



**COGNITION HOLDINGS LIMITED**  
Incorporated in the Republic of South Africa  
(Registration number 1997/010640/06)  
Share code: CGN ISIN: ZAE000197042  
("Cognition" or "the Group" or "the Company")

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**UNAUDITED CONSOLIDATED INTERIM RESULTS**  
**for the six months ended 31 December 2022**

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# COMMENTARY ON INTERIM RESULTS

for the six months ended 31 December 2022

## Overview

The Cognition Group reports a much-improved interim result, mainly benefitting from a significant profit on the sale of Private Property and cost reduction within its continuing operations.

The Group is continuing to strengthen its core services and processes with an emphasis on finding solutions for its customers and exploring various opportunities to secure reasonable returns to its shareholders.

The business of Cognition has been subjected to a rigorous reassessment process following the restructuring of the management team at the end of December 2021. The existing businesses of FoneWorx and BMi have been refocussed and aligned with the identified needs of their respective customer bases.

During the period under review an opportunity to dispose of its investment in Private Property presented itself, which the Board elected to pursue and the Group was able to successfully conclude the transaction on 18 November 2022.

## Continuing Operations

**Research and Insights** – Customised research and insights partner, focusing on product pricing, B2B and consumer research, market sizing and advertising monitoring.

The Group's research assets revenue increased slightly compared to the same period in the previous year and were able to improve the gross profit margins within the business resulting in an increase in Gross Profit of around 8%, however the poor economic conditions have led to a downturn in the demand for research services worldwide.

**Campaign and Data Management Service** - Collaborates with brands and agencies that want to connect, engage with and understand their customers using the relevant market technology.

The blend of services provided in the period under review were of lower value compared to the same period in the previous year but at a significantly improved gross profit margin, which resulted in a similar gross profit as compared to the previous period.

The business units can provide digital engagement through a wide range of technologies with purpose built campaigns for its customers. The digital engagement space is never stagnant and as such the FoneWorx team is continuously developing new solutions to ensure that it can deliver fresh, new and innovative campaigns to its customers.

**Channel Incentives and Loyalty** - Channel Incentives enable brands to reward resellers and sales agents that market and sell its products to end consumers. In addition, the Channel Incentives platform simplifies the claiming of incentives and assists with the product training process, leading to increased sales and product knowledge.

This business unit continues to feel the strain of the move by networks to consolidate the incentive programmes with a single service provider and as a result the business unit is pivoting towards offering a unique incentive solution to its current client base. This strategy was able to counteract the loss of its traditional incentive business and the business unit still contributes a great deal of value to the Group.

# COMMENTARY ON INTERIM RESULTS

for the six months ended 31 December 2022 (continued)

## Prospects

The Group was able to return to operational profitability and was able to unlock value in the past year through the sale of Private Property. Its continuing operations are producing reasonable results and the Board believes that the business units can weather the worsening economic conditions that are faced by all South Africans. Cognition finds itself in a healthy financial position with realistic prospects to unlock value to shareholders in the short term.

## Financial Review

During the period under review the Group's focus was to conclude the sale of Private Property, which represented the disposal of the majority portion of the its asset and revenue base. The Group therefore presents its results for this period by separating the reporting between continuing operations and its discontinued operations.

Revenue for the interim period for continuing operations was R40,9 million which is 12.9% lower than the comparative previous period with an improvement in the gross profit margin resulting in a similar gross profit of R30.1 million. The Group reduced staff costs by 15% and other operating expenditure by 37.4%. The Group did not impair any intangible assets within its continuing operations in the period, compared to impairment of R8.2 million in the previous period with the resulting improvement in profit before tax of 118%, up from a loss of R17.5 million to a profit of R3.3 million. Earning Per Share from continuing operations improved from a loss per share of 5.73 cents to a profit of 1.66 cents per share.

