alviva
HOLDINGS

AUDITED SUMMARISED CONSOLIDATED **FINANCIAL RESULTS**

for the year ended **30 JUNE 2022**

and ordinary cash dividend declaration

GROUP STRUCTURE

alviva HOLDINGS

ICT DISTRIBUTION

The **ICT Distribution** segment imports and, in some cases, assembles ICT hardware and software and distributes it into the sub-Saharan African markets via reseller channels and national retail chains.

- Axiz
- OBSCURE
- pinnacle
- tarsus
- vH Fibre Optics

SERVICES AND SOLUTIONS

The **Services and Solutions** segment offers systems integration and ICT solutions, including cybersecurity, application development, AI solutions and renewable energy projects in South Africa, the rest of Africa and beyond.

SOLUTIONS AND INTEGRATORS

- datacentrix
- DG digital generation
- infdev internet technologies
- CENTRAVOICE

RENEWABLE ENERGY

- Solareff
- GridCars

APPLICATIONS AND IP

- SINTREX
- MERLYNN
- SynergERP

FINANCIAL SERVICES

The **Financial Services** segment offers finance solutions to business entities in the SMME and commercial sector.

- centrafin (RAPID | RELIABLE | RESPONSIVE)

CENTRAL SERVICES

Group Central Services provides strategic direction and shared services to the Group.

- GROUP ADMINISTRATION
- GROUP TREASURY
- GROUP IT

2022 AT A GLANCE

REVENUE	EBITDA
at R23,4 billion	at R1,4 billion
UP 57%	UP 62%

EPS	HEPS
at 613,6 cents	at 545,4 cents
UP 130%	UP 91%

NET ASSET VALUE PER SHARE	NET TANGIBLE ASSET VALUE PER SHARE
at 2 762,8 cents	at 2 108,6 cents
UP 30%	UP 43%

CASH GENERATED	DIVIDEND PER SHARE
at R647 million	of 55 cents per share
	UP 90%

COMMENTARY

INTRODUCTION

The Board of Directors is pleased to present the audited summarised consolidated financial statements for the year ended 30 June 2022.

OVERVIEW

Alviva has delivered an excellent set of results with elevated demand for its products and services being felt across all operating segments throughout most of the reporting period. The acquisition of Tarsus Technology Group Proprietary Limited ("Tarsus") with effect 1 July 2021 has had a material effect on these financial results and, in some cases, makes comparison with amounts in the prior reporting period less meaningful.

Revenue increased by 57% over that reported in the prior period, although without Tarsus it would have been 23%. This performance has been achieved in spite of the many challenges encountered, with the riots in July 2021, the cyberattack on Transnet, intermittent loadshedding and COVID-19 restrictions, all making commercial life perpetually demanding. The worldwide shortage of semiconductors and certain raw materials has remained in place, restricting the Group's ability to meet customer demand, albeit that this has been the case for some time and has improved on certain product lines. Logistic costs have increased dramatically, and the supply of all products has been volatile and unpredictable. Given these conditions, the Board is delighted with the results.

Following the application of IFRS 3: *Business Combinations* on the acquisition of Tarsus, Alviva recognised R75 million as other income in respect of the gain on bargain purchase. This amount has been excluded from headline earnings but has had a material impact on Alviva's earnings per share ("EPS").

The amount payable for SynergERP Limited – DWC LLC ("Synerg UAE") is based on the after-tax income of that company for the reporting period ended 30 June 2022. With the finalisation of these financial results, a release of R13 million to other income in respect of the gain on remeasurement of contingent consideration has been recognised.

There has been a significant increase in finance costs as a result of the following:

- The finance of working capital within the ICT Distribution segment;
- The continued extensions of foreign exchange contracts due to the shipment delays on orders agreed with customers; and
- The inclusion of Tarsus.

Headline earnings per share was up 91% to 545,4 cents per share (cps) (2021: 285,0 cps).

As reported at the interim stage, cash flow management has been difficult throughout the reporting period due to the challenges involved in managing working capital through the volatility of both supply and demand. Towards the end of the reporting period, demand for personal computing products, that had until then been robust, reduced significantly.

FINANCIAL RESULTS

Segment performance

The **ICT Distribution** segment is made up of Axiz (including Axiz Field Services), Obscure, Pinnacle, Tarsus and VH Fibre.

Axiz has had an excellent year and delivered a 40% increase in profit before tax, compared to the prior reporting period. This business was most affected by the product shortages, particularly with its Cisco product range, resulting in working capital overruns, customer delays and constantly rescheduled foreign exchange contracts. There has been an increased activity in the enterprise and software products portfolio recently which has helped protect Axiz, to some degree, from the downturn in the personal computing portfolio.

