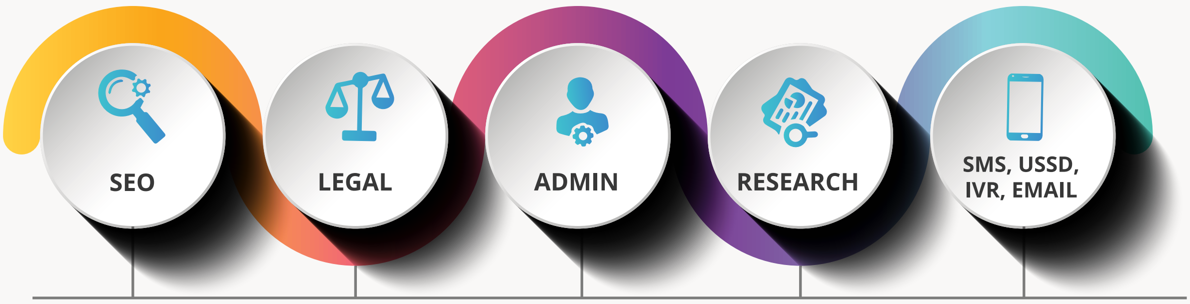
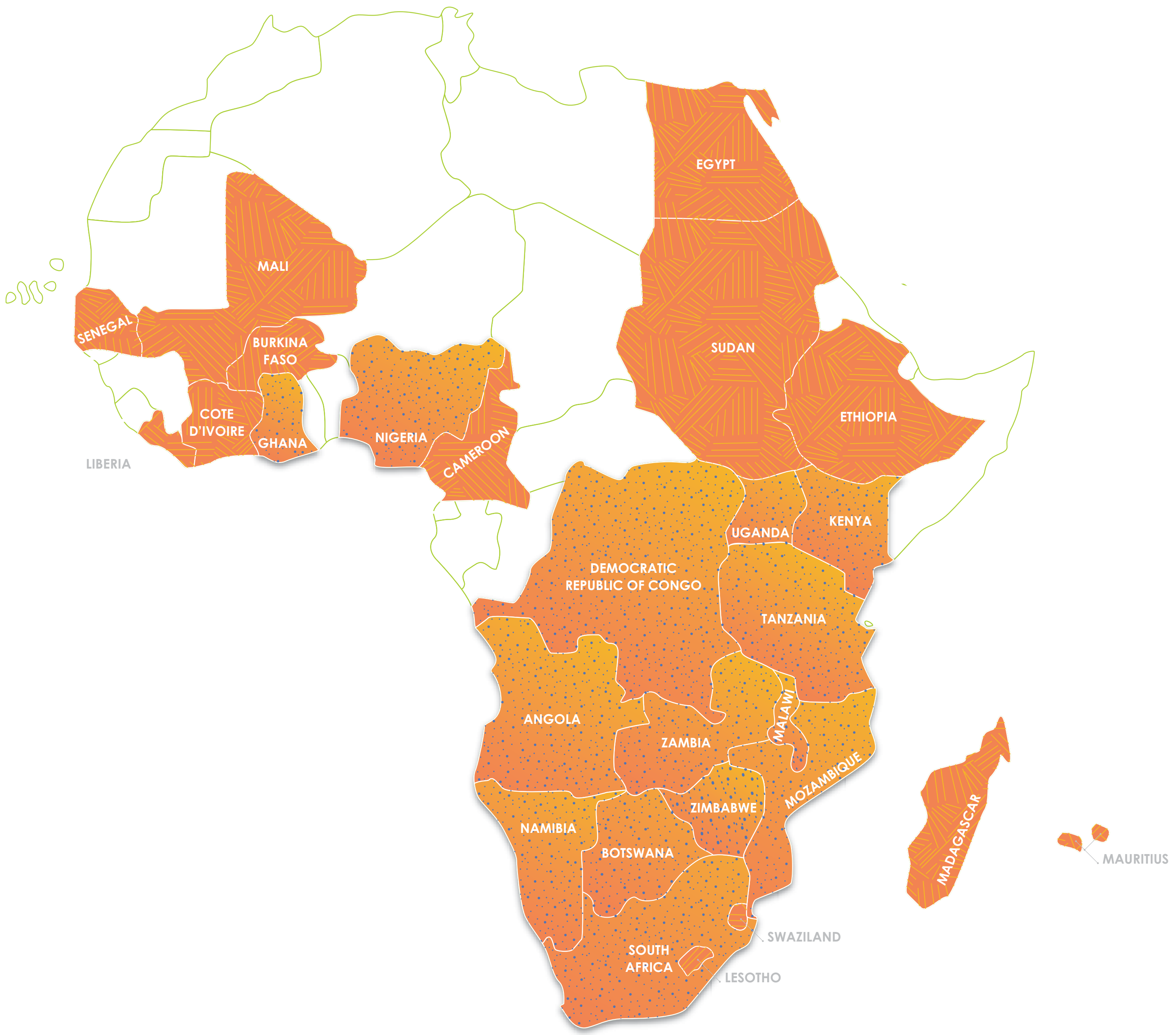


SHARED SERVICES

COGNITION HOLDINGS LTD

ANNUAL REPORT 2020

Cognition and its operating subsidiaries have a presence in 38 countries in Africa.



Cognition and its operating subsidiaries provide Active Data Exchange and Knowledge Creation services throughout Africa, co-ordinated at its head office in Johannesburg with offices in Cape Town, Ekurhuleni and Umhlanga.

CONTENTS

SCOPE OF REPORT

About This Report

The board of directors ("the Board") of Cognition Holdings Limited ("Cognition" or "the Company" or "the Group") are pleased to present the Group's Integrated Annual Report ("the Annual Report" or "the Integrated Report") for the financial year ended 30 June 2020.

The Annual Report covers information from all operating divisions of the Group. An overview of the Group is available on the Group's website at www.cgn.co.za.

The Annual Report provides an overview of the Group's business, incorporating identified material issues facing the Group and its subsidiaries, which should provide an understanding of the Group's strategy and business model. The Annual Report incorporates the Group's approach to sustainability and general corporate governance.

Scope and Boundary

The Annual Report covers the reporting period from 1 July 2019 to 30 June 2020.

In preparing the Annual Report, Management have considered and applied the following frameworks:

The Listings Requirements of the JSE Limited ("the JSE Listing Requirements")	Throughout the Report
The South African Companies Act, 2008 (Act 71 of 2008), as amended ("the Companies Act")	Throughout the Report
The King Report on Corporate Governance for South Africa ("King IV")	Throughout the report as well as King IV register on the Cognition website: www.cgn.co.za
Global Reporting Initiative ("GRI") Framework	Throughout the Report
Guidelines for Sustainability Reporting	Throughout the Report
International Financial Reporting Standards ("IFRS")	Consolidated Annual Financial Statements on pages 55 to 106

Directors' Responsibility

The Audit and Risk Committee and the Board acknowledge their responsibility to ensure the integrity of this Integrated Report. It has been reviewed by the Audit and Risk Committee, the Board, Company Secretary and Sponsor. The Annual Financial Statements included in this Integrated Report have been audited by the external auditor, BDO South Africa Incorporated.

External Assurance

No independent assurance was sought on this Annual Report. The Annual Financial Statements were independently audited by the Group's Auditor.

Forward-Looking Statements

This Integrated Report contains forward-looking statements that, unless otherwise indicated, reflect the Group's expectations as at 30 June 2020. Actual results may differ materially from the Group's expectations if known or unknown risks or uncertainties affect its business, or if estimates or assumptions prove inaccurate.

The Group cannot guarantee that any forward-looking statement will materialise and, accordingly, readers are cautioned not to place undue reliance on these forward-looking statements. The Group disclaims any intention and assumes no obligation to update or revise any forward-looking statement even if new information or conditions manifest as a result of future events, or for any other reason, as is required by legislation or regulation.

This Integrated Report is available in hard copy on request from the registered office of the Company and is also posted on the Group's website at www.cgn.co.za. For further information, please contact the Company Secretary.

Any forecast financial information that may be contained in this Integrated Report has not been reviewed or reported on by the Company's auditors.

DIRECTORS AND MANAGEMENT

DIRECTORS' PROFILES

EXECUTIVE DIRECTORS:

Mark A Smith – CEO
BA LLB (Admitted Attorney)
Age: 62

Mark completed his articles and practised as an attorney for a few months before joining Shield Trading Corporation Limited ("Shield") as legal advisor. Mark was also the managing director of Infophone Proprietary Limited which operated telephony services in the premium rate service industry where he gained experience in the audiotex telephony platform. In 1991, Mark was appointed joint managing director of Shield. In 1992, Massmart Holdings Proprietary Limited, a subsidiary of Wooltru Limited, acquired 66% of Shield and Mark was appointed the managing director of Shield. In May 1995, Mark was also appointed a director of Massmart Holdings Proprietary Limited, the holding company of Shield, Makro and Dion. As managing director of Shield, Mark was responsible for 450 franchised outlets and responsible for sales of R1.3 billion. The total market share of Shield's outlets totalled (collectively) approximately R6 billion. In February 1997, Mark phased out of Shield to start Cognition.

Mark has extensively researched Identity Verification applications and has also attended courses on the subject matter. In addition, Mark has consulted widely with a number of legal professionals and industry bodies to acquire extensive knowledge in the area of Identity Verification.

Mark has also developed an extensive business training course orientated around the small-, medium- and micro-enterprises and lectures on a broad range of topics in the Virtual Business Centre management courses in the Cognition Academy.

Mark has consulted widely with environmental experts on climate change and has also presented papers at various climate change conferences. In addition, Mark holds a number of workshops on climate change and restoration of local eco systems in line with climate mitigation and adaptation.

Pieter A Scholtz – Financial Director (CA(SA))
B.Com (Acc), B.Com Honours, CTA, CIMA
Age: 44

Pieter qualified as a Chartered Accountant (SA) in 2001 and passed the Chartered Institute of Management Accountants (CIMA) final examination in 2002. He served his articles at the Johannesburg office of the Auditor-General where he stayed on until May 2005. During this period, he was the appointed Training Officer for all the SAICA trainees within the Johannesburg Office, specialising in Performance Auditing and was the Senior Manager in charge of numerous high profile government audits within the Gauteng Province.

In June 2005, Pieter joined the Commission for Gender Equality as the Chief Financial Officer (CFO). In December 2006, Pieter was offered the position of Group Finance Manager for Blue IQ Holdings Proprietary Limited, a government held entity focusing on infrastructure development throughout the Gauteng province. In February 2008 he was appointed as the Financial Director of Cognition.

Graham Groenewaldt – Sales Director
Age: 62

Graham began his career in the technical department at Telkom and became a department supervisor at the age of 21 after which he was promoted to Zone Manager. Following his time at Telkom, Graham co-founded Qualicom, specialising in servicing and maintenance of PABX and telecommunications equipment. When Qualicom was later acquired by Teleboss Graham remained with the company as Operations Director. In 1992, he left Teleboss to become an independent consultant. In 1995, Graham returned to Teleboss as Managing Director of the Johannesburg region. After managing Teleboss for four years, he took up the position as CEO of TeleMessage in October of 1999 and in December of the same year was appointed to the board of directors as Managing Director. In 2003, Telemessage merged with a subsidiary of Interconnective Solutions Limited, now Cognition Holdings Limited.

DIRECTORS AND MANAGEMENT (CONTINUED)

NON-EXECUTIVE DIRECTORS

Ashvin G Mancha (Chairman)

(Independent Non-Executive Director)
B.Proc
Age: 63

Ashvin obtained a B.Proc from the University of Witwatersrand in 1981, and thereafter a Diploma in Financial Management. He was admitted as an attorney in 1982 on completion of his articles. His primary responsibilities and experience were in the banking sector. In 1985 he entered the family business which ran property and retail businesses giving him direct exposure to the stockbroking community in South Africa. He joined Ed, Hern Rudolph Inc. as a stockbroker on completion of his stockbroking exams and was the first qualified black practicing stockbroker during the apartheid era of South Africa. Ashvin was invited to join the board of directors, retaining his directorship after the firm was sold to BOE Natwest in 1995. During the period up to his departure in December 1999, he built up one of the largest independent private client stockbroking businesses in South Africa. In June 2000, he started the stockbroking firm of Afrifocus Securities and retired in 2018. Ashvin is currently involved in Construction and Warehousing.

Gaurang Mooney

(Independent Non-Executive Director)
BA (Economics & Finance)
Age: 50

Gaurang is the CEO of Botswana based Overseas Development Enterprises Proprietary Limited, which has significant interests in FMCG, Hospitality and Property Investment and Development in Southern Africa, UK, Australia and India. He has been associated with the founder members of the Company since it commenced its current operations.

Marc du Plessis

(Non-Executive Director)
B.Com (Commercial Accounting)
Age: 40

After Marc obtained his degree at the University of Stellenbosch in 2001 he attended the AAA school of Advertising and then worked abroad as a manager in the tourism and travel industry. In 2006, he joined Caxton and CTP Publishers and Printers Limited as a key account manager subsequently moving through the ranks to occupy the current position of Group Executive – Digital Investments for Caxton & CTP Publishers and Printers Limited.

Paul M Jenkins

(Independent Non-Executive Director)
B.Com, LLB
Age: 61

Paul qualified at Rand Afrikaans University in 1981 with a BCom and LLB degree and was admitted as an attorney and notary in February 1986. He became a partner of Webber Wentzel in 1988 and left his position as senior commercial legal partner in 1999 to join the Johnnic group full time. In this capacity he served as a director of numerous listed companies and was CEO of Johnnic Entertainment. He is currently self-employed and provides business and legal advisory services to a select group of clients. He is the non-executive Chairman of Caxton and CTP Publishers and Printers Limited and of Private Property South Africa Proprietary Limited.

Roger Pitt, CA(SA))
(Independent Non-Executive Director)
B.Com (Hons)(Acc)
Age: 39

Roger is a chartered accountant, with B.Com (Hons)(Accounting) degree from Rand Afrikaans University. After completing his articles he moved into corporate finance where he gained broad experience in the full scope of corporate actions, also attending board and audit committee meetings of Main Board and AltX listed clients in order to advise them on statutory and regulatory requirements. Roger owns and runs an import and distribution business in the medical industry and also holds board positions at various specialised finance structuring special purpose vehicles in the banking industry and private companies.

Trevor Ahier
(Independent Non-Executive Director)
BSc (Civil Engineering) LLB
Age: 52

Trevor obtained his degrees at the University of the Witwatersrand and University of South Africa, respectively. He is an accredited Mediator of the London School of Mediation. Trevor completed the three-year Owner President Management Program at Harvard. Trevor has an extensive entrepreneurial track record in the media, technology and construction industries where he has founded, operated and acquired numerous businesses.

Dennis Lupambo
(Independent Non-Executive Director)
BSc (Electrical Engineering)
Age: 57

Dennis received a Bachelor of Science with Honours in Electrical Engineering in 1987 from the University of Southampton, England. He has since worked in various industries including Mining (Zambia Consolidated Copper Mines), Auditing (KPMG Lusaka, Zambia), Petrochemicals (Sasol), Electricity Utility (Eskom), Management Consultancy (Gemini Consulting), Banking - Cards, Electronic Banking and Home Loans (Standard Bank and Ecobank Transnational Incorporated), Telecommunications (MTN South Africa) and MasterCard Lab for Financial Inclusion (Nairobi, Kenya). He has worked for several leading Pan African companies including Standard Bank, MTN and Ecobank Transnational Incorporated. Dennis is the Managing Executive of Mint Africa responsible for the expansion of Mint Management Technologies Proprietary Limited, a Gold Microsoft Implementation Partner, into the rest of Africa.

Amasi Mwela
(Non-Executive Director)
B.Com, MBA
Age: 39

Amasi began his tenure at Private Property Proprietary Limited ("Private Property") at the beginning of 2019, where his vast experience in developing effective strategic focus, brand repositioning and customer centricity have already begun to bear fruit. Amasi has a proven track record of successfully making strategic acquisitions, showing rapid growth and building operational integrity at prominent companies such as Fundi, Old Mutual iWYZE, American Express Corporate Travel, and both Standard Bank and FNB. His focus on leadership in business and people development are essential contributing factors to success in his role as CEO and is the drive upon which Private Property will continue to grow into significance.

SUBSIDIARY COMPANIES

BMI RESEARCH MANAGEMENT

Kevin Kruger
CEO

Kevin has more than 20 years' experience and a passion for the CPG market in South Africa in both the retail and manufacturing spaces. His expertise lies in building valued long-term relationships, has a passion for building and leading teams and is always looking for new innovative ways to translate research data into actionable insights to our clients. He also has a keen eye for technology which looks to the future rather than the past.

Cindi Collett
Pricing Intelligence & Revenue Growth Management

Cindi engages with clients across all sectors and is passionate about building and maintaining client relationships and achieving results. She has a unique ability to customise her approach to meet account objectives and client expectations while leading and motivating the sales team in delivering solutions and building relationships that are underpinned by strong commercial orientation.

Greg Avramit
IT Director

Greg has over 20 years' experience in information technology including infrastructure and database design, network implementation, data integration, application development and specialises in SQL databases and IT networks. His extensive mobile solution experience efficiently moves data to and from our mobile field force.

Danie Botha
Sales Manager

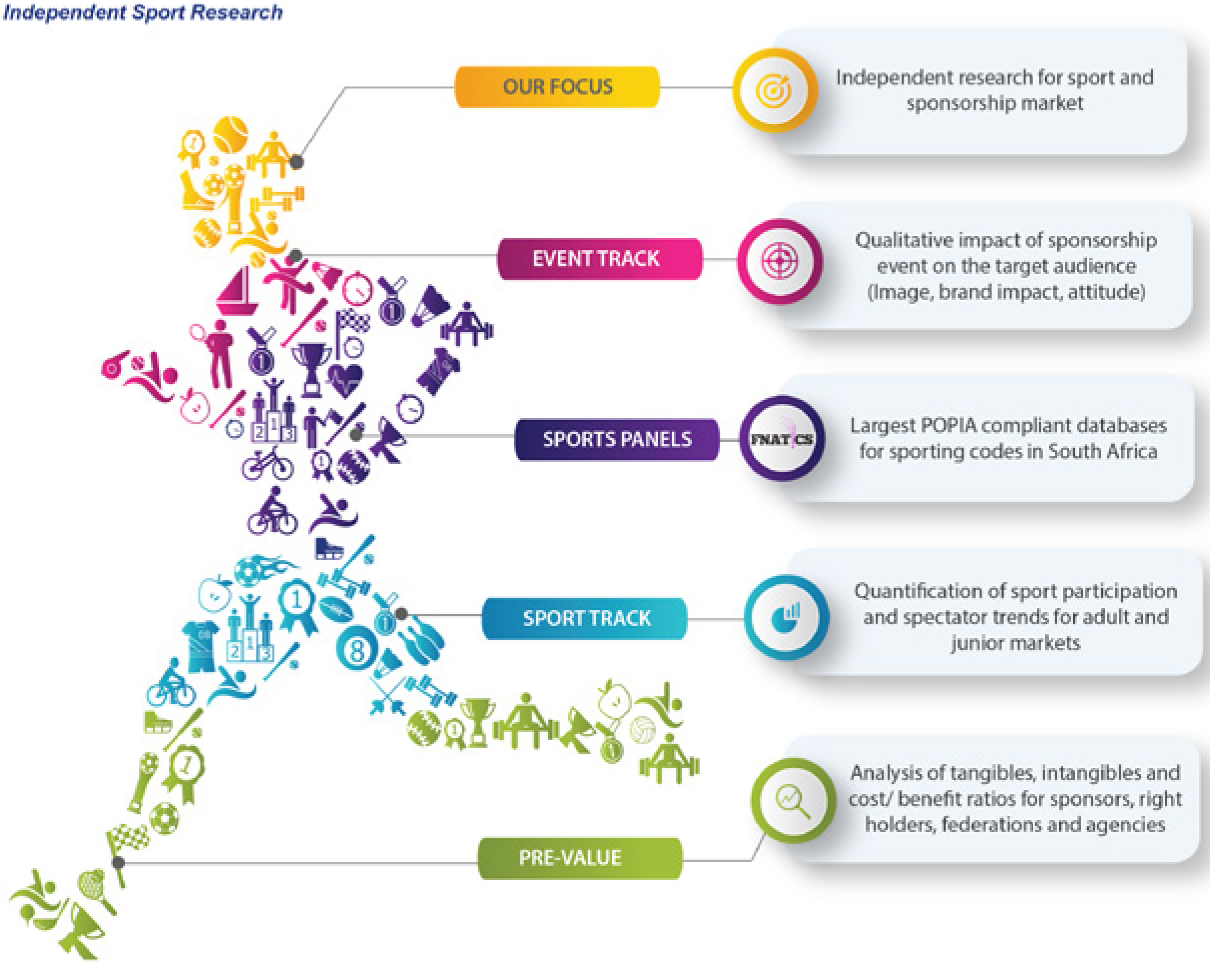
Danie has extensive research experience and he has managed various accounts within all areas of research. This, combined with his love for quantitative research and data analytics and insights, enables him to provide clients with holistic research solutions. His strong interpersonal skills also assist him in building quality, long-term relationships with clients.

Jenni-Ruth Coggin
Consumer Behaviour & Business Insights

Jenni has worked in the marketing research industry for 17 years. She is a top producing management professional and expert in client management and business strategy. She conducts research that is aligned with brand needs and feeds directly into business strategies. Jenni has worked in Johannesburg and Cape Town with local and international clients across the FMCG, Financial, ICT, and Retail sectors.

SUBSIDIARY COMPANIES (CONTINUED)

Independent Sport Research



Twenty-eight years of providing market research and sponsorship quantification for South Africa's major sponsoring companies, television channels, sports goods companies, sport controlling bodies and sponsorship management companies involved in sport, music, culture and sponsored events.

BMI SPORT MANAGEMENT

David Sidenberg

Director and CEO

BA Economics & Finance

David is one of the sports- and sponsorship-industry's most influential thought leaders and together with his company BMi Sport Info, is credited for the pioneering role he has played in helping sponsorship evolve into the leading marketing communications medium it is today.

As part of the ever-expanding BMi Group, David has access to over 25 years of independent research and data across all media channels.

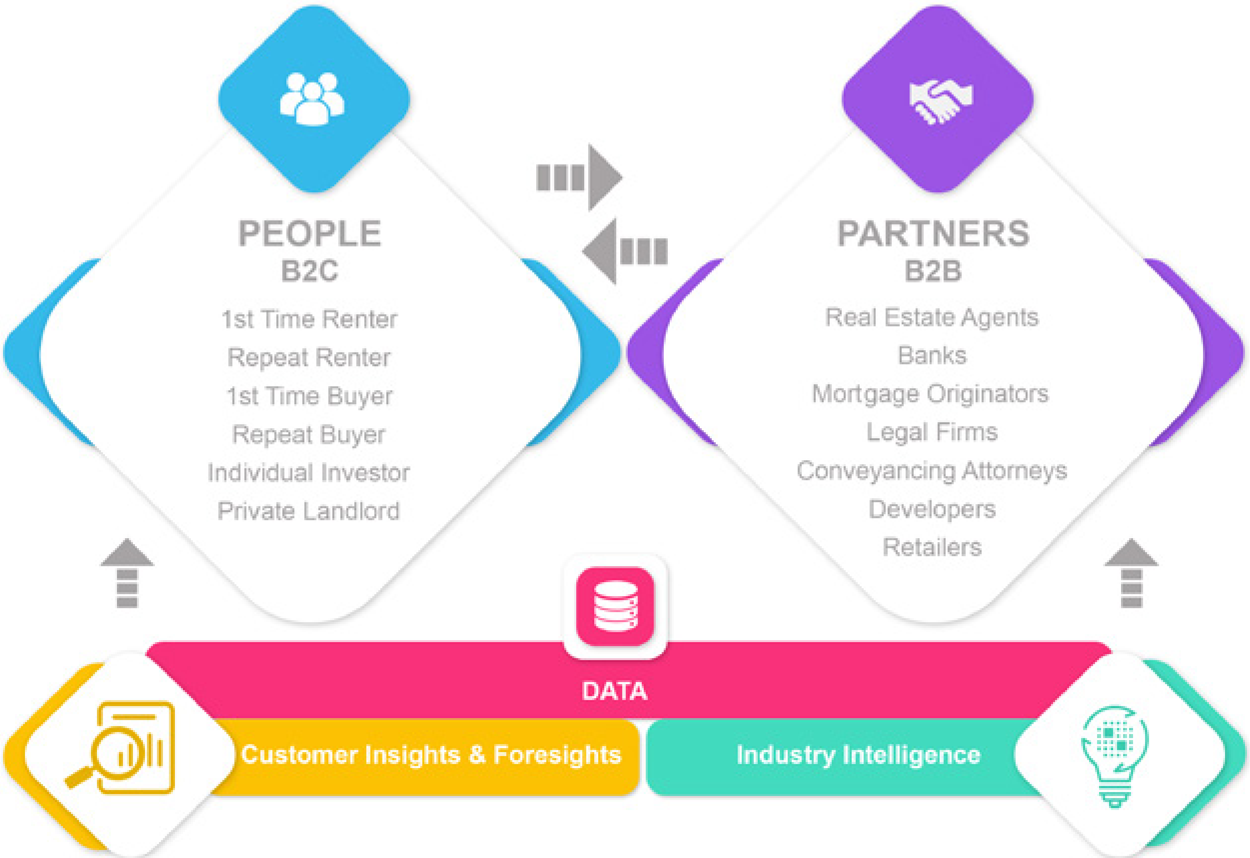
He is regularly called upon to provide a fully integrated research and consulting offering to an impressive list of clients; the likes of which include the who's who of Africa's major sponsoring companies, television networks, sport controlling bodies, federations and teams, as well as the leading agencies involved in the commercialisation and management of sport, music, broadcast and other sponsored causes.

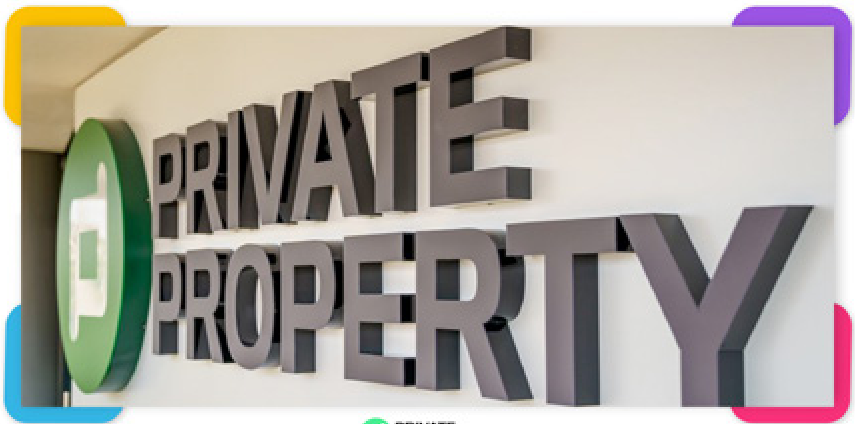
SUBSIDIARY COMPANIES (CONTINUED)

PRIVATE PROPERTY

DRIVING **GROWTH** THROUGH KEY CUSTOMER SEGMENTS

"CUSTOMER OBSESSION WILL BE OUR KEY ORGANISATIONAL DRIVER"





"WE ARE CREATING AN ENVIRONMENT WHERE CUSTOMERS WILL FEEL SAFE, INFORMED AND EMPOWERED"

PRIVATE PROPERTY
THE **PROPERTY** SHOW

PRIVATE PROPERTY MANAGEMENT

Amasi Mwela
Chief Executive Officer
B.Com, MBA

Amasi began his tenure at Private Property at the beginning of 2019, where his vast experience in developing effective strategic focus, brand repositioning and customer centricity have already begun to bear fruit. Amasi has a proven track record of successfully making strategic acquisitions, showing rapid growth and building operational integrity at prominent companies such as Fundi, Old Mutual iWYZE, American Express Corporate Travel, and both Standard Bank and FNB. His focus on leadership in business and people development are essential contributing factors to success in his role as CEO and is the drive upon which Private Property will continue to grow into significance.

Eugène Duvenage
Technology Executive
BSc. Engineering, MSc. Bioinformatics

Eugène started his career in 1997 building artificial intelligence-based solutions for large industrial clients in South Africa. This was followed by a period of international consulting in the telecommunications industry during the tech boom of the early 2000s. In 2005 he co-founded a software development consulting company focused on the financial industry which, in 2013, led to a permanent position with a home loans provider as Chief Architect. The property industry exposure gained during this period providing a solid background to his current position as Technology Executive at Private Property.

Solomon Kuwaza CA(SA)
(Acting CFO)
B.Com (Accounting) UKZN, Hons B.Compt (UNISA)

Solomon qualified as a Chartered Accountant with Ernst & Young Johannesburg in 1999 and then moved into investment banking with Société Générale Investment Bank and then FirstRand Bank for several years after. He consults on financial, audit and risk management to various public and private entities such as ACSA, Tiger Brands and Sasol. He was engaged by Private Property as an acting CFO in February 2020.

Carl van den Berg
Business Development Executive
MBA UKZN

Carl holds an MBA from UKZN and has a wealth of experience in the financial services sector, specialising in home loans. Over the last six years he led highly successful teams and built a formidable track record in digital sales, service products and strategy. He is passionate about property and believes it has the power to unlock wealth and prosperity for the country.

Sandile Hogana
Customer Insights and Innovation Executive
Executive Leadership Education, MBA, BSc (Computer Science and Applied Mathematics)

Sandile has vast experience in multiple industries such as banking, telecoms, entrepreneurial, education and now property. He has an extensive background in product development, pricing, customer segmentation, and data analytics. Sandile is passionate about creating solutions that will delight customers and exceed their expectations.

Tracey Miller
Brand and Marketing Executive

Tracey is a brand, communications and marketing maven with over 15 years' experience in building brands. Prior to joining Private Property, she was a sought-after marketing and communications specialist with an impressive portfolio of public and private sector clients. Tracey served as head of communications for McDonald's South Africa and is a firm believer in marketing excellence and consistent high-volume content generation.

SUBSIDIARY COMPANIES (CONTINUED)

Cost effective data. Priceless insights.

LIVINGFACTS PROPRIETARY LIMITED ("LIVINGFACTS")

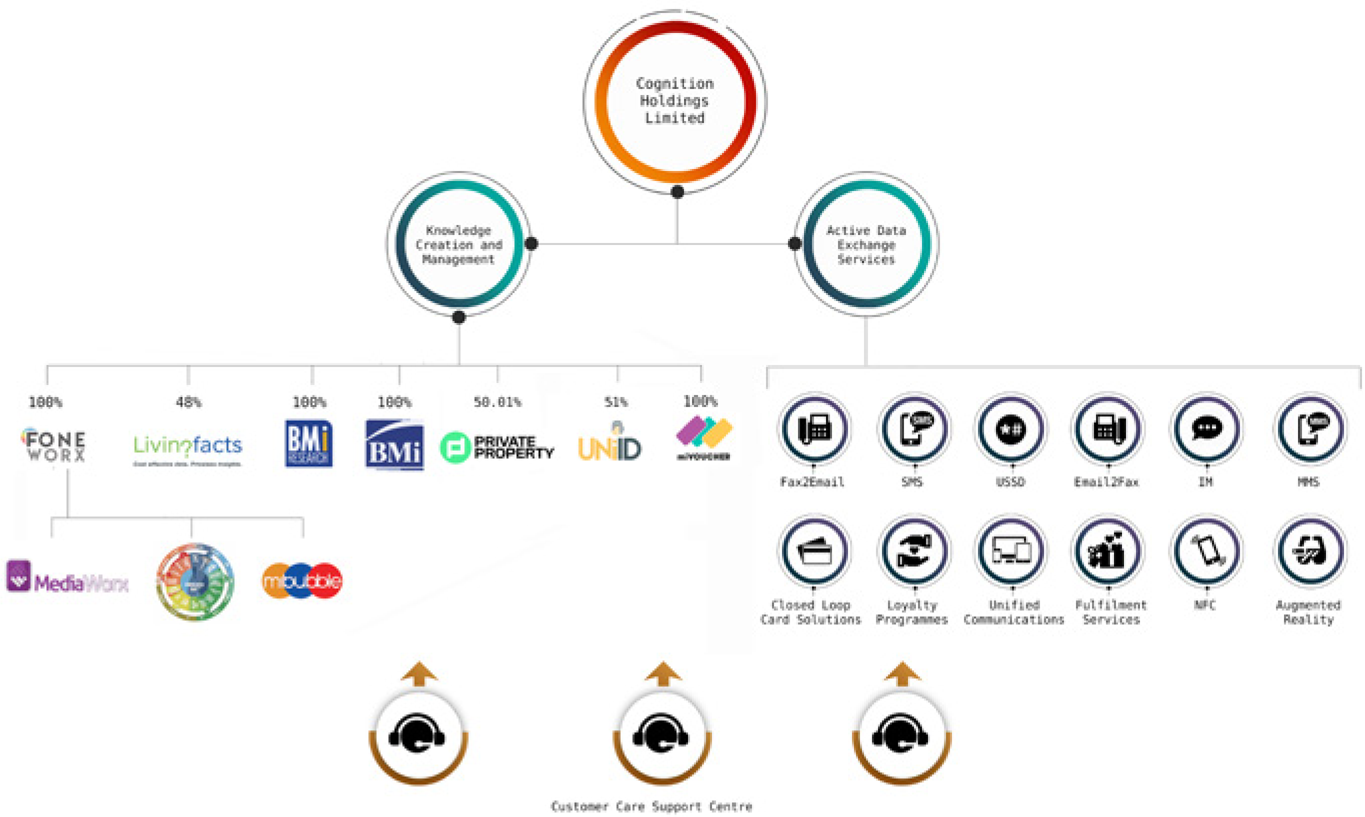
Marylou Kneale

Livingfacts founder and Southern African Marketing Research Association ("SAMRA") researcher, Marylou Kneale, has three decades of research experience and extensive knowledge of the corporate sector. She is a member of SAMRA, ESOMAR, MRS (UK) and AMA (USA), WeConnect International, Women in Finance Network, Businesswomen's Association of South Africa.