Discontinued operations include the profit from the sale of Private Property, the operational results of Private Property up till 18 November 2022 as well as all related impairments and amortisation of assets associated with Private Property. For the period under review, discontinued operations resulted in a profit of R62.8 million which is largely made up from the profit from the sale of R66.7 million as compared to the loss reported in the previous comparative period of R39.3 million which included the impairment of Goodwill related to Private Property of R41.6 million. Earnings Per Share for discontinued operations was 26.21 cents per share as compared to the loss per share of 18.08 cents for the previous period.

As a result of the disposal of Private Property, the Group's tangible assets value increased from 41.25 cents per share at 30 June 2022 to 99.5 cents per share at 31 December 2022, with net asset value improving to 100.93 cents, up from 73.06 cents per share. Most of the Group's asset value is made up of cash or cash equivalents.

For this reason and despite ongoing load shedding, high unemployment, increased fuel costs, inflation and a falling Rand, the Group remains in a healthy financial position with significant cash reserves and no long-term debt.

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Change	Unaudited as at 31 December 2022 R'000	Unaudited as at 31 December 2021 R'000	Audited as at 30 June 2022 R'000
<b>ASSETS</b>				
<b>Non-current assets</b>	<b>-88.9%</b>	<b>10 635</b>	<b>95 630</b>	<b>83 811</b>
Property, plant and equipment	-78.4%	3 020	13 969	4 300
Goodwill	-96.6%	1 888	55 645	55 645
Intangible assets	-93.3%	1 320	19 743	17 287
Investment in associates	-3.8%	3 095	3 216	3 122
Deferred tax asset	-57.1%	1 312	3 057	3 457
<b>Current assets</b>	<b>61.1%</b>	<b>245 051</b>	<b>152 089</b>	<b>157 253</b>
Inventory	-93.5%	60	919	61
Lease Receivable		-	231	117
Current tax receivable	-33.1%	1 059	1 583	2 258
Trade and other receivables	-30.4%	30 669	44 086	40 921
Cash and cash equivalents	102.6%	213 263	105 270	113 896
<b>Non-current assets held for sale</b>		<b>9 681</b>	<b>-</b>	<b>9 681</b>
<b>Total assets</b>	<b>7.1%</b>	<b>265 367</b>	<b>247 719</b>	<b>250 745</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and reserves</b>	<b>22.1%</b>	<b>232 568</b>	<b>190 424</b>	<b>194 052</b>
Stated Capital	0.0%	159 420	159 420	159 420
Retained income	649.8%	78 118	10 418	14 221
Change in ownership	0.0%	(6 135)	(6 135)	(6 135)
<b>Attributable to the equity holders of the parent</b>	<b>41.4%</b>	<b>231 403</b>	<b>163 703</b>	<b>167 506</b>
Non-Controlling interests	-95.6%	1 165	26 721	26 546
<b>Non-current liabilities</b>	<b>-100.0%</b>	<b>-</b>	<b>4 612</b>	<b>1 323</b>
Cash Settled Share Based Payment	-100.0%	-	3 224	-
Deferred tax liability	-100.0%	-	1 388	1 323
<b>Current liabilities</b>	<b>-37.7%</b>	<b>32 799</b>	<b>52 683</b>	<b>55 370</b>
Trade and other payables	-54.4%	12 513	27 431	37 924
Current tax payable	6167.3%	3 447	55	157
Unclaimed dividends	0.0%	233	233	233
Third Party Prize money	-33.5%	16 606	24 964	17 056
<b>Total equity and liabilities</b>	<b>7.12%</b>	<b>265 367</b>	<b>247 719</b>	<b>250 745</b>
Net asset value per share (cents)	41.4%	100.93	71.40	73.06
Net tangible asset value per share (cents)	158.4%	99.53	38.52	41.25
Number of shares in issue	0.00%	229 273 021	229 273 021	229 273 021