Commentary

continued

Obscure concluded certain sizable transactions during the reporting period, which had been in the pipeline for a number of years, and ended with revenue growth of 73%. Profit before tax was up 95%. Their cybersecurity product portfolio is market-leading and the Group remains confident that this business will continue to yield good returns.

Pinnacle had a stand-out performance on the back of certain retail deals and its success in winning a substantial part of the National Student Financial Aid Scheme ("NSFAS") tender. Although the NSFAS business has presented significant logistical challenges, the enhanced revenue has made this successful for the Group.

Tarsus has bedded down well into the Alviva stable. Trading has been good and Tarsus has delivered steady profits under a well-managed and disciplined team. Profitability has been ahead of expectations and the working capital and foreign exchange exposures have been well-controlled.

The Cloud business, **Tarsus on Demand**, has produced sustained growth and has increased Alviva's share of this developing market.

VH Fibre ("VHF") has continued on its path to recovery and recorded another improved profit performance.

The **Services and Solutions** segment is made up of three sub-segments:

- **Solutions and Integrators:** Datacentrix, DG and Centravoice/IntDev
- **Renewable Energy:** Solareff and GridCars
- **Applications and IP:** Merlynn, Sintrex and Synerg

Solutions and Integrators

Datacentrix has had a pleasing trading period with profit before tax increasing by 24% over the prior comparable period, comfortably ahead of its main competitors. The Digital Business Solutions and Managed Services divisions exceeded budget and most other divisions were in line with expectations.

DG has recovered nicely from last year's decline, with revenue up 42% and profit before tax up 34%.

Centravoice/IntDev, the Connectivity and Managed Solutions unit, has maintained its position in the market and secured some pleasing contracts recently.

Renewable Energy

Solareff has increased its order book to its highest level. However, due to continued supply constraints and other frustrating operational delays, the conversion of these orders into revenue has not yet been realised.

GridCars has signed up with Audi for various initiatives and remains loss-making, but the amounts are insignificant.

Applications and IP

Sintrex improved its profit before tax by 27% with revenue remaining static. Unfortunately, Sintrex has lost their biggest end-user contract due to the reseller involved converting their customer to an alternative in-house product. It is unlikely that this business will be replaced by new customers in the short-term and thus profitability will decrease.

Merlynn has encountered delays in getting their TOM™ technology and solutions implemented in first-world countries. Proof-of-concept trials have largely been successful within North America, Europe and Asia Pacific and certain of these trials have recently been converted into revenue-generating licence agreements.

Synerg, Alviva's acquisition in the ERP solutions and implementation arena has been hit hard with restrictions in movement during the various lockdown stages. The business remains profitable, albeit at lower levels than in the prior reporting period. There are some promising prospects in the UAE, but these may take some time to come to fruition.

The **Financial Services** segment comprising **Centrafin** has continued its steady growth in both its profitability and the growth of its assets. The book has grown by R202 million during the reporting period and estimated credit losses have been maintained at acceptable levels. Alviva is excited to have concluded an agreement whereby another investor has joined the securitisation structure and increased the funding available to Centrafin to R1 billion. This should satisfy its funding requirements for at least the next 18 months.

Investment activities and financial position

The acquisition of Tarsus has significantly increased Alviva's investment into property, plant and equipment as Tarsus owns its main trading premises. The building is an excellent distribution facility, and Alviva intends using it further within the Group.

Inventory held at the reporting period date is still at elevated levels. Although Alviva had anticipated that the inventory would have normalised by the end of the reporting period, the slowdown in demand for personal computing products, since March 2022, has been more severe than projected. In addition, as mentioned already, Alviva is holding inventory whilst waiting for the balance of parts to be able to complete certain projects. These issues are attracting much management attention to bring the inventory in line with the desired levels.

Alviva raised R100 million on 1 July 2021, by issuing preference shares to Absa Bank Limited ("Absa"), and used these proceeds to settle the first payment of the consideration for Tarsus. In September 2021, Alviva redeemed R50 million of its preference shares held by Absa, and in May 2022, redeemed a further R90 million, bringing the total amount of preference share funding outstanding at the end of the reporting period to R160 million.

The share repurchase programme recommenced during the reporting period and R77 million was spent on repurchasing approximately 4,9 million ordinary shares and a further R21 million was spent on acquiring treasury shares. R35 million has been returned to shareholders in the form of dividends paid.