Heidi Clowes

Heidi has extensive holistic knowledge of research including design, project management, analysis, reporting and client management. She is an industry expert in the financial, pharmaceutical and logistics sectors. She is a member of SAMRA

GROUP STRUCTURE



CEO'S REPORT FOR 2020

The financial year under review came with a multitude of challenges. Pre-COVID-19 there was a poor local macro-economic environment which manifested in low levels of consumer confidence resulting in challenging trading conditions. The convergence with the restrained economy and COVID-19 created the foundation for one of the most difficult trading environments our Group has ever experienced. Business and consumer sentiment plummeted to new depths.

The nationwide lockdown from the 26th of March 2020 has had differential impacts on the various operating businesses of the Group as described in the operational overview.

At the onset of the COVID-19 pandemic and lockdown that followed, our initial response was to evaluate the impact on:

- staff;
- subsidiaries and associates; and
- suppliers and clients.

We were able to successfully close our offices and enable staff to work remotely. The majority of staff still continue to work from home with around 15% - 20% of our staff working from our offices where remote work is challenging or where essential work needs to be undertaken at the office.

All non-essential capital expenditure was put on hold.

The Group's Cape Town office relocated to smaller offices, reducing rental by around fifty percent. Provision was made to move BMi Research ("BMiR") into the Group's head office as the lease for BMiR was ending in August 2020. This will provide significant savings to BMiR.

All staff were briefed on the hygiene aspects of COVID-19 and supplied with the necessary PPE.

New protocols were established for working at the office during lockdown level five to lockdown level three.

Our senior executives and management have taken voluntary remuneration cuts and staff have had remuneration reductions relative to the different lockdown levels

An impairment evaluation was performed across the Group's balance sheet. Due to the uncertainty around the longevity of COVID-19 and the challenging economic environment, impairment provisions were made as more fully disclosed in the Financial Director's Report.

DIVISIONAL PERFORMANCE

The Cognition Group comprises a number of platform businesses which have technical, software and operational intellectual property, which service either business to business ("B2B") or business to consumer ("B2C").

Our strategy is to acquire or conceptualise, build and manage platforms which are two-sided marketplaces that bring customers and providers together to create and exchange value. Once established, our strategy is to scale both sides of the marketplace.

Active Data Exchange Services ("ADES")

ADES are all the Group's communication protocols including: SMS, IVR, USSD, WhatsApp, email and faxing services that typically operate over GSM cellular networks or fixed line operators.

The Group operates its own server hosting environment and has long-established service provider agreements with MTN, Vodacom, Cell C and Telkom.

Where the Group generates traffic on the various networks, it receives revenue from the respective network.

The communication protocols such as SMS and USSD, are all marketed to our clients via our subsidiary company, FoneWorx, via a number of highly trained sales executives.

Our target audience is very broad and incorporates Fast Moving Consumers Goods ("FMCG"), financial services, the liquor industry and general corporate business.

FoneWorx works closely with many digital or traditional advertising agencies and provides the technical services to facilitate promotional and consumer activity.

Brands need to have a greater understanding of their own customers and use the services (ADES) offered by FoneWorx to collect, process, analyse and store data relating to consumers.

The services offered by FoneWorx are in an industry that is highly competitive, however, we have an advantage by providing a "one-stop-shop" in that:

- we manage and develop our proprietary platform;
- we have remote access to over 80 mobile networks throughout Africa; and
- we provide turnkey solutions around concept, design, programme development and product or prize fulfilment.

The period under review has two distinct and diverse trading profiles. Pre-lockdown (March 2020), the sales activity, whilst still relatively challenging due to the stagnant economy, was consistent and trending upwards. This was particularly evident for our clients in the liquor and FMCG environment.

However, from 27 March 2020, starting with lockdown level five, we experienced a dramatic negative downturn on sales with a number of "non-essential service" clients and the liquor industry being unable to trade at all.

This resulted in the cancellation or postponement of many projects and campaigns.

Under level three there was a short reprieve for the liquor industry. However, this was short-lived and the industry was shut down again during level three.

The nationwide lockdown has had a dramatic impact on the majority of businesses which is well documented.

Most companies immediately adopted a "cash preservation strategy" which meant they extracted themselves from activities such as research, promotions, competitions and, needless to mention, consumer engagement activities which were traditionally face-to-face.

We did manage to design and build a number of on-line or mobile applications for the liquor industry to substitute face-to-face interactions in line with social distancing. However, with the second "hard lockdown" of liquor, these have all been placed on hold.

Notwithstanding the above, prior to the lockdown we developed and hosted 250 campaigns on behalf of 60 clients, collectively covering our 120 consumer brands.

miVoucher

At the commencement of the lockdown we had conceptualised and started the build of a new platform which offers both businesses and consumers access to vouchers across a broad range of activities including: electricity, data, airtime, betting, food, fashion, lifestyle, entertainment and technology. This incorporates vouchers that cover over 400 brands.

The platform enables a brand that wishes to purchase vouchers for staff incentives or for clients or for either promotions or competitions, to access the self-provisioning platform and select from the range of sectors offered. This will establish a new revenue stream for FoneWorx and augurs well for an on-line digital offering particularly during the COVID-19 "new normal". The platform launched in September 2020.

Document Exchange Services

These services, which form part of ADES, include our Fax2Email, Email2Fax and SecurDox. We have reported a continuous decline in faxing, yet we still maintain a database of 52,000 subscribers. With the lockdown there has been a further drop in volumes. However, this has picked up during lockdown level three.

With the promulgation of the remaining sections of the Protection of Personal Information Act ("POPIA"), our blockchain secure messaging platform (SecurDox) should become an alternative to faxing.

Channel Incentive and Loyalty

The Group's Channel Incentive Platform is a proprietary platform which enables companies who sell products or services to incentivise staff or agents on successful sales.

The platform is accessed via a mobile app or website and is supported by a team of moderators and a fully-fledged call centre.

The platform has various modules including: FIA registration, claims, processing, moderation of claims, fraud detection, velocity checks and reporting dashboards.

Funds allocated to participants are paid into an electronic wallet managed by a registered bank and participants are allocated Mastercard debit co-branded cards and transfer funds from their wallet to the Mastercard.

To date we have close to 11,000 active members with cards.

The platform has, since inception in November 2015, processed over R500 million in claims.

During the lockdown levels five and four, all mobile retail outlets (MTN, Vodacom, Cell C and Telkom) selling mobile devices were forced to close down and this had a dramatic impact on our weekly claims. On average the platform processes around 13,000 claims per week. However, during the lockdown this dropped to around 160 claims per week. When the retail channels were allowed to re-open, there were stock shortages which took a few weeks to re-establish. We are pleased to advise that our claims processing has returned to its historical pre-COVID trends.

In the latter half of June 2020, we commenced discussions with a new client for the Channel Incentive Platform. Post the year-end, the client has concluded a contract and we will onboard this client by 1 October 2020.

Platform Technology and Knowledge Management

Businesses need to know their customers to retain them, extract value from them and offer them value.

Data is becoming increasingly important to every business, yet it will become harder to come by for the following reasons:

Privacy legislation: POPIA has now been promulgated and every business in South Africa must be compliant by July 2021.

Consumers are "pushing back" against unwanted communications or spam.

Third party data is under threat and won't be supported by 2022.

Given the acceleration of the above factors, the Group is aggregating its Knowledge Management and Personal Information Management platforms (previously referred to as mibubble) to launch a fully-fledged Consumer Data Platform ("CDP") to enable consumers to self-curate critical personal information, store the data and share the data with brands of their choice in exchange for rewards. The promulgation of the remaining sections of POPIA has now firmly placed the potential of this platform on the map.

Any business that processes personal consumer data will need to be able to manage this data in a POPIA and, where applicable, European Union General Data Protection Regulations compliant manner and concurrently be able to monetise this data with full transparency and with the consent of the consumer.

Research Assets

BMi Research (Proprietary) Limited ("BMiR")

Pre-COVID-19, the decision was taken to restructure BMiR with a view to placing human and financial resources behind service offerings and products that had greater propensity for growing market share and to either close less performing service offerings or merge them into other divisions.

This process was successfully concluded by the end of June 2020 and has resulted in:

- Focussing the business on two primary drivers:
  - Market performance, consumer behaviour and business insights;
  - Pricing intelligence and revenue growth management;
- Reducing staff count by nine; and
- Relocating the business into the offices of Cognition.

The business is re-focussed and re-energised, however, it has faced many challenges since the lockdown on 27 March 2020.

Given the strategy of "cash preservation" adopted by most companies, many research projects have either been cancelled, postponed or reduced in scope and value.

During lockdown level five to level three, BMiR staff who undertake regular in-store pricing surveys were prohibited to enter many stores to carry out research and data gathering projects.

On the positive side, given that the business managed a remarkable re-structure during lockdown level five to lockdown level three, the business is very well poised to leverage its new structure post COVID-19.

BMi Sport Info (Proprietary) Limited ("BMiS")

BMiS provides a defined range of sport and sponsorship-related services. These services incorporate: sport tracking and sponsorship consulting, e-gaming, millennial tracking, socio-economic and sporting impact evaluation and bespoke sporting evaluation.

Pre-COVID-19 lockdown, BMiS was experiencing challenging conditions due to the poor economic conditions and challenges facing many sporting codes, resulting in many blue-chip brands cutting back on sponsorships and research.

From lockdown level five (27 March 2020) there was a total prohibition on all sporting codes which, needless to say, had a devastating impact on this business. BMiS's primary source of revenue relies on the evaluation and quantification of live sports and events, where data on these events is measured via television, radio and print. Data is collected on each event and insights and reports generated from the raw data. With a prohibition on all sports, this, needless to say, has had a negative impact on the collection and processing of data.

The business was fortunate to have existing long-term contracts which has allowed it to navigate through this very difficult period. Post year-end it has managed to secure some tenders and is seeing some early "green shoots" of a slow recovery. It is uncertain when all sports will resume and when spectators will be able to return to stadiums, so it is anticipated that there will be a slow recovery.

Property Portfolio

Private Property South Africa (Proprietary) Limited ("PPSA" or "Private Property")

As mentioned in our previous reporting period, the Group acquired 50.01% of PPSA, with effect from 1 January 2019.

PPSA is one of South Africa's largest property portals and has been in operation since 1998. The company holds a significant market share in the South African property market.

Under the new leadership of Amasi Mwela and a restructured executive team, a number of exciting milestones and new developments unfolded during the period under review and prior to the much-documented lockdown. These include:

- The Property Show, organised by PPSA, which is the ideal platform for anyone looking to further their property journey whether it's buying, selling, renting or investing.
- These shows bring together the biggest real estate brands, including financial service providers, estate agents, developers and conveyancers. These shows offer educational and inspirational theatres offering practical property advice and knowledge to help educate thousands of visitors.
- Two very successful shows were held in Durban (August 2019) and Johannesburg (October 2019) with the Cape Town show (March 2020) being cancelled due to the national lockdown.
- Realignment of the Property Power book in partnership with Private Property. The book is designed to empower home buyers, home sellers, first-time property investors and owner-builders with knowledge regarding important aspects of property.
- The launch of the new brand positioning and logo. This new brand positioning reflects the new business strategy of expanding beyond digital, towards a multi-channel approach that includes a variety of physical, print and digital touch points to bring the platform closer to consumers.
- A partnership with one of South Africa's top five retail banks, ABSA, to enhance collaboration.
- Enhanced metrics that reflect the improved performance of the platform incorporating: sessions, unique users, page views, sales leads and rental leads.

The lockdown from 27 March 2020 had a negative impact on the platform throughout levels five and four, where the regulations prevented the face-to-face filming of property listings and similarly show days for potential sales. This had a negative impact on revenues.

Pursuant to the lockdown, management adopted a mitigation plan which included:

- Offering a 25% discount to estate agents for a period of three months
- Postponement of the annual price increase
- Reducing the marketing budget and focussing on digital marketing where the business has gained good traction since the re-brand

During lockdown level three, post the year-end, the business improved dramatically and new listings were substantially increased.

CEO'S REPORT FOR 2020 (CONTINUED)

PROSPECTS

I have been truly encouraged to witness the resilience and fortitude of our respective leaders of each of the Group's operating assets as well as our senior management and staff.

We have often heard the maxim "Never waste a good crisis", this is now more relevant than ever.

The combination of an ailing economy and the COVID-19 pandemic will fundamentally change business forever.

The recovery for most businesses will be long and fraught with challenges.

The impact of COVID-19 has demonstrated which businesses are more or less defensive against "traumas" of this nature.

As businesses, we all need to accept a new paradigm and look to re-inventing and innovating our businesses to adapt to these new realities.

As a Group, we have managed to navigate through these uncertain times with some great insights that will assist us in our recovery phase.

We have some exciting and resilient assets with solid leadership at the operational level to help us in this period of transformation, although we appreciate that market conditions will remain challenging.

I would like to express my sincere gratitude to all my fellow board members, leaders of each of our assets, staff and partners for their dedication and hard work during these unprecedented times.

Mark Smith
Chief Executive Officer

FINANCIAL REPORT

Introduction

During the period under review, the Group was challenged to operate within a poor economy for the three quarters of its financial year which was only worsened by the impact of COVID-19 in the last quarter.

Financial Performance

Group revenue increased by 22.33% from R215 million to R263 million. This was attributable to the acquisition of Private Property that was acquired in January 2019 and was included in the Group results for a full financial year compared to the previous year when Private Property was only included for a period of five months. The inclusion of Private Property offset the decline that was experienced by legacy businesses caused by poor economic conditions and exacerbated by the COVID-19 pandemic and subsequent lockdown. The legacy business is made up of the Group prior to the acquisition of Private Property and comprises FoneWorx and the Research Assets being BMi Research and BMi Sport Group.

The Research Assets were the hardest hit by the tough economic conditions which resulted in a reduction in revenue of 32% for the financial year as compared to the prior corresponding period. The Group implemented severe cost cutting measures and reduced the staff count to counter the decline in revenue. Due to prudent management, the Research Assets have more than adequate financial resources available to them and do not require financial assistance from the Group.

As per the segment report in note 40 of the Annual Financial Statements above, revenue from Active Data Exchange Services declined by 17.5% from R62.1 million to R51.3 million and Gross Profit declined by 35.2% from R49.8 million to R32.3 million. This segment includes services such as Fax2email services and campaign related services that were severely impacted by the COVID-19 lockdown.

The Knowledge Creation and Management segment increased by 38.5%. Gross Profit increased from R105 million to R181 million which was achieved by the inclusion of Private Property for the full financial period.

Earnings Before Interest Depreciation Tax and Amortisation (EBIDTA) and Impairment charges for the Group remained stable at R27.4 million compared to the EBITDA of the previous year of R27.7 million. The EBITDA margin for the Group is 10.41% down from 13.04% in the previous year. Should the Research Assets be excluded from this calculation the Group will have a margin of 13.95% which is in line with the margin as reported in the previous year of 13.05%.

The Group's operational cost increased significantly to R79.1 million from R50.9 million and staff costs increased by 35.8% from R78.2 million to R106.3 million due to the inclusion of Private Property for the full year. The operating costs in the legacy businesses decreased by 7.5% and staff costs for the legacy businesses decreased by 15.5% for the year due to the implementation of cost cutting measures.

During the year under review, the Group finalised the process to fair value of identifiable assets and liabilities. of Private Property. Through this process the Group identified R26 million of intangible assets related to the purchase of Private Property. These intangible assets will be amortised over the next three to five years effective from the date of acquisition. The Group therefore applied the measured period adjustment by amortising from 1 February 2019. The Group's depreciation and amortisation for the past year increased to R14.9 million for the year compared to R9.6 million in the previous year.

In addition, the Group impaired Goodwill related to the Research Assets to the value of R22.1 million and a further R1.7 million relating to the investment in its associate.

With the adoption of IFRS 16 – Leases, the long-term rental of office space is reflected as a right of use asset and a lease liability in the Statement of Financial Position with the apportionment of amortisation and finance charges in the Statement of Financial Position. With lower prevailing interest rates and a lower average cash balance, the Group's income from investments reduced by 26% from R7.1 million to R5.2 million.

The net result of the above is that the Group is reporting a loss before taxation of R7.2 million and a comprehensive loss of R12.2 million. Further to this, income to the amount of R6 million relates to non-controlling interests with the resulting loss attributed to the shareholders of the Group being R18.3 million.

Based on the weighted average number of shares in issue for the period of 232 501 927 shares (2019: 179 079 268), (loss) / earnings per share ("EPS") declined by 209.57% from 7.21 cents in the 2019 financial year to a loss of 7.9 cents for the period under review. Headline earnings per share ("HEPS"), which does not account for the impairment of goodwill and investments, declined from 8.36 cents per share to 2.33 cents per share.

FINANCIAL REPORT (CONTINUED)

Statement of Financial Position

The Group continues to maintain a prudent approach regarding the use and allocation of its resources and continues to maintain a healthy financial position which, given the current unprecedented and very difficult financial times, has served it well.

The Group's cash resources decreased from R123.4 million in the previous financial year to R85.7 million, a decrease of 30.57%. This reduction is due to the buy-back of shares to the value of R23.5 million and the payment of a dividend of R26.2 million. The Group generated R20.5 million cash from operation in the past year.

The Group's Trade and Other Receivables reduced from R50.6 million to R41.3 million with a matching decline in Trade and Other Payables from R38.7 million to R28.6 million. This was as a result of reduced trading activity at year-end due to the impact of COVID-19 and the lockdown.

As mentioned above, the Group finalised the process to fair value the identifiable assets and liabilities of Private Property. This resulted in a reallocation of Goodwill related to the purchase of Private Property to the value of R19.4 million to intangible assets related to the Private Property brand, customer relationships and the Private Property Platform to the value of R26.9 million and the creation of a deferred tax liability to the value of R7.5 million. The net result is that the Goodwill related to Private Property reduced from the previous reported amount of R114.7 million to R95.3 million.

Equity Movements

During the year, the Group declared and paid a dividend of 10 cents per share relating to the 2019 financial year.

The Group repurchased and cancelled 14 176 110 shares for a consideration of R23 547 044. 14 086 110 shares were repurchased in terms of a settlement agreement concluded between the Group and shareholders holding 14 086 110 shares at a cost of R1.66 per share as determined by in independent valuation expert. The remaining shares were bought on the open market in terms of a general share buy-back scheme.

As at 30 June 2020, the Company did not hold any treasury shares.

Going Concern

In determining the going concern of the Group, the Board carefully considered the impact that COVID-19 will have on each company in the Group within the short-to-medium-term as well as the long-term sustainability. The Group is fortunate that most of its services can be offered remotely and the Group has adequate facilities to ensure that staff that have to operate from its premises can do so with adequate health measures and social distancing in place. All the operating companies in the Group have sufficient working capital and the Group is in a healthy financial position with limited debt. The Board has formally considered the going concern assertion for the year going forward and is of the opinion that it is appropriate.

Conclusion

The Group has long maintained a very conservative approach to business and has always focused on retaining the best possible cash position with limited debt. Given the current economic conditions, the Group is still in a healthy financial position as was able to deliver strong cash flow despite very difficult financial times.

5-year analysis and graphs

	Movement 2019/2020	30 June 2020	30 June 2019	30 June 2018	30 June 2017	30 June 2016
Financial position		**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Total equity	-21.0%	234 122	296 238	150 052	146 849	146 908
Total assets	-18.4%	294 147	360 334	221 800	202 542	188 490
Total cash	-30.6%	85 705	123 439	104 391	81 279	79 522
Total current assets	-26.7%	128 359	175 012	156 479	130 548	120 322
Total liabilities	-6.4%	60 024	64 096	71 747	55 675	41 582
Total current liabilities	-17.6%	44 837	54 407	68 669	47 836	29 312
Operating results		**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Gross Revenue	-4.8%	429 763	451 599	351 077	279 699	173 912
Revenue generated through Agency services	-30.3%	166 598	239 192	193 193	129 193	38 885
Revenue	23.9%	263 166	212 407	157 884	150 506	135 027
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	-1.1%	27 386	27 698	30 114	29 064	23 596
Operating (loss) / profit	-170.2%	(11 275)	16 070	22 463	22 082	17 518
(Loss) / Profit for the year	-180.0%	(12 298)	15 366	20 596	19 524	18 582
(Loss) / Profit for the year attributed to owners of the parent	-100.1%	(18 371)	12 920 277	20 509	18 612	18 227
Impairment of goodwill and investments		23 761	2 009	-	-	-
Net cash generated from operations	102.3%	23 390	11 562	52 771	26 865	21 107
Depreciation & Amortisation	54.9%	14 901	9 620	7 675	6 982	6 078
Staff Cost	35.8%	106 348	78 290	52 587	52 167	43 154
Operating Expenditure (including ECL)	54.4%	80 420	52 091	18 357	19 041	16 524
Financial ratios						
EBITDA margin	-20.2%	10.41%	13.04%	19.07%	19.31%	17.48%
Operating profit margin	-156.6%	-4.28%	7.57%	14.23%	14.67%	12.97%
Return on equity	-167.3%	-4.64%	6.89%	13.87%	13.29%	12.50%
Return on assets	-171.2%	-3.76%	5.28%	9.71%	9.99%	10.00%
Debt Equity Ratio	18.5%	25.64%	21.64%	47.81%	37.91%	28.30%
Solvency Ratio	4.3%	43.92%	42.12%	39.40%	47.61%	59.30%
Average debtors' days - Gross Revenue	-13.4%	38 days	44 days	71 days	62 days	62 days
Liquidity ratio	-12.8%	4.9 times	5.6 times	3.1 times	3.6 times	4.5 times
Share performance						
Number of shares in issue at year-end	-5.8%	229 273 021	243 398 421	137 615 798	137 615 798	137 527 659
Weighted average number of shares at year end	29.8%	232 501 927	179 059 401	137 615 798	137 615 798	137 448 249
Basic earnings per share	-195.2%	-7.78 cents	8.17 cents	14.95 cents	13.52 cents	13.25 cents
Headline earnings per share	-83.5%	1.54 cents	9.31 cents	14.95 cents	13.52 cents	13.20 cents
Net asset value per share	-19.4%	93.61 cents	116.08 cents	108.49 cents	106.71 cents	106.82 cents
Tangible net asset value per share	-34.1%	34.15 cents	51.81 cents	76.37 cents	71.97 cents	72.76 cents
Closing share price at year-end	0.0%	90 cents	90 cents	100 cents	151 cents	135 cents
Dividend per share	66.7%	10.00 cents	6.00 cents	8.50 cents	8.00 cents	12.00 cents

CORPORATE GOVERNANCE REPORT

This Corporate Governance Report sets out the governance principles and practices of Cognition.

The Board adheres to and applies sound corporate governance and aligns itself to the principles set out in the King IV Report ("King IV"). All Board members are aware of their responsibility to ensure that the financial statements fairly represent the state of affairs of the Group. The Board regularly reviews its performance and core governance principles.

Compliance

The Company complied with the Companies Act, King IV and the provisions of the Listings Requirements of the JSE Limited ("JSE Listings Requirements").

Ethics and Values

Although the Board has not adopted a written code of ethics, the Board endorses the principles set out in King IV and follows the principles and recommendations in King IV.

By applying the principles enshrined in King IV, the Board has committed itself to:

- Acting with integrity and adopting best practice in its dealings with stakeholders and society at large;
- Doing business with customers and suppliers using best ethical practices;
- Employment practices which are non-discriminatory, and which include training and skills development; and
- Doing business in a manner that is sustainable for all stakeholders.

The Board has assessed its governance practices and procedures against the King IV principles and recommendations. The Board will continue to assess its governance practices and procedures and, where necessary, make the necessary adjustments. An analysis of the Group's King IV compliance can be viewed on the Group's website under the Investor Relations > Governance tab at www.cgn.co.za.

Board Changes During the Year

Sadly, Piet Greyling passed-away on 13 April 2020. The Board welcomed the appointment Amasi Mwela as a Non-Executive director of the Company from 15 June 2020.

Board of Directors

The Board is the focal point for, and custodian of, corporate governance for the Group. It is responsible for managing its relationship with management, the shareholders and other stakeholders of the Group along sound corporate governance principles.

It is the Board's responsibility to direct the Group's sustainable growth by exercising sound leadership and judgement. This is achieved by having regard to a balanced financial, social and environmental performance and by considering the legitimate expectations of all of its stakeholders when making decisions that are in the best interests of the Group. The Board has adopted a Board charter which articulates the Board's objectives and responsibilities. Written terms of reference have also been adopted for each of the Board sub-committees. These terms of reference are reviewed at least annually.

The Group has a unitary Board structure. At the date of the Annual Report, the Board consisted of three executive directors, five independent non-executive directors (of which one is the Chairman) and three non-executive directors. In the Board's opinion, this is an effective structure.

The Board believes that an appropriate policy is in place to ensure that a balance of power and authority exists amongst directors, so that no one director has unfettered powers of decision-making. The biographical details of the directors appear on pages 3 to 5 of the report.

In accordance with the principles in King IV, the roles of the Chairman of the Board, who is independent, and Chief Executive Officer, are separate.

The Board has not formed a Nominations Committee to co-ordinate and evaluate appointments to the Board. Where vacancies do arise, the Board sets the criteria that a candidate would be required to meet, for the position, which includes criteria relating to gender and race diversity.

In the event of a vacancy arising, then proposals for the appointment of a candidate to the Board are required to be accompanied by the candidate's consent to act as a director and a detailed CV, including the candidate's relevant expertise, experience and qualifications. Candidates will be assessed on their CV, background checks and after an interview process.

Disclosure of Interests

Board members are required to disclose any interests in material contracts that involve the Group. This is done in accordance with the disclosure requirements of section 75 of the Companies Act. During the year under review no director or officer of the Group had an interest in any material contracts involving the Group.

Personal Share Dealings

A formal policy is in place within the Group that restricts share dealing by directors, officers and specific staff members during closed periods. The closed periods are effective from the end of the interim and annual reporting periods until the financial results are disclosed on SENS. Embargoes are also placed on share dealing when the Group is trading under a cautionary announcement.

Prior to dealing, directors are required to obtain written clearance from the Chairman of the Board. The Chairman in turn requires written permission from the Chairman of the Audit Committee. The Company Secretary must be notified of any dealings in the Company's shares within three business days. This information must be published on SENS within 24 hours of the notification of such dealing. A register of share dealings by directors is maintained by the Company Secretary and reviewed by the Board.

There were no directors' dealings during the year under review.

The basis of the Board's responsibilities and functions are derived from King IV which provides broad areas of evaluating and identifying key financial and non-financial risk areas of the Group.

The Board identifies principal performance and risk indicators which reflect resource planning, products, service and human resource. The Board is of the view that its members have the expertise and experience to fulfil their obligations to the Group.

The Board meets a minimum of four times a year. Additional meetings are constituted when required.

The executive directors of Cognition are responsible for the day-to-day management of the Group. The Group currently has three executive directors: Mark Smith, Pieter Scholtz and Graham Groenewaldt.

The remuneration of the executive directors is determined by the Remuneration Committee.

The executive directors are mandated and held accountable for:

- the implementation of strategies and key policies determined by the Board;
- managing and monitoring the business and affairs of the Company in accordance with approved business plans and budgets;
- prioritising the allocation of capital and other resources; and
- establishing the best managerial and operational practices.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Directors' attendance at Board and committee meetings for the year under review

	Board		Audit and Risk Committee		Remuneration Committee		Social and Ethics Committee	
	Number of meetings	Attended	Number of meetings	Attended	Number of meetings	Attended	Number of meetings	Attended
A Mancha	4	4	4	4	1	1	2	2
G Mooney	4	2	4	2	1	1	2	2
M Smith	4	4	4*	4*			2*	2*
P Scholtz	4	4	4*	4*			2*	2*
G Groenewaldt	4	4					2	2
R Pitt	4	4	4	4	1	1		
P Jenkins	4	4						
M du Plessis	4	4						
PG Greyling[ŧ]	4	3						
T Ahier	4	3						
D Lupambo	4	3	4	3				

(* By invitation)
([ŧ] Until 13 April 2020)

Risk Identification and Management

The Audit and Risk Committee reviews the risks facing the Group on a regular basis.

Risk identification and the management of risk which includes the action taken to mitigate risk is undertaken by each subsidiary's executive team. The material risks of each subsidiary are consolidated and are then reviewed by the Audit and Risk Committee. The risks considered by the Audit and Risk Committee as being the most material risks are set out below in the table below in order of priority together with the mitigating actions for each of the respective material risks.

Risk Category	Key Risk	Risk Mitigation
Strategic	**Impact of Covid-19** **Key performance indicators**	• Continuous engagement and communication with clients to ensure their services remain relevant to their customers • Review and introduce new products and services to ensure they remain relevant to clients and consumers in the "new normal" • Re-evaluate KPIs in relation to Covid-19 and Non-Covid-19 factors
Compliance	**Data Privacy**	• Raise awareness of POPIA and its requirements • Audit of information held • Prepare and implement Privacy Program on completion of gap analysis • Assess flow of data • Update contracts to ensure compliance with POPIA • Evaluate third party relationships • Establish appropriate governance structures

Risk Category	Key Risk	Risk Mitigation
Market	**Concentration of Revenue**	• Pursue new opportunities and products on an ongoing basis • Review existing products to ensure relevance • Develop alternative relevant service offerings • Broaden client base by diversifying products, services and base of pyramid • Diversification into new markets • Develop products and services capable of generating long term annuity income
Operational	**Technology**	• Create an environment where innovation is rewarded and encouraged • Regular review of current systems against what is available on the market • Develop systems that meet current needs of the business and its clients
Knowledge and people	**Skills**	• Offer competitive and market related remuneration and benefits (incentives) to attract and retain skilled and key staff • Ensure appointment of appropriately qualified and skilled staff that match group strategy • Ensure appropriate succession planning • Create an environment where innovation is rewarded and encouraged and staff are remunerated for outcomes

Performance Monitoring

The Board carries out a self-evaluation every two years. The purpose of the evaluation is to ensure that the Board and its committees function as they should and that they have discharged their duties in accordance with the mandates contained in the respective charters.

The last self-evaluation showed that directors had the necessary balance of skills, experience, diversity, independence and knowledge required to discharge their responsibilities.

Independence of Directors

Mr Mancha, the Chairman of the Board and Mr Mooney are both independent non-executive directors who have served terms exceeding nine years. The Board is satisfied that there are no relationships or circumstances that are likely to affect or appear to affect the judgement of either Mr Mancha or Mr Mooney. Mr Pitt, as Chairman of the Audit and Risk Committee has considered the criteria of King IV relating to the determination of a director's independence and has ascertained after consultation with Mr Mancha and Mr Mooney that Mr Mancha and Mr Mooney's independence of character and judgement has not in any way been affected or impaired by their length of service.

Mr Ahier holds an indirect beneficial interest in the Company. An assessment has been done in accordance with the King IV and it has been determined that because the value of the securities held indirectly by Mr Ahier are not material to his personal wealth he meets the independence requirements set out in King IV.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Company Secretary

All directors have access to the advice and services of the Company Secretary. The Company Secretary is Advocate Stefan Kleynhans.

The Company Secretary assists the Board in meeting its fiduciary obligation to the shareholders and is responsible for the functions specified in the Companies Act.