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Change	Unaudited six months ended 31 December 2022 R'000	Unaudited six months ended 31 December 2021* R'000	Audited year ended 30 June 2022* R'000
<b>Continuing Operations</b>				
Revenue	-12.9%	40 895	46 937	91 684
Cost of Sales	-36.3%	(10 742)	(16 857)	(27 909)
Gross profit	0.2%	30 153	30 080	63 775
Other operating income	7.6%	127	118	208
Other operating (losses)	-100.0%	-	(3 273)	(3 394)
Staff costs	-15.0%	(19 286)	(22 678)	(43 091)
Other operating expenses	-37.4%	(7 102)	(11 349)	(20 394)
Depreciation and amortisation expense	-69.7%	(667)	(2 201)	(3 292)
Impairment of intangible assets	-100.0%	-	(8 194)	(8 222)
Profit before tax	-118.4%	3 225	(17 497)	(14 410)
Investment income	299.2%	2 912	729	1 729
Income from equity accounted Investment	-49.3%	212	418	801
<b>Profit before tax</b>	<b>138.8%</b>	<b>6 349</b>	<b>(16 350)</b>	<b>(11 880)</b>
Income tax expense	-158.0%	(1 903)	3 282	1 705
<b>Profit for the period</b>	<b>134.0%</b>	<b>4 446</b>	<b>(13 068)</b>	<b>(10 175)</b>
<b>Total comprehensive income / (loss) from continuing operations</b>	<b>134.0%</b>	<b>4 446</b>	<b>(13 068)</b>	<b>(10 175)</b>
Profit / (loss) from discontinued operations	248.3%	58 365	(39 346)	(35 318)
<b>Net profit / (loss) after Tax</b>	<b>219.8%</b>	<b>62 811</b>	<b>(52 414)</b>	<b>(45 493)</b>
<b>Attributed to:</b>				
<b>Owners of Cognition Holdings Limited</b>	<b>217.0%</b>	<b>63 897</b>	<b>(54 592)</b>	<b>(50 788)</b>
Continuing operations	129.0%	3 810	(13 149)	(10 388)
Discontinued operations	245.0%	60 087	(41 443)	(40 400)
<b>Non-controlling interest</b>	<b>149.9%</b>	<b>(1 086)</b>	<b>2 178</b>	<b>5 295</b>
Continuing operations	70.8%	636	2 178	5 295
Discontinued operations		(1 722)	-	-
	<b>219.8%</b>	<b>62 811</b>	<b>(52 414)</b>	<b>(45 493)</b>

\*Restated for discontinued operations

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Stated Capital	Change in ownership	Retained Income	Attributable to Equity Holders	Non- Controlling Interest	Total Equity
	R'000	R'000	R'000	R'000	R'000	R'000
<b>Audited balance at 1 July 2021</b>	<b>159 420</b>	<b>(12 892)</b>	<b>71 767</b>	<b>218 295</b>	<b>24 734</b>	<b>243 029</b>
Changes in equity						
Total comprehensive (loss) / income for the period	-	-	(54 592)	(54 592)	2 178	(52 414)
Transfer between reserves		6,757	(6,757)	-	-	-
Dividends	-	-	-	-	(191)	(191)
<b>Unaudited balance at 31 December 2021</b>	<b>159 420</b>	<b>(6 135)</b>	<b>10 418</b>	<b>163 703</b>	<b>26 721</b>	<b>190 424</b>
Total comprehensive profit / (loss) for the period	-	-	3 803	3 803	3 117	6 920
Dividends	-	-	-	-	(3 292)	(3 292)
<b>Audited balance at 30 June 2022</b>	<b>159 420</b>	<b>(6 135)</b>	<b>14 221</b>	<b>167 506</b>	<b>26 546</b>	<b>194 052</b>
Total comprehensive profit for the period	-	-	63 897	63 897	(1 086)	62 811
Dividends	-	-	-	-	(308)	(308)
Disposal of subsidiary	-	-	-	-	(23 987)	(23 987)
<b>Unaudited balance at 31 December 2022</b>	<b>159 420</b>	<b>(6 135)</b>	<b>78 118</b>	<b>231 403</b>	<b>1 165</b>	<b>232 568</b>

