries	-	-	-	(5 249)	(5 249)
Balance at 30 September 2020	285 063	7 485	937 292	(847)	1 228 993
Balance at 1 October 2020	285 063	7 485	937 292	(847)	1 228 993
Profit for the period	-	-	(18 170)	1 037	(17 133)
Other comprehensive income					
Foreign currency translation differences	-	(411)	-	-	(411)
Transactions with owners, recorded directly in equity					
Dividends paid	-	-	-	(1 440)	(1 440)
Share-based payment transactions	-	71	9	-	80
Disposal of subsidiaries	-	-	-	-	-
Provision for repurchase of shares	-	(6 584)	-	-	(6 584)
Balance at 31 March 2021	285 063	561	919 131	(1 250)	1 203 505
Balance at 1 April 2021	285 063	561	919 131	(1 250)	1 203 505
Profit for the period	-	-	(206 031)	589	(205 442)
Other comprehensive income					
Foreign currency translation differences	-	(664)	-	-	(664)
Transactions with owners, recorded directly in equity					
Share-based payment transactions	-	(355)	434	-	79
Disposal of subsidiaries	-	356	-	-	356
Balance at 30 September 2021	285 063	(102)	713 534	(661)	997 834

NOTES TO THE GROUP FINANCIAL INFORMATION

1. Basis of preparation

These unaudited condensed interim consolidated financial statements for the six months ended 30 September 2021 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 and Financial 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 interim financial statements are in terms of IFRS and are consistent with those applied in the previous annual financial statements. The unaudited condensed interim consolidated 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 interim consolidated financial statements have been prepared under the supervision of Pierre Van Eeden, CA (SA), the Financial Director 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 interim consolidated 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 2021. A number of amendments to accounting pronouncements are effective 1 April 2021, but they do not have a material effect on the group's interim financial statements.

3. Disposal of subsidiaries

On 30 June 2021 the group disposed of its interests Micromega Limited (UK). Due to the funding gap that was required to grow the operations internationally and the adverse exchange rates, the board of directors of Sebata ("Board") decided to exit the investment. The transaction resulted in a profit on disposal of R7.4m.

On 31 August 2021 the group disposed of its interests in two non-operational subsidiaries for a nominal fee, namely NOSA Investment Holdings Proprietary Limited and NOSA Consulting Proprietary Limited. The transaction resulted in a profit on disposal of R54.3m.

4. Revenue disaggregation

September 2021	Software Solutions R'000	ICT Support Services R'000	Holdings and consolidated R'000	Total
Revenue	10 853	-	688	11 541
Major product lines over time				
<i>Software license with support and maintenance</i>	6 388	-	-	6 388
Major product lines at a point in time				
<i>Consulting</i>	424	-	-	424
<i>Support Services</i>	3 258	-	688	3 946
<i>Goods</i>	783	-	-	783
September 2020	Software Solutions R'000	ICT Support Services R'000	Holdings and consolidated R'000	Total
Revenue	10,179	-	10,671	20,850
Major product lines over time				
<i>Software license with support and maintenance</i>	5,757	-	-	5,757
Major product lines at a point in time				
<i>Consulting</i>	390	-	-	390
<i>Support Services</i>	3,226	-	215	3,441
<i>Goods</i>	806	-	10,456	11,262
March 2021	Software Solutions R'000	ICT Support Services R'000	Holdings and consolidated R'000	Total
Revenue	22 367	-	11 543	33 910
Major product lines over time				
<i>Software license with support and maintenance</i>	11 970	-	-	11 970
Major product lines at a point in time				
<i>Consulting</i>	2 874	-	-	2 874
<i>Support Services</i>	5 340	-	1 336	6 676
<i>Goods</i>	2 208	-	10 182	12 390

6. Other net income

	Unaudited 6 months ended 30 September 2021	Unaudited 6 months ended 30 September 2020	Audited 12 months ended 31 March 2021
(Loss) on foreign exchange	(81)	(115)	(1 171)
(Loss) on sale of associate	-	-	(13 770)
(Loss) on NOSA receivable	-	(16 045)	-
Profit/(Loss) on sale of subsidiaries	63 128	(6 840)	(6 803)
Profit on sale of property, plant and equipment	62	592	217
Rent received	106	205	330
Sundry income	366	356	215
	63 581	(21 847)	(20 982)

7. Administration expenses

Employee compensation and benefit expense	13 235	22 037	31 349
Motor vehicle expenses	40	34	66
Repairs and maintenance	30	72	119
Telephone and fax	204	155	347
Security	22	105	133
Insurance	137	140	283
Computer expense	130	1 041	1 202
Advertising expense	52	-	44
Audit fees	817	1 214	2 148
Courier and postage	30	11	54
Depreciation and amortisation	1 749	7 240	10 440
Printing and stationary	15	135	163
Travel - Local	146	377	603
Travel - International	-	-	168
Consulting fees	2 611	2 015	4 699
Electricity	61	1 286	1 630
Bank charges	86	84	160
Legal fees	756	3 376	4 123
Administration and management fee	-	-	102
Movement in credit loss allowance	(8 499)	3 816	21 886
Cleaning	20	67	99
Sponsorship enterprise development and donations	31	18	33
Entertainment	82	3	44
Fines and penalties	-	73	393
Impairments	401 328	-	-
Share based payments	79	14 958	34 106
Other	1 137	2 770	5 576
	414 299	61 028	119 970

8. Finance Income

Bank	646	3 887	5 774
Related parties	772	86	115
Tax Receivable	-	-	10
Deferred vendor assets	44 760	40 629	82 997
	46 178	44 602	88 896