All meetings of shareholders, directors and Board sub-committees are properly recorded, as per the requirements of the Companies Act. The Company Secretary also monitors the directors' dealings in securities and ensures adherence to closed periods when trading in Cognition shares.

A formal evaluation of the Company Secretary was conducted by the Chief Executive Officer on behalf of the Board. The evaluation was in line with key legislative and governance principles and practices (Companies Act and King IV). The evaluation included a consideration on the competence, knowledge, experience and qualifications of the Company Secretary, Advocate Stefan Kleynhans.

In line with the provisions of paragraph 3.84(h) of the JSE Listings Requirements, it is confirmed that the Company Secretary has combined qualifications that include BA (Law) B.Iuris, LLB, LLM (Banking Law), LLM (Corporate Law) and ACIS. It is further confirmed that the Company Secretary has the requisite combined competence, knowledge, qualifications and experience to carry out the duties of a secretary of a public company. Considering the statutory duties imposed by the Companies Act, it is confirmed that the Company Secretary fulfilled the statutory duties in line with the statutes.

Rotation and Retirement from the Board

In terms of the Company's Memorandum of Incorporation, at each Annual General Meeting of the Company, one third of the non-executive directors are required to retire from office. The names of the directors eligible for re-election are submitted at the Annual General Meeting, accompanied by appropriate biographical details, as set out in the Integrated Report. The Company has not adopted a retirement age for directors.

Remuneration

The details relating to directors' fees and remuneration are disclosed in the Remuneration Report on page 40 and note 26 of the financial statements. The fees that are, subject to approval by the shareholders by way of special resolution, proposed to be paid to the independent non-executive directors, are set out in the Remuneration Report and the Notice of Annual General Meeting which are attached hereto and which form part of this Annual Report. The basis on which the remuneration of the executives is determined is set out in the Remuneration Report. The remuneration of the executives, as approved by the Remuneration Committee, is disclosed fully in note 26 of the Annual Financial Statements.

BOARD COMMITTEES

The directors have delegated specific functions to committees, to assist the Board in meeting their governance responsibilities. The Board committees are constituted with sufficient non-executive representation. The Board committees are subject to regular evaluation by the Board, so as to ascertain their level of performance and effectiveness.

The committees act in accordance with approved terms of reference, which are reviewed annually – allowing the directors to confirm whether or not the committees have functioned in accordance with such written terms of reference during the financial year.

Executive Committee

The Executive Committee ("Exco") meets weekly and is responsible for the day-to-day management of the Group.

Executive management and the Board work closely in determining the strategic objectives of the Group. Authority has been delegated to the Chief Executive Officer and the Exco by the Board for the implementation of strategy and the ongoing management of the business. The Board is apprised of progress through reporting at Board meetings and regular communication with management.

The responsibilities of the Executive Committee include:

- monitoring and managing risk;
- developing and implementing the Group's strategic plan;
- determining human resources policies and practices;
- preparing budgets and monitoring expenditure;
- monitoring operational performance against agreed targets; and
- adhering to financial and capital management policies.

Audit and Risk Committee

Members

- Mr Roger Pitt (Chairman)
- Mr G Mooney
- Mr D Lupambo

All three members of the Audit and Risk Committee are independent non-executive directors.

The independent external auditor attends the meetings as a standing invitee. The Chief Executive Officer and Financial Director attend the meetings by invitation.

The Audit and Risk Committee report can be found in the Annual Financial Statements on pages 43 to 45.

The Audit and Risk Committee acts in accordance with approved terms of reference.

The Audit and Risk Committee met four times in the financial year. Attendance of committee meetings is available on page 24.

Internal Controls and Audit

The Group does not have a dedicated internal audit function, but the Audit and Risk Committee is mandated from time to time to require management to review and report on key operational controls. These reviews can be performed by internal staff that will report their findings independently to the Committee or by external consultants.

The internal controls and systems that are maintained by the Group are designed to provide a reasonable degree of assurance regarding the integrity and reliability of the financial statements and are aimed at adequately safeguarding, verifying and maintaining accountability for the assets of the Group and its stakeholders.

Based on the tests carried out on the internal controls, nothing material has come to the attention of the Board or the external auditor to indicate that there has been any material breakdown in the functioning of the abovementioned internal controls and systems during the year under review.

The Audit and Risk Committee has recommended the Annual Report to the Board for approval.

The Audit and Risk Committee has considered and has satisfied itself as to the appropriateness of the expertise and experience of the Financial Director, Mr Pieter Scholtz.

CORPORATE GOVERNANCE REPORT (CONTINUED)

IT Governance

The role of IT Operations is to ensure that IT is aligned with business operations and translate the requirements of the business into efficient and effective IT solutions. It is regarded as critical to the sustainability of the Group.

The Group has an IT Security Policy that covers access to information, information integrity and business support. In addition, the IT Security Policy also addresses information integrity by implementing hierarchical password access control, testing and change control of systems, anti-virus management and firewalls.

The responsibility for reporting on IT Security falls on the IT Manager and IT Systems and Architect Manager who report on a weekly basis to Exco and by invitation to the Board. It is the duty of the IT Managers to ensure that IT Security controls are in place and all risks associated with the IT Department and the Group's products and services are identified and, where appropriate, mitigated.

To provide for the risk associated with any possible disasters that may affect the Group's IT capacity, multiple distinct and diverse hosting environments are in operation. These sites operate as live sites for most of the Group's revenue. In addition, one of these sites provides a full back-up and stores all facets of services managed by the Group, remotely.

The Group also pays an external consultant to assist and advise on firewall protection and gateway and database management. In addition, the Group also consults with external software security companies to provide input on security, hacking, phishing and the like.

The Company has, in addition to the Group's external auditors, contracted with B E Rees & Company to audit the control systems to ensure that these comply with the requirements of the Consumer Protection Act, 2008 (Act 68 of 2008) and WASPA Code of Conduct.

Social and Ethics Committee

Members

- Mr A Mancha (Independent non-executive director and Chairman)
- Mr G Mooney (Independent non-executive director and member)
- Mr Graham Groenewaldt (executive director and member)
- The CEO and Financial Director attend the meetings by invitation
- The Social and Ethics Committee met two times during the year under review

The Social and Ethics Committee acts in accordance with approved terms of reference. The Chairman of the Social and Ethics Committee reports to the Board after every meeting held. The Chairman of the Committee attends Annual General Meetings to answer shareholder questions.

The Social and Ethics Committee's roles and responsibilities include, but are not limited to:

- monitoring the Group's activities, having regard to any relevant legislation, other legal requirements or prevailing codes of best practice;
- Good Corporate Citizenship;
- the environment, health and public safety, including the impact of the Company's activities and of its products or services;
- consumer relationships, including the Group's advertising, public relations and compliance with consumer protection laws; and
- Labour and Employment.
- The Committee reports to the Board and to shareholders on the matters that fall within its mandate.
- During the year under review the Committee identified and considered the following issues:
- the Group and subsidiary Broad-Based Black Economic Empowerment ("B-BBEE") scorecards including in particular enterprise and supplier development and skills development;
- employee health and safety and compliance with the Occupational Health and Safety Act;
- a Group anti-corruption policy comprising three inter-related policies being an Anti-Bribery Policy, Code of ethics and Conduct and Whistleblowing Policy; and
- the Board Gender and Race Diversity Policy.

Remuneration Committee

Members

- Mr Roger Pitt
- Mr A Mancha
- Mr G Mooney

All the members of the Remuneration Committee are independent non-executive directors.

The Remuneration Committee met once in the financial year. No executive directors participate in discussions regarding their own remuneration and benefits; neither do they have a vote at meetings.

Details on the attendance of the Remuneration Committee meetings are available on page 24. The Remuneration Committee acts in accordance with the approved terms of reference.

The salaries of the executive directors (CEO, Financial Director and Sales Director) are determined by Mr Ashvin Mancha, Mr Gaurang Mooney and Mr Roger Pitt. The three executive directors are not included in the deliberations regarding their own remuneration.

The CEO and Financial Director recommend the salaries of senior management and staff and these recommendations are then tabled before the Remuneration Committee for discussion and approval.

The fees paid to Mr Mancha, Mr Pitt and Mr Lupambo for attendance at the Board and Audit and Risk Meetings are set out in the Remuneration Report on page 40.

In considering appropriate remuneration packages for the executive directors, the Committee is guided by the Group's strategy, performance for the period under review, achievement of internal targets and an evaluation of external salary and bonus trends. In addition, the Committee also considers industry standards, trends in the marketplace and the personal input of each individual based on annual appraisal systems.

The Remuneration Committee's roles and responsibilities, as set out in the terms of reference, include but are not limited to:

- overseeing the setting and administering of remuneration at all levels in the Group. This is done on the recommendation of the CEO and Financial Director;
- overseeing the establishment of a remuneration policy that will promote the achievement of strategic objectives and encourage individual performance;
- reviewing the outcomes of the implementation of the remuneration policy for whether the set objectives are being achieved;
- ensuring that the mix of fixed and variable pay, in cash and other elements, meet the Group's needs and strategic objectives and is fair and reasonable;
- considering the results of the evaluation of the performance of the Chief Executive Officer and other executive directors, both as directors and as executives in determining remuneration;
- selecting an appropriate comparative group when comparing remuneration levels; and
- overseeing the preparation and recommendation of the remuneration report to the Board for inclusion in the Integrated Report as to whether it:
  - is accurate, complete and transparent; and
  - provides a clear explanation of how the remuneration policy has been implemented

Remuneration structure

The remuneration structure is delegated as follows:

- the Remuneration Committee approves executive director remuneration;
- the Remuneration Committee approves senior management and staff remuneration, as proposed by the CEO and Financial Director; and
- Management approves employees' remuneration.

The Group's remuneration philosophy complements its business strategy. The Group employs high-calibre individuals with integrity, intellect and a sense of innovation. It is fundamental to our business culture that all employees subscribe to the values, ethics and philosophy of Cognition.

The remuneration of the Board, executive members and employees is fair and market related. The Board, with the assistance of the Remuneration Committee, will maintain this approach, so as to attract and retain suitable employees and Board members to the benefit of the stakeholders. The Board acknowledges the importance of motivating individual and team performance and therefore applies its remuneration philosophy equitably, fairly and consistently in relation to job responsibilities, the markets in which the Group operates and personal performance.

The Group's remuneration policy is subject to a non-binding advisory vote by shareholders at the Annual General Meeting each year. This enables shareholders to express their views on the remuneration policy and for the Board to take these views into account.

Going Concern

In determining the going concern of the Group, the Board carefully considered the impact that COVID-19 will have on each company in the Group within the short-to-medium-term as well as the long-term sustainability. The Group is fortunate that most of its services can be offered remotely and the Group has adequate facilities to ensure that staff that have to operate from it's premises can do so with adequate health measures and social distancing in place. All the operating companies in the Group have sufficient working capital and the Group is in a healthy financial position with limited debt. The Board has formally considered the going concern assertion for the year going forward and is of the opinion that it is appropriate.

Board Gender and Race Diversity

The Board has approved a gender and race diversity policy in support of the principles and objectives of the JSE Listings Requirements. The Board is required to address gender and race diversity and talent management as an explicit element of its oversight responsibilities and report to shareholders on an annual basis.

The key objectives of the gender and race diversity policy are as follows:

- agree annually all measurable objectives for achieving diversity on the Board.
- assess the Board's performance in achieving greater female representation at Board and senior management level.
- assess the performance of management in implementing gender diversity policies across the Company; and
- pursuant to the policy, the Board's aim is to ensure that the Board is representative in terms of both gender and race.

In keeping with the policy, should a vacancy on the Board arise or should there be a requirement for an additional Board appointment, consideration will be given to the appointment of director(s) that meet the gender and race representation requirements.

Behavioural and Ethical Compliance

The Group adheres to the highest standards of ethical conduct. The Board-approved ethics framework, which incorporates the Anti-Bribery and Corruption Policy, the Code of Conduct and Ethics and the Whistleblowing Policy, outlines the standards of honesty, integrity and mutual respect which employees are required to observe. These policies are available on the Group's website at http://www.cgn.co.za/pages/display/governance.

There were no reported breaches of these policies during the year under review.

Investor Relations and Communication with Stakeholders

The Group believes that communication with its stakeholders is vital. Investor relations activities include interim and final results presentations to investors available on the Cognition website: www.cgn.co.za

The Group will continue to have an interactive relationship with shareholders, investors, analysts, investors and regulators.

Sponsor

The Group's JSE Sponsor is Merchantec Capital.

Transfer Secretaries

The Group's appointed transfer secretaries are Computershare Investor Services Proprietary Limited. They assist with enquiries relating to shareholdings.

Shareholders can address shareholding related queries to Private Bag X9000, Saxonwold, 2132.

SUSTAINABILITY REPORT

Introduction

The Group embraces the philosophy of the King IV Report in pursuing its sustainability objectives. The Social and Ethics Committee has been mandated by the Board to take responsibility for the sustainability issues contained in this Report.

The sustainability strategy acknowledges that the Group is responsible to all stakeholders to ensure its long-term viability. The Group identifies and considers the impact of its business on its stakeholders in pursuing this strategy on an ongoing basis.

The Report aims to provide a balanced assessment of the strategic position and performance of the Group to enable all stakeholders to properly assess the Group's ability to continue creating value added sustainability into the future. As part of this, the Board has embraced integrated reporting, seeking to provide financial and relevant non-financial information applicable to a range of stakeholders. The Company's management has been mandated by the Board to ensure that sustainability principles are implemented and to report on progress and, where applicable, reasons for non-compliance.

Sustainability reporting is not independently assured in terms of a formal process. The Committee reviews the Group's sustainability objectives on an ongoing basis and provides management with the necessary guidance. The Board regards the assurance of sustainability reporting by the Committee as being appropriate and sufficient.

Scope of Sustainability Report

This Report covers the economic, social and environmental performance of the Group for the year from 1 July 2019 to 30 June 2020. It is intended to provide this information to a wide range of stakeholders with an interest in its performance. These include existing and prospective shareholders and investment analysts, government (local, provincial and national), industry organisations, trade unions, employees and their families, communities in the vicinity of our operations, contractors, suppliers, customers, business partners and the media.

People

Employees are the cornerstone of the Group and employee wellness and development are recognised as key factors that contribute to maintaining and building a sustainable business.

Staff are provided with the appropriate working conditions. Should the need arise, staff have open access to a Legal and Human Resource Manager to assist them.

Each of the main operating subsidiaries determines the benefits that it makes available to staff. Depending on which operating subsidiary they are employed by, staff may qualify for:

- Group cover (funeral, life, disability);
- Leave (annual, ill health, maternity, compassionate and study);
- Employee training / bursaries; and
- A performance-based bonus provided certain agreed targets or conditions have been achieved or met.

The employee/employer relationship is governed by the customary human resource policies which are reviewed on a regular basis, i.e. safety, health, training and development.

Management aims to create an environment where people are encouraged to act in a responsible way, work hard, build friendships and be part of a working family. The Group employs individuals with passion, who are skilled in their fields, can contribute in meaningful ways to the Group and can identify with the Group's values.

The Group encourages all its employees to undergo appropriate training and development in order to enable them to give of their best and also to realise their full potential in the work situation.

To ensure that the Group has a ready pool of talent, management focuses on the key areas of skills development and training.

Transformation

The four main operating subsidiaries achieved the following B-BBEE compliance scores for the period under review

Operating Subsidiary	B-BBEE Compliance Level
Cognition Holdings Limited	Level 4
BMi Sport Info Proprietary Limited	Level 3
FoneWorx Proprietary Limited	Level 4
BMi Research Proprietary Limited	Level 8

Private Property has completed a review of its B-BBEE status and is implementing measures aimed at ensuring that it becomes B-BBEE compliant.

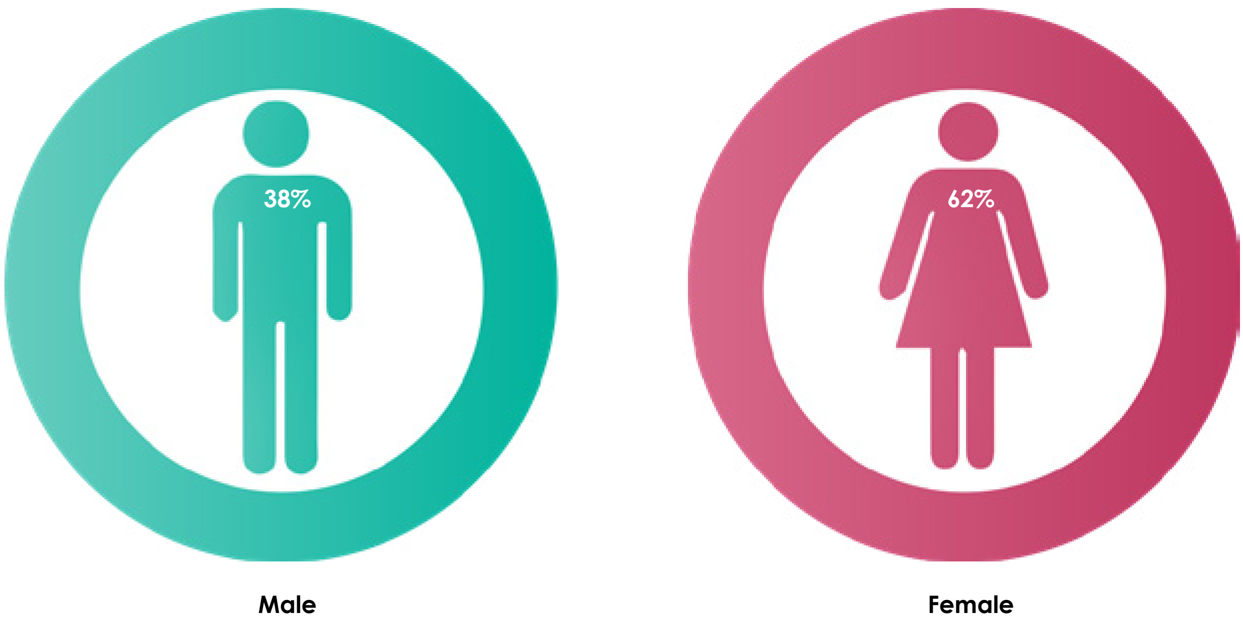
Ownership

The greatest challenge to the Group remains the issue of ownership and although the Group has met the minimum requirement relating to the ownership element of the scorecard, the Board recognises that the Group needs to improve representation by designated groups. Accordingly, the Board and management continue to look for suitable partners that would be of benefit to all stakeholders.

Employment Equity

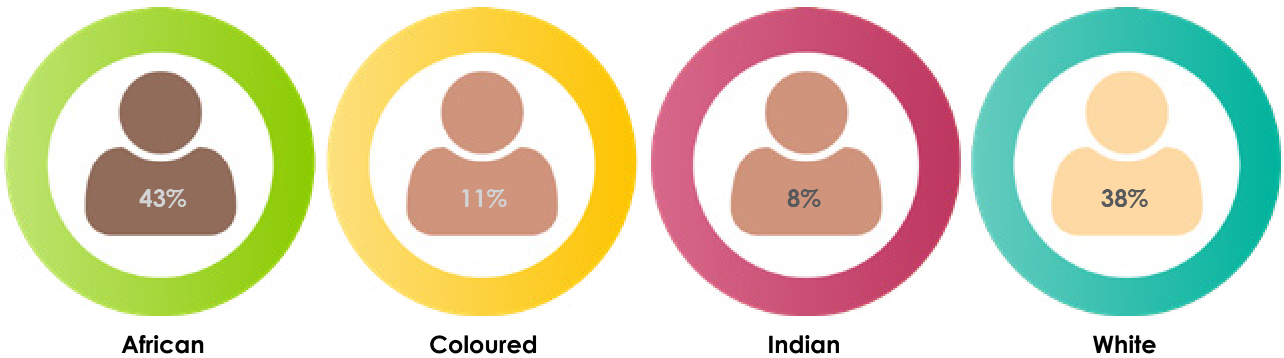
As at 30 June 2020, the Group employed a total of 207 staff of which 205 were permanent and two were temporary. All staff are encouraged to reach their maximum potential irrespective of gender, age or race.

Workforce by Gender



The staff profile for the year under review was as follows:

	Male				Female				Foreign nationals		
Occupation Levels	A	C	I	W	A	C	I	W	Male	Female	Total
Top Management	2	0	0	6	1	1	0	0	1	0	11
Other Executive Management	0	0	0	0	1	0	0	0	0	0	1
Senior Management	0	0	0	5	1	2	0	4	0	0	12
Professionally qualified and experienced specialists mid-management	4	3	0	14	8	2	1	10	0	0	42
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	12	1	5	4	3	3	5	10	0	0	43
Semi-skilled and discretionary decision making	14	1	0	4	37	8	5	21	0	0	90
Unskilled and defined decision making	2	0	0	0	4	0	0	0	0	0	6
TOTAL PERMANENT	34	5	5	33	55	16	11	45	1	0	205
Temporary employees	0	1	0	0	0	1	0	0	0	0	2
GRAND TOTAL	34	6	5	33	55	17	11	45	1	0	207



The Group is committed to increasing the participation of historically disadvantaged staff in its structures and to this end the Group's recruitment policy is aligned with current legislative and regulatory requirements. Approximately 62% of the Group's employees are from historically disadvantaged backgrounds. The Group continues to implement strategies aimed at achieving employment equity targets. These strategies include the implementation of an ongoing learning and development plan, in-service training, financial assistance toward further studies, internships and performance assessments.

The skills shortage, especially in the IT sector, continues to have an impact on the Group's ability to achieve the targeted growth rates within certain ethinc groups. The Group has very specific skills requirements that are developed in-house over time.

The Group's recruitment policy is based on:

- Recruitment being based on competency;
- Using targeted selection interviewing principles;
- Following a transparent process; and
- Fair and non-discriminatory recruitment and selection practices.

The employment equity and skills retention function falls within the mandate of nominated individuals who are responsible for monitoring the progress made in these areas and reporting to the Board thereon.

Skills Development

Each of the operating subsidiaries namely FoneWorx, BMi Research, BMi Sport Info and Private Property have different skills requirements relating to the market in which each operates. Each of the subsidiaries has accordingly adopted formal skills programmes to meet their specific needs. The skills programmes of each subsidiary are overseen by the management of the respective operating subsidiary to ensure that the training interventions that are implemented meet the specific skills needs of the operating subsidiary.

Some of the training interventions implemented during the period under review include a learnership programme aimed at addressing the training needs of the call centre, an internship program for existing staff wanting to enhance their existing skills and a work readiness programme that equips staff to reach their maximum potential in the work place.

In addition to assisting existing employees, the Group also assists non-employees with funding for their studies.

The Group complies with all legislation outlined in the Skills Development Act, Skills Levies Act and strives to achieve significant points in the Skills Development Pillar of the B-BBEE Act.

The table below provides information about the learning interventions implemented by the Group during the year under review.

Number of staff on learnerships, internships and other training

Male					Female					Grand Total
A	C	I	W	Total	A	C	I	W	Total	
8	1	0	0	9	11	2	0	0	13	22

Enterprise and Supplier Development

The Group's operating subsidiaries have implemented measures to identify and assist enterprise and supplier development beneficiaries.

In regard to supplier development the following assistance has been provided:

- Assistance to a former employee to establish a transport business that provides transport services to the Group.
- Assistance to entities involved in field research services.

Each of the operating subsidiaries have also identified beneficiaries for enterprise development. Over time it is expected that the enterprise development beneficiaries will become suppliers to the Group.

Management Control

In line with the Group's Gender Diversity policy, the boards of directors of BMi Research and BMi Sport Info include at least one female director. The board of directors of Livingfacts comprises two female directors.

As vacancies arise suitable individuals will be identified for appointment to the Board to meet the Group's commitment to gender and race representation at Board level. In accordance with its commitment to ensure representation at Board, Mr Amasi Mwela was appointed as a non-executive director.

Such appointments will be made where candidates can add value to the Board and increase the representation of designated groups.

SUSTAINABILITY REPORT (CONTINUED)

Preferential Procurement

The nature of the services provided by the Group is such that most of the services are procured from the mobile and fixed line networks. These companies are mainly black empowered or black owned. Where possible, the remainder of the Group's spend is placed with qualifying SMMEs.

Environment

The Group acknowledges the importance of the communities who may be affected by its operations and the safe-guarding of the environment is considered in the business decision-making processes.

Legislators, regulators and other stakeholders demand increasing attention to environmental issues. As a responsible corporate citizen, the Group has committed itself to maintaining and growing the business in an environmentally and socially responsible manner.

The business of the Group is conducted on sound and ethical business practices and incorporates positive governance and social and environmental objectives. Greenhouse gases ("GHGs") are emitted primarily as a result of the consumption of electricity and diesel used for the back-up generators.

The process of managing the Group's environmental impact is overseen by the Executive Committee, under the leadership of the Chief Executive Officer.

The Group's Social and Ethics Committee is entrusted with ensuring greater integration between economic risk and opportunity assessment and the social and environmental impact of the business within the guidelines of King IV.

Carbon Footprint

The Group completed its first Carbon Footprint assessment for its baseline year in 2011.

This process was, once again, done internally using the guidelines established by the CHG in line with ISO 14064. This process has not been independently verified due to the small footprint of the Group (primarily electricity) and the materiality value.

The 2020 Carbon Footprint is approximately 620 tonnes of CO_2 with 98% of carbon emissions.

Social Investment

During the year under review the Group provided support to a number of programs and organisations whose purpose is socio-economic upliftment of their communities. These included:

THE LIGHTHOUSE **Baby Shelter** **God's light in their darkness!**	A shelter for abandoned, abused and neglected children as well as HIV orphans.
TDSAG [The Down Syndrome Association Gauteng]	A non-profit organisation that focuses on the best practices within the field of intellectual disability and aims to find ways, to raise awareness and understanding about the genetic condition Down syndrome and promotes the inherent rights of persons with Down syndrome to enjoy full and dignified lives and be active participants in their communities and society.
ubuhle christian school	A grassroots organisation established in July 2008 to make a difference in the lives of orphans and vulnerable children of farm-worker households, living in severe poverty on farmland.
LIV LUNGISISA INDLELA VILLAGE	LIV exists to raise the next generation of leaders in our nation. LIV's mission, purpose and passion is to place vulnerable, parentless children into a family environment where they receive unconditional love, spiritual discipleship, care and nurturing and where all their physical needs are taken care of.

Occupational Health and Safety

Employees of the Group work predominantly in an office environment with very limited exposure to machinery. Each operating subsidiary is entrusted with appointing a Health and Safety Officer that is responsible for ensuring safe working conditions and advising management on appropriate measures to avoid injuries.

First aiders and fire marshals that are responsible for ensuring the safety of staff have been appointed at Group Head Office as well as at the offices of Private Property. General health and safety risks are also communicated to employees.

The Group has a substance abuse policy to address and manage the potential impact that substance abuse may have on the individuals and Group's activities. Employees who may have a substance abuse problem are encouraged to undergo appropriate therapy.

COVID-19

The Group was impacted by the outbreak of COVID-19. Many of our stakeholders, including suppliers, employees and the societies we operate in, were affected by the social and economic impact of the pandemic.

We experienced significant business disruption due to the nationwide lockdowns implemented in March and April 2020, but acted swiftly to ensure that we were able to provide an uninterrupted service to our customers.

During the reporting period, we took necessary precautions to protect our employees:

- We implemented work-from-home procedures from an early date for employees who were able to do so to protect our staff who are required to work onsite.
- We proactively halted local travel before the respective national lockdown imposition.
- The workplace was revised for onsite staff to enable safety in operations, with the following improvements:
  - We introduced social distancing measures to onsite staff – these measures and other safety guidelines are followed strictly, buildings are continuously sanitised, while access is also closely monitored.
  - We are keeping our employees informed of health and hygiene measures, including medical testing.
  - We implemented mandatory temperature screening using thermal scanners.
  - Staff are equipped with the necessary tools to operate and communicate digitally.
- Currently approximately 70% of staff work from home.

REMUNERATION REPORT

In accordance with the requirements of King IV, the Remuneration Report comprises of three sections:

- background statement;
- overview of the remuneration policy for the year under review and the amendments that are proposed for the 2021 financial year; and
- remuneration implementation report showing actual remuneration paid based on the remuneration policy.

At the Annual General Meeting to be held on Friday, 27 November 2020, shareholders will be asked to vote on the remuneration policy and the remuneration implementation report. These votes enable shareholders to express their satisfaction or otherwise on the remuneration policy and the remuneration implementation report. If 25% or more votes are cast against either resolution, the Board undertakes to engage actively with such dissenting shareholders to address all legitimate and reasonable objections and concerns.

Notwithstanding the voting process, any shareholder who wishes to discuss the subject of remuneration is welcome to engage executive management at any time, in the interests of continuous improvement of the remuneration policy.

In accordance with sections 66(8) and 66(9) of the Companies Act and the principles of King IV, the Remuneration Committee (the Committee) presents its report for the 2020 financial year which includes the remuneration policy on which the shareholders will be requested to cast a non-binding advisory vote at the Company's Annual General Meeting.

At the Annual General Meeting held on Friday, 22 November 2019, the non-binding advisory vote on the company's remuneration policy received a 99.99% vote in support of the policy and the non-binding advisory vote on the company's remuneration implementation report received a 100% vote in support of the policy.

BACKGROUND STATEMENT

The Remuneration Committee operates under Terms of Reference that are reviewed and approved by the Board and encompass the provisions of the Companies Act and the requirements of King IV.

It is the responsibility of the Remuneration Committee to ensure the alignment of remuneration with the interests of shareholders. To this end the Committee is responsible for determining the remuneration, and incentive arrangements of executive directors and executive management.

In addition the Remuneration Committee is responsible for ensuring that remuneration levels are competitive enough to attract, retain and motivate executives and other key personnel.

The Remuneration Committee also assists in the assessment of executive directors' performance in discharging their functions and responsibilities.

The Remuneration Committee oversees the implementation of a remuneration policy at all levels in the Company.

It is the responsibility of the Remuneration Committee to ensure that the Remuneration Policy is put to a non-binding advisory vote at the Annual General Meeting of shareholders once every year.

The attendance of meetings and composition of the Committee is set out in the Corporate Governance Report on page 24 and 29 respectively. A member of the Committee attends the Annual General Meeting and is available to address any queries, if necessary, from shareholders.

REMUNERATION REPORT (CONTINUED)

REMUNERATION POLICY

Introduction

These are exceptional times. COVID-19, and the measures taken to mitigate it, have had major consequences for South Africa's fragile economy. Despite the difficult times the Group has been able to continue providing services.

The remuneration policy supports the business strategy to create sustainable value for stakeholders both in the short-term and in long-term through the implementation of a high-performance culture. Remuneration is aimed at attracting, retaining and motivating the correct calibre of individuals with consistently high levels of performance. To this end the Group:

- aims to maintain competitive salary levels with reference to the comparable market mean and facilitates exceptions dependent on particular economic and operational circumstances that may arise from time to time;
- enables remuneration decisions that support its growth strategy;
- sanctions the continual development of internal talent that reinforces roles and general accountability in line with its growth strategy;
- rewards individuals that make the Group more competitive and generally important to our customers; and
- does not indulge in remuneration practices that facilitate the avoidance of applicable laws and regulations of the country.

In the opinion of the Committee the remuneration of the Board, Executive Directors and employees is fair and market related. The Board acknowledges the importance of motivating individual and team performance and therefore applies its remuneration philosophy equitably, fairly and consistently in relation to job responsibilities, the markets in which the Group operates and personal performance.

During the year under review remuneration comprised a fixed and variable component. The fixed component includes a salary, typically targeted at what comparable companies pay, while the variable component comprises bonus based on the Group's performance. In addition, further benefits incorporated into the Group's total reward programme may include death and disability cover, assistance with studies to deserving staff who wish to undertake studies relevant to the Group, certain training and development initiatives, long service awards where applicable, cell phone and computer usage.

Non-Executive Directors

The Remuneration of non-executive Directors is set by the Remuneration Committee. The Chairman of the Board and the Chairman of the Audit and Risk Committee received remuneration during the year under review. In addition, Mr Dennis Lupmabo, also received a meeting fee as member of the Audit and Risk Committee.

The remuneration of the Chairman of the Board and the Chairman of the Audit and Risk Committee comprises a monthly retainer fee and a meeting fee. The remuneration of Mr Lupambo, as member of the Audit and Risk Committee, comprises only of a meeting fee. The remuneration of the Chairman of the Board and the Chairman of the Audit and Risk Committee and of Mr Lupambo as a member of the Audit and Risk Committee, was, as required by section 66 of the Companies Act, authorised by shareholders by means of a special resolution at the Annual General Meeting held on 22 November 2019.