## CONSOLIDATED STATEMENTS OF CASH FLOWS

	change	Unaudited as at 31 December 2021 R'000	Unaudited as at 31 December 2020 R'000	Audited as at 30 June 2021 R'000
<b>Cash flow from operating activities</b>	<b>363.2%</b>	<b>3 835</b>	<b>828</b>	<b>13 925</b>
Net cash generated from operations	-336.7%	1 683	(711)	15 457
Finance costs		-	-	(114)
Investment income	138.2%	3 907	1 640	3 759
Normal tax paid	1637.6%	(1 755)	(101)	(5 177)
<b>Cash flow from investing activities</b>	<b>-1950.6%</b>	<b>95 840</b>	<b>(5 179)</b>	<b>(6 358)</b>
Purchase of property, plant and equipment	-34.6%	(623)	(952)	(1 554)
Proceeds on disposal of property, plant and equipment	1088.9%	1,391	117	29
Purchase of intangible asset	6.2%	(1,623)	(1,528)	(2 752)
Loans receivable		-	-	259
Disposal of subsidiary	-3525.3%	96,456	(2,816)	(2 816)
Dividend from associate		239	-	476
<b>Cash flow from financing activities</b>		<b>(308)</b>	<b>(191)</b>	<b>(3 483)</b>
Dividends paid	61.3%	(308)	(191)	(3 483)
<b>Net increase in cash and cash equivalents</b>	<b>-2287.7%</b>	<b>99 367</b>	<b>(4 542)</b>	<b>4 084</b>
Cash and cash equivalents at beginning of the period	3.7%	113 896	109 812	109 812
<b>Cash and cash equivalents at end of period</b>	<b>102.6%</b>	<b>213 263</b>	<b>105 270</b>	<b>113 896</b>

# NOTES TO THE UNAUDITED CONSOLIDATED INTERIM RESULTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

## **BASIS OF PREPARATION**

The unaudited condensed consolidated interim results for the six months ended 31 December 2022 have been prepared in accordance with International Financial Reporting Standards ("IFRS"), the requirements of the JSE Limited Listings Requirements for interim reports, the requirements of the Companies Act applicable to condensed financial statements and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and contain information required by IAS 34 - Interim Financial Reporting. The accounting policies applied in preparation of these condensed consolidated interim results are consistent with those applied in the previous annual financial statements.

In preparing these interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

These financial statements have been compiled under the supervision of the Financial Director, Pieter Scholtz.

The unaudited condensed consolidated interim results for the six months ended 31 December 2022 have not been reviewed by the Group's auditor.

## **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 with payment on presentation of invoice between 30 and 90 days except for a single multinational that has arranged longer payment terms not exceeding 120 days. 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 UNAUDITED CONSOLIDATED INTERIM RESULTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

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.	<p>Access to the online platform is based on a monthly fee that is recognised by the Group over time on a straight line basis.</p> <p>Platform services are invoiced on a prepaid basis or within the month that the service is rendered.</p> <p>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.</p>	<p>Platform service delivery is largely automated as is the related billing.</p> <p>Judgement is therefore not required to estimate the amount or timing of the revenue recognised.</p>
Research Services	Qualitative and quantitative research services.	<p>Continued data collection, collation and research analytics into monthly reports are recognised over time and invoiced in the month that the service is rendered.</p> <p>Where a research project spans more than one month, revenue is recognised upon achievement of the benchmarks set within the project.</p> <p>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 revenue yet is recognised and disclosed as amounts received in advance within trade and other payables.</p>	<p>No judgement is required with regards to the timing and amount of ongoing data collection, collation and research analytics services.</p> <p>Management applies judgement to estimate benchmarks as follows:</p> <p>Work completed compared to the estimated work required to complete the service.</p> <p>The cost incurred at a period end over the total estimated cost to complete the service.</p> <p>This is applied on an individual project basis.</p>

## NOTES TO THE UNAUDITED CONSOLIDATED INTERIM RESULTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

Revenue stream	Performance obligation	Timing measurement	Judgement
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 is rendered.	No judgement is required with regards to the timing and amount as these services are automated.
Campaign service development	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 required with regards to the timing and amount of management fees.
Supplementary Services	Other revenue earned by the Group on services supplementary to the services above.	Other revenue relates to the sale of supplementary services that are recognised at a point in time.	No judgement required relating to the timing and amount of supplementary services.

