

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")

SHORT FORM ANNOUNCEMENT - UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

Financial Position as at:		31 Dec 2021 (Unaudited)	31 Dec 2020 (Unaudited)	30 Jun 2021 (Audited)
	Change	R'000	R'000	R'000
Total assets	-19.9%	247 719	309 196	298 173
Cash and cash equivalents	11.3%	105 270	94 611	109 811
Capital and reserves	-22.4%	190 424	245 254	243 029
Total liabilities	-10.4%	57 295	63 942	55 144
Financial Performance for the period:				
		Unaudited 6 months ended 31 Dec 2021	Unaudited 6 months ended 31 Dec 2020	Audited 12 months ended 30 Jun 2021
		R'000	R'000	R'000
Revenue	-1.6%	120 598	122 610	230 562
Gross profit	-0.6%	101 602	102 182	198 670
(Loss) / Profit before tax	-442.9%	(54 062)	15 764	18 957
Total comprehensive (loss) / income	-570.8%	(52 414)	11 132	11 455
Earnings per share:				
Basic (loss) / earnings per share (cents)	-912.0%	(23.81)	2.93	0.90
Headline (loss) / earnings per share (cents)	-123.9%	(0.70)	2.93	3.03
Net asset value:				
Net asset value per share (cents)	-26.6%	71.40	97.24	95.21
Net tangible asset value per share (cents)	-1.2%	38.52	38.99	39.22

After many challenges within the Cognition group and the depressed business environment during the past six months, Cognition saw several board changes and an overall reduction in income and earnings. It has become increasingly clear that, while the world looks to recover from the global pandemic, Cognition is at a point where it can reset, rebuild, and focus on core strategies that will improve the future of the business.

It has been evident that several business areas need to be strengthened, which has led us to focus on areas that we can improve on and allow us to respond more effectively to our customers and their requirements. We will focus on delivering improved performance, collaborating better with group companies, with the goal of better returns to shareholders over the medium and long term.

The decline in earnings per share is the result of:

- a strategic investment by Private Property South (Pty) Ltd ("PPSA") into core systems and process which resulted in an increase in PPSA's operational costs and staff cost base and which is expected to continue for the medium term resulting in an impairment of goodwill amounting to R41.6 million;
- the impairment of other intangible assets amounting to R11.3 million; and
- a loss of R3.2 million arising from the disposal of a subsidiary.

Prospects

Albeit early days in the turnaround plan at Cognition Holdings, the general confidence within the business is improving daily with a clear sense of direction. In addition, management has identified several key initiatives that will strengthen the core of the Company and drive revenue and profit growth. These include, but are not limited to, the following:

- A clear focus on increasing technological capacity, which will enable us to react quickly to customer needs;
- Improved solutions for customers to drive revenue growth;
- Right-sizing of the business, and simplification of internal systems and processes;
- Ongoing monitoring and control of costs within the business; and
- This direct and strategic focus leaves us in a solid position to make concise and accurate decisions regarding future acquisitions better aligned with our fundamental strategy, enabling immediate integration and faster growth.

DIVIDEND POLICY

Given the current uncertain market conditions the Group wishes to preserve its cash resources and the board has therefore resolved not to declare an interim dividend.

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

Non-executive * Independent

This short-form announcement is the responsibility of the directors. This announcement is only a summary of the information in the full announcement and does not contain full or complete details. The full announcement is available at <https://senspdf.jse.co.za/documents/2022/jse/isse/cgn/interim22.pdf> and can be found on the Company's website at www.cognitionholdings.co.za. Copies of the full announcement may also be requested at the Company's registered office or the office of the sponsor, Merchantec Capital, at no charge, during office hours. Any investment decision should be based on the full announcement released on SENS and published on the Company's website.

Johannesburg

7 March 2022

Sponsor
Merchantec Capital