REMUNERATION REPORT (CONTINUED)

During the year under review the fees paid to the Chairman of the Board and Chairman of the Audit and Risk Committee as well as the fee paid to Mr Lupambo as a member of the Audit and Risk Committee were updated as a matter on the agenda of the Annual General Meeting of 27 November 2020. The updated values and their preceding values for the previous period are reflected as follows:

Up to 31 December 2019

Position	Monthly retainer	Fee per meeting
Chairman of the Board (Mr Ashvin Mancha)	R5 500	R14 500
Chairman of the Audit Committee (Mr Roger Pitt)	R5 500	R14 500

From 1 January 2020

Position	Monthly retainer	Fee per meeting
Chairman of the Board (Mr Ashvin Mancha)	R5 750	R15 200
Chairman of the Audit Committee (Mr Roger Pitt)	R5 750	R15 200
Member of the Audit and Risk Committee (Mr Dennis Lupambo)		R10 000

Ad hoc work (hourly)

The Chairman of the Board and the Chairman of the Audit and Risk Committee may, from time to time, be called upon to undertake additional work. The total paid for such remuneration shall be a market related hourly rate, subject to approval by the Board.

Proposed annual remuneration for the Chairman of the Board and the Chairman of the Audit and Risk Committee and member of the Audit and Risk Committee:

Position	Monthly retainer	Fee per meeting
Chairman of the Board (Mr Ashvin Mancha)	R5 750	R15 200
Chairman of the Audit and Risk Committee (Mr Roger Pitt)	R5 750	R15 200
Member of the Audit and Risk Committee (Mr Dennis Lupambo)		R10 000

Executive Directors

The remuneration packages for Executive Directors are market related. Executive Director remuneration comprises a fixed salary and a performance bonus which is not guaranteed.

Remuneration and other benefits of Executive Directors are based on the following criteria:

Salary

- The division's performance for which the Director is responsible; and
- The Director's overall contribution to the Group.

Performance bonus

- The overall performance of the Group;
- The Board sets annual targets that have to be achieved by the Group before any bonus provision is made for Directors;
- Bonuses are therefore included as an expense provision in the year to which they relate or as an expense in the following year based on provisions in that year;
- The division's performance for which the Director is responsible; and
- The Director's overall contribution to the Group.

Employees

Except for sales staff, employee remuneration comprises a fixed salary and a performance bonus which is not guaranteed. The remuneration of sales staff is mainly commission-based with only a small percentage of salary being fixed.

Increases are considered annually. The Executive Committee of the Group submits the necessary performance-based information for each employee to the Remuneration Committee for review and consideration. During the year under review, the applicable increase was 6%.

When determining salary increases for employees the following factors are considered:

Salary

- The division's performance within the Group;
- The individual's performance within his/her division; and
- The individual's overall contribution to the Group.

Performance bonus

- The overall performance of the Group;
- The division's performance within the Group;
- The individual's performance within his/her division; and
- The individual's overall contribution to the Group.

IMPACT OF COVID-19

Because of the economic impact of COVID-19 and in an effort to ensure the long-term sustainability of the Group, salary cuts were implemented across all levels of the Group.

It has also been agreed that no salary increases or discretionary bonuses will be granted for the 2020 financial year.

IMPLEMENTATION REPORT

The remuneration implementation report with executive directors' and prescribed officers' remuneration as well as non-executive directors' fees for the year under consideration are disclosed in note 26 of the Annual Financial Statements.

APPROVAL

The Committee and the Board approved this report on 30 September 2020. The Committee and the Board are satisfied that there were no material deviations from the remuneration policy during the 2020 financial year.

On behalf of the Remuneration Committee

A MANCHA
Member of the
Remuneration Committee

30 September 2020

Directors' Responsibility and Approval

The directors are responsible for the maintenance of adequate accounting records and the preparation and integrity of the Annual Financial Statements and related information. The auditors are responsible for reporting on the fair presentation of the Annual Financial Statements. The financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2008 (Act 71 of 2008), as amended.

The directors are also responsible for the Group's systems of internal financial control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability for the Group's assets, and to prevent and detect misstatement and loss. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The directors are satisfied that the company has complied with and operates in conformity with:

a. The provisions of the Companies Act and any other applicable laws relating to its incorporation

b. The company's MOI and other relevant constitutional documents

The Annual Financial Statements have been prepared on the going concern basis since the directors believe that the Group and the Company have adequate resources in place to continue in operation for the foreseeable future.

The Annual Financial Statements for the year ended 30 June 2020 set out on pages 55 to 106 were approved by the Board on 30 September 2020 and are signed on their behalf by:

Mark Smith
Chief Executive Officer

Pieter Scholtz
Financial Director

Declaration by Company Secretary

In terms of the Companies Act, 2008 (Act 71 of 2008) as amended ("Companies Act"), I declare that, to the best of my knowledge, the Company has lodged with the Companies and Intellectual Property Commission all such returns as are required of a public Company in terms of the Companies Act and that all such returns are true, correct and up to date in respect of the financial year reported upon.

Stefan Kleynhans BA Bluris LLB LLM ACIS
Company Secretary

30 September 2020

Audit and Risk Committee Report

Members of the Audit and Risk Committee

For the year under review the members of the Audit and Risk Committee were:

Mr. Roger Pitt

Mr. Gaurang Mooney

Mr. Dennis Lupambo

All three members of the Committee are independent non-executive directors.

The Board is satisfied that the members have the required knowledge and experience as set out in section 94(5) of the Companies Act and Regulation 42 of the Companies Regulations.

Meetings

The Audit and Risk Committee had its ninth full year of operations and met four times during the year under review.

The CEO and Financial Director were invited to attend meetings of the Audit Committee during the year under review. In addition to the Chief Executive Officer and Financial Director, the Group Auditor was also invited from time to time.

Roles and Responsibilities

In the conduct of its duties, the Committee has performed the following statutory duties:

- reviewed and recommended for approval the Annual Financial Statements;
- considered and has satisfied itself of the appropriateness of the expertise and experience of the Financial Director;
- confirmed the going concern basis of preparation of the Annual Financial Statements;
- assessed the effectiveness of internal financial controls and systems and formed the opinion that there were no material breakdowns in internal control;
- confirmed that the Company has, with consideration to all entities included in the consolidated Group IFRS Financial Statements, established appropriate financial reporting procedures and that those procedures are operating to ensure that it has access to all the information of the issuer to effectively prepare and report on the financial statements;
- nominated, for reappointment as external auditor of the Company, BDO South Africa Incorporated (“BDO”), a registered auditor which, in the opinion of the Committee, is independent of the Company;
- determined the fees to be paid to the external auditor and its terms of engagement;
- ensured that the appointment of the external auditor complies with the Companies Act, and any other legislation and regulations relating to the appointment of auditors;
- determined the nature and extent of those non-audited services that the external auditor may, from time to time, provide to the Company;
- pre-approved any proposed agreement with the external Auditor for the provision of non-audit services to the Company;
- considered whether there were any concerns or complaints, whether from within or outside the Company, relating to the accounting practices of the Company, the content or auditing of the Company’s financial statements, the internal financial controls of the Company or any related matter; and
- made submissions to the Board on matters concerning the Company’s accounting policies, financial controls, records and reporting.

Audit and Risk Committee Report

External Auditor

BDO served as the Company's external auditor for the period under review.

The auditor's terms of engagement were approved prior to the audit. The Committee satisfied themselves that the external auditor's appointment complies with the Companies Act and the Auditing Professions Act.

The Committee has reviewed sections 3, 8, 13, 15 and 22 and schedule 8 of the JSE Listings Requirements and confirm that based on the amended requirements for the JSE-accreditation of Auditors, effective 15 October 2017, the Committee was satisfied that:

(i) the audit firm has met all the criteria stipulated in the requirements, including that the audit regulator has completed a firm-wide independent quality control (ISQC 1) inspection on the audit firm during its previous inspection cycle;

(ii) the auditor has provided to the Committee, the required IRBA inspection decision letters, findings report and the proposed remedial action to address the findings, both at the audit firm and the individual auditor levels; and

(iii) both the audit firm and the individual auditor understand their roles and have the competence, expertise, experience and skills required to discharge their specific audit and financial reporting responsibilities.

The Committee, in consultation with executive management, agreed to the terms of the engagement. The audit fee for the external audit has been considered and approved taking into consideration such factors as the timing of the audit, the extent and scope of the work required.

Internal Audit

The Group does not have an internal audit function. The Committee nevertheless undertakes an annual review on the feasibility of establishing an internal audit function. In undertaking the review, the Committee considers:

- the operational necessity of having an internal audit function that can operate and report independently to the Committee;
- the possible risk that the Company may incur, by not having an internal audit function, considering all compensating controls that management has put in place;
- the findings contained in the management report prepared by the external auditor during their annual financial audit; and
- the cost of having an internal audit function that can report independently to the Committee.

In the absence of an internal audit function, the Committee may, from time to time, require management to review and report on key operational controls. These reviews can be performed either by internal staff that will report their findings independently to the Committee or by external consultants.

Going Concern

The Committee reviewed the documented assessment by management of the going concern of the Group in light of the impact that COVID-19 will have on the Group in the short-to-medium-term as well as the long-term sustainability. The Committee was satisfied that all the operating companies in the Group have sufficient working capital and the Group is in a healthy financial position with limited debt. Accordingly, the Committee recommended to the Board that the Company will be a going concern in the foreseeable future.

Solvency and Liquidity Review

The Committee is satisfied that the Board has performed a solvency and liquidity test on the Company in terms of section 46 of the Companies Act and has concluded that the Company will satisfy the test after payment of the final dividend.

Annual Financial Statements

The Committee reviewed the financial statements of the Group and is satisfied that they comply, in all material respects, with the International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Following the review of the Annual Financial Statements, the Audit Committee recommend the Board's approval thereof.

On behalf of the Audit Committee.

Mr. R Pitt
Audit Committee Chairman

30 September 2020

DIRECTORS' REPORT

The Directors have pleasure in submitting their report for the year ended 30 June 2020.

Nature of business

Cognition Holdings Limited is a multi-disciplinary data collection, communication, research and marketing company that provides a broad range of services to Fast Moving Consumer Goods companies, media and digital agencies.

Authorised share capital

The authorised share capital of the Company is made up of 1 250 000 000 ordinary shares of no par value.

Stated share capital

At 30 June 2020, the stated capital was R159 420 500 divided into 229 273 021 ordinary shares of no par value.

Directors

The Directors of the Company for the year ended 30 June 2020 and up to the date of this report were:

Director	Role	Age	Other significant board memberships	Length of service
Ashvin Mancha*	Non-Executive Chairman	63	Company Secretary of Newlyn Group	16 Years
Gaurang Mooney (Botswana)*	Non-Executive Director	50	Trans Africa Proprietary Limited, Jumbo Botswana ProprietaryLimited, Overseas Development Enterprises (Botswana) Proprietary Limited, Trans Shopping Mall Proprietary Limited	20 Years
Roger Pitt*	Non-Executive Director	39	FedGroup, Ecsponent Limited Merchantec Proprietary Limited	7 Years
Paul Jenkins*	Non-Executive Director	61	Caxton and CTP Publishers and Printers	7 Years
Marc du Plessis	Non-Executive Director	40	None	7 Years
Piet Greylingt	Non-Executive Director	62	Caxton and CTP Publishers and Printers Limited, Newspaper Group	6 Years and 6 months
Trevor Ahier*	Non-Executive Director	52	True North Developments Proprietary Limited, Mint Management Technologies Proprietary Limited, Motheo Infrastructure Contractors Proprietary Limited, BMi Research Proprietary Limited	2 years and 6 months
Dennis Lupambo*	Non-Executive Director	56	Managing Director of MMT Africa (Pty) Ltd, a subsidiary of the Mint Management Technologies Group	2 year and 6 months
Amasi Mwela+	Non-Executive	39	None	5 months
Mark Smith	Chief Executive Officer	62	None	23 Years
Pieter Scholtz	Financial Director	44	None	12 Years
Graham Groenewaldt	Executive Director	62	None	23 Years

** Independent*
t Until 13 April 2020
+ From 15 June 2020

The Board reviewed the impact of Mr Mancha's and Mr Mooney's independence due to their long service and found that they are still independent and can apply exceptional judgement in their duties as independent non-executive Directors.

Mr Piet Greyling passed away on 13 April 2020. Mr Amasi Mwela was appointed as a non-executive director with effect from 15 June 2020.

Dividend

With the period under review the Company declared and paid a final dividend relating to the 2019 financial year of R22 939 842 (10 cents per share) (2018: R8 256 954 (6 cents per share)).

Due to the National State of Disaster which was declared on 15 March 2020 and the ongoing effects of the country wide lockdown the Board has resolved not to declare a dividend for the financial year ended 30 June 2020.

Directors' Shareholding as at 30 June 2020

	30 June 2020		30 June 2019	
	Direct Beneficial '000	Indirect Beneficial '000	Direct Beneficial '000	Indirect Beneficial '000
M A Smith	11 373		11 373	
T Ahier		3 910		3 910
G Groenewaldt	1 484		1 484	
D I Sidenberg	1 450		1 450	
P Scholtz	485		485	
Total	**14 792**	**3 910**	**14 792**	**3 910**

There have been no changes to the director's shareholding between the end of the financial year and the date of approval of the annual report.

Shareholder spread as at 30 June 2020

	Number of shareholders	%	Number of shares '000	%
1 - 100 000	633	89.8	7 201	3.1
100 001 – 500 000	54	7.7	12 237	5.3
500 001 – 10 000 000	13	1.8	19 390	8.5
10 000 001 +	5	0.7	190 445	83.1
	705	**100**	**229 273**	**100**

Shareholding of ordinary shares at 30 June 2020

	Number of shareholders	%	Number of shares '000	%
Public	698	99.0	57 181	24.9
Non-Public				
- Directors	5	0.7	18 703	8.1
- Non-Directors	2	0.3	153 389	67.0
	705	**100%**	**229 273**	**100**

Major shareholders

* Shareholders other than Directors who, insofar as is known, were directly or indirectly interested in 5% or more of the Company's issued share capital as at 30 June 2020 were as follows:

	Number of shares ('000)	%
CTP Limited	105 833	46,2
Caxton & CTP Publishers and Printers Limited	47 556	20.7
Lazio Holdings SA	15 219	6.7

Special resolutions

Four Special Resolutions were passed at the Annual General Meeting held on 22 November 2019.

SPECIAL RESOLUTION NUMBER 1 – General approval to acquire shares

"Resolved, by way of a general approval that Cognition Holdings Limited ("the Company") and/or any of its subsidiaries from time to time be and are hereby authorised to acquire ordinary shares in the Company in terms of sections 46 and 48 of the Companies Act, 2008 (Act 71 of 2008), as amended, the Memorandum of Incorporation of the Company and its subsidiaries and the Listings Requirements of JSE Limited ("the JSE"), as amended from time to time.

SPECIAL RESOLUTION NUMBER 2 – Financial assistance for subscription of securities

"Resolved that, as a special resolution, in terms of section 44 of the Companies Act, 2008 (Act 71 of 2008) ("Companies Act"), the shareholders of Cognition Holdings Limited ("the Company") hereby approve of the Company providing, at any time and from time to time during the period of two years commencing on the date of this special resolution number 2, financial assistance by way of a loan, guarantee, the provision of security or otherwise, as contemplated in section 44 of the Companies Act, to any person for the purpose of, or in connection with, the subscription for any option, or any securities, issued or to be issued by the Company or a related or inter-related company, or for the purchase of any securities of the Company or a related or inter-related company, provided that –

(a) the board of directors of the Company ("the Board"), from time to time, determines (i) the specific recipient, or general category of potential recipients of such financial assistance; (ii) the form, nature and extent of such financial assistance; (iii) the terms and conditions under which such financial assistance is provided; and

(b) the Board may not authorise the Company to provide any financial assistance pursuant to this special resolution number 2 unless the Board meets all those requirements of section 44 of the Companies Act which it is required to meet in order to authorise the Company to provide such financial assistance."

SPECIAL RESOLUTION NUMBER 3 – Loans or other financial assistance to directors

"Resolved that, as a special resolution, in terms of section 45 of the Companies Act, 2008 (Act 71 of 2008) ("Companies Act"), the shareholders of Cognition Holdings Limited ("the Company") hereby approve of the Company providing, at any time and from time to time during the period of two years commencing on the date of this special resolution number 3, any direct or indirect financial assistance (which includes lending money, guaranteeing a loan or other obligation, and securing any debt or obligation) as contemplated in section 45 of the Companies Act to a director or prescribed officer of the Company, or to a related or interrelated company or corporation or to a member of any such related or inter-related corporation or to a person related to any such company, corporation, director, prescribed officer or member provided that –

(a) the board of directors of the Company ("the Board"), from time to time, determines (i) the specific recipient or general category of potential recipients of such financial assistance; (ii) the form, nature and extent of such financial assistance; (iii) the terms and conditions under which such financial assistance is provided, and

(b) the Board may not authorise the Company to provide any financial assistance pursuant to this special resolution number 3 unless the Board meets all those requirements of section 45 of the Companies Act which it is required to meet in order to authorise the Company to provide such financial assistance."

SPECIAL RESOLUTION NUMBER 4 – Approval of non-executive directors' remuneration

"Resolved that, in terms of the provisions of sections 66(9) of the Companies Act, 2008 (Act 71 of 2008), as amended, the annual remuneration payable to the non-executive directors of Cognition Holdings Limited ("the Company") for their services as directors of the Company for the financial year ending 2020, be and is hereby approved as follows:

Type of fee	Proposed retainer fee per month for the year ending 2020	Proposed meeting fee for the year ending 2020	Expected total fee for the year ending 2020
Board Chairman			
Ashvin Mancha	R5 750	R15 200	R129 800
Audit and Risk Committee Chairman			
Roger Pitt	R5 750	R15 200	R129 800
Audit and Risk Committee Member			
Dennis Lupambo	NIL	R10 000	R40 000

Explanatory note

In terms of section 66(9) of the Companies Act, a company is required to pre-approve the payment of remuneration to non-executive directors for their services as directors for the ensuing financial year by means of a special resolution passed by shareholders of the Company within the previous two years.

Special resolutions to be adopted at this Annual General Meeting require approval from at least 75% (seventy five percent) of the votes exercised on such resolutions by shareholders present or represented by proxy at the meeting.

Events subsequent to the financial year end

No events of a material nature have occurred between the accounting date and the date of this report.

Litigation statement

The Directors, whose names are on pages 3 to 5, are not aware of any legal or arbitration proceedings that are pending or threatened, that may have or have had in the recent past, being at least 12 months, a material effect on the Group's financial position.

Independent Auditor's Report

TO THE SHAREHOLDERS OF COGNITION HOLDINGS LIMITED

Opinion

We have audited the consolidated and separate financial statements of Cognition Holdings Limited (the Group and Company) set out on pages 55 to 106, which comprise the consolidated and separate statements of financial position as at 30 June 2020, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Cognition Holdings Limited as at 30 June 2020, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Separate Financial Statements* section of our report. We are independent of the company in accordance with the Independent Regulatory Board for *Auditors' Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International *Code of Ethics for Professional Accountants (including International Independence Standards)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Consolidated Financial Statements Impairment testing of goodwill As disclosed in note 6 to the financial statements, the Group has Goodwill with a carrying value of R 102 million (2019: R 124 million) which arose due to the acquisition of the 3 identified cash generating units. The decrease in the current year is due to the impairment of the goodwill relating to the BMI Research and BMI Sport cash generating units of R 9.3 million and R 12.8 million respectively as disclosed in note 6. Management is required in terms of IAS 36, Impairment of Assets, to test the goodwill for impairment on an annual basis. Impairment testing of goodwill (consolidated financial statements) (continued) The value-in-use models required to calculate the recoverable amounts of these Cash Generating Units, as well as the forecasted future cash flows and application of appropriate discount rates, inherently involve a high degree of estimation and judgement by management We have determined this to be a key audit matter due to the significance of the balances and impairment in the current year, as well as the estimates and judgement required by management in preparing the valuation models to satisfy the impairment tests.	In considering the appropriateness of management's judgements and estimates used in the testing of goodwill for impairment, we performed the following audit procedures with the assistance of our internal valuation specialists: • Obtained an understanding of the key controls around the assessment of Goodwill for impairment. • Verified the mathematical accuracy and assessed the methodology appropriateness of the underlying model and calculations in terms of IAS 36 Impairment of Assets. • Verified the accuracy and relevance of the input data provided by management based on our knowledge of the business and industry. • Challenged the key growth rate assumptions by comparing them to historical results taking the impact of COVID-19 into account, economic and industry forecasts, and assessing the discount rate by reference to the cost of capital of the cash generating unit. • Evaluated the cash flow projections and the process by which they were developed, compared the cash flows to the latest Board approved budgets taking the impact of COVID-19 into account, and assessed the historical accuracy and reasonableness of the budgeting process. • Performed a sensitivity analysis of the key assumptions in the model and considered the potential impact of reasonably possible downside changes in these key assumptions. As part of our audit, we also evaluated the adequacy and completeness of the Group's disclosures regarding Goodwill in terms of International Financial Reporting Standards.

Independent Auditor's Report

TO THE SHAREHOLDERS OF COGNITION HOLDINGS LIMITED (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
Separate Financial Statements Impairment testing of investments in subsidiaries As disclosed in note 8 to the financial statements, the Company has investments in subsidiaries with a carrying value of R 159 million (2019: R 178 million). In accordance with IAS 36 – Impairments of assets, the Company shall assess at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indicator exists, the entity shall assess the recoverable amount. As disclosed in note 8 to the financial statements, reduced profitability and general economic downturn in the construction industry were identified as indicators of impairment in the current financial period. As a result of the indication for impairment, management was required to calculate an estimated recoverable amount based on value in use calculations for these investments in subsidiaries which includes forecasting future cash flows and applying appropriate discount rates, which inherently involves a high degree of estimation and judgement by management. As a result thereof, the investment relating to BMI Research and BMI Sport has been impaired to the value of R13.7 million and R 7 million respectively. We have determined this is a key audit matter due to the judgement and estimation required by management in preparing the valuation models to satisfy the impairment tests of these material investments.	In considering the appropriateness of management's judgement and estimates used in the testing of the investment of subsidiary for impairment, we performed the following audit procedures with the assistance of internal valuation specialists: • Considered the indicators of impairment identified by management. • Assessed the impairment calculation model for compliance with ISA 36 Impairment of Assets. • Verified the mathematical accuracy and assessed the methodology appropriateness of the underlying model and calculations in terms of IAS 36 Impairment of Assets. • Assessed the accuracy and relevance of the input data provided by management based on our knowledge of the business and industry. • Evaluated the cash flow projections and the process by which they were developed, compared the cash flows to the latest Board approved budgets taking the impact of COVID-19 into account, and assessed the historical accuracy and reasonableness of the budgeting process. • Assessed the key growth rate assumptions by comparing them to historical results, economic and industry forecasts, and assessing the discount rate by reference to the cost of capital of the Group. • Performed a sensitivity analysis of the key assumptions in the model. As part of our audit, we also evaluated the adequacy and completeness of the Group's disclosures in terms of IAS 36.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Cognition Holdings Limited Annual Report for the year ended 30 June 2020", which includes the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and / or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Independent Auditor's Report

TO THE SHAREHOLDERS OF COGNITION HOLDINGS LIMITED (CONTINUED)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and / or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that BDO South Africa Incorporated has been the auditor of Cognition Holdings Limited for two years.

BDO South Africa Inc.

BDO South Africa Incorporated
Registered Auditors

J Barradas
Director

Registered Auditor

30 September 2020

Wanderers Office Park
52 Corlett Drive
Illovo, 2196

Statement of Financial Position

AS AT 30 JUNE 2020

		Group		Company	
Figures in Rand	Note(s)	2020	Restated* 2019	2020	2019
Assets					
Non-Current Assets					
Property, plant and equipment	4	15 806 521	17 157 487	-	-
Right-of-use assets	5	10 176 361	-	-	-
Goodwill	6	101 579 938	123 679 938	-	-
Intangible assets	7	32 846 932	37 919 317	-	-
Investments in subsidiaries	8	-	-	158 522 830	178 433 006
Investments in associates	9	2 528 001	4 320 080	2 156 816	3 817 440
Deferred tax	10	3 009 564	2 560 146	178 214	99 409
		165 947 317	**185 636 968**	**160 857 860**	**182 349 855**
Current Assets					
Loans to group companies	11	-	-	85 592	-
Trade and other receivables	12	41 357 241	50 616 847	20 876 824	19 815 189
Current tax receivable		1 137 539	955 261	379 373	270 996
Cash and cash equivalents	13	85 704 579	123 439 929	612 976	636 836
		128 199 359	**175 012 037**	**21 954 765**	**20 723 021**
Total Assets		**294 146 676**	**360 649 005**	**182 812 625**	**203 072 876**
Equity and Liabilities					
Equity					
Share capital/Stated capital	14	159 420 500	182 967 544	159 420 500	182 967 544
Equity due to change in ownership	16	(12 892 945)	(12 892 945)	-	-
Retained income (accumulated loss)		69 703 426	110 745 145	(27 674 766)	(9 536 988)
		216 230 981	280 819 744	131 745 734	173 430 556
Non-controlling interest	17	17 891 269	15 418 999	-	-
		234 122 250	**296 238 743**	**131 745 734**	**173 430 556**
Liabilities					
Non-Current Liabilities					
Lease liability	19	8 836 349	-	-	-
Deferred tax	10	5 341 245	8 885 251	-	-
Cash-settled share-based payment liability	20	1 009 406	1 117 677	-	-
		15 187 000	**10 002 928**	**-**	**-**
Current Liabilities					
Loans from group companies	18	-	-	41 585 368	23 674 922
Lease liability	19	2 284 925	-	-	-
Current tax payable		1 954 537	638 516	117 777	117 777
Provisions	21	2 062 050	1 983 764	-	-
Trade and other payables	22	28 617 394	38 739 857	9 078 333	5 637 747
Dividend payable		232 706	209 874	232 706	209 874
Third party prize money		9 685 814	12 835 323	52 707	2 000
		44 837 426	**54 407 334**	**51 066 891**	**29 642 320**
Total Liabilities		**60 024 426**	**64 410 262**	**51 066 891**	**29 642 320**
Total Equity and Liabilities		**294 146 676**	**360 649 005**	**182 812 625**	**203 072 876**

* Refer to note 44 for details regarding the restatement for measurement period adjustment.

Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2020

		Group		Company	
Figures in Rand	Note(s)	2020	Restated* 2019	2020	2019
Revenue	23	263 165 582	215 148 998	15 858 071	17 947 502
Cost of services		(49 184 091)	(59 824 046)	(11 170 838)	(11 426 747)
Gross profit		**213 981 491**	**155 324 952**	**4 687 233**	**6 520 755**
Other operating income		652 811	2 819 203	931	872 483
Other operating losses	24	(478 910)	(64 174)	-	-
Staff costs		(106 348 655)	(78 290 410)	(255 358)	(315 700)
Depreciation and amortisation expense		(14 901 001)	(9 619 333)	-	-
Allowance for expected credit losses		(1 331 264)	(1 149 801)	(636 477)	(355 031)
Impairment of goodwill		(22 100 000)	(2 008 821)	-	-
Impairment of investment		(1 660 624)	-	(22 420 800)	(3 805 144)
Operating expenses		(79 088 849)	(50 941 758)	(2 971 768)	(3 445 338)
Operating (loss) profit	25	**(11 275 001)**	**16 069 858**	**(21 596 239)**	**(527 975)**
Investment income	27	5 287 977	7 180 703	27 341 459	17 264 565
Finance costs	28	(1 356 794)	(174 447)	-	-
Income from equity accounted investments		59 278	381 138	-	-
(Loss) profit before taxation		**(7 284 540)**	**23 457 252**	**5 745 220**	**16 736 590**
Taxation	29	(5 013 177)	(8 090 529)	(946 696)	(1 698 068)
(Loss) profit for the year		**(12 297 717)**	**15 366 723**	**4 798 524**	**15 038 522**
Other comprehensive income		-	-	-	-
Total comprehensive (loss) income for the year		**(12 297 717)**	**15 366 723**	**4 798 524**	**15 038 522**
Total comprehensive (loss) income attributable to:					
Owners of the parent		(18 371 869)	12 920 277	4 798 524	15 038 522
Non-controlling interest		6 074 152	2 446 446	-	-
		(12 297 717)	**15 366 723**	**4 798 524**	**15 038 522**
Per share information					
Basic earnings per share (cents)	37	(7.90)	7.21	-	-
Diluted earnings per share (cents)	37	(7.90)	7.21	-	-

* Refer to note 44 for details regarding the restatement for measurement period adjustment.

Statement of Changes in Equity

for the year ended 30 June 2020

Figures in Rand	Share capital/ Stated capital	Share premium	Total share capital	Equity due to change in ownership	Retained income	Total attributable to equity holders of the Group	Non-controlling interest	Total equity
Group								
Balance at 01 July 2018	**137 616**	**55 972 835**	**56 110 451**	**(12 892 945)**	**106 081 816**	**149 299 322**	**752 875**	**150 052 197**
Profit for the year (Restated*)	-	-	-	-	12 920 277	12 920 277	2 446 446	15 366 723
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**12 920 277**	**12 920 277**	**2 446 446**	**15 366 723**
Issue of shares	127 000 000	-	127 000 000	-	-	127 000 000	-	127 000 000
JSE - Listing fee	(142 907)	-	(142 907)	-	-	(142 907)	-	(142 907)
Conversion of no par value shares	55 972 835	(55 972 835)	-	-	-	-	-	-
Dividends	-	-	-	-	(8 256 948)	(8 256 948)	-	(8 256 948)
Acquistion of subsidiary	-	-	-	-	-	-	12 219 678	12 219 678
Total contributions by and distributions to owners of company recognised directly in equity	**182 829 928**	**(55 972 835)**	**126 857 093**	**-**	**(8 256 948)**	**118 600 145**	**12 219 678**	**130 819 823**
Balance at 01 July 2019	**182 967 544**	**-**	**182 967 544**	**(12 892 945)**	**110 745 145**	**280 819 744**	**15 418 999**	**296 238 743**
Loss for the year	-	-	-	-	(18 371 869)	(18 371 869)	6 074 152	(12 297 717)
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive loss for the year	**-**	**-**	**-**	**-**	**(18 371 869)**	**(18 371 869)**	**6 074 152**	**(12 297 717)**
Share buy-back	(23 547 044)	-	(23 547 044)	-	-	(23 547 044)	-	(23 547 044)
Dividends	-	-	-	-	(22 669 850)	(22 669 850)	(3 601 882)	(26 271 732)
Total contributions by and distributions to owners of company recognised directly in equity	**(23 547 044)**	**-**	**(23 547 044)**	**-**	**(22 669 850)**	**(46 216 894)**	**(3 601 882)**	**(49 818 776)**
Balance at 30 June 2020	**159 420 500**	**-**	**159 420 500**	**(12 892 945)**	**66 703 426**	**216 230 981**	**17 891 269**	**234 122 250**
Notes	14	15	14	16			17	

* Refer to note 44 for details regarding the restatement for measurement period adjustment.