# NOTES TO THE UNAUDITED CONSOLIDATED INTERIM RESULTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

	Unaudited six months ended 31 December 2022		Unaudited six months ended 31 December 2021*		Audited year ended 30 June 2022*	
	R'000		R'000		R'000	
	Continuing operations	Discontinued operations	Continuing operations	Discontinued operations	Continuing operations	Discontinued operations
Continuing operations						
Revenue from contracts with customers						
<b>Rendering of services</b>	<b>100 740</b>	<b>60 811</b>	<b>114 725</b>	<b>73 661</b>	<b>235 017</b>	<b>149 260</b>
Less: Agency revenue	(59 845)	-	(67 788)	-	(143 333)	-
	<b>40,895</b>	<b>60,811</b>	<b>46,937</b>	<b>73,661</b>	<b>91,684</b>	<b>149,260</b>
<b>Disaggregation of revenue from contracts with customers</b>						
The group disaggregates revenue from customers as follows:						
Rendering of service						
Africa revenue	-	-	14	-	23	-
South African revenue	40 895	60 811	46 923	73 661	91 661	149 260
	<b>40,895</b>	<b>60,811</b>	<b>46,937</b>	<b>73,661</b>	<b>91,684</b>	<b>149,260</b>
<b>Timing of revenue recognition</b>						
Over time						
Online Platform Services	-	60 811	-	73 661	-	149 260
Research Services	18 455	-	19 487	-	40 260	-
Campaign services	5 890	-	5 098	-	12 741	-
	<b>24 345</b>	<b>60 811</b>	<b>24 585</b>	<b>73 661</b>	<b>53 001</b>	<b>149 260</b>
At a point in time						
Online Platform Services	4 589	-	8 857	-	13 168	-
Communication Services	2 544	-	6 489	-	10 537	-
Campaign services	8 351	-	6 660	-	12 978	-
Supplementary Services	1 066	-	346	-	2 000	-
	<b>16 550</b>	<b>-</b>	<b>22 352</b>	<b>-</b>	<b>38 683</b>	<b>-</b>
<b>Revenue from contracts with customers</b>	<b>40 895</b>	<b>60 811</b>	<b>46 937</b>	<b>73 661</b>	<b>91 684</b>	<b>149 260</b>

\*Restated for discontinued operations

The Group offers services that are classified as agency revenue in terms of IFRS 15 and as such the Group discloses these services separately in the note for enhanced disclosure purposes.

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.

# NOTES TO THE UNAUDITED CONSOLIDATED INTERIM RESULTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

## NOTES TO CASH FLOW STATEMENT

	Unaudited six months ended 31 December 2022 R'000	Unaudited six months ended 31 December 2021* R'000	Audited year ended 30 June 2022* R'000
A RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS			
<b>Profit before taxation</b>	<b>69 199</b>	<b>(54 062)</b>	<b>(45 494)</b>
From continuing operations	6 347	(16 350)	(11 880)
From discontinued operations	62 852	(37 712)	(33 614)
<b>Adjustments for:</b>	<b>(65 252)</b>	<b>57 650</b>	<b>56 368</b>
Depreciation and Amortisation	3 000	5 209	9 328
(Profit) / Loss on disposal of business	(66 759)	3 273	3 366
(Profit) / Loss on disposal of property, plant and equipment	(29)	(117)	(27)
Finance cost	-	-	114
Income from associates	(212)	(418)	(801)
Impairment of goodwill	-	41 600	41 600
Impairment of intangible assets	2 655	8 194	8 222
Cash-settled share-based payment	-	1 549	(1 675)
Investment income	(3 907)	(1 640)	(3 759)
<b>Operating profit before working capital changes</b>			
<b>Working capital changes</b>	<b>(2 264)</b>	<b>(4 299)</b>	<b>4 583</b>
Inventories	(77)	(30)	829
Trade and other receivables	1 815	(6 975)	(4 850)
Third party prize money	(450)	11 059	3 151
Trade and other payables	(3 552)	(8 353)	5 453
<b>Cash generated from operations</b>	<b>1 683</b>	<b>(711)</b>	<b>15 457</b>
<b>Tax paid</b>			
Balance at the beginning of year	2 101	(221)	(221)
Current tax for the year	(6 244)	3 282	(2 855)
Balance at end of the year	2 388	(1 528)	(2 101)
	<b>(1 755)</b>	<b>1 533</b>	<b>(5 177)</b>