9. 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 2021	Unaudited 6 months ended 30 September 2020	Audited 12 months ended 31 March 2021
Non-interest bearing			
FIDO Tech Limited (“FIDO”)	-	7 579	16 341
NOSA Receivable (“NOSA”)	-	13 289	-
Seбата Municipal Solutions Proprietary Limited	94 577	111 363	101 440
Micromega Accounting and Professional Services Proprietary Limited	-	7 088	-
Other	3 869	2 933	3 292
	98 446	142 252	121 073
Interest bearing			
Training Room Online Receivable	-	53 123	53 123
Micromega Limited (UK)	40 900	-	-
Inzalo UMS Proprietary Limited	2 131	4 949	3 169
R-data Proprietary Limited	-	-	564
Inzalo Capital Holdings Proprietary Limited (“Inzalo Capital Holdings”)	929 783	842 654	885 022
	972 814	900 726	941 878
Credit loss allowance	(240 797)	(53 123)	(53 123)
	732 017	847 603	888 755
Total	830 463	989 855	1 009 828
Financial assets carried at amortised cost	141 477	133 912	124 806
Financial assets carried at fair value through profit or loss	688 896	855 943	885 022
Total	830 463	989 855	1 009 828

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 and NOSA are measured at fair value. The fair value of other financial assets carried at amortised cost has been assessed by taking into account their respective interest rates and maturity periods. None of the fair values differ materially from the corresponding carrying values. The fair value of assets carried at fair value through profit and loss are based on the contractual purchase price becoming unconditional following the successful achievement of the earn out targets which are conditional as at the interim period, 30 September 2021.

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	Future growth rates and discount rates.	2022: 21:39% 2021: 20.52%	5% increase in the discount rate applied would result in a decrease in the fair value by R88 million with a 5% decrease in the discount rate applied would result in an increase in the fair value by R147.7

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. 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.

5. Commitments and contingencies

The group is currently involved in litigation with a material shareholder that dissented in terms of Section 164 of the Companies Act on the Software transaction. In terms of Section 164 of the Companies Act, the group is currently obligated to repurchase the shares from the shareholder at a fair value. The area of the dispute is the fair value of these shares, which is currently under litigation. A provision of R6.5 million has been recognised against equity reserves based on the fair value offer that was made by the group.

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.

6. Segment information

	Unaudited 6 months ended 30 September 2021	Unaudited 6 months ended 30 September 2020	Audited 12 months ended 31 March 2021
	R'000	R'000	R'000
SEGMENT REVENUE			
ICT Support Services	-	-	-
Software and Consulting Services	10 853	10 179	22 367
Holdings and consolidated	688	10 671	11 543
Total revenue	11 541	20 850	33 910

SEGMENT PROFIT / (LOSS)

ICT Support Services	-	-	-
Software and Consulting Services	1 308	858	2 136
Holdings and consolidated	104 681	(35 292)	(54 740)
Total profit	105 989	(34 434)	52 604

SEGMENT ASSETS

ICT Support Services	-	-	-
Software and Consulting Services	34 425	33 712	31 584
Holdings and consolidated	1 622 273	1 606 206	1 575 582
Total assets	1 656 698	1 639 206	1 607 166

SEGMENT LIABILITIES

ICT Support Services	-	-	-
Software and Consulting Services	12 878	12 589	11 345
Holdings and consolidated	334 555	398 106	392 316
Total liabilities	347 433	410 695	403 661

7. 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.

	Unaudited 6 months ended 30 September 2021 R'000	Unaudited 6 months ended 30 September 2020 R'000	Audited 12 months ended 31 March 2021 R'000
Kyostax Proprietary Limited			
Associate			
Rental expense	-	-	-
Repayment of lease liability	-	8 118	8 609
Other financial assets	-	-	-
Kamberg Investment Holdings Proprietary Limited			
Loan Payable	167	4 306	1 472
Interest paid	29	273	368
Laird Investments Proprietary Limited			
Loan Payable	8 871	18 872	11 817
Interest paid	464	1 043	1 469
Talacar Holdings Proprietary Limited			

8. 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.

Changes which occurred during the period end were as follows:

- Luschenca Mayer was appointed as the company secretary with effect from 1 April 2021; and
- Khanyisile Moses resigned as a non-executive director with effect from 10 May 2021.

9. Subsequent events

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

10. Commentary on results

Trading conditions reported in previous reports have remained extremely difficult and have only been exacerbated leading into the local government elections. Historically we have seen a slowdown in spend over election periods. Decision making in the sphere has slowed and this is reflected in the number of tenders that have been extended and remain in the adjudication phase. The companies that form part of the group and those over which it has significant influence have remained stable even with the contraction in government spend.

Due to the large volume of corporate activity over the past few years and given that the majority of the group's current investment holding relates to the reduced stakes held in the companies that were disposed of to Inzalo Capital Holdings the results are difficult to interpret on face value.

Water and Software deals with Inzalo Capital Holdings ("Inzalo")

The Water and Software deals that were entered into with Inzalo in the 2020 financial year, with the earn out periods extended in the 2021 financial have been impaired to their respective fair values, the value of the total impairment is R401 million. The adjustment to fair value comes as the deals approach their earn out periods and the Board holding significant concern as to whether the respective earn out targets will be achieved. The Board holds further concern around Inzalo's ability to raise the required levels of funding to settle the purchase price. All indications from the empowerment partners at this stage are that there may be a significant funding gap. The Board is also discussing the possibility of extending the earn out period of the Water deal by another 12 months in order to extract the maximum value for shareholders from the investments.

Outlook

The restructurings have returned the group to a more sustainable operational state and allowed the Board to strengthen up the balance sheet. However, the Board still anticipates that the effects of COVID-19 have not been outlived and we will experience a further contraction of the local economy and for this to be reflected in the results in the coming months.

By order of the Board

23 December 2021

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 have been reviewed or reported on by Sebata's auditors.