Statement of Changes in Equity

for the year ended 30 June 2020 (Continued)

Figures in Rand	Share capital/ Stated capital	Share premium	Total share capital	Accumulated loss	Total attributable to equity holders of the Company	Total equity
Company						
Balance at 01 July 2018	**137 616**	**55 972 835**	**56 110 451**	**(16 318 562)**	**39 791 889**	**39 791 889**
Profit for the year	-	-	-	15 038 522	15 038 522	15 038 522
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**15 038 522**	**15 038 522**	**15 038 522**
Issue of shares	127 000 000	-	127 000 000	-	127 000 000	127 000 000
JSE - Listing fee	(142 907)	-	(142 907)	-	(142 907)	(142 907)
Conversion to no par value shares	55 972 835	(55 972 835)	-	-	-	-
Dividends	-	-	-	(8 256 948)	(8 256 948)	(8 256 948)
Total contributions by and distributions to owners of company recognised directly in equity	**182 829 928**	**(55 972 835)**	**126 857 093**	**(8 256 948)**	**118 600 145**	**118 600 145**
Balance at 01 July 2019	**182 967 544**	**-**	**182 967 544**	**(9 536 988)**	**173 430 556**	**173 430 556**
Profit for the year	-	-	-	4 798 524	4 798 524	4 798 524
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**4 798 524**	**4 798 524**	**4 798 524**
Share buy-back	(23 547 044)	-	(23 547 044)	-	(23 547 044)	(23 547 044)
Dividends	-	-	-	(22 936 302)	(22 936 302)	(22 936 302)
Total contributions by and distributions to owners of company recognised directly in equity	**(23 547 044)**	**-**	**(23 547 044)**	**(22 936 302)**	**(46 483 346)**	**(46 483 346)**
Balance at 30 June 2020	**159 420 500**	**-**	**159 420 500**	**(27 674 766)**	**131 745 734**	**131 745 734**
Notes	14	15	14			

Statement of Cash Flows

for the year ended 30 June 2020

Figures in Rand	Notes	Group 2020	Group 2019	Company 2020	Company 2019
Cash flows from operating activities					
Cash generated from operations	30	23 290 383	11 561 902	3 254 219	1 162 101
Interest income		5 287 977	7 180 703	344 645	340 040
Dividend income		-	-	26 996 814	16 256 944
Finance costs		(1 356 794)	(174 447)	-	-
Tax paid	31	(7 872 859)	(11 296 494)	(1 133 878)	(1 909 843)
Net cash from operating activities		**19 348 707**	**7 271 664**	**29 461 800**	**15 849 242**
Cash flows from investing activities					
Purchase of property, plant and equipment	4	(997 393)	(3 073 383)	-	-
Sale of property, plant and equipment	4	58 982	-	-	-
Purchase of intangible assets	7	(4 709 977)	(4 256 436)	-	-
Cash acquired in business combination	35	-	29 662 531	-	-
Loans to group companies (advanced) repaid		-	-	(935 592)	812 171
Dividend from associate		190 733	667 581	-	667 581
Net cash from investing activities		**(5 457 655)**	**22 999 293**	**(935 592)**	**1 479 752**
Cash flows from financing activities					
Share issue cost	14	-	(142 907)	-	(142 907)
Share-buy back	14	(23 547 044)	-	(23 547 044)	-
Proceeds from (repayment of) loans from group companies		-	-	17 910 446	(6 302 418)
Repayment of other financial liabilities		-	(2 472 483)	-	(2 472 483)
Repayment of interest bearing liabilities		-	(372 335)	-	-
Dividends paid	32	(26 248 900)	(8 234 156)	(22 913 470)	(8 234 156)
Lease liability - Capital portion paid		(1 830 458)	-	-	-
Net cash from financing activities		**(51 626 402)**	**(11 221 881)**	**(28 550 068)**	**(17 151 964)**
Total cash movement for the year		**(37 735 350)**	**19 049 076**	**(23 860)**	**177 030**
Cash at the beginning of the year		123 439 929	104 390 853	636 836	459 806
Total cash at end of the year	13	**85 704 579**	**123 439 929**	**612 976**	**636 836**

Group Accounting Policies

1. Significant accounting policies

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), the South African Institute of Chartered Accountants Financial Reporting Guides as issued by the Accounting Practices Committee and the requirements of the South African Companies Act and the JSE Listings Requirements. The financial statements have been prepared on the historical cost basis, except for the measurement of financial instruments measured in terms of IFRS 9, and incorporate the principal accounting policies set out below. These financial statements are presented in South African Rand, since that is the currency in which the majority of Group's transactions are denominated.

These accounting policies are consistent with the previous period, other than the changes set out in note 2 regarding the adoption of IFRS 16.

1.1. Significant judgements and sources of estimation uncertainty

In the process of applying the Group's accounting policies, management has made the following judgements, which in certain cased involve estimations, which have the most significant effect on the amounts recognised in the financial statements:

Impairment

The recoverable amount of intangible assets that are not yet available for use is estimated annually. The recoverable amount of an asset is calculated as the higher of its fair value less costs to sell and its value in use.

In assessing the value in use, the expected future cashflows from the asset are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the assets.

The discount rate applied is based on estimates and judgements made by management and is subject to change. An impairment loss is recognised in profit or loss whenever the carrying amount of the assets exceed its recoverable amount.

Impairment of assets

At each reporting date, the Group reviews the carrying amount of its tangible and intangible assets to determine whether there is an indication that those assets may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount for an individual assets, the recoverable amount is determined for the cash-generating unit to which it belongs.

For the purposes of impairment testing, goodwill acquired in a business combination is allocated to the cash generating units or groups of cash generating units that are expected to benefit from the synergies of the combination. Impairments to goodwill are never subsequently reversed.

Recoverable amount is the higher of fair values less cost to sell and value in use. In assessing value in use, the estimated future cashflows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit for which the estimates of future cashflows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset or (cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset or (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or (cash-generating unit) in prior years.

1.1 Significant judgements and sources of estimation uncertainty (continued)

Residual value and useful life

Property, plant and equipment and intangible assets are depreciated or amortised over their estimated useful lives taking into account residual values following the requirements of International Accounting Standards (IAS 16) Property, plant and equipment as well as (IAS 38) Intangible Assets. Estimated useful lives and the residual values are re-assessed at each financial year end. The actual lives and residual values of those assets can vary depending on a variety of factors.

Technological innovation, product life cycles and maintenance programmes all impact the useful lives and residual values of the assets. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Deferred tax assets

The Group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future.

Assessing the recoverability of deferred tax requires the Group to make significant estimates related to expectations of future taxable income.

Recoverability of deferred tax assets requires estimates of future taxable income based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the reporting date could be impacted.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 21 Provisions.

1.2. Basis of consolidation

The Group financial statements consolidate those of the parent and all of its subsidiaries as of 30 June 2020. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June.

Business combinations

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. Goodwill is measured at cost less accumulated impairment losses. Goodwill is tested for impairment annually.

Group Accounting Policies (CONTINUED)

1.3. Property, plant and equipment

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Depreciation is provided on all property, plant and equipment other than freehold land, to write down the cost, less residual value, on a straight line basis over their useful lives as follows:

Item	Average useful life
Land	Is not depreciated
Buildings	20 years
Leasehold improvements	5 years
Plant and machinery	5 years
Furniture and fixtures	6 years
Motor vehicles	5 years
Office equipment	3 - 5 years
IT equipment	3 - 5 years on average
Call centre equipment	5 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each financial year.

1.4. Intangible assets

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed every year-end. Reassessing the useful life of an intangible asset with a definite useful life after it was classified as indefinite is an indication that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software	5 - 6.67 years on average
Internally developed asset	5 years
Rights of use of Property Buyers Show	Indefinite

1.5. Investments in subsidiaries Company financial statements

In the Company's separate financial statements, investments in subsidiaries are carried at cost less any accumulated impairment.

An adjustment to the cost of a business combination contingent on future events is included in the cost of the combination if the adjustment is probable and can be measured reliably.

1.6. Investments in associates

Associates are those entities over which the Group is able to exert significant influence but which are not subsidiaries. Investments in associates are accounted for using the equity method.

Any goodwill on acquisition of an associate is included in the carrying amount of the investment, however a gain on acquisition is recognised immediately in profit or loss.

1.7. Financial instruments

Financial instruments held by the Group are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Note 39 Financial instruments and risk management presents the financial instruments held by the Group based on their specific classifications.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the Group are presented below:

Loans to group companies and loans receivable Classification

Loans to group companies (note 11), are classified as financial assets measured at amortised cost.

They have been classified in this manner because the contractual terms of these loans give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the Group's business model is to collect the contractual cash flows on these loans.

Recognition and measurement

Loans to group companies and loans receivable are recognised when the Group becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the loan initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Application of the effective interest method

Interest income is calculated using the effective interest method, and is included in profit or loss in investment income (note 27).

The application of the effective interest method to calculate interest income on a loan receivable is dependent on the credit risk of the loan as follows:

- The effective interest rate is applied to the gross carrying amount of the loan, provided the loan is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.
- If a loan was not purchased or originally credit-impaired, but it has subsequently become credit-impaired, then the effective interest rate is applied to the amortised cost of the loan in the determination of interest. If, in subsequent periods, the loan is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.

1.7 **Financial instruments (continued)**

Impairment

The Group recognises a loss allowance for expected credit losses on all loans receivable measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective loans.

The Group measures the loss allowance at an amount equal to lifetime expected credit losses (lifetime ECL) when there has been a significant increase in credit risk since initial recognition. If the credit risk on a loan has not increased significantly since initial recognition, then the loss allowance for that loan is measured at 12 month expected credit losses (12 month ECL).

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a loan. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a loan that are possible within 12 months after the reporting date.

In order to assess whether to apply lifetime ECL or 12 month ECL, in other words, whether or not there has been a significant increase in credit risk since initial recognition, the Group considers whether there has been a significant increase in the risk of a default occurring since initial recognition rather than at evidence of a loan being credit impaired at the reporting date or of an actual default occurring.

Definition of default

- A loan is considered to be in default when there is evidence that the borrower is in significant financial difficulty such that it will have insufficient funds to repay the loan on demand. This is assessed based on the number of factors including various liquidity and solvency ratios.

Significant increase in credit risk (SICR) assessment

- This assessment is performed qualitatively by reference to the borrower's cash flow and liquid asset position. The risk that the borrower will default on a demand loan depends on whether the subsidiary has sufficient cash or other liquid assets to repay the loan immediately (meaning that the risk of default is very low, possibly close to 0%) or it will not (meaning that the risk of default is very high, possibly close to 100%)

Credit impaired indicators

- A loan is considered to be credit impaired if it meets the definition of a defaulted loan.

Write off policy

- Write-off is considered on a case by case basis taking into consideration the age of the loan and the potential for a reasonable recovery or part recovery.

Trade and other receivables Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets measured at amortised cost (note 12).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the Group's business model is to collect the contractual cash flows on trade and other receivables.

The Group measures the loss allowance for other receivables when the receivable amount is raised. This is then maintained on a per customer basis and adjusted when there is an indication of significant credit risk.

1.7 Financial instruments (continued)

Recognition and measurement

Trade and other receivables are recognised when the Group becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Impairment

The Group recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments. The amount of expected credit losses is updated at each reporting date.

The Group measures the loss allowance for trade receivables on a simplified approach at an amount equal to lifetime expected credit losses (lifetime ECL). The Group made use of the practical expedient available under IFRS 9 and calculated the allowance using a provision matrix.

Loans from group companies Classification

Loans from group companies (note 18) are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

Loans from group companies are recognised when the Group becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Interest expense, calculated on the effective interest method, is included in profit or loss in finance costs (note 28).

Loans from group companies expose the Group to liquidity risk and interest rate risk. Refer to note 39 for details of risk exposure and management thereof.

The Group measures the loss allowance for other receivables when the receivable amount raised. This is then monitored on a per customer basis and adjusted when there is an indication of significant credit risk.

1.7 Financial instruments (continued)

Trade and other payables Classification

Trade and other payables (note 22), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

They are recognised when the Group becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Trade and other payables expose the Group to liquidity risk and possibly to interest rate risk. Refer to note 39 for details of risk exposure and management thereof.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments arrangements entered into. Cash and cash equivalents are initially recognised at fair value including transaction costs and subsequently measured at amortised cost using the effective interest rate method.

Derecognition Financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

The Group derecognises financial liabilities when, and only when, the Group obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Reclassification Financial assets

The Group only reclassifies affected financial assets if there is a change in the business model for managing financial assets. If a reclassification is necessary, it is applied prospectively from the reclassification date. Any previously stated gains, losses or interest are not restated.

The reclassification date is the beginning of the first reporting period following the change in business model which necessitates a reclassification.

Financial liabilities are not reclassified.

1.8. Tax

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income where it includes items of income and expenses that are accounted for in other periods and it further excludes items that are not taxable or deductible. The Group liability for current tax is calculated using rates currently enacted and substantially enacted at financial year end.

Deferred tax

Deferred tax is recognised on the difference between the carrying amounts of assets and liabilities in the financial statements and corresponding tax bases used in the computation of taxable profit or loss, and are accounted for using the comprehensive liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arises from goodwill or from the initial recognition (other than a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit or loss nor the accounting profit or loss. Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and its probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantially enacted by the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are off-set when there is a legally enforceable right to set off current tax against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current assets and liabilities on a net basis.

Current and deferred tax for the year

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited to profit or loss, in which case the tax is also recognised directly in profit or loss, or where they arise from the initial accounting for a business combination.

In the case of a business combination, the effect is taken into account in calculating goodwill or in determining the gain or bargain purchase.

1.9. Leases

Until the 2019 financial year, leases of plant and equipment were classified as either finance leases or operating leases, see note 2 for details. From 1 July 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Extension and termination options are included in a number of leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment.

1.9 Leases (continued)

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. The incremental borrowing rate is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. The rate is calculated using a build-up approach that starts with a risk-free interest rate adjusted for credit risk.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The Group's lease liabilities are included on the face of the Statement of Financial Position.

iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of IT and office equipment that are considered to be low value.

Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

1.10. Leases (comparatives for IAS 17)

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability. This asset or liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

1.11. Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

If the Group re-acquires its own equity instruments, those instruments are deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Consideration paid or received shall be recognised directly in equity.

Transaction costs incurred on such transactions are netted off or deducted from equity.

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity. Dividends are recognised as a liability in the Group in which they are declared.

1.12. Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

1.13. Leave provision

Provisions are recognised when:

- the Group has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Contingent assets and contingent liabilities are not recognised.

1.14. Revenue

The Group provides a wide variety of digital communication and platform services that enables the Group's clients to interact with its users.

Rendering of services

Revenue from the rendering of services is recognised using the 5-step process:

- identifying the contract with a customer;
- identifying the performance obligations
- determining the transaction price;
- allocating the transaction price to the performance obligations; and
- recognising revenue when/as performance obligation(s) are satisfied.

The Group often enters into transactions involving a range of the group's services. In all cases, the total transaction price for a contract is allocated among the various performance obligations based on their relative stand-alone selling prices. Revenue is recognised as/or when the Group satisfies performance obligations by transferring the promised service to its customers.

- **Other revenue**

  Other revenue is recognised on the accrual basis in accordance with the substance of the relevant agreements and measured at fair value of the consideration receivable.

  Where the Group enters into sales transactions involving a range of the Group's services, the Group applies the revenue recognition criteria set out above to each separately identifiable component of the sales transaction. The consideration received from these multiple-component transactions is allocated to each separately identifiable component in proportion to its relative fair value.

  Dividends are recognised, in profit or loss, when the Group's right to receive payment has been established.

1.15. Interest income

Interest is accrued on a time apportionment basis, by reference to the principal outstanding and the effective interest rate.

1.16. Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components.

1.17. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

1.18. Cost of services

The related cost of providing services recognised as revenue in the current period is included in cost of sales when incurred.

1.19. Translation of foreign currencies foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

2. New Standards and Interpretations

2.1. Standards and interpretations effective and adopted in the current year

In the current year, the Group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

IFRS 16 Leases

New standard that introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. A lessee measures right-of-use assets liabilities, and as a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows applying IAS 7: Statement of Cash Flows.

IFRS 16 contains expanded disclosure requirements for lessees. Lessees will need to apply judgemental in deciding upon the information to disclose to meet the objective of providing a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the lessee. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. IFRS 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk.

2. Changes in accounting policy (continued)

IFRS 16 supersedes the following standards and interpretations:

(a) IAS 17: Leases.

(b) IFRIC 4: Determining whether an arrangement contains a lease.

(c) SIC-15: Operating Leases - Incentives.

(d) SIC-27: Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The effective date of the standard is for years beginning on or after 01 January 2019.

The Group has adopted the standard for the first time in the 2020 annual financial statements. The impact of the standard is set out in note 3 Changes in Accounting Policy.

2.2. Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the Group's accounting periods beginning on or after 01 July 2020 or later periods but are not relevant to its operations:

Presentation of Financial Statements: Disclosure initiative

The amendment clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards.

The effective date of the amendment is for years beginning on or after 01 January 2020.

The Company does not envisage the adoption of the amendment until such time as it becomes applicable to the company's operations.

The impact of this amendment is currently being assessed.

Accounting Policies, Changes in Accounting Estimates and Errors: Disclosure initiative

The amendment clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards.

The effective date of the amendment is for years beginning on or after 01 January 2020.

The Company does not envisage the adoption of the amendment until such time as it becomes applicable to the company's operations.

The impact of this amendment is currently being assessed.

3. Changes in accounting policy Application of IFRS 16 Leases

The Group adopted IFRS 16 – Leases, the new accounting standard for leases from 1 July 2019. The Group has one lease relating to the lease of office space in Umhlanga. All other leases within the Group are for a period 12 months or less or of a low value and therefore the Group applied practical expedients for such leases.

The Group has measured the lease liability at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application and recognised a right-of-use asset at 1 July 2019. The right-of-use asset is equal to the lease liability.

The Group elected to use the modified retrospective approach on adoption which means that comparative information was not adjusted for, but cumulative prior year adjustments were processed in retained earnings at 1 July 2019. Therefore, the comparative information has not been restated and is reported under the previous standards.

Impact on financial statements on transition

On transition to IFRS 16, the Group recognised right-of-use assets together with additional lease liabilities. The impact on transition is recognised below as at 1 July 2019.

	01 July 2019
Right-of-use assets	12 951 732
Retained earnings	-
Deferred tax asset	-
Lease liabilities	(12 951 732)
	-

The differences relate to extension periods previously not included in the lease commitments to the value of R Nil, which increased the undiscounted operating lease commitments.

Reconciliation of previous operating lease commitments to lease liabilities under IFRS 16

	01 July 2019
Operating lease commitment at 30 June 2019 as previously disclosed	17 134 578
Less: Lease commitments shorter than 12 months	(653 754)
Total commitments to be discounted using incremental borrowing rate	**16 480 284**
Present value adjustment on future lease obligation	(R3 528 552)
Present value of future lease obligation as at 1 July 2019	**12 951 732**

The Group recognised R12 951 732 as a right of use asset and as a lease liability as at 1 July 2019. As at 30 June 2020 the Group Recognised R 10 176 361 of right-of-use assets and R 11 121 274 of lease liabilities as at 30 June 2020.

The Group recognised R 2 775 371 of depreciation, R 1 246 171 of interest costs in net interest expense and compared to operating lease cost of R 3 076 629 for these leases.

Notes to the Financial Statements

4. Property, plant and equipment

Group	2020			2019		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Land	2 200 000	-	2 200 000	2 200 000	-	2 200 000
Buildings	11 183 184	(1 349 893)	9 833 291	11 000 962	(1 281 919)	9 719 043
Plant and machinery	602 726	(602 726)	-	598 209	(550 003)	48 206
Furniture and fixtures	3 706 842	(1 907 097)	1 799 745	3 689 924	(1 477 147)	2 212 777
Motor vehicles	183 730	(183 730)	-	183 730	(183 730)	-
Office equipment	1 434 336	(1 325 976)	108 360	1 483 379	(1 295 783)	187 596
IT equipment	19 683 955	(18 179 730)	1 504 225	19 211 386	(16 835 281)	2 376 105
Leasehold improvements	1 205 946	(845 046)	360 900	1 205 946	(792 186)	413 760
Call centre equipment	1 197 441	(1 197 441)	-	1 197 441	(1 197 441)	-
Total	**41 398 160**	**(25 591 639)**	**15 806 521**	**40 770 977**	**(23 613 490)**	**17 157 487**

Reconciliation of property, plant and equipment - Group - 2020

	Opening balance	Additions	Disposals	Depreciation	Total
Land	2 200 000	-	-	-	2 200 000
Buildings	9 719 043	182 222	-	(67 974)	9 833 291
Plant and machinery	48 206	-	-	(48 206)	-
Furniture and fixtures	2 212 777	-	-	(413 032)	1 799 745
Office equipment	187 596	-	-	(79 236)	108 360
IT equipment	2 376 105	815 171	(5 091)	(1 681 960)	1 504 225
Leasehold improvements	413 760	-	-	(52 860)	360 900
	17 157 487	**997 393**	**(5 091)**	**(2 343 268)**	**15 806 521**

Reconciliation of property, plant and equipment - Group - 2019

	Opening balance	Additions	Additions through business combinations	Disposals	Depreciation	Total
Land	2 200 000	-	-	-	-	2 200 000
Buildings	9 786 258	-	-	-	(67 215)	9 719 043
Plant and machinery	120 515	-	-	-	(72 309)	48 206
Furniture and fixtures	184 489	2 203 305	628	-	(175 645)	2 212 777
Office equipment	158 085	49 999	55 920	-	(76 408)	187 596
IT equipment	2 383 079	820 079	1 039 061	(23 459)	(1 842 655)	2 376 105
Leasehold improvements	466 621	-	-	-	(52 861)	413 760
Call centre equipment	159 659	-	-	-	(159 659)	-
	15 458 706	**3 073 383**	**1 095 609**	**(23 459)**	**(2 446 752)**	**17 157 487**

A detailed register of assets is available for inspection at the registered office of the Group.

5. Right-of-use assets

Group	2020			2019		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Right-of-use assets	12 951 732	(2 775 371)	10 176 361	-	-	-

Reconciliation of right-of-use assets - Group - 2020

	Opening balance	IFRS 16 adoption	Depreciation	Total
Right-of-use assets	-	12 951 732	(2 775 371)	10 176 361

6. Goodwill

Group	2020			2019		
	Cost	Accumulated impairment	Carrying value	Cost	Accumulated impairment	Carrying value
Goodwill	125 688 759	(24 108 821)	101 579 938	125 688 759	(2 008 821)	123 679 938

Reconciliation of goodwill - Group - 2020

	Opening balance	Impairment loss	Total
Goodwill - BMi Sport Group	13 832 975	(12 800 000)	1 032 975
Goodwill - BMi Research	14 489 731	(9 300 000)	5 189 731
Goodwill - Private Property	95 357 232	-	95 357 232
	123 679 938	**(22 100 000)**	**101 579 938**

Reconciliation of goodwill - Group - 2019

	Opening balance	Acquisition through business combination	Impairment l oss	Total
Goodwill - BMi Sport Group	15 841 796	-	(2 008 821)	13 832 975
Goodwill - BMi Research	14 489 731	-	-	14 489 731
Goodwill - Private Property	-	95 357 232	-	95 357 232
	30 331 527	**95 357 232**	**(2 008 821)**	**123 679 938**

For the purpose of annual impairment testing the goodwill was matched with the related asset that gave rise to the goodwill.

6. Goodwill (continued)

BMi Sport Group

BMi Sport Group's goodwill is tested for impairment by determining the current value of the future projected cashflow for 5 years including the calculation of a terminal value after the period using an average growth and terminal growth rate of 1.21% (2019: 1.58%). Even though BMi Sport Group is still profitable, the current economic climate is resulting in lower than expected sales in the sport sponsorship and research industry. As a result management only estimated a growth of 1.21% (2019: 1.58%) for the forthcoming years resulting in the Goodwill being impaired by R12 800 000 (2019: R2 008 821) by the Group. The cashflow projections are in line with the normal rates achieved by the asset in the past. Improved cost efficiencies have been taken into account where applicable. BMi Sport is reported within the Knowledge Creation and Management Segment.

The recoverable amount of the cash generating unit was calculated to be R8 682 198 (2019: R21 690 916) which related to a goodwill value of R1 032 975 (2019: R13 832 975).

If the future growth rate is increased by 1% then the value of the asset value calculated will be R9 969 272 (2019: R22 995 610). If the future growth rate is decreased by 1% then the value of the asset value calculated will be R7 443 732 (2019: R20 416 314) resulting in further impairment of the asset to the value of R1 238 466 (2019: R1 544 602) and impairment of the related goodwill to the amount of R1 032 975.

The discount rate of 19.5% (2019: 18%) used reflect the appropriate costs of capital and risks associated with the asset. Management's key assumptions include gradual improvement in profit margins, based on the normal margins achieved within similar business in the Group. If the discount rate is increased by 1% then the value of the asset value calculated will be R8 635 912 (2019: R21 145 905). If the discount rate is decreased by 1% then the value of the asset value calculated will be R8 730 506 (2019: R22 262 086).

BMi Research

BMi Research's goodwill is tested for impairment by determining the current value of the future projected cashflow for 5 years including the calculation of a terminal value after the period using an average growth and terminal growth rate of 5% (2019: 8%). As a result of poor economic and trading conditions prevailing, management only estimate a growth of 5% for the forthcoming years resulting in the goodwill being impaired by R9 300 000 (2019: R Nil) by the Group. The cashflow projections are in line with the normal rates achieved by the asset in the past. BMi Research is reported within the Knowledge Creation and Management Segment.

The recoverable amount of the cash generating unit was calculated to be R19 679 462 (2019: R32 232 008) which relates to a goodwill value of R5 189 731 (2019: R 14 489 731).

If the future growth rate is increased by 1% then the value of the asset value calculated will be R23 478 575 (2019: R35 604 291). If the future growth rate is decreased by 1% then the value of the asset value calculated will be R16 258 629 (2019: R28 936 454), which will result in impairment to the value of R3 420 833 (2019: R3 295 463).

The discount rate of 22% (2019: 19%) used reflect the appropriate costs of capital and risks associated with the asset.

Management's key assumptions include gradual improvement in profit margins, based on the normal margins achieved within similar business in the Group. If the discount rate is increased by 1% then the value of the asset value calculated will be R19 278 243 (2019: R31 408 690). If the discount rate is decreased by 1% then the value of the asset value calculated will be R20 099 003 (2019: R33 095 454).

6. Goodwill (continued)

Private Property South Africa

During the year under review, the Group finalised the process to fair value of identifiable assets and liabilities. of Private Property. Through this process the Group identified R26 969 845 of intangible assets related to the purchase of Private Property which together with the related deferred tax asset resulted in an adjustment of R19 418 282 adjustment to the provisionally accounted goodwill which have been disclosed as a measured period adjustment.

Private Property South Africa's is tested for impairment by determining the current value of the future projected cashflow for 5 years including the calculation of a terminal value after the period using an average growth rate of 10% (2019: 15%) and terminal growth rate of 6%. Management based its growth rate on the sales growth of the Private Property over the past three years and taking into account a reduction in operating cost in the forthcoming years. Private Property South Africa is reported within the Knowledge Creation and Management Segment.

The recoverable amount of the cash generating unit was calculated to be R151 840 000 (2019: R184 507 000) for the 50.01% of the shares held by the Group. At the calculated value, goodwill to the value of R95 357 232 does not need to be impaired.

If the future growth rate is increased by 1% then the value of the asset value calculated will be R171 134 000 (2019: R204 719 000). If the future growth rate is decreased by 1% then the value of the asset value calculated will be R133 166 000 (2019: R164 915 000).

The discount rate of 18.9% (2019: 18.6%) used reflect the appropriate costs of capital and risks associated with the asset. Management's key assumptions include that operational cost of the asset will gradually improve over the next 5 years. If the discount rate is increased by 1% then the value of the asset value calculated will be R147 081 000 (2019: R178 507 000). If the discount rate is decreased by 1% then the value of the asset value calculated will be R156 833 000 (2019: R191 014 000).

7. Intangible assets

Group	2020			2019		
	Cost	**Accumulated amortisation**	**Carrying value**	**Cost**	**Accumulated amortisation**	**Carrying value**
Bespoke services*	4 228 948	(1 781 325)	2 447 623	4 020 162	(1 055 215)	2 964 947
Computer software	10 857 122	(5 320 332)	5 536 790	7 327 052	(4 192 082)	3 134 970
Email2Fax and Fax2Email System*	8 570 414	(8 570 414)	-	8 570 414	(8 423 970)	146 444
Fax2Email Platform - Africa*	2 383 605	(2 383 605)	-	2 383 605	(2 383 605)	-
Incentive Programme*	4 580 182	(1 922 181)	2 658 001	3 609 061	(1 200 369)	2 408 692
Knowledge 350*	3 205 136	(3 060 672)	144 464	3 205 136	(2 465 038)	740 098
MediaWorx platform*	1 539 217	(1 026 144)	513 073	1 539 217	(718 301)	820 916
Property Buyers Show	2 655 240	-	2 655 240	2 655 240	-	2 655 240
Research panel*	1 365 545	(1 365 545)	-	1 365 545	(1 115 195)	250 350
SportTrack	1 527 967	(1 527 967)	-	1 527 967	(1 324 238)	203 729
Private Property Brand Value	7 856 710	(2 226 068)	5 630 642	7 856 710	(654 726)	7 201 984
Private Property Platform	2 311 662	(1 091 618)	1 220 044	2 311 662	(321 064)	1 990 598
Private Property Client Relationships	16 801 472	(4 760 417)	12 041 055	16 801 472	(1 400 123)	15 401 349
Total	**67 883 220**	**(35 036 288)**	**32 846 932**	**63 173 243**	**(25 253 926)**	**37 919 317**

7. **Intangible assets (continued)**

Reconciliation of intangible assets - Group - 2020

	Opening balance	Additions	Amortisation	Total
Bespoke services*	2 964 947	208 786	(726 110)	2 447 623
Computer software	3 134 970	3 530 070	(1 128 250)	5 536 790
Email2Fax and Fax2Email System*	146 444	-	(146 444)	-
Incentive Programme*	2 408 692	971 121	(721 812)	2 658 001
Knowledge 350*	740 098	-	(595 634)	144 464
MediaWorx platform*	820 916	-	(307 843)	513 073
Property Buyers Show	2 655 240	-	-	2 655 240
Research panel*	250 350	-	(250 350)	-
SportTrack	203 729	-	(203 729)	-
Private Property Brand Value	7 201 984	-	(1 571 342)	5 630 642
Private Property Platform	1 990 598	-	(770 554)	1 220 044
Private Property Client Relationship	15 401 349	-	(3 360 294)	12 041 055
	37 919 317	**4 709 977**	**(9 782 362)**	**32 846 932**

Reconciliation of intangible assets - Group - 2019

	Opening balance	Additions	Acquisition through business combination	Amortisation	Total
Bespoke services*	3 682 498	-	-	(717 551)	2 964 947
Computer software	3 469 686	938 773	-	(1 273 489)	3 134 970
Email2Fax and Fax2Email System*	813 258	-	-	(666 814)	146 444
Incentive Programme*	2 356 510	663 423	-	(611 241)	2 408 692
Knowledge 350*	1 381 126	-	-	(641 028)	740 098
MediaWorx platform*	1 128 759	-	-	(307 843)	820 916
Property Buyers Show	-	2 655 240	-	-	2 655 240
Research panel*	523 459	-	-	(273 109)	250 350
SportTrack	509 322	-	-	(305 593)	203 729
Private Property Brand Value	-	-	7 856 710	(654 726)	7 201 984
Private Property Platform	-	-	2 311 662	(321 064)	1 990 598
Private Property Client Relationship	-	-	16 801 472	(1 400 123)	15 401 349
	13 864 618	**4 257 436**	**26 969 844**	**(7 172 581)**	**37 919 317**

7. Intangible assets (continued)

Impairment of intangible assets

At reporting date there were no indications that these intangible assets should be impaired.

Rights to property show

The Property Buyer Show has an indefinite useful life, as such the impairment of the asset must be assessed annually.

The recoverable amount of the asset was calculated to be R6 829 224 (2019: R2 655 240). If the future growth rate is increased by 1% then the value of the asset value calculated will be R7 111 009 (2019: R2 665 240). If the future growth rate is decreased by 1% then the value of the asset value calculated will be R6 575 337 (2019: 2 665 337).

The discount rate of 20.2 % (2019: 20.2%) used reflect the appropriate costs of capital and risks associated with the asset. Management's key assumptions include physical events starting from year 2023 onwards and WACC remains at same rate as prior year since there was no change in capital structure. If the discount rate is increased by 1% then the value of the asset value calculated will be R6 335 554 (2019: R2 655 240). If the discount rate is decreased by 1% then the value of the asset value calculated will be R7 385 023 (2019: R2 655 240).

No impairment was deemed necessary.

* - Internally generated assets.

Average remaining useful life

	Average remaining useful life 2020	Average remaining useful life 2019
Fax2Email Platform - Africa	0.00 years	0.00 years
Knowledge 350*	0.00 years	0.58 years
Email2Fax and Fax2Email System*	0.00 years	0.00 years
Incentive Programme*	2.00 years	3.00 years
Computer software	1.13 years	2.13 years
MediaWorx Platform*	1.66 years	2.66 years
Bespoke services*	1.50 years	2.50 years
Research panel*	0.00 years	0.58 years
SportTrack	0.00 years	0.66 years
Property Buyers Show	Indefinite	Indefinite
Private Property Brand Value	3.60 years	5.00 years
Private Property Platform	1.6 years	3.00 years
Private Property Client Relationship	3.60 years	5.00 years

See note 44 for details regarding the restatement for measurement period adjustment.

8. Investment in subsidiaries

The following table lists the entities which are controlled by the Group, either directly or indirectly through subsidiaries.