\*Restated for discontinued operations

# NOTES TO THE UNAUDITED CONSOLIDATED INTERIM RESULTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

## SEGMENTAL REPORTING

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

- Active Data Exchange Services
- Knowledge Creation and Management

	Unaudited six months ended 31 December 2022		Unaudited six months ended 31 December 2021*		Audited year ended 30 June 2022*	
	R'000		R'000		R'000	
	Continuing operations	Discontinued operations	Continuing operations	Discontinued operations	Continuing operations	Discontinued operations
<b>Gross Revenue</b>	<b>100 740</b>	<b>60 811</b>	<b>114 725</b>	<b>73 661</b>	<b>235 017</b>	<b>149 260</b>
Active Data Exchange Services	19 276	-	25 564	-	43 990	-
Knowledge Creation and Management	81 464	60 811	89 161	73 661	191 027	149 260
<b>Revenue Generated as agency service</b>	<b>(59 845)</b>	<b>-</b>	<b>(67 788)</b>	<b>-</b>	<b>(143 333)</b>	<b>-</b>
Active Data Exchange Services	(2 323)	-	(4 556)	-	(5 735)	-
Knowledge Creation and Management	(57 522)	-	(63 232)	-	(137 598)	-
<b>Revenue</b>	<b>40 895</b>	<b>60 811</b>	<b>46 937</b>	<b>73 661</b>	<b>91 684</b>	<b>149 260</b>
Active Data Exchange Services	16 953	-	21 008	-	38 255	-
Knowledge Creation and Management	23 942	60 811	25 929	73 661	53 429	149 260
<b>Cost of sales</b>	<b>(10 742)</b>	<b>(1 794)</b>	<b>(27 909)</b>	<b>(2 139)</b>	<b>(12 536)</b>	<b>(5 605)</b>
Active Data Exchange Services	(3 398)	-	(6 812)	-	(11 102)	-
Knowledge Creation and Management	(7 344)	(1 794)	(10 045)	(2 139)	(16 807)	(5 605)
<b>Gross profit</b>	<b>30 153</b>	<b>59 017</b>	<b>30 080</b>	<b>71 522</b>	<b>63 775</b>	<b>143 655</b>
Active Data Exchange Services	13 555	-	14 196	-	27 153	-
Knowledge Creation and Management	16 598	59 017	15 884	71 522	36 622	143 655

The reconciliation of Gross Profit to Profit before Taxation is provided in the Statement of Comprehensive Income. The CODM reviews these income and expense items on a Group basis and not per individual segment. All assets and liabilities are reviewed on a Group basis by the CODM.