2020	Issued share capital	Group effective interest	Cost of investment
The holding Company's investment in subsidiaries is as follows:	**R**	**%**	**R**
FoneWorx Proprietary Limited	100	100%	100
Four Rivers Trading 123 Proprietary Limited	100	100%	2 310 100
UNiID Proprietary Limited (formerly Interconnective Solutions Management Services Proprietary Limited) *	100	100%	850 100
miVoucher Proprietary Limited (formerly Retail Card Club Proprietary Limited) *	100	100%	100
SurveyOnline Proprietary Limited *	100	100%	100
Cognition Analytics Proprietary Limited *	100	100%	100
CarbonWorx Proprietary Limited *	100	70%	70
VM Advertising Proprietary Limited *	100	100%	100
FoneWorx Kenya Limited	5 000 000	60%	100
BMi Sport Group	300	100%	8 682 198
BMi Research	100	100%	19 679 462
FoneWorx Global Communications Limited (Nigeria)	10 000 000	70%	100
FoneWorx Zambia Limited	5 000 000	60%	100
FoneWorx Namibia Proprietary Limited	100	100%	100
Private Property South Africa Proprietary Limited	25 000	50.01%	127 000 000
			158 522 830

2019	Issued share capita	Group effective interest	Cost of investment
The holding Company's investment in subsidiaries is as follows:	**R**	**%**	**R**
FoneWorx Proprietary Limited	100	100%	100
Four Rivers Trading 123 Proprietary Limited	100	100%	2 310 100
UNiID Proprietary Limited (formerly Interconnective Solutions Management Services Proprietary Limited) *	100	100%	100
miVoucher Proprietary Limited (formerly Retail Card Club Proprietary Limited) *	100	100%	100
SurveyOnline Proprietary Limited *	100	100%	100
Cognition Analytics Proprietary Limited *	100	100%	100
CarbonWorx Proprietary Limited	100	70%	70
VM Advertising Proprietary Limited *	100	100%	100
FoneWorx Kenya Limited	5 000 000	60%	100
BMi Sport Group	300	100%	22 410 028
BMi Research Proprietary Limited	100	100%	26 711 808
FoneWorx Global Communications Limited (Nigeria)	10 000 000	70%	100
FoneWorx Zambia Limited	5 000 000	60%	100
FoneWorx Namibia Proprietary Limited	100	100%	100
Private Property South Africa Proprietary Limited	25 000	50.01%	127 000 000
			178 433 006

Notes to the Financial Statements (CONTINUED)

8. Investment in subsidiaries (continued)

2020	Opening balance	Additions	Impairments	Closing balance
Reconciliation of Investment in subsidiaries				
FoneWorx Proprietary Limited	100	-	-	100
Four Rivers Trading 123 Proprietary Limited	2 310 100	-	-	2 310 100
UNiID Proprietary Limited (formerly Interconnective Solutions Management Services Proprietary Limited)*	100	850 000	-	850 100
miVoucher Proprietary Limited (formerly Retail Card Club Proprietary Limited)*	100	-	-	100
SurveyOnline Proprietary Limited*	100	-	-	100
Cognition Analytics Proprietary Limited*	100	-	-	100
CarbonWorx Proprietary Limited	70	-	-	70
VM Advertising Proprietary Limited*	100	-	-	100
FoneWorx Kenya Limited	100	-	-	100
BMi Sport Group	22 410 028	-	(13 727 830)	8 682 198
BMi Research Proprietary Limited	26 711 808	-	(7 032 346)	19 679 462
FoneWorx Global Communications Limited (Nigeria)	100	-	-	100
FoneWorx Zambia Limited	100	-	-	100
FoneWorx Namibia Proprietary Limited	100	-	-	100
Private Property South Africa Proprietary Limited	127 000 000	-	-	127 000 000
	178 433 006	**850 000**	**(20 760 176)**	**158 522 830**

2019	Opening balance	Additions	Impairments	Closing balance
Reconciliation of Investment in subsidiaries				
FoneWorx Proprietary Limited	100	-	-	100
Four Rivers Trading 123 Proprietary Limited	2 310 100	-	-	2 310 100
UNiID Proprietary Limited (formerly Interconnective Solutions Management Services Proprietary Limited)*	100	-	-	100
miVoucher Proprietary Limited (formerly Retail Card Club Proprietary Limited)*	100	-	-	100
SurveyOnline Proprietary Limited*	100	-	-	100
Cognition Analytics Proprietary Limited*	100	-	-	100
CarbonWorx Proprietary Limited	70	-	-	70
VM Advertising Proprietary Limited*	100	-	-	100
FoneWorx Kenya Limited	100	-	-	100
BMi Sport Group	26 215 172	-	(3 805 144)	22 410 028
BMi Research Proprietary Limited	26 711 808	-	-	26 711 808
FoneWorx Global Communications Limited (Nigeria)	100	-	-	100
FoneWorx Zambia Limited	100	-	-	100
FoneWorx Namibia Proprietary Limited	100	-	-	100
Private Property South Africa Proprietary Limited	-	127 000 000	-	127 000 000
	55 238 150	**127 000 000**	**(3 805 144)**	**178 433 006**

The principal location of the Group is in South Africa. All the above entities are private companies. The group makes use of a network of commercial business associates in order to deliverer services throughout Africa.

8. **Investment in subsidiaries (continued)**

BMi Sport Group

The Group impaired the investment in BMi Sport Group by R13 727 830 (2019: R3 805 144) down to a recoverable amount of R8 682 198 which was based on estimated a growth and terminal growth rate of 1.21% (2019: 1.58%) for the forthcoming five years and applying a discount rate of 19.5% (2019: 18%).

BMi Research Group

The Group impaired the investment in BMi Research Group by R7 032 346 down to a recoverable amount of R19 679 462 which was based on estimated a growth and terminal growth rate of 5% (2019: 6%) for the forthcoming five years and applying a discount rate of 22% (2019: 19%).

* The loans to these companies have been subordinated and the impairment was calculated based on expected future losses that are likely to occur. All exposure based on the guarantee given has therefore been provided for.

Non-controlling interest across the Group is considered to be material (refer to note17)

9. **Investments in associates**

The following table lists all of the associates in the Group:

Group

Name of company	% ownership interest 2020	% ownership interest 2019	Carrying amount 2020	Carrying amount 2019
LivingFacts Proprietary Limited	47.70 %	47.70 %	2 528 001	4 320 080

Company

Name of company	% ownership interest 2020	% ownership interest 2019	Carrying amount 2020	Carrying amount 2019
LivingFacts Proprietary Limited	47.70 %	47.70 %	2 156 816	3 817 440

The Group impaired its investment in LivingFacts Proprietary Limited by R1 660 624 down to a recoverable amount of R2 528 001 which was based on estimated a growth and terminal growth rate of 5% and a discount rate of discount rate of 16.7% with additional discounting of 13.6% related to marketability and 11% related to minority shareholder discounting.

The summarised financial information in respect of the Group's principle associate is set out below.

Summarised Statement of Profit or Loss and Other Comprehensive Income	LivingFacts Proprietary Limited 2020	LivingFacts Proprietary Limited 2019
Revenue	6 142 830	8 511 589
Profit after taxation from continuing operations	124 280	884 269
Dividend paid by associate	400 000	1 400 000

9. Investments in associates (continued)

Summarised Statement of Financial Position	LivingFacts Proprietary Limited 2020	2019
Assets		
Non-current	10 819	21 767
Current	1 846 645	3 143 287
Total assets	1 857 464	3 165 054
Liabilities		
Current	650 745	1 346 539
Total liabilities	650 745	1 346 539
Total net assets	1 206 719	1 818 515

Associates with different reporting dates

The end of the reporting year of Cognition Holdings Limited is 30 June 2020. The year end of LivingFacts Proprietary Limited is 29 February 2020. The information above was obtained from the management accounts of LivingFacts Proprietary Limited for 30 June 2020.

	2020	**2019**
Group's share of opening net assets	907 952	1 194 395
Goodwill - included in initial investment	3 412 128	3 412 128
Share of profit from equity accounted investment	59 281	381 138
Dividend received	(190 736)	(667 581)
Impairment of investment	(1 660 624)	-
	2 528 001	**4 320 080**

10. Deferred tax

	Group		Company	
Figures in Rand	**2020**	2019	**2020**	2019
Deferred tax asset (liability)				
Deferred tax liability	(5 341 245)	(8 885 251)	-	-
Deferred tax asset	3 009 564	2 560 146	178 214	99 409
Total net deferred tax asset/(liability)	**(2 331 681)**	**(6 325 105)**	**178 214**	**99 409**
Reconciliation of deferred tax asset / (liability)				
At beginning of year	(6 325 105)	(1 147 273)	99 409	-
Property, plant and equipment	2 474	1 353	-	-
Intangible assets	2 293 961	(6 085 569)	-	-
Provisions	1 378 767	225 378	78 805	99 409
Revenue accrual	75 276	33 932	-	-
Business combination	(668 397)	668 397	-	-
Prepaid expenses	33 813	(59 922)	-	-
Tax losses available for set off against future taxable income	612 954	38 599	-	-
Lease liability	264 576	-	-	-
	(2 331 681)	**(6 325 105)**	**178 214**	**99 409**

10. **Deferred tax (continued)**

	Group		Company	
Figures in Rand	2020	2019	2020	2019
Categories of temporary differences				
Property, plant and equipment	-	(2 474)	-	-
Intangible assets	(6 702 189)	(8 996 150)	-	-
Provisions	2 374 209	995 442	178 214	99 409
Revenue accrual	1 066 145	990 869	-	-
Prepaid expenses	(54 109)	(87 922)	-	-
Business combination	-	668 397	-	-
Taxable losses available for set off against future taxable income	719 687	106 733	-	-
Lease liability	264 576	-	-	-
	(2 331 681)	**(6 325 105)**	**178 214**	**99 409**

11. **Loans to group companies**

	Group		Company	
Subsidiaries				
miVoucher Proprietary Limited (formerly Retail Card Club Proprietary Limited)*	-	-	977 027	630 057
UNiID Proprietary Limited (formerly Interconnective Solutions* Management Services Proprietary Limited)*	-	-	85 592	-
CarbonWorx Proprietary Limited*	-	-	464 341	462 871
FoneWorx Namibia Proprietary Limited*	-	-	109 364	107 894
FoneWorx Zambia Limited*	-	-	823 984	823 984
FoneWorx Kenya Limited*	-	-	1 463 108	1 463 108
FoneWorx Global Communications Limited (Nigeria)*	-	-	1 821 064	1 821 064
Allowance for expected credit losses	-	-	(5 658 888)	(5 308 978)
	-	**-**	**85 592**	**-**

All the above entities are private companies. Foreign entities are dormant. The loans are recorded in South African Rands as this is the currency in which the transactions are concluded.

All of the above loans are unsecured, interest free and have no fixed repayment terms. The directors consider the carrying amounts of the amounts owing from group companies to approximate their fair value, due to short term nature thereof the effect of discounting is considered immaterial.

* The loans to these companies have been subordinated. They have been assessed on a stage 3 basis and as such a 100% is expected as a credit loss and an allowance be made accordingly.

The impairment recognised in the current period relating to the provision against the loan amounts to R349 910 (2019: R 1 300).

Notes to the Financial Statements (CONTINUED)

12. Trade and other receivables

	Group		Company	
Figures in Rand	2020	2019	2020	2019
Financial instruments:				
Trade receivables	32 696 475	42 707 265	17 059 457	15 907 402
Expected credit losses	(717 207)	(824 081)	(22 420)	(29 311)
Trade receivables at amortised cost	31 979 268	41 883 184	17 037 037	15 878 091
Deposits	611 564	499 648	-	-
Other receivables	2 062 300	1 551 871	-	-
Shares loans to directors and staff	4 453 844	4 262 818	4 453 844	4 262 818
Expected credit losses for shares loans to directors and staff	(614 057)	(325 720)	(614 057)	(325 720)
Non-financial instruments:				
VAT	33 298	264 746	-	-
Employee costs in advance	144 148	-	-	-
Prepayments	2 686 876	2 480 300	-	-
Total trade and other receivables	**41 357 241**	**50 616 847**	**20 876 824**	**19 815 189**

Categorisation of trade and other receivables

Trade and other receivables are categorised as follows in accordance with IFRS 9: Financial Instruments:

At amortised cost	38 492 919	47 871 801	20 876 824	19 815 189
Non-financial instruments	2 864 322	2 745 046	-	-
	41 357 241	**50 616 847**	**20 876 824**	**19 815 189**

Exposure to credit risk

The Group and Company applies the IFRS 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component. The expected credit loss is determined on an individual customer basis. However, the Group and Company reviews all debtors individually, taking into account individual circumstances and past payment history.

The Group and Company continuously monitors the credit quality of customers. Where available, external credit checks on customers are obtained and used. The Group and Company's policy is to deal only with credit worthy counterparties. The credit terms are 30 days. The ongoing credit risk is managed through regular review of ageing analysis. The Group expected loss rate improved in the past year due to significant settlement made by long outstanding debtor.

2020 Group	Current	More than 30 days	More than 60 days	More than 90 days	More than 120 days	Specifically impaired	Total
Trade receivables amount due							
Expected credit loss rate	0.11%	0.60%	2.71%	10.78%	6.07%		
Gross carrying amount	23 954 713	5 301 251	1 319 535	638 834	960 439	521 704	32 696 475
Lifetime expected credit loss	25 810	31 826	35 699	68 856	58 305	496 712	717 207

2019 Group	Current	More than 30 days	More than 60 days	More than 90 days	More than 120 days	Specifically impaired	Total
Trade receivables amount due							
Expected credit loss rate	1.42%	1.22%	1.81%	0.89%	12.59%		
Gross carrying amount	28 046 011	5 115 653	3 408 568	4 069 484	1 517 947	549 602	42 707 265
Life expected credit loss	398 771	62 470	61 741	36 260	191 179	73 660	824 081

12. Trade and other receivables (continued)

2020 Company	Current	More than 30 days	More than 60 days	More than 90 days	More than 120 days	Total
Trade receivables amount due						
Expected credit loss rate	0.1%	0.5%	0.6%	0.7%	0.8%	
Gross carrying amount	16 049 260	251 034	395 505	167 630	196 028	17 059 457
Lifetime expected credit losses	16 049	1 255	2 373	1 173	1 570	22 420

2019 Company	Current	More than 30 days	More than 60 days	More than 90 days	More than 120 days	Total
Trade receivables amount due						
Expected credit loss rate	2.0%	0.5%	0.6%	0.7%	0.9%	
Gross carrying amount	13 079 848	1 595 751	909 303	32 200	290 300	15 907 402
Life expected credit loss	13 081	7 979	5 456	225	2 570	29 311

The directors consider the carrying amount of trade and other receivables to approximates their fair values, due to the short term nature thereof. The effect of discounting is considered immaterial. Management evaluated the expected credit losses from other Receivables by evaluating them on a client by client basis and have found that there are no material expected credit losses.

Other receivables

Management evaluated the expected credit losses from Other Receivables by evaluating them on a client by client basis and have found that there are no material expected credit losses.

Loans to directors and staff

Loans are secured by the underlying Cognition Holdings shares that the loans were used to acquire as well as by the employee that the loan relates to. The loans bear interest at the official rate as set by the South African Revenue Services in Table 3 which was for the period under review between 4.5% and 7.75% per annum and no fixed terms of repayment have been set other than the amount owing is required to be settled upon leaving the employ of Cognition Holdings and its subsidiaries. Historically there has been no default on these loans and they carry very little or low credit risk as it is was only extended to selected staff and directors. Management considered the prevailing share price as a measure to determine the estimated credit loss. Should the share price decrease significantly, then that would give rise to increase estimated credit losses.

Expected Credit Loss Reconciliation

	Group		Company	
Figures in Rand	**2020**	2019	**2020**	2019
Opening balance in accordance with IFRS 9	1 149 801	-	355 031	-
Provision raised on new trade receivables	717 207	824 081	22 420	29 322
Provision raised on shares loans to directors and staff	288 337	325 720	288 337	325 720
Provision reversed on settled trade receivables	(824 081)	-	(29 311)	-
Closing balance	**1 331 264**	**1 149 801**	**636 477**	**355 042**

Notes to the Financial Statements (CONTINUED)

13. Cash and cash equivalents

	Group		Company	
Figures in Rand	**2020**	2019	**2020**	2019
Cash and cash equivalents consist of:				
Cash on hand	6 023	31 383	-	-
Bank balances	51 143 095	96 540 798	612 976	636 836
Other cash and cash equivalents	24 869 647	14 032 425	-	-
Third Party Prize Money	9 685 814	12 835 323	-	-
	85 704 579	**123 439 929**	**612 976**	**636 836**

The Group holds cash on behalf of customers as prizes for specific campaigns. These amounts are restricted for use for only these campaigns and not for use by the Group.

The Group only deposits cash with major banks with high quality credit standing and limits exposure to any one counter- party. The banks' credit rating ranges from Baa2 to Baa3 which is considered adequate and does not require the recognition of expected credit losses.

14. Share capital

Authorised				
1 250 000 000 Ordinary shares of no par value	1 250 000 000	1 250 000 000	1 250 000 000	1 250 000 000
Reconciliation of number of shares issued:				
Reported as at 01 July	243 449 131	137 615 798	243 449 131	137 615 798
Issue of shares – ordinary shares	-	105 833 333	-	105 833 333
Share repurchased	(14 176 110)	-	(14 176 110)	-
	229 273 021	**243 449 131**	**229 273 021**	**243 449 131**
Issued				
2020: 229 273 021 (2019: 243 449 131) shares	159 420 500	182 967 544	159 420 500	182 967 544
During the prior year shares were converted to no par value shares.				

15. Share Premium

Balance at beginning of period	-	55 972 835	-	55 972 835
Conversion of no par value shares	-	(55 972 835)	-	(55 972 835)
	-	**-**	**-**	**-**

16. Equity due to change in ownership

BMi Sport Group	6 757 481	6 757 481	-	-
BMi Research Proprietary Limited	6 135 464	6 135 464	-	-
	12 892 945	**12 892 945**	**-**	**-**

17. Non-controlling interest

	Group		Company	
Figures in Rand	2020	2019	2020	2019
Private Property South Africa Proprietary Limited	16 833 640	14 531 753	-	-
BMi Research Proprietary Limited	1 057 629	887 246	-	-
	17 891 269	**15 418 999**	**-**	**-**

Non-Controlling interest in Private Property South Africa Proprietary Limited

	2020	2019
Principle place of business	RSA	RSA
Non-Controlling interest	49.99%	49.99%
Revenue	153 917 286	64 458 692
Profit for the year	11 809 899	4 625 076
Total comprehensive income	11 809 899	4 625 076
Profit allocated to non-controlling interest	**5 869 119**	**2 304 064**
Non-current assets	17 189 259	6 931 176
Current assets	42 997 082	35 404 268
Non-current liabilities	12 130 680	1 117 677
Current liabilities	14 381 911	12 148 535
Net assets	33 673 750	29 069 232
Net assets attibutable to non-controlling interest	**16 833 508**	**14 531 753**
Dividend paid	**7 205 205**	-

18. Loans from group companies Subsidiaries

	Group		Company	
Figures in Rand	2020	2019	2020	2019
FoneWorx Proprietary Limited	-	-	38 228 881	22 218 291
Four Rivers Trading 123 Proprietary Limited	-	-	2 411 444	638 400
UNiID Proprietary Limited (formerly Interconnective Solutions Management Services Proprietary Limited)	-	-	-	125 877
SurveyOnline Proprietary Limited	-	-	945 043	692 354
	-	-	41 585 368	23 674 922

All the above entities are private companies. The loans are recorded in South African Rands as this is the currency in which the transactions are concluded.

All of the above loans are unsecured, interest free and have no fixed repayment terms. The directors consider the carrying amounts of the amounts owing to group companies to approximate their fair value, due to short term nature thereof.

Notes to the Financial Statements (CONTINUED)

19. Lease liability

	Group		Company	
Figures in Rand	**2020**	2019	**2020**	2019
Minimum lease payments due				
- within one year	2 284 925	-	-	-
- in second to fifth year inclusive	8 836 349	-	-	-
Present value of minimum instalment payments	**11 121 274**	**-**	**-**	**-**
Reconciliation of lease liability				
Reconciliation of lease liability				
Balance at beginning of the year	-	-	-	-
First time adoption of IFRS 16	12 951 732	-	-	-
Lease payments (excluding finance component	(1 830 458)	-	-	-
Balance at end of the year	**11 121 274**	**-**	**-**	**-**

Lease payments for the property are predetermined and have no variable adjustments. The Group has the option to renew the lease for a period of a further 5 years which has not been inlcuded in the lease term.

The 21 Lighthouse Road property has a lease term of 5 years and rentals generally escalate at a fixed percentage of 8%.

20. Cash-settled share-based payment liability

Balance at beginning of the year	1 117 677	-	-	-
Employee share option scheme - current year charge	(108 271)	1 117 677	-	-
Balance at end of the year	**1 009 406**	**1 117 677**	**-**	**-**

Private Property provided key employees with a share subscription option, whereby the employees acquired shares at R 1 at grant date. The shares vested to the employees at grant date. Private Property immediately recognised the share capital as they vested.

After an initial employment period of five years (initial employment period), the employees have a right to sell the shares back to the entity (the put option), therefore the Group has an obligation to pay the employees an amount equivalent to (Market value x participant's share ratio) x (subsequent employment period in months/60). The initial employment period for the Private Property CEO is three years from grant date. The subsequent employment period is also three years. The put option is a cash- settled share-based payment, as the Group has an obligation to pay the employees a certain amount in the future for the buying back of the shares. The cash-settled share-based payment is re-measured annually to fair value.

In terms of the share incentive scheme rules the market value of the shares are determined by using a EBITDA multiple of 6.27 and as such the future value of the liability is driven by the market value of the shares. During the year Private Property reacquired 176 (2019: Nil) of its own shares out of the 352 shares (2019: 352) allocated leaving a balance of 176 shares (2019: 352).

21. Provisions

Reconciliation of provisions - Group - 2020

	Opening balance	Additions	Utilised during the year	Total
Leave pay	1 983 764	484 234	(405 948)	2 062 050

Reconciliation of provisions - Group - 2019

	Opening balance	Additions	Utilised during the year	Total
Leave pay	1 879 550	493 251	(389 037)	1 983 764

The timing of the leave pay provision is uncertain as leave pay is only payable when an employee leaves the employment of the Group or is utilised when an employee takes leave.

22. Trade and other payables

	Group		Company	
Figures in Rand	**2020**	2019	**2020**	2019
Financial instruments:				
Trade payables	7 132 127	19 686 130	-	-
Accruals	7 553 644	6 310 847	7 889 457	5 478 908
Audit and drafting fee accrual	1 854 472	2 020 047	1 162 996	-
Accrued employee costs	1 896 719	1 646 044	-	-
Non-financial instruments:				
Amounts received in advance	7 449 834	7 187 634	-	-
VAT	2 730 598	1 889 155	25 880	158 839
	28 617 394	**38 739 857**	**9 078 333**	**5 637 747**
Amounts received in advance				
Balance at the beginning of the year	7 187 634	6 786 490	-	-
Amounts recognised as revenue	(7 187 634)	(6 786 490)	-	-
Amounts received in advance	7 449 834	7 187 634	-	-
Balance at the end of the year	7 449 834	7 187 634	-	-

Revenue relating to these services has not been recognised by the Group. Revenue will only be recognised once the service has been rendered and is accounted for in line with the performance obligation and timing measurement as set out in note 23.

23. Revenue

Revenue from contracts with customers

The Group derives revenue from offering multiple services to customers.

Revenue from contracts with customers is recognised when control of the services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for the services. All invoices are due and payable within payment on presentation of invoice up to 60 days except for a single multinational that has arrange longer payment terms. Therefore, the Group has elected to apply the practical expedient as there are no significant financing components.

Revenue is derived from fees charged to customers for the following service offerings:

- Online Platform Services
- Research Services
- Communication Service Revenue
- Campaign service development
- Supplementary Services

Notes to the Financial Statements (CONTINUED)

23. Revenue (continued)

The Group does not encounter any revenue reversal due to returns, refunds, rebates and other similar obligations. An analysis of the Group's revenue streams are as follows:

Revenue stream	Performance obligation	Timing measurement	Judgement
Online Platform Services	The Group has various platforms that are used by its clients to enhance and promote their service to a large consumer base.	Access to the online platform is based on a monthly fee that is recognised by the Group over time on a straight line basis. Platform services are invoiced on a prepaid basis or within the month that the service is rendered. Transaction-based services that are offered on the online platform are recognised when the transaction takes place at a point in time and invoiced when the service is rendered or within the month that the service is rendered.	Platform service delivery is largely automated as is the related billing. Judgement is therefore not involved to estimate the amount or timing of the revenue recognised.
Research Services	Qualitive and quantitive research services.	Continued data collection, collation and research analytics into monthly reports are recognised over time on a straight line basis and invoiced in the month that the service is rendered. Where a research project spans more than on month, revenue is recognised upon achievement of the benchmarks set within the project. Depending on the agreement a percentage of the invoicing takes place upon commissioning of the project and the remaining balance as the benchmarks are achieved. All invoicing that has not been recognised as yet is recognised and disclosed as a amounts received in advance within trade and other payables.	No judgement involved with regards to the timing and amount of ongoing data collection, collation and research analytics services. Management applies judgement to estimate benchmarks as follows: Work completed over estimate work required to complete the service The cost incurred at a period end over the total estimated cost to complete the service. This is applied on an individual project basis.
Communication Service Revenue	Provision of communication services such as SMS, USSD, IVR, WhatsApp, App push and Fax services to users.	Revenue is recognised at a point in time when the transaction takes place. Invoicing takes place within the same month as the service was rendered.	No judgement is involved with regards to the timing and amount as these services are automated.
Campaign service development	This represents fees for setting up and managing digital services used for business and marketing purposes.	The setup of a service is recognised at the point in time when the service is provisioned and is invoiced within the same month. Revenue related to the management of services is invoiced within the month that the recognition takes place and is recognised by the Group over time.	Management applies judgement to determine if the service is setup and provisioned. No judgement involved with regards to the timing and amount of management fees.
Supplementary Services	Other revenue earned by the group on services that are supplementary to the services above.	Other revenue relates to the sale of supplementary services that are recognised at a point in time.	No judgement involved relating to the timing and amount of supplementary services.

23. Revenue (continued)

	2020	2019	2020	2019
Revenue from contracts with customers				
Rendering of services	429 763 430	454 341 244	178 797 314	221 633 575
Less: Agency revenue	(166 597 848)	(239 192 246)	(162 939 243)	(203 686 073)
	263 165 582	**215 148 998**	**15 858 071**	**17 947 502**
Disaggregation of revenue from contracts with customers				
The Group disaggregates revenue from customers as follows:				
Rendering of services				
Africa revenue	5 713 117	7 388 991	-	-
South Africa revenue	257 452 465	207 760 007	15 858 071	17 947 502
	263 165 582	**215 148 998**	**15 858 071**	**17 947 502**
Timing of revenue recognition				
Over time				
Online Platform Services	149 343 808	69 298 692	-	-
Research Services	45 750 561	63 853 899	-	-
Campaign Services	6 830 467	13 040 250	-	-
	201 924 836	**146 192 841**	**-**	**-**
At a point in time				
Online Platform Services	15 533 020	19 646 504	15 858 071	17 947 502
Communication Services	17 650 528	22 539 135	-	-
Campaign Services	23 771 875	26 905 792	-	-
Supplementary Services	4 285 323	864 726	-	-
	61 240 746	**69 956 157**	**15 858 071**	**17 947 502**
Total revenue from contracts with customers	**263 165 582**	**216 148 998**	**15 858 071**	**17 947 502**

Agency revenue

The Group offers services that is classified as agency revenue in terms of IFRS 15 and as such the Group discloses these services separately in the Statement of Profit or Loss and other Comprehensive income for enhanced disclosure purposes.

The disclosure relating to the timing and disaggregation of the previous reporting period was amended to be in line with the current year. All revenue was disclosed as services at a point in time in the previous year.

Online platform services, research services and certain supplementary services are accounted for in the Knowledge Management segment with the remaining revenue accounted for in the Active Data Exchange Services segment.

24. Other operating losses

		Group		Company	
Figures in Rand	**note**	**2020**	**2019**	**2020**	**2019**
Gains (losses) on disposals					
Property, plant and equipment	4	53 891	(64 174)	-	-
Foreign exchange losses					
Net foreign exchange loss		(532 801)	-	-	-
Total other operating losses		**(478 910)**	**(64 174)**	**-**	**-**

Notes to the Financial Statements (CONTINUED)

25. Operating (loss) profit

		Group		Company	
Figures in Rand	**note**	**2020**	**2019**	**2020**	**2019**
Operating (loss) profit for the year is stated after charging the following, amongst others:					
Employee costs					
Salaries, wages, bonuses and other benefits		106 348 655	78 290 410	255 358	315 700
Leases					
Operating lease charges					
Premises		-	2 063 184	-	-
Equipment		-	48 822	-	-
		-	**2 112 006**	**-**	**-**
Short-term leases					
Premises		1 240 606	-	-	-
Low value leases					
Equipment		60 453	-	-	-
Total operating lease charges		**1 301 059**	**2 112 006**	**-**	**-**
Depreciation and amortisation					
Depreciation of right-of-use assets		2 775 371	-	-	-
Depreciation of property, plant and equipment		2 343 268	2 446 752	-	-
Amortisation of intangible assets		9 782 362	4 796 668	-	-
Total depreciation and amortisation		**14 901 001**	**7 243 420**	**-**	**-**
Other					
Insurance		1 255 971	1 110 515	-	-
Annual fees relating to listing on JSE		564 169	504 833	581 762	504 833
Legal fees		2 796 273	961 191	-	-
Telecommunication charges		2 274 715	3 122 561	-	-
Corporate transaction fees		-	2 521 552	-	2 521 552
Advertising		42 160 192	15 327 191	-	-

26. Directors' emoluments Executive

2020

	Emoluments	Travel allowance	Bonus	Total	Paid by Caxton and CTP Group
G Groenewaldt***	2 332 100	-	200 000	2 532 100	-
MA Smith***	3 378 750	-	280 000	3 658 750	-
PA Scholtz***	2 089 000	120 000	200 000	2 409 000	-
A G Mancha*	-	-	-	-	-
R Pitt*	-	-	-	-	-
SA Kleynhans^***	1 075 290	-	100 000	1 175 290	-
G Mooney**	-	-	-	-	-
P Jenkins[1]	-	-	-	-	-
M du Plessis[1]	-	-	-	-	1 814 000
P Greyling[1]deceased 13 April 2020)	-	-	-	-	6 989 000
A Mwela[1](appointed 15 June 2020)	-	-	-	-	-
	8 875 140	**120 000**	**780 000**	**9 775 140**	**8 803 000**

2019

	Emoluments	Travel allowance	Bonus	Total	Paid by Caxton and CTP Group
G Groenewaldt***	2 401 000	-	750 000	3 151 000	-
MA Smith***	3 530 000	-	1 450 000	4 980 000	-
PA Scholtz***	2 090 236	120 000	450 000	2 660 236	-
A G Mancha*	149 900	-	-	149 900	-
R Pitt*	165 800	-	-	165 800	-
SA Kleynhans^***	1 007 800	-	60 000	1 067 800	-
G Mooney**	-	-	-	-	-
P Jenkins[1]	-	-	-	-	544 000
M du Plessis[1]	-	-	-	-	665 000
P Greyling[1]	-	-	-	-	995 000
	9 344 736	**120 000**	**2 710 000**	**12 174 736**	**2 204 000**

* Independent Non-Executive Directors.
^ Prescribed Officer
** These directors do not receive remuneration from companies in the Group.
1 These directors were remunerated by companies within the Caxton and CTP Group and not by the Cognition Group. This remuneration was from 1 February 2019 being the date that Cognition became a subsidiary of Caxton and CTP Group.
*** These salaries are an expense of FoneWorx Proprietary Limited.

27. Investment income

	Group		Company	
Figures in Rand	**2020**	2019	**2020**	2019
Dividend income				
Subsidiaries local	-	-	26 996 814	16 924 525
Interest income				
Bank and other cash	5 287 977	7 180 703	344 645	340 040
Total investment income	**5 287 977**	**7 180 703**	**27 341 459**	**17 264 565**

Notes to the Financial Statements (CONTINUED)

28. Finance costs

	Group		Company	
Figures in Rand	2020	2019	2020	2019
Installment sale	-	23 570	-	-
Bank overdraft	27 662	231	-	-
SARS	1 400	6 875	-	-
Inputed interest reversal on financial liabilities	81 561	127 751	-	-
Other interest	-	16 020	-	-
Lease liability	1 246 171	-	-	-
Total finance costs	**1 356 794**	**174 447**	**-**	**-**

29. Taxation

	Group 2020	Group 2019	Company 2020	Company 2019
Major components of the tax expense				
Current				
Local income tax - current period	9 267 172	9 650 678	1 286 071	1 797 477
Local income tax - recognised in current tax for prior periods	(260 570)	116 886	(260 570)	-
	9 006 602	**9 767 564**	**1 025 501**	**1 797 477**
Deferred				
Originating and reversing temporary differences	(3 993 425)	(1 677 035)	(78 805)	(99 409)
	5 013 177	**8 090 529**	**946 696**	**1 698 068**
Reconciliation of the tax expense				
Reconciliation between accounting profit and tax expense.				
Accounting profit	(7 284 540)	23 457 252	5 745 220	16 736 590
Tax at the applicable tax rate of 28% (2019: 28%)	(2 039 671)	6 568 031	1 608 662	4 686 245
Tax effect of adjustments on taxable income				
Non-deductible expenses - not in the production of income	679 645	1 283 243	781 913	684 886
Local Income tax – recognized in current tax for prior periods	(260 570)	116 886	(260 570)	-
Impairment of investment	505 052	-	5 684 626	1 065 440
Impairment of intercompany loans	-	-	97 975	364
Income from associates	(59 278)	(440 101)	-	-
Dividends received	-	-	(7 559 108)	(4 738 867)
Impairment of goodwill	6 188 000	562 470	-	-
	5 013 178	**8 090 529**	**353 498**	**1 698 068**

Gross estimated tax losses of certain subsidiaries at 30 June 2020, available for offset against future taxable income amounted to R703 394 (2019: R666 186). A deferred tax asset has not been raised in respect of these losses due to the uncertainty around those subsidiaries' ability to generate future taxable profits against which the deferred tax asset may be utilised. Had a deferred tax asset been raised it would have amounted to R196 950 (2019: R186 532).

The build-up reserves held by the Group can be distributed to its shareholders by a dividend that will be subject to dividend tax of 20% unless the shareholder is exempt from local dividend tax.

30. Cash generated from operations

Figures in Rand	Group 2020	Group 2019	Company 2020	Company 2019
(Loss) profit before taxation	(7 284 540)	23 457 252	5 745 220	16 736 590
Adjustments for:				
Depreciation and amortisation	14 901 001	9 619 333	-	-
(Profit) loss on disposal of property, plant and equipment	(53 891)	23 458	-	-
Income from equity accounted investments	(59 278)	(381 138)	-	-
Dividend income	-	-	(26 996 814)	(16 924 525)
Interest income	(5 287 977)	(7 180 703)	(344 645)	(340 040)
Finance costs	1 356 794	174 447	-	-
Impairment loss	23 760 624	2 008 821	22 420 800	3 805 144
Change in provisions	78 286	104 214	-	-
Cash-settled share-based payment expense	(108 271)	889 671	-	-
Changes in working capital:				
Trade and other receivables	9 259 606	3 909 366	(1 061 635)	(2 902 197)
Trade and other payables	(10 122 462)	(8 299 765)	3 440 586	789 129
Third party prize money	(3 149 509)	(12 763 054)	50 707	(2 000)
	23 290 383	**11 561 902**	**3 254 219**	**1 162 101**

31. Tax paid

	Group 2020	Group 2019	Company 2020	Company 2019
Balance at beginning of the year	316 745	(1 947 300)	153 219	40 853
Current tax for the year recognised in profit or loss	(9 006 602)	(9 767 564)	(1 025 501)	(1 797 477)
Business combinations	-	735 115	-	-
Balance at end of the year	816 998	(316 745)	(261 596)	(153 219)
	(7 872 859)	**(11 296 494)**	**(1 133 878)**	**(1 909 843)**

32. Dividends paid

	Group 2020	Group 2019	Company 2020	Company 2019
Balance at the beginning of the year	(209 874)	(187 082)	(209 874)	(187 082)
Dividends paid	(22 669 850)	(8 256 948)	(22 936 302)	(8 256 948)
Dividends paid by subsidiary to non-controlling interests	(3 601 882)	-	-	-
	232 706	209 874	232 706	209 874
	(26 248 900)	**(8 234 156)**	**(22 913 470)**	**(8 234 156)**

Notes to the Financial Statements (CONTINUED)

33. Commitments

	Group		Company	
Figures in Rand	2020	2019	2020	2019
Operating Lease Commitment				
Future minimum rentals payables under non-cancellable leases:				
Operating leases – as lessee (expense)				
Minimum lease payments due				
- within one year	144 555	3 617 766	-	-
- in second to fifth year inclusive	114 793	13 516 812	-	-
	259 348	**17 134 578**	**-**	**-**

The above represents the summary of future commitments under non-cancellable operating leases.

Operating lease payments represent rentals payable by the Group for 21 Lighthouse Road, the BMi Research premises and the Baker Square office in Somerset West.

The 21 Lighthouse Road property has a lease term of 5 years and rentals generally escalate at a fixed percentage of 8%. There is an option at the end of 3 years to exit the lease, but management estimate to occupy the premises until the end of the lease term. No contingent rent is payable. The contract with Capture Video Productions Proprietary Limited was cancelled within the past year.

	Group 2020	Group 2019	Company 2020	Company 2019
Contractor costs				
Minimum commitment payments due				
- within one year	-	9 408 000	-	-
- in second to fifth year inclusive	-	17 248 000	-	-
	-	**26 656 000**	**-**	**-**

The above represents a contractor cost with Capture Video Productions Proprietary Limited for 1 600 HD listings per month. This contract has a 5 year duration with 3 years and 10 months remaining at year end. There is an additional contingent fee of R 430 for each HD listing above 1 600 per month which is not included in the amounts above. This agreement can be terminated with 6 months notice at the same terms and conditions for those 6 months, without incurring any penalty, which amounts to R 4 704 000 plus R 430 per HD listing above 1 600 per month. This contract has been cancelled in the past year.

34. Changes in liabilities arising from financing activities

Reconciliation of liabilities arising from financing activities - Group - 2020

	Opening balance	Adoption of IFRS 16	Finance cost	Cash flows	Closing balance
Lease liability	-	12 951 732	1 246 171	(3 076 629)	11 121 274

Reconciliation of liabilities arising from financing activities - Group - 2019

	Opening balance	Cash flows	Closing balance
Other financial liabilities	2 472 483	(2 472 483)	-
Interest bearing liabilities	372 335	(372 335)	-
Total liabilities from financing activities	**2 844 818**	**(2 844 818)**	**-**

34. Changes in liabilities arising from financing activities (continued)

Reconciliation of liabilities arising from financing activities - Company -2020

	Opening balance	Cash flows	Closing balance
Loans from group companies	23 674 922	17 910 446	41 585 368

Reconciliation of liabilities arising from financing activities - Company -2019

	Opening balance	Cash flows	Closing balance
Other financial liabilities	2 472 483	(2 472 483)	-
Loans from group companies	29 977 340	(6 302 418)	23 674 922
Total liabilities from financing activities	**32 449 823**	**(8 774 901)**	**23 674 922**

35. Business combinations

	Group		Company	
Figures in Rand	2020	2019	2020	2019
Private Property South Africa Proprietary Limited business combination				
Property, plant and equipment	-	1 095 609	-	-
Cash and cash equivalents	-	29 662 531	-	-
Trade and other receivables	-	2 596 065	-	-
Intangible assets	-	28 224 139	-	-
Deferred tax	-	(7 234 362)	-	-
Current tax receivable	-	735 115	-	-
Trade and other payables	-	(10 085 546)	-	-
Share based payment reserve	-	(228 006)	-	-
Total identifiable net assets	-	44 765 545	-	-
Non-controlling interest	-	(12 219 678)	-	-
Goodwill	-	94 454 133	-	-
	-	**127 000 000**	**-**	**-**
Consideration paid				
Purchase consideration by issue of shares	-	(127 000 000)	-	-
Net cash inflow on acquisition				
Cash acquired	-	29 662 531	-	-

In an effort to expand the digital operations of the Group, the Group acquired 50.01% in Private Property South Africa Proprietary Limited. The acquisition was made by acquiring 5 265 Private Property shares from CTP Limited for a total purchase consideration of R127 000 000 which was settled by way of 105 833 333 Cognition Shares at 120 cents per share. In addition to offering shares services to its subsidiaries, the Group is of the view that it can add significant value to Private Property to assist it to improve its operating efficiencies and thereby unlock additional value.

The acquired business contributed revenue totaling R64 448 639 and a net profit after tax to the value of R4 625 076 which contributed R2 313 001 to the profit attributed to the owners of the parent company for the period ending 30 June 2019. If the business was acquired on 1 July 2018 the revenue and profit after tax would have been R149 796 788 and R15 489 030 respectively for the period ending 30 June 2019.

On 1 February 2019, the Group acquired 50.01% of Private Property South Africa Proprietary Limited. The acquisition was provisionally accounted for in terms of the allowance per IFRS 3 Business Combinations. In the business combination of PPSA, an estimated fair value was placed on intangible assets as the purchase price allocation valuation of these assets had not been completed as at 30 June 2019.

Refer to note 44 for details regarding the restatement for measurement period adjustment.

36. Related parties

Related parties are those that control or have significant influence over the Group and Company, including major investors and key management personnel and parties that are significantly controlled or influenced by the Group or Company, including subsidiaries.

Related-party relationships where control exists are:

Related party	Nature of relationship
Caxton and CTP Limited	Ultimate Holding Company
FoneWorx Proprietary Limited	Subsidiary
Four Rivers Trading 123 Proprietary Limited	Subsidiary
UNiID Proprietary Limited (formerly Interconnective Solutions Management Services Proprietary Limited)	Subsidiary
miVoucher Proprietary Limited (formerly Retail Card Club Proprietary Limited)	Subsidiary
SurveyOnLine Proprietary Limited	Subsidiary
Cognition Analytics Proprietary Limited	Subsidiary
Carbonworx Proprietary Limited	Subsidiary
VM Advertising Proprietary Limited	Subsidiary
Foneworx Kenya Limited	Subsidiary
Foneworx Global Communications Limited	Subsidiary
Foneworx Zambia Limited	Subsidiary
BMi Sponsorwatch Proprietary Limited	Subsidiary
BMi Sports Info Proprietary Limited	Subsidiary
Sponsorvalue Research Services Proprietary Limited	Subsidiary
Foneworx Namibia Proprietary Limited	Subsidiary
BMi Research Proprietary Limited	Subsidiary
Adcheck Proprietary Limited	Subsidiary
Private Property South Africa Proprietary Limited	Subsidiary
Living Facts Proprietary Limited	Associate
Fusion Agency Solutions Proprietary Limited	Subsidiary
Caxton and CTP Publishers and Printers Limited	Significant shareholder

Directors of Cognition Holdings Limited

Mark Allan Smith	
Pieter Albertus Scholtz	
Graham Groenewaldt	
Ashvin Mancha	
Gaurang Mooney	
Paul Jenkins	Director of Caxton and CTP Publishers and Printers Limited
Roger Pitt	
Marc du Plessis	
Piet Greyling	Director of Caxton and CTP Publishers and Printers Limited
Dennis Lupambo	
Trevor Ahier	

Related party balances and transactions

Directors

Directors' emoluments are set out in note 26. There are no other key management personnel.

Investments and loans

Related party investments and loans of the holding company are reflected in the following notes 8, 9, 11 & 18.

36. Related parties (continued)

Dividends

Dividends were received from FoneWorx Proprietary Limited amounting to R22 936 302 (2019: R8 256 944), from BMi Research Proprietary Limited of RNil (2019: R8 000 000), Private Property South Africa Proprietary Limited R3 869 775 (2019: RNil) and LivingFacts Proprietary Limited of R190 736 (2019: R667 581).

Revenue and debtors

Transactional purchases paid to FoneWorx Proprietary Limited amounting to R141 339 638 (2019: R170 925 256).

37. Earnings per share

	2020	2019
Earnings per share	(7.90)cents	7.21 cents
The calculation of earnings per share is based on a loss of R18 371 869 attributable to equity holders of the parent (2019: profits of R12 920 277) and a weighted average of 232 501 927 (2019: 179 079 268) ordinary shares in issue during the year		
Headline and diluted headline earnings per share	2.33 cents	8.36 cents
The calculation of headline earnings per share is based on profits of R5 427 257 attributable to equity holders of the parent (2019: R14 975 303) and a weighted average of 232 501 927 (2019: 179 079 268) ordinary shares in issue during the year		
Reconciliation between earnings and headline earnings		
(Loss)/Profit attributable to ordinary shareholders of parent	(18 371 869)	12 920 277
Profit on disposal of property, plant and equipment	53 591	64 174
Tax effect of the disposal of property, plant and equipment	(15 089)	(17 969)
Impairment of goodwill	22 100 000	2 008 821
Impairment of investment in associate	1 660 624	-
Headline earnings	**5 427 257**	**14 975 303**
Diluted earnings per share	(7.90)cents	7.21 cents
The calculation of diluted earnings per share is based on a loss of R 18 371 869 (2019: profits of R12 920 277) and a weighted average of 232 501 927 (2019: 179 079 268) ordinary shares issued during the year		
Reconciliation between earnings and diluted earnings per share:		
Weighted average number of shares used in the calculation of earnings per share	232 501 927	179 079 268

38. Dividends per share

Dividends per share	10.00 cents	6.00 cents
The calculation of dividends per share is based on dividends of R22 936 302 attributable to equity holders of the parent (2019: R8 256 948) and shares of 229 363 021 (2019: 137 615 798) ordinary shares in issue during the year		

Notes to the Financial Statements (CONTINUED)

39. Financial instruments and risk management Categories of financial instruments

Categories of financial assets

Group - 2020	Notes	Amortised cost	Total
Trade and other receivables	12	38 424 802	38 424 802
Cash and cash equivalents	13	85 704 579	85 704 579
		124 129 381	**124 129 381**

Group - 2019	**Notes**	**Amortised cost**	**Total**
Trade and other receivables	12	47 871 801	47 871 801
Cash and cash equivalents	13	123 439 929	123 439 929
		171 311 730	**171 311 730**

Company - 2020	Notes	Amortised cost	Total
Loans to group companies	11	85 592	85 592
Trade and other receivables	12	20 876 824	20 876 824
Cash and cash equivalents	13	612 976	612 976
		21 575 392	**21 575 392**

Company - 2019	**Notes**	**Amortised cost**	**Total**
Trade and other receivables	12	19 815 189	19 815 189
Cash and cash equivalents	13	636 836	636 836
		20 452 025	**20 452 025**

The carrying values of the assets and liabilities approximate fair value.

Categories of financial liabilities

Group - 2020	Notes	Amortised cost	Total
Trade and other payables	22	18 436 963	18 436 963
Dividend payable		232 706	232 706
Third party prize money		9 685 814	9 685 814
		28 355 483	**28 355 483**

Group - 2019	**Notes**	**Amortised cost**	**Total**
Trade and other payables	22	29 663 068	29 663 068
Dividend payable		209 874	209 874
Third party prize money		12 835 323	12 835 323
		42 708 265	**42 708 265**

Company - 2020	Notes	Amortised cost	Total
Trade and other payables	22	9 052 453	9 052 453
Loans from group companies	18	41 585 368	41 585 368
Dividend payable		232 706	232 706
Third party prize money		52 707	52 707
		50 923 234	**50 923 234**

Company - 2019	Notes	**Amortised cost**	**Total**
Trade and other payables	22	5 478 908	5 478 908
Loans from group companies	18	23 674 922	23 674 922
Dividend payable		209 874	209 874
Third party prize money		2 000	2 000
		29 365 704	**29 365 704**

39. **Financial instruments and risk management (continued)**

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. Debt is managed on a project by project basis by the board, and is only used to acquire high value, long term assets.

The capital structure of the Group consists of debt, which includes borrowings disclosed in note 18 cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital and premium, reserves and retained income as disclosed in notes 14, 15 and 16, respectively. The Group has no externally imposed capital requirements.

Financial risk management

Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties. The directors believe that these companies are all able to finance their debt adequately.

The total loans to group companies amounts to R 85 592 (2019: R Nil). Financial assets exposed to credit risk at year end were as follows:

Group		2020			2019		
		Gross carrying amount	**Credit loss allowance**	**Amortised cost / fair value**	**Gross carrying amount**	**Credit loss allowance**	**Amortised cost / fair value**
Trade and other receivables	12	39 210 126	(1 331 264)	37 878 862	49 021 602	(1 149 801)	47 871 801
Cash and cash equivalents	13	85 704 579	-	85 704 579	123 439 929	-	123 439 929
		124 914 705	**(1 331 264)**	**123 583 441**	**172 461 531**	**(1 149 801)**	**171 311 730**

Company		2020			2019		
		Gross carrying amount	**Credit loss allowance**	**Amortised cost / fair value**	**Gross carrying amount**	**Credit loss allowance**	**Amortised cost / fair value**
Loans to group companies	11	5 744 481	(5 658 889)	85 592	5 308 978	(5 308 978)	-
Trade and other receivables	12	21 513 301	(636 477)	20 876 824	20 170 220	(355 031)	19 815 189
Cash and cash equivalents	13	612 976	-	612 976	636 836	-	636 836
		27 870 758	**(6 295 366)**	**21 575 392**	**26 116 034**	**(5 664 009)**	**20 452 025**

Liquidity risk

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant

Notes to the Financial Statements (CONTINUED)

39. Financial instruments and risk management (continued)

Group - 2020		**Less than 1 year**	**Total**	**Carrying amount**
Current liabilities				
Trade and other payables	22	18 436 963	18 436 963	18 436 963
Dividend payable		232 706	232 706	232 706
Third party prize money		9 685 814	9 685 814	9 865 814
		28 355 483	**28 355 483**	**28 535 483**

Group - 2019		**Less than 1 year**	**Total**	**Carrying amount**
Current liabilities				
Trade and other payables	19	29 663 068	29 663 068	29 663 068
Dividend payable		209 874	209 874	209 874
Third party prize money		12 835 323	12 835 323	12 835 323
		42 708 265	**42 708 265**	**42 708 265**

Company - 2020		**Less than 1 year**	**Total**	**Carrying amount**
Current liabilities				
Trade and other payables	19	9 052 453	9 052 453	9 052 453
Loans from group companies	18	41 585 368	41 585 368	41 585 368
Dividend payable		232 706	232 706	232 706
Third party prize money		52 707	52 707	52 707
		50 923 234	**50 923 234**	**50 923 234**

Company - 2019		**Less than 1 year**	**Total**	**Carrying amount**
Current liabilities				
Trade and other payables	22	5 478 908	5 478 908	5 478 908
Loans from group companies	18	23 674 922	23 674 922	23 674 922
Dividend payable		209 874	209 874	209 874
Third party prize money		2 000	2 000	2 000
		29 365 704	**29 365 704**	**29 365 704**

Interest rate risk

Fluctuating interest rates impact on the value of short-term cash investments and financing activities, giving rise to interest rate risk. In the ordinary course of business the Group receives cash from its operations and is required to fund working capital and capital expenditure requirements. The cash is managed to ensure surplus funds are invested in a manner to achieve returns while minimising risks.

The Group's exposure to interest rates on financial assets are R85.7 million (2019: R123.4 million) and financial liabilities are RNil (2019: R501 361).

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on exposure to interest rates at the reporting date.

If interest rates had been 100 basis points higher and all other variables were held constant, the Group's profit for the year under review would have increased by R708 678 (2019: R1 000 894).

If interest rates had been 100 basis points lower and all other variables were held constant, the Group's profit for the year under review would have decreased by R708 678 (2019: R1 000 894).

The Group's sensitivity to interest rates has increased during the current period mainly due to the increase in cash and cash equivalents reserves.

40. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers. These chief operating decision-makers ("the CODM") have been identified as the executive committee members who make strategic decisions. The CODM have organised the operatings of the Group based on its brands and this has resulted in the creation of the following reportable segments:

Active Data Exchange Services - a unified messaging system that integrates and delivers a suite of messaging services through a single hosted platform.

Knowledge Creation and Management - Building permission-based marketing strategies to enhance singular customer profiles, with deep granularity in line with privacy legislation. Using technology to establish a "new asset class" by collecting data, adding content and meaning to create information and providing insights, inferences and experiences to culminate in knowledge.

The Knowledge creation and management segment houses the research assets of the Group being BMi Sport Info Group and BMi Research Group. The Goodwill related to these assets have been impaired as disclosed in note 6.

Gross Revenue	**2020**	**2019**
Active Data Exchange Services	53 789 282	95 407 285
Knowledge Creation and Management	375 974 148	358 933 959
	429 763 430	**454 341 244**
Revenue generated as agency services		
Active Data Exchange Services	(2 500 205)	(33 238 314)
Knowledge Creation and Management	(164 097 643)	(205 953 932)
	(166 597 848)	**(239 192 246)**
Revenue		
Active Data Exchange Services	51 289 077	62 168 971
Knowledge Creation and Management	211 876 505	152 980 027
	263 165 582	**215 148 998**

Cost of services

The accounting policies applied to the operating segments are the same as those described in the basis of preparation paragraph above. Active Data Exchange Services are provided within South Africa as well as in 38 African countries ("Africa Sales"). Within the period under review 11.14% (2019: 11.90%) of its revenue can be attributed to Africa Sales. The Group allocates revenue to each country based on the relevant domicile of the client. All of the Group's assets are located in South Africa, therefore no geographical segment is provided.

Both segments share the use of the Group's assets and liabilities as well as the same operating environment and therefore the Group is not in a position to report on the Assets and Liabilities of each segment nor analyse the operating expenditure separately.

41. Securities and guarantees

First Rand Bank has issued the following guarantees on behalf of the Group:

- Virtual Payment Solutions Proprietary Limited - R50 000 (2019: R50 000).

42. Events after the reporting period

On 15 March 2020 the Government declared a national state of disaster due to the COVID-19 pandemic. In declaring the national state of disaster the Government implemented a nationwide lockdown which restricted the movement of people and resulted in most sectors of the economy not being able to operate.

The lockdown restrictions have gradually eased. Subsequent to the reporting date of 30 June 2020 the country was at lockdown level three which, although not as severe as the initial lockdown still restricted certain sectors of economy such as the liquor industry from operating.

As at 17 September 2020 the country is under lockdown level one with very few restrictions remaining. The Group has been fortunate in that most of operations could be performed by staff working remotely. Despite the ability to continue operations remotely the impact of the lockdown on the broader economy has had an effect on the Group's performance.

The directors are not aware of any other material events which occurred after the reporting date and the date of this report.

43. Contingent liability

The Group is engaged in a legal dispute with one of its service providers. Management as well as the legal team are of the view that it is a complex matter in that the service provider has a number of challenges in proving its case, and more specifically in proving its damages. Since this matter is still ongoing there is a possibility that the outcome of the matter will be different than what management has provisioned for the liability and therefore a material adjustment could be made that will either reduce or increase the liability when the matter is concluded.

44. Reclassification prior year figures

On 1 February 2019, the Group acquired 50.01% of Private Property South Africa Proprietary Limited. The acquisition was provisionally accounted for in terms of the allowance per IFRS 3 Business Combinations. In the business combination of PPSA, an estimated fair value was placed on intangible assets as the purchase price allocation valuation of these assets had not been completed as at 30 June 2019.

The valuation of these assets, namely the Private Property Brand, Customer Relationship and Internally Generated Software, has subsequently been finalised.

The effects of the reclassification are as follows:

Statement of Financial Position	As previously reported	Adjustment	As stated
Goodwill	143 098 219	(19 418 281)	123 679 938
Intangible assets	13 325 386	24 593 931	37 919 317
Retained income	(112 455 802)	1 710 658	(110 745 144)
Deferred tax liability	(1 333 688)	(7 551 563)	(8 885 251)
Deferred tax asset	1 894 890	665 255	2 560 145
Statement of Profit or Loss and Other Comprehensive Income			
Depreciation and amortisation expense	(7 243 420)	(2 375 963)	(9 619 333)
Taxation	(8 755 785)	665 255	(8 090 530)
Total comprehensive income for the year	17 077 380	(1 710 657)	15 366 722
Profit attributed to owners of the parent	14 630 934	(1 710 657)	12 920 276

45. Going concern

In determining the going concern of the Group, the Board carefully considered the impact that COVID-19 will have on each company in the Group within the short-to-medium-term as well as the long-term sustainability. The Group is fortunate that most of its services can be offered remotely and the Group has adequate facilities to ensure that staff that have to operate from it's premises can do so with adequate health measures and social distancing in place. All the operating companies in the Group have sufficient working capital and the Group is in a healthy financial position with limited debt. The Board has formally considered the going concern assertion for the year going forward and is of the opinion that it is appropriate.

Notice of Annual General Meeting

Cognition Holdings Limited
Incorporated in the Republic of South Africa
(Registration number 1997/010640/06)
Share code: CGN ISIN: ZAE000197042
("Cognition" or "the Company")

If you are in any doubt as to what action you should take in respect of the following resolutions, please consult your Central Securities Depository Participant ("CSDP"), broker, banker, attorney, accountant or other professional adviser immediately.

Notice is hereby given that the 22nd Annual General Meeting ("Annual General Meeting") of shareholders of Cognition will be held entirely via a remote interactive electronic platform, Microsoft Teams, at 10:00 on Friday, 27 November 2020 for the purpose of considering, and, if deemed fit, passing, with or without modification, the resolutions set out hereafter. Cognition will be assisted by Computershare Investor Services Proprietary Limited ("the Company's Transfer Secretaries") who will also act as scrutineers.

Salient Dates

The board of directors of the Company ("the Board") has determined that, in terms of section 62(3)(a), as read with section 59 of the Companies Act, 2008 (Act 71 of 2008), as amended, the record date for purposes of determining which shareholders of the Company are entitled to participate in and vote at the Annual General Meeting is Friday, 20 November 2020. Accordingly, the last day to trade Cognition shares in order to be recorded in the Register to be entitled to vote will be Tuesday, 17 November 2020.

Shareholders to lodge Proxy Forms by 10:00 on Wednesday, 25 November 2020.

Shareholders or their duly authorised proxies who wish to participate in the Annual General Meeting, must register to do so by lodging a completed Electronic Participation Application Form by 10:00 on Wednesday, 25 November 2020.

1. To receive, consider and adopt the Annual Financial Statements of the Company and the Group for the financial year ended 30 June 2020, including the reports of the auditors, directors and the Audit and Risk Committee.

   Note: A copy of the Annual Financial Statements appears on pages 55 to 106 of the Annual Report to which this notice is attached.

2. To re-elect Paul Jenkins who, in terms of article 25 of the Company's Memorandum of Incorporation, retires by rotation at the Annual General Meeting but, being eligible to do so, offers himself for re-election.
3. To re-elect Dennis Lupambo who, in terms of article 25 of the Company's Memorandum of Incorporation, retires by rotation at the Annual General Meeting but, being eligible to do so, offers himself for re-election.
4. To re-elect Trevor Ahier, who in terms of article 25 of the Company's Memorandum of Incorporation, retires by rotation at the Annual General Meeting but, being eligible to do so, offers himself for re-election.
5. To confirm the appointment of Amasi Mwela as a non-executive director of the Company.

   An abbreviated curriculum vitae in respect of each director offering himself for re-election appears on pages 3 to 5 of the Annual Report to which this notice is attached.

6. To re-appoint Roger Pitt as a member and chairman of the Company's Audit and Risk Committee.
7. To re-appoint Gaurang Mooney as a member of the Company's Audit and Risk Committee.
8. To re-appoint Dennis Lupambo as a member of the Company's Audit and Risk Committee.

   An abbreviated curriculum vitae in respect of each member of the Audit and Risk Committee appears on pages 3 to 5 of the Annual Report to which this notice is attached.

9. To confirm the re-appointment of BDO South Africa Incorporated as independent auditor of the Company with Mrs Kathryn Luck being the individual registered auditor who has undertaken the audit of the Company for the ensuing financial year and to authorise the directors to determine the auditor's remuneration.

The minimum percentage of voting rights required for each of the resolutions set out in item numbers 1 to 9 above to be adopted is more than 50% (fifty percent) of the voting rights exercised on each of the resolutions by shareholders present or represented by proxy at the Annual General Meeting.

As special business, to consider and, if deemed fit, to pass, with or without modification, the following resolutions:

10. ORDINARY RESOLUTION NUMBER 1

Approval of remuneration policy

Non-binding advisory endorsement of the company's remuneration policy and implementation report

Shareholders are required to consider and vote on the resolutions as set out below, in the manner required by the Listings Requirements of JSE Limited ("JSE Listings Requirements") as read with King IV.

Ordinary resolution 1.1 - Endorsement of the Company's remuneration policy

"**Resolved that** the remuneration policy as set out on pages 38 to 41 of the Annual Report to which this notice is attached, be and is hereby endorsed through a non-binding advisory vote, as recommended in terms of King IV".

Ordinary resolution 1.2 - Endorsement of the Company's implementation report

"**Resolved that** the implementation report of the Company, as set out on page 38 to 41 of the Annual Report to which this notice is attached, be and is hereby endorsed through a non-binding advisory vote as recommended in terms of King IV".

Reason for advisory endorsement

In terms of King IV and the JSE Listings Requirements, the Company's remuneration policy and implementation report should be tabled to shareholders for separate non-binding advisory votes at the Annual General Meeting. Failure to pass this resolution will not have legal consequences relating to existing arrangements. However, the Board will take the outcome of the vote into consideration when assessing the Company's remuneration policy and implementation report.

Shareholders are accordingly requested to endorse the Company's remuneration policy and implementation report as set out on pages 38 to 41 of the Annual Report to which this notice is attached.

11. ORDINARY RESOLUTION NUMBER 2

Approval to issue ordinary shares, and to sell treasury shares, for cash

"**Resolved that** the directors of Cognition Holdings Limited ("the Company") and/or any of its subsidiaries from time to time be and are hereby authorised, by way of a general authority, to –

- allot and issue, or to issue any options in respect of, all or any of the authorised but unissued ordinary shares in the capital of the Company; and/or
- sell or otherwise dispose of or transfer, or issue any options in respect of, ordinary shares in the capital of the Company purchased by subsidiaries of the Company,
- for cash, to such person/s on such terms and conditions and at such times as the directors may from time to time in their discretion deem fit, subject to the Companies Act, 2008 (Act 71 of 2008), the Memorandum of Incorporation of the Company and its subsidiaries and the JSE Listings Requirements from time to time.

Ordinary resolution 2 is subject to the following:

- this general authority will be valid until the earlier of the Company's next Annual General Meeting or the expiry of a period of 15 (fifteen) months from the date that this authority is given;
- the securities which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue;
- any such issue may only be made to "public shareholders" as defined in the JSE Listings Requirements and not to related parties;
- the securities which are the subject of a general issue for cash may not exceed 30% (thirty percent) of the number of listed securities, excluding treasury shares, as at the date of this notice, being 68 781 906 securities. Any securities issued under this authorisation will be deducted from the aforementioned 68 781 906 listed securities. In the event of a sub-division or a consolidation the authority will be adjusted to represent the same allocation ratio;
- in determining the price at which securities may be issued in terms of this authority, the maximum discount permitted will be 10% (ten percent) of the weighted average traded price of such securities measured over the 30 (thirty) business days prior to the date that the price of the issue is agreed in writing between the issuer and the party/ies subscribing for the securities;
- an announcement giving full details, including the number of securities issued, the average discount to the weighted average traded price of the securities over 30 (thirty) business days prior to the date that the issue is agreed in writing being the issue and the parties subscribing for the securities and in respect of options and convertible securities, the effects of the issue on the statement of financial position, net asset value per share, net tangible asset value per share, the statement of profit and loss and other comprehensive income, earnings per share and headline earnings per share and, if applicable, diluted earnings and headline earnings per share, or in respect of an issue of shares, an explanation, including supporting documents (if any), of the intended use of the funds will be published when the Company has issued securities representing, on a cumulative basis within the earlier of the Company's next Annual General Meeting or the expiry of a period of 15 (fifteen) months from the date that this authority is given, 5% (five percent) or more of the number of securities in issue prior to the issue; and
- whenever the Company wishes to use repurchased shares, held as treasury stock by a subsidiary of the Company, such use must comply with the JSE Listings Requirements as if such use was a fresh issue of ordinary shares."

Under the JSE Listings Requirements, ordinary resolution number 2 must be passed by a 75% (seventy five percent) majority of the votes cast in favour of the resolution by all members present or represented by proxy at the Annual General Meeting.

12. SPECIAL RESOLUTION NUMBER 1

General approval to acquire shares

"**Resolved**, by way of a general approval that Cognition Holdings Limited ("the Company") and/or any of its subsidiaries from time to time be and are hereby authorised to acquire ordinary shares in the Company in terms of sections 46 and 48 of the Companies Act, 2008 (Act 71 of 2008), as amended, the Memorandum of Incorporation of the Company and its subsidiaries and the JSE Listings Requirements, as amended from time to time.