# NOTES TO THE UNAUDITED CONSOLIDATED INTERIM RESULTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

## Reconciliation between earnings and headline earnings

	Unaudited six months ended 31 December 2022	Unaudited six months ended 31 December 2021*	Audited year ended 30 June 2022*
<b>Earnings / (loss) per share (cents)</b>	<b>27.87</b>	<b>(23.81)</b>	<b>(22.15)</b>
Earnings / (loss) - continuing operations (cents)	1.66	(5.73)	(4.53)
Earnings / (loss) - discontinued operations (cents)	26.21	(18.08)	(17.62)
<b>Headline earnings / (loss) per share (cents)</b>	<b>0.67</b>	<b>(0.70)</b>	<b>0.46</b>
Headline earnings / (loss) - continuing operations (cents)	1.65	(0.77)	(0.06)
Headline (loss) / earnings - discontinued operations (cents)	(0.99)	0.07	0.52
<b>Diluted earnings / (loss) per share (cents)</b>	<b>27.87</b>	<b>(23.81)</b>	<b>(22.15)</b>
Diluted earnings / (loss) - continuing operations (cents)	1.66	(5.73)	(4.53)
Diluted earnings / (loss) - discontinued operations (cents)	26.21	(18.08)	(17.62)
<b>The calculation of the earnings / (loss) per share for the Group is based on the following:</b>			
<b>Earnings / (loss) per share (R'000)</b>	<b>63 897</b>	<b>(54 592)</b>	<b>(50 788)</b>
Earnings / (loss) - continuing operations (R'000)	3 810	(13 149)	(10 388)
Earnings/ (loss) - discontinued operations (R'000)	60 087	(41 443)	(40 400)

## Reconciliation between earnings and headline earnings

### Continuing operations

Profit/ (loss) attributable to ordinary shareholders of parent related to continuing operations	3 810	(13 149)	(10 388)
(Profit) / Loss on disposal of subsidiary	-	3 273	3 365
After tax effect on (loss) / profit on disposal of property, plant and equipment:	(21)	(84)	(19)
After tax effect on impairment of intangible asset	-	8 194	6 906
<b>Net Headline (loss) / earnings continuing operations</b>	<b>3 789</b>	<b>(1 766)</b>	<b>(136)</b>

### Discontinued operations

Profit/ (loss) attributable to ordinary shareholders of parent relating to discontinued operations	60 087	(41 443)	(40 400)
(Profit) / Loss on disposal of subsidiary	(66 759)	-	-
Tax related to the disposal of the business	3 440	-	-
Impairment of goodwill (After tax and non-controlling interest)	-	41 600	41 600
Impairment of intangible assets (After tax and non-controlling interest)	969	-	-
<b>Net Headline (loss) / earnings discontinued operations</b>	<b>(2 263)</b>	<b>157</b>	<b>1 200</b>
<b>Total Net Headline (loss) / earnings per share</b>	<b>1 526</b>	<b>(1 609)</b>	<b>1 064</b>

Weighted average number of shares in issue	<b>229 273 021</b>	<b>229 273 021</b>	<b>229 273 021</b>
Diluted weighted average number of shares in issue	<b>229 273 021</b>	<b>229 273 021</b>	<b>229 273 021</b>

There were no instruments issued during the current period that have a dilutive impact.

\*Restated for discontinued operations

# NOTES TO THE UNAUDITED CONSOLIDATED INTERIM RESULTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

## TAXATION

	Unaudited six months ended 31 December 2022 R'000	Unaudited six months ended 31 December 2021 R'000	Audited year ended 30 June 2022 R'000
Local income tax - Current period	1 897	(1 130)	2,972
Capital Gains tax - Current period	3 440	-	-
Local income tax - Recognised in the current tax for prior periods	-	(117)	(117)
Deferred Tax Prior year adjustments	908	-	-
Deferred tax movement	143	(401)	(2,856)
	<b>6,388</b>	<b>(1,648)</b>	<b>(1)</b>
Reconciliation between applicable tax rate and average effective tax rate			
<b>Accounting profit</b>	<b>69 199</b>	<b>(54 062)</b>	<b>(45 494)</b>
Accounting profit - continuing operations	6 347	(16 350)	(11 880)
Accounting profit - discontinued operations	62 852	(37 712)	(33 614)
Tax at applicable rate	18 684	(15 137)	(12 738)
Non-deductible expenses - Not in the production of income	1 362	1 159	363
Local income tax - recognised in current tax for prior periods	76	(117)	-
(Profit) / loss on disposal of subsidiary	(18 025)	916	950
Capital Gains tax	3 440	-	-
Impairment of goodwill	-	11 648	11 648
Tax losses utilised	908	-	-
Income from associates	(57)	(117)	(224)
	<b>6 388</b>	<b>(1 648)</b>	<b>(1)</b>

# NOTES TO THE UNAUDITED CONSOLIDATED INTERIM RESULTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

## DISCONTINUED OPERATIONS – STATEMENT OF COMPREHENSIVE INCOME

	Unaudited six months ended 31 December 2022 R'000	Unaudited six months ended 31 December 2021 R'000	Audited year ended 30 June 2022 R'000
Revenue	60 811	73 661	149 260
Cost of Sales	(1 794)	(2 139)	(5 605)
<b>Gross profit</b>	<b>59 017</b>	<b>71 522</b>	<b>143 655</b>
Operating expenditure	(58 933)	(65 537)	(131 549)
Depreciation and amortisation expense	(2 333)	(3 008)	(6 036)
Impairment of goodwill	-	(41 600)	(41 600)
Impairment of intangible assets	(2 655)	-	-
Profit from disposal of subsidiary	66 759	-	-
Investment income	995	911	1 916
<b>Profit before tax</b>	<b>62 850</b>	<b>(37 712)</b>	<b>(33 614)</b>
Income tax expense	(4 485)	(1 634)	(1 704)
<b>Profit after tax relating to discontinued operations</b>	<b>58 365</b>	<b>(39 346)</b>	<b>(35 318)</b>

## SALE OF SUBSIDIARY

During the period under review, the Group disposed of its 50.01% interest in Private Property South Africa effective 18 November 2022 for a cash consideration of R150 million. The rationale for the sale is based on Private Property's growth prospects and related business imperatives that would have required an allocation of considerable additional resources in technology and marketing. The sale presented an opportunity for the company to return significant value to shareholders through the sale of its interest.

The carrying value of the assets sold were as follows:

	R'000
Fixed assets	1 377
Intangible assets	12 537
Trade and other receivables	8 245
Deferred Tax	(231)
Inventory	78
Current tax receivable	165
Lease receivable	28
Cash and Cash Equivalent	51 230
Goodwill	53 757
Trade and other payables	(22 090)
Total identifiable asset value	105 096
Non-controlling interest in identifiable asset value	(23 986)
Total identifiable asset value related to Cognition Shareholders	81 110

The profit on the disposal is calculated as follows:

Consideration received	150 000
Related transaction cost	(2 131)
Total identifiable asset value disposed of	(81 110)
	66 759



# NOTES TO THE UNAUDITED CONSOLIDATED INTERIM RESULTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

## GOING CONCERN

Management's consideration for going concern includes all factors applicable to the Group. Management is therefore satisfied that the going concern basis has been correctly applied and this report has been prepared on the basis of accounting policies applicable to a going concern.

## DIVIDEND POLICY

The Board resolved not to declare an interim dividend as it is currently evaluating how to deliver returns to its shareholders in the most effective way possible.

## DIRECTORATE

There were no changes to the Directorate of the Company during the period under review.

## SUBSEQUENT EVENTS

The Board is not aware of any material events that have occurred between the end of the interim period and the date of this report.

## APPRECIATION

We would like to thank our customers, partners, dealers, staff and other service providers for their continued support, loyalty and dedication.

## For and on behalf of the Board

**Paul Jenkins**  
Chairman

Johannesburg

8 March 2023

**Rob Fedder**  
Chief Executive Officer

**Pieter Scholtz**  
Financial Director

## Business and Registered Office:

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Directors: Paul Jenkins#\* - Chairman, Rob Fedder –  
CEO, Pieter Scholtz - Financial Director,  
Graham Groenewaldt – Sales Director, Miles  
Crisp#\*, Dennis Lupambo#\*, Steve Naudé#\*,  
Amasi Mwela#, Servaas de Kock#

# Non-executive

\* Independent

Company Secretary: **Felicia van der Merwe CA(SA)**

Auditor: **BDO South Africa Incorporated**

Transfer Secretaries: **Computershare Investor  
Services Proprietary Limited**

Sponsor: **AcaciaCap Advisors Proprietary Limited**



[www.cognitionholdings.co.za](http://www.cognitionholdings.co.za)