The JSE Listings Requirements currently provide, *inter alia*, that:

- the acquisition of the ordinary shares must be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counter party;
- this general authority shall only be valid until the earlier of the Company's next Annual General Meeting or the expiry of a period of 15 (fifteen) months from the date of passing of this special resolution;
- in determining the price at which the Company's ordinary shares are acquired in terms of this general authority, the maximum premium at which such ordinary shares may be acquired will be 10% (ten percent) of the weighted average of the market value at which such ordinary shares are traded on the JSE, as determined over the 5 (five) business days immediately preceding the date on which the transaction is effected;
- at any point in time, the Company may only appoint one agent to effect any acquisition/s on its behalf.
- the acquisition of ordinary shares in the aggregate in any one financial year may not exceed 20% (twenty percent) of the Company's issued ordinary share capital;
- the Company may only effect the repurchase once a resolution has been passed by the board of directors of the Company ("the Board") confirming that the Board has authorised the repurchase, that the Company has passed the solvency and liquidity test ("test") and that since the test was done there have been no material changes to the financial position of the Group;
- the Company or its subsidiaries may not acquire ordinary shares during a prohibited period as defined in paragraph 3.67 of the JSE Listings Requirements;
- an announcement will be published once the Company has cumulatively repurchased 3% (three percent) of the number of the ordinary shares in issue at the time this general authority is granted ("initial number"), and for each 3% (three percent) in aggregate of the initial number acquired thereafter."

Explanatory note

The purpose of this special resolution number 1 is to obtain an authority for, and to authorise, the Company and the Company's subsidiaries, by way of a general authority, to acquire the Company's issued ordinary shares.

It is the intention of the directors of the Company to use such authority should prevailing circumstances (including tax dispensations and market conditions) in their opinion warrant it.

Special resolutions to be adopted at this Annual General Meeting require approval from at least 75% (seventy five percent) of the votes exercised on such resolutions by shareholders present or represented by proxy at the meeting.

12.1 Other disclosures in terms of Section 11.26 of the JSE Listings Requirements

The JSE Listings Requirements require the following disclosures, which are contained in the Annual Report of which this notice forms part:

major shareholders of the Company – page 47; and

share capital of the Company – page 88

12.2 Material change

There have been no material changes in the affairs or financial position of the Company and its subsidiaries since the Company's financial year end and the date of this notice.

12.3 Directors' responsibility statement

The directors, whose names are given on pages 3 to 5 of the Annual Report of which this notice forms part, collectively and individually accept full responsibility for the accuracy of the information pertaining to special resolution number 1 and certify that to the best of their knowledge and belief there are no facts in relation to special resolution number 1 that have been omitted which would make any statement in relation to special resolution number 1 false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that special resolution number 1 together with this notice contains all information required by law and the JSE Listings Requirements in relation to special resolution number 1.

12.4 Adequacy of working capital

At the time that the contemplated repurchase is to take place, the directors of the Company will ensure that, after considering the effect of the maximum repurchase and for a period of twelve months thereafter:

- the Company and its subsidiaries will be able to pay their debts as they become due in the ordinary course of business;
- the consolidated assets of the Company and its subsidiaries, fairly valued in accordance with International Financial Reporting Standards, will be in excess of the consolidated liabilities of the Company and its subsidiaries;
- the issued share capital and reserves of the Company and its subsidiaries will be adequate for the purpose of the ordinary business of the Company and its subsidiaries; and
- the working capital available to the Company and its subsidiaries will be sufficient for the Group's requirements.

13. SPECIAL RESOLUTION NUMBER 2

Financial assistance for subscription of securities

"**Resolved that**, as a special resolution, in terms of section 44 of the Companies Act, 2008 (Act 71 of 2008) ("Companies Act"), the shareholders of Cognition Holdings Limited ("the Company") hereby approve of the Company providing, at any time and from time to time during the period of two years commencing on the date of this special resolution number 2, financial assistance by way of a loan, guarantee, the provision of security or otherwise, as contemplated in section 44 of the Companies Act, to any person for the purpose of, or in connection with, the subscription for any option, or any securities, issued or to be issued by the Company or a related or inter-related Company, or for the purchase of any securities of the Company or a related or inter-related Company, provided that –

(a) the board of directors of the Company ("the Board"), from time to time, determine (i) the specific recipient, or general category of potential recipients of such financial assistance; (ii) the form, nature and extent of such financial assistance; (iii) the terms and conditions under which such financial assistance is provided; and

(b) the Board may not authorise the Company to provide any financial assistance pursuant to this special resolution number 2 unless the Board meets all those requirements of section 44 of the Companies Act which it is required to meet in order to authorise the Company to provide such financial assistance."

Explanatory note

The purpose of this special resolution number 2 is to grant the Board the authority to authorise the Company to provide financial assistance to any person for the purpose of, or in connection with, the subscription for any option or securities issued or to be issued by the Company or a related or inter-related Company.

Special resolutions to be adopted at this Annual General Meeting require approval from at least 75% (seventy five percent) of the votes exercised on such resolutions by shareholders present or represented by proxy at the meeting.

14. SPECIAL RESOLUTION NUMBER 3

Loans or other financial assistance to directors

"**Resolved that**, as a special resolution, in terms of section 45 of the Companies Act, 2008 (Act 71 of 2008) ("Companies Act"), the shareholders of Cognition Holdings Limited ("the Company") hereby approve of the Company providing, at any time and from time to time during the period of two years commencing on the date of this special resolution number 3, any direct or indirect financial assistance (which includes lending money, guaranteeing a loan or other obligation, and securing any debt or obligation) as contemplated in section 45 of the Companies Act to a director or prescribed officer of the Company, or to a related or inter-related company or corporation or to a member of any such related or inter-related corporation or to a person related to any such company, corporation, director, prescribed officer or member provided that –

(a) the board of directors of the Company ("the Board"), from time to time, determine (i) the specific recipient or general category of potential recipients of such financial assistance; (ii) the form, nature and extent of such financial assistance; (iii) the terms and conditions under which such financial assistance is provided, and

(b) the Board may not authorise the Company to provide any financial assistance pursuant to this special resolution number 3 unless the Board meets all those requirements of section 45 of the Companies Act which it is required to meet in order to authorise the Company to provide such financial assistance."

Explanatory note

The purpose of this special resolution number 3 is to grant the Board the authority to authorise the Company to provide financial assistance as contemplated in section 45 of the Companies Act to a director or prescribed officer of the Company, or to a related or inter-related company or corporation, or to a member of a related or inter-related corporation, or to a person related to any such company, corporation, director, prescribed officer or member.

Special resolutions to be adopted at this Annual General Meeting require approval from at least 75% (seventy five percent) of the votes exercised on such resolutions by shareholders present or represented by proxy at the meeting.

Notice given to shareholders of the Company in terms of section 45(5) of the Companies Act of a resolution adopted by the Board authorising the Company to provide such direct or indirect financial assistance in respect of special resolution number 3:

(a) By the time that this notice of Annual General Meeting is delivered to shareholders of the Company, the Board will have adopted a resolution ("Section 45 Board Resolution") authorising the Company to provide, at any time and from time to time during the period of two years commencing on the date on which special resolution number 3 is adopted, any direct or indirect financial assistance as contemplated in section 45 of the Companies Act (which includes lending money, guaranteeing a loan or other obligation, and securing any debt or obligation) to a director or prescribed officer of the Company or of a related or inter-related Company, or to a related or inter-related Company or corporation, or to a member of any such related or inter-related corporation, or to a person related to any such Company, corporation, director, prescribed officer or a member;

(b) the Section 45 Board Resolution will be effective only if and to the extent that special resolution number 3 is adopted by the shareholders of the Company, and the provision of any such direct or indirect financial assistance by the Company, pursuant to such resolution, will always be subject to the Board being satisfied that (i) immediately after providing such financial assistance, the Company will satisfy the solvency and liquidity test as referred to in section 45(3)(b)(i) of the Companies Act, and (ii) the terms under which such financial assistance is to be given are fair and reasonable to the Company as referred to in section 45(3)(b)(ii) of the Companies Act; and

(c) inasmuch as the Section 45 Board Resolution contemplates that such financial assistance will in the aggregate exceed one-tenth of one percent of the Company's net worth at the date of adoption of such resolution, the Company hereby provides notice of the Section 45 Board Resolution to shareholders of the Company. Such notice will also be provided to any trade union representing any employees of the Company.

15. SPECIAL RESOLUTION NUMBER 4

Approval of non-executive Director's remuneration

"Resolved that, in terms of the provisions of sections 66(9) of the Companies Act, 2008 (Act 71 of 2008), as amended, the annual remuneration payable to the non-executive directors of Cognition Holdings Limited ("the Company") for their services as directors of the Company for the calendar year ending 2021, be and is hereby approved as follows:

Type of fee	Proposed retainer fee per month in ZAR for the year ending 2021	Proposed meeting fee in ZAR for the year ending 2021	Expected total fee in ZAR for the year ending 2021
Board Chairman			
Ashvin Mancha	R5 750	R15 200	R129 800
Audit and Risk Committee Chairman			
Roger Pitt	R5 750	R15 200	R129 800
Audit and Risk Committee Member			
Dennis Lupambo	NIL	R10 000	R40 000

Explanatory note

In terms of section 66(9) of the Companies Act, a company is required to pre-approve the payment of remuneration to non-executive directors for their services as directors for the ensuing financial year by means of a special resolution passed by shareholders of the Company within the previous two years.

Special resolutions to be adopted at this Annual General Meeting require approval from at least 75% (seventy five percent) of the votes exercised on such resolutions by shareholders present or represented by proxy at the meeting.

16. ORDINARY RESOLUTION NUMBER 3

Signature of documents

"**Resolved that** each director of Cognition Holdings Limited ("the Company") be and is hereby individually authorised to sign all such documents and do all such things as may be necessary for or incidental to the implementation of those resolutions to be proposed at the Annual General Meeting convened to consider the resolutions which are passed, in the case of ordinary resolutions, or are passed and registered by the Companies and Intellectual Property Commission, in the case of special resolutions."

Ordinary resolutions to be adopted at this Annual General Meeting require approval from a simple majority, which is more than 50% (fifty percent) of the votes exercised on such resolutions by shareholders present or represented by proxy at the meeting.

Notice of Annual General Meeting (CONTINUED)

17. Other business

To transact such other business as may be transacted at the Annual General Meeting of the Company.

Electronic participation arrangements

The Company's Memorandum of Incorporation authorises the conduct of shareholders' meetings entirely by electronic communication as does section 63(2)(a) of the Companies Act. In light of the measures put in place by the South African Government in response to the COVID-19 pandemic, the Board has decided that the Annual General Meeting will only be accessible through a remote interactive electronic platform as detailed below.

Shareholders or their duly appointed proxies who wish to participate in the Annual General Meeting are required to complete the Electronic Participation Application Form available immediately after the proxy form on page 123 and email same to the Company's Transfer Secretaries at proxy@computershare.co.za and to Cognition at cedgar@cgn.co.za as soon as possible, but in any event by no later than 10:00 on Wednesday, 25 November 2020.

Shareholders or their duly appointed proxies are required to provide satisfactory identification before being entitled to participate in the Annual General Meeting.

Upon receiving a completed Electronic Participation Application Form, the Company's Transfer Secretaries will follow a verification process to verify each applicant's entitlement to participate in and/or vote at the Annual General Meeting. The Company's Transfer Secretaries will provide the Company with the nominated email address of each verified shareholder or their duly appointed proxy to enable the Company to forward them a Microsoft Teams meeting invitation required to access the Annual General Meeting.

Fully verified shareholders or their duly appointed proxies who have applied to participate electronically in the Annual General Meeting are requested by no later than 09:55 on Friday, 27 November 2020 to join the lobby of the meeting by clicking on the "Join Microsoft Teams Meeting" link to be provided by Cognition's Company Secretary, whose admission to the meeting will be controlled by the company secretary.

Participants will be liable for their own network charges in relation to electronic participation in and/or voting at the Annual General Meeting. Any such charges will not be for the account of the Company's Transfer Secretaries or Cognition who will also not be held accountable in the case of loss of network connectivity or other network failure due to insufficient airtime, internet connectivity, internet bandwidth and/or power outages which prevents any such shareholder or their proxy from participating in and /or voting at the Annual General Meeting.

Voting and Proxies

Special resolutions to be adopted at this Annual General Meeting require approval from at least 75% (seventy five percent) of the votes exercised on such resolutions by shareholders present or represented by proxy at the meeting. With the exception of ordinary resolution number 2, ordinary resolutions to be adopted at this Annual General Meeting require approval from a simple majority, which is more than 50% (fifty percent) of the votes exercised on such resolutions by shareholders present or represented by proxy at the meeting.

Voting will be via a poll; every shareholder of the Company shall have one vote for every share held in the Company by such shareholder.

A shareholder entitled to participate and vote at the Annual General Meeting is entitled to appoint a proxy or proxies to electronically participate, speak and vote in his/her stead. A proxy need not be a shareholder of the Company.

The electronic platform (Microsoft Teams) to be utilised to host the Annual General Meeting does not provide for electronic voting during the meeting.

Accordingly, shareholders are strongly encouraged to submit votes by proxy in advance of the Annual General Meeting, by completing the Form of Proxy (found on page 117 and 118) and lodging this form with the Company's Transfer Secretaries by no later than 10:00 on Wednesday, 25 November 2020 by:

- delivery to Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank; or
- email to proxy@computershare.co.za.

Any forms of proxy not submitted by this time can still be lodged by email to proxy@computershare.co.za prior to the commencement of the meeting.

Shareholders are reminded that they are still able to vote normally through proxy submission, despite deciding to participate either electronically or not at all in the Annual General Meeting.

Shareholders who indicate in the Electronic Participation Application Form that they wish to vote during the electronic meeting, will be contacted by the Company's Transfer Secretaries to make the necessary arrangements.

Notice of Annual General Meeting (CONTINUED)

Dematerialised shareholders without 'own name' registration

Dematerialised shareholders, other than those with 'own name' registration, who wish to participate in the Annual General Meeting, should instruct their Central Securities Depository Participant ("CSDP") or Broker to issue them with the necessary letter of representation to participate in the Annual General Meeting, in the manner stipulated in the relevant custody agreement. The letter of representation will need to be submitted together with the completed Electronic Participation Application Form to the Company's Transfer Secretaries and to Cognition in the manner and within the timeframe described above under the section titled "Electronic Participation Arrangements".

If these shareholders do not wish to participate in the Annual General Meeting in person, they must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker.

Certificated shareholders and dematerialised shareholders with 'own name' registration

Those Certificated Shareholders and Dematerialised Shareholders with 'own name' registration, who wish to participate in the Annual General Meeting (either in person or represented by proxy), must submit a completed Electronic Participation Application Form to the Company's Transfer Secretaries and to Cognition in the manner and within the timeframe described above under the section titled "Electronic Participation Arrangements".

Questions

Shareholders are encouraged to submit, via email, any questions in advance of the Annual General Meeting to the Company Secretary at skleynhans@cgn.co.za. These questions will be addressed at the Annual General Meeting and will be responded to via email thereafter.

By order of the Board

Stefan Anton Kleynhans
Company Secretary

30 September 2020

Johannesburg

Form of Proxy

Cognition Holdings Limited
Incorporated in the Republic of South Africa
(Registration number 1997/010640/06)
Share code: CGN ISIN: ZAE000197042
("Cognition" or "the Company")

For use only by ordinary shareholders who:

- hold ordinary shares in certificated form ("certificated ordinary shareholders"); or
- have dematerialised their ordinary shares ("dematerialised ordinary shareholders") and are registered with "own-name" registration,

at the 22nd Annual General Meeting of shareholders of the Company to be held, entirely electronically at 10:00 on Friday, 27 November 2020 and any adjournment thereof.

Dematerialised ordinary shareholders holding ordinary shares other than with "own-name" registration who wish to attend the Annual General Meeting must inform their Central Securities Depository Participant ("CSDP") or broker of their intention to attend the Annual General Meeting and request their CSDP or broker to issue them with the relevant Letter of Representation to attend the Annual General Meeting in person or by proxy and vote. If they do not wish to attend the Annual General Meeting in person or by proxy, they must provide their CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker.

The Board requests that completed forms of proxy are received at the office of the Company's transfer secretaries, Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2001 (Private Bag X9000, Saxonwold, 2132), or via email to proxy@computershare.co.za by 10:00 on Wednesday, 25 November 2020. Any forms of proxy not lodged by this time may still be lodged by email to proxy@computershare.co.za prior to the commencement of the meeting.

These ordinary shareholders must not use this form of proxy.

Name of beneficial shareholder: ______________________________

Name of registered shareholder: ______________________________

Address ______________________________

Email: ______________________________

Telephone work (   ) ____________ Telephone home (   ) ____________ Cell: ____________

being the holder/custodian of ____________ ordinary shares in the Company, hereby appoint (see note):

1. ______________________________ or failing him / her,

2. ______________________________ or failing him / her,

3. the Chairperson of the meeting,

as my/our proxy to attend and act for me/us on my/our behalf at the Annual General Meeting of the Company convened for purpose of considering and, if deemed fit, passing, with or without modification, the special and ordinary resolutions to be proposed thereat ("resolutions") and at each postponement or adjournment thereof and to vote for and/or against such resolutions, and/or abstain from voting, in respect of the ordinary shares in the issued share capital of the Company registered in my/our name/s in accordance with the following instructions:

Form of Proxy (CONTINUED)

		Number of ordinary shares		
		For	**Against**	**Abstain**
1.	To receive, consider and adopt the Annual Financial Statements of the Company and Group for the financial year ended 30 June 2020			
2.	To re-elect Paul Jenkins to the Board of Cognition Holdings Limited			
3.	To re-elect Dennis Lupambo to the Board of Cognition Holdings Limited			
4.	To re-elect Trevor Ahier to the Board of Cognition Holdings Limited			
5.	To confirm the appointment of Amasi Mwela as a non-executive director to the Board of Cognition Holdings Limited			
6.	To re-appoint Roger Pitt as a member and chairman of the Company's Audit and Risk Committee.			
7.	To re-appoint Gaurang Mooney as a member of the Company's Audit and Risk Committee.			
8.	To re-appoint Dennis Lupambo as a member of the Company's Audit and Risk Committee.			
9.	To confirm the re-appointment of BDO South Africa Incorporated as independent auditor of the Company with Mrs Kathryn Luck being the individual registered auditor who has undertaken the audit of the Company for the ensuing financial year and to authorise the directors to determine the auditor's remuneration.			
10.	**Ordinary resolution number 1** Non-binding advisory endorsement of the Company's remuneration policy and implementation report			
10.1	**Ordinary resolution number 1.1** Endorsement of the Company's remuneration policy			
10.2	**Ordinary resolution number 1.2** Endorsement of the Company's implementation report			
11.	**Ordinary resolution number 2** Approval to issue ordinary shares, and to sell treasury shares, for cash			
12.	**Special resolution number 1** General approval to acquire shares			
13.	**Special resolution number 2** Financial assistance for subscription of securities			
14.	**Special resolution number 3** Loans or other financial assistance to directors			
15.	**Special resolution number 4** Approval of non-executive Director's remuneration			
16.	**Ordinary resolution number 3** Signature of documents			

Please indicate instructions to proxy in the space provided above by the insertion therein of the relevant number of votes exercisable.

A member entitled to attend and vote at the Annual General Meeting may appoint one or more proxies to attend and act in his stead. A proxy so appointed need not be a member of the Company.

Signed at ______________________________ on ______________ 2020

Signature ______________________________

Notes to Proxy

1. Summary of Rights contained in section 58 of the Companies Act, 2008 (Act 71 of 2008), as amended ("Companies Act")

   In terms of section 58 of the Companies Act:-

   - a shareholder may, at any time and in accordance with the provisions of section 58 of the Companies Act, appoint any individual (including an individual who is not a shareholder) as a proxy to participate in, and speak and vote at, a shareholders' meeting on behalf of such shareholder;
   - a proxy may delegate his or her authority to act on behalf of a shareholder to another person, subject to any restriction set out in the instrument appointing such proxy;
   - irrespective of the form of instrument used to appoint a proxy, the appointment of a proxy is suspended at any time and to the extent that the relevant shareholder chooses to act directly and in person in the exercise of any of such shareholder's rights as a shareholder;
   - irrespective of the form of instrument used to appoint a proxy, any appointment by a shareholder of a proxy is revocable, unless the form of instrument used to appoint such proxy states otherwise;
   - if an appointment of a proxy is revocable, a shareholder may revoke the proxy appointment by: (i) cancelling it in writing, or making a later inconsistent appointment of a proxy and (ii) delivering a copy of the revocation instrument to the proxy and to the company; and
   - a proxy appointed by a shareholder is entitled to exercise, or abstain from exercising, any voting right of such shareholder without direction, except to the extent that the relevant company's memorandum of incorporation, or the instrument appointing the proxy, provides otherwise (see note 7).

2. The form of proxy must only be completed by shareholders who hold shares in certificated form or who are recorded on the sub-register in electronic form in "own name".

3. Shareholders who have dematerialised their shares through a CSDP or broker without "own name" registration and wish to attend the Annual General Meeting must instruct their CSDP or broker to provide them with the relevant Letter of Representation to attend the Annual General Meeting in person or by proxy. If they do not wish to attend in person or by proxy, they must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker. Should the CSDP or broker not have provided the Company with the details of the beneficial shareholding at the specific request by the Company, such shares may be disallowed to vote at the Annual General Meeting.

4. A shareholder entitled to attend and vote at the Annual General Meeting may insert the name of a proxy or the names of two alternate proxies (none of whom need be a shareholder of the company) of the shareholder's choice in the space provided, with or without deleting "the Chairperson of the meeting". The person whose name stands first on this form of proxy and who is present at the Annual General Meeting will be entitled to act as proxy to the exclusion of those proxy(ies) whose names follow. Should this space be left blank, the proxy will be exercised by the Chairperson of the meeting.

5. A shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that shareholder in the appropriate space provided. If an "X" has been inserted in one of the blocks to a particular resolution, it will indicate the voting of all the shares held by the shareholder concerned. Failure to comply with this will be deemed to authorise the proxy to vote or to abstain from voting at the Annual General Meeting as he/she deems fit in respect of all the shareholder's votes exercisable thereat. A shareholder or the proxy is not obliged to use all the votes exercisable by the shareholders or by the proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the shareholder or the proxy.

6. A vote given in terms of an instrument of proxy shall be valid in relation to the Annual General Meeting notwithstanding the death, insanity or other legal disability of the person granting it, or the revocation of the proxy, or the transfer of the ordinary shares in respect of which the proxy is given, unless notice as to any of the aforementioned matters shall have been received by the transfer secretaries not less than 48 (fortyeight) hours before the commencement of the Annual General Meeting.

Notes to Proxy (CONTINUED)

7. If a shareholder does not indicate on this form that his/her proxy is to vote in favour of or against any resolution or to abstain from voting, or gives contradictory instructions, or should any further resolution(s) or any amendment(s) which may properly be put before the Annual General Meeting be proposed, such proxy shall be entitled to vote as he/she thinks fit.
8. The Chairperson of the Annual General Meeting may reject or accept any form of proxy which is completed and/or received other than in compliance with these notes.
9. A shareholder's authorisation to the proxy including the Chairperson of the Annual General Meeting, to vote on such shareholder's behalf, shall be deemed to include the authority to vote on procedural matters at the Annual General Meeting.
10. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the Annual General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.
11. Documentary evidence establishing the authority of a person signing the form of proxy in a representative capacity must be attached to this form of proxy, unless previously recorded by the Company's transfer secretaries or waived by the Chairperson of the Annual General Meeting.
12. A minor or any other person under legal incapacity must be assisted by his/her parent or guardian, as applicable, unless the relevant documents establishing his/her capacity are produced or have been registered by the transfer secretaries of the Company.
13. Where there are joint holders of ordinary shares:
    - any one holder may sign the form of proxy;
    - the vote(s) of the senior ordinary shareholders (for that purpose seniority will be determined by the order in which the names of ordinary shareholders appear in the Company's register of ordinary shareholders) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint shareholder(s).
14. Forms of proxy should be lodged with or mailed to Computershare Investor Services Proprietary Limited:

Hand deliveries to:	**Postal deliveries to:**
Computershare Investor Services Proprietary Limited 15 Biermann Avenue, Rosebank, 2196	Computershare Investor Services Proprietary Limited Private Bag X9000, Saxonwold 2132

    to be received by no later than 10:00 on Wednesday, 25 November 2020 (or 48 (forty-eight) hours before any adjournment of the Annual General Meeting which date, if necessary, will be notified on SENS).

    Any form or proxy not delivered to the transfer secretaries by 10:00 on Wednesday, 25 November 2020 may still be emailed to proxy@computershare.co.za immediately before the appointed proxy exercises any of the shareholder's votes at the Annual General Meeting.
15. A deletion of any printed matter and the completion of any blank space need not be signed or initialled. Any alteration or correction must be signed and not merely initialled.

Notes to Proxy (CONTINUED)

- Summary of the rights of a shareholder to be represented by proxy, as set out in section 58 of the Companies Act:
  - A proxy appointment must be in writing, dated and signed by the shareholder appointing a proxy, and, subject to the rights of a shareholder to revoke such appointment (as set out below), remains valid only until the end of the relevant shareholders' meeting.
  - A proxy may delegate the proxy's authority to act on behalf of a shareholder to another person, subject to any restrictions set out in the instrument appointing the proxy.
  - The appointment of a proxy is suspended at any time and to the extent that the shareholder who appointed such proxy chooses to act directly and in person in the exercise of any rights as a shareholder.
  - The appointment of a proxy is revocable by the shareholder in question cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and to the Company. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of (a) the date stated in the revocation instrument, if any; and (b) the date on which the revocation instrument is delivered to the Company as required in the first sentence of this paragraph.
  - If the instrument appointing the proxy or proxies has been delivered to the Company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the Company's Memorandum of Incorporation to be delivered by the Company to the shareholder, must be delivered by the Company to (a) the shareholder, or (b) the proxy or proxies, if the shareholder has (i) directed the Company to do so in writing; and (ii) paid any reasonable fee charged by the Company for doing so.
  - Attention is also drawn to the "Notes to proxy".
  - The completion of a form of proxy does not preclude any shareholder from attending the Annual General Meeting.

APPLICATION FORM FOR ELECTRONIC PARTICIPATION AT THE ANNUAL GENERAL MEETING

Cognition Holdings Limited
Incorporated in the Republic of South Africa
(Registration number 1997/010640/06)
Share code: CGN ISIN: ZAE000197042
("Cognition" or "the Company")

ANNUAL GENERAL MEETING – 27 NOVEMBER 2020 ("AGM')

Capitalised terms which are not defined herein shall bear the meanings assigned in the notice of annual general meeting (the "AGM Notice") to which this form is attached and forms part.

Instructions

Shareholders or their proxies, have the right, as provided for in the Company's Memorandum of Incorporation and the Companies Act, to participate in the AGM by way of electronic communication.

Shareholders or their duly appointed proxies who wish to participate in the AGM must complete this application form and email it (together with the relevant supporting documents referred to below) to the Company's Transfer Secretaries at proxy@computershare.co.za and to the Company at cedgar@cgn.co.za as soon as possible, but in any event by no later than 10:00 on Wednesday, 25 November 2020.

Upon receiving a completed Electronic Participation Application Form, the Company's Transfer Secretaries will follow a verification process to verify each applicant's entitlement to participate in and/or vote at the AGM. The Company's Transfer Secretaries will provide the Company with the email address of each verified shareholder or their duly appointed proxy (each, "a **Participant**") to enable the Company to forward the Participant a Microsoft Teams meeting invitation required to access the AGM.

Cognition will send each Participant a Microsoft Teams meeting invitation with a link to "Join the Microsoft Teams Meeting" on Friday, 27 November 2020 to enable Participants to link up and participate electronically in the AGM. This link will be sent to the email address nominated by the Participant in the table below.

Please note

The electronic platform to be utilised for the AGM does not provide for electronic voting during the meeting. Accordingly, shareholders are strongly encouraged to submit votes by proxy in advance of the AGM, by completing the Form of Proxy (found on pages 117 to 118) and lodging the completed proxy form together with this Electronic Participation Application Form with the Company's Transfer Secretaries.

Participants who indicate in this form that they wish to vote during the electronic meeting, will be contacted by the Company's Transfer Secretaries to make the necessary arrangements.

Participants will be liable for their own network charges in relation to electronic participation in and/or voting at the AGM. Any such charges will not be for the account of the Company's Transfer Secretaries or Cognition who will also not be held accountable in the case of loss of network connectivity or other network failure due to insufficient airtime, internet connectivity, internet bandwidth and/or power outages which prevents any such Particpant from participating in and /or voting at the AGM.

By signing this application form, the Participant indemnifies and holds the Company harmless against any loss, injury, damage, penalty or claim arising in any way from the use of the telecommunication lines to participate in the AGM or any interruption in the ability of the Participant to participate in the AGM via electronic communication, whether or not the problem is caused by any act or omission on the part of the Participant or anyone else, including without limitation the Company and its employees.

APPLICATION FORM FOR ELECTRONIC PARTICIPATION AT THE ANNUAL GENERAL MEETING

Information required for participation by electronic communication at the AGM

Full name of shareholder:

Identity or registration number of shareholder:

Full name of authorised representative (if applicable):

Identity number of authorised representative:

Email address:
*Note: this email address will be used by the Company to share the Microsoft Teams meeting invitation required to access the AGM electronically

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Cell phone number:

Telephone number, including dialling codes:

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*Note: The electronic platform to be utilised for the AGM does not provide for electronic voting during the meeting. Accordingly, shareholders are strongly encouraged to submit votes by proxy in advance of the AGM, by completing the proxy form found on pages 117 to 118.

Indicate (by marking with an 'X') whether:

☐ votes will be submitted by proxy (in which case, please **enclose** the duly completed proxy form with this form); or

☐ the Participant wishes to exercise votes during the AGM. If this option is selected, the Company's Transfer Secretaries will contact you to make the necessary arrangements.

By signing this application form, I consent to the processing of my personal information above for the purpose of participating in Cognition's AGM.

Signed at on 2020

Signed:

Documents required to be attached to this application form

16. In order to exercise their voting rights at the AGM, shareholders who choose to participate electronically may appoint a proxy, which proxy may participate in the AGM, provided that a duly completed proxy form has been submitted in accordance with the instructions on that form, and as envisaged in the notice of the AGM, a copy of which proxy form follows Annexure A of the AGM notice.
17. Documentary evidence establishing the authority of the named person, including any person acting in a representative capacity, who is to participate in the AGM, must be attached to this application.
18. A certified copy of the valid identity document/passport/ of the person attending the AGM by electronic participation, including any person acting in a representative capacity, must be attached to this application.
19. Applications to participate by electronic communication will only be considered if this application form is completed in full, signed by the shareholder, its proxy or representative, and delivered as detailed above. The Company may in its sole discretion accept any incomplete application forms.

Shareholder Diary

Financial year end	30 June 2020
Annual report and financial statements	30 September 2020
Annual general meeting	27 November 2020
Half-year report	March 2021

DIRECTORS AND ADMINISTRATION

Company registration number

1997/010640/06

JSE share code

CGN

Holding Company

Caxton and CTP Printing and Publishing Limited

Website

http://www.cognitionholdings.co.za

Directors

Executive

Mark Allan Smith BA LLB – Chief Executive Officer
Pieter Albertus Scholtz (CA(SA)) – Financial Director
Graham Groenewaldt – Sales Director

Non-executive

Ashvin Govan Mancha* BProc – Chairman
Gaurang Mooney* BA (Botswana)
Paul Jenkins* BCom, LLB
Marc du Plessis BCom (Commercial Accounting)
Roger Pitt* BCom (Hons)(Acc), CA(SA))
Trevor Bruce Cabot Ahier* BSc (Civil Engineering) LLB
Dennis Lupambo* BSc (Electrical Engineering)
Amasi Mwela BCom MBA

(* Independent)

Business address and registered office

Cognition House, Corner Bram Fischer Drive and Will Scarlet Road, Ferndale, Randburg, 2194
PO Box 3386, Pinegowrie, 2123

Telephone +27 11 293 0000
Fax2Email 086 610 1000

Transfer secretaries

Computershare Investor Services Proprietary Limited

Rosebank Towers,
15 Bierman Avenue,
Rosebank, 2196

Private Bag X9000,
Saxonwold,
2132

Telephone +27 11 370 7700,
Fax +27 11 688 7716

Website www.computershare.com

Auditors

BDO South Africa Incorporated

Attorneys

Martini-Patlansky Attorneys
Richards Attorneys
Fluxmans Incorporated
Werksmans

Bankers

First National Bank Limited
Investec Bank Limited

Company Secretary

S A Kleynhans BA, B.Iuris. LLB, LLM (Banking Law), LLM (Corporate Law) ACIS

PO Box 3386,
Pinegowrie,
2123

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