CORPORATE ACTIONS

Acquisition of Tarsus

As detailed in the announcement on SENS, dated 12 November 2020, Alviva entered into a share purchase agreement with Mamzen Proprietary Limited to acquire the entire issued share capital of Tarsus, for a maximum purchase consideration of R185 million (the "Acquisition"). The Acquisition became effective on 1 July 2021 and the total purchase consideration amounted to R178 million (the "purchase consideration").

The Tarsus group has two main operating subsidiaries: Tarsus Distribution Proprietary Limited, the company that owns the South African, Botswana and Namibian IT distribution operations, and Tarsus on Demand Proprietary Limited, a company which operates a Cloud solutions business.

The first payment of the purchase consideration, amounting to R100 million, was made on 1 July 2021 and the second payment of R20 million was made on 1 January 2022.

The outstanding portion of the purchase consideration is payable, in cash, as follows:

- R33 million on 1 January 2023; and
- R25 million on 1 January 2024.

Settlement of contingent consideration

Obscure Enterprises Proprietary Limited ("Obscure")

In terms of the agreement of purchase, the amount due in respect of the year ended June 2021 of R13 million was settled during the current reporting period. This concludes the settlement.

Effect of new acquisitions

Over the last few years, Alviva has paid approximately R781 million to acquire businesses to add to the Group's offering, to improve its growth prospects and to diversify its revenue streams from ICT Distribution.

As the intangible assets have now largely been fully amortised, these acquisitions are contributing meaningfully to the Group.

Non-binding expression of interest

As announced on SENS on 30 June 2022, the Company received a non-binding expression of interest from a Consortium of investors, Tham Investments Proprietary Limited ("Tham") and DY Investments 3 Proprietary Limited ("DY"), in relation to a proposed acquisition of all of the issued share capital of Alviva, not owned by the Consortium. As the offer is to be made by way of a scheme of arrangement, in accordance with section 114 of the Companies Act of South Africa ("the Companies Act"), it requires Alviva to appoint an independent board and independent expert to opine on the offer.

The proposed transaction contemplates:

- a cash offer by the Consortium to acquire all of the ordinary shares of Alviva that are not owned by the Consortium or participating management for a purchase consideration of R25,00 per Alviva share, which represents a premium of c.30% to the 30-day volume weighted average traded price of R19,29 and a premium of c.28% to the closing price of R19,50 as at 24 June 2022, the date which represents the closing price prior to the expression of interest being received by the Company;
- the offer is to be made by way of a scheme of arrangement in accordance with section 114 of the Companies Act (the "Scheme"); and
- the subsequent delisting of Alviva shares from the Johannesburg Stock Exchange.

Tham and DY are two major shareholders and empowerment partners of Alviva that currently own approximately 18,6% of the issued share capital of the Company.

The proposed transaction will result in Alviva becoming a majority black-owned, privately held, ICT champion, repositioning the Company to drive the strategic direction of the business for future growth and expansion and also allows Alviva shareholders to exit for a cash consideration that is at a premium to the closing price of R19,50 as at 24 June 2022.

The Consortium requires conditions precedent that are usual and standard for submission of a firm intention of this nature being fulfilled to the Consortium's sole satisfaction, including the conclusion of all transaction and funding agreements, receipt of material lender, supplier and/or customer consents, obtaining the requisite support from key management of the Company and concluding employment contracts with key management on terms which are satisfactory to the Consortium.

The Consortium has received an offer of funding from Absa (acting through its Corporate and Investment Banking division). The funding is subject to a firm intention offer which is still subject to the fulfilment of various conditions.

The implementation of the Scheme will be subject to conditions customary of a transaction of this nature, including but not limited to:

- Alviva appointing an independent board and independent expert to opine on the offer;
- posting of a circular detailing the terms of the proposed transaction to shareholders;
- obtaining the required Alviva shareholder approval; and
- obtaining all required regulatory approvals.

The Consortium has been made aware of the fact that certain Forfeitable Share Plan ("FSP") awards have been allocated in the ordinary course of business by Alviva's Remuneration Committee to key members of management. The Consortium acknowledges and agrees that these will be awarded as soon as Alviva is out of its current prohibited/closed period.

FSP 7

FSP 7, along with its participants and share allocation, was approved but not awarded by the Board on 14 June 2022. The Board was unable to award the shares to the employees as the Company had entered a prohibited period.

EVENTS AFTER THE REPORTING DATE

Other than as disclosed below, there were no events material to the understanding of the financial statements that occurred after the reporting date and up to the authorisation date of the financial statements.

Dividends

Refer below for information in respect of the dividends declared by the Company.

Redemption of preference shares

During August 2022, the Group redeemed 6 preference shares amounting to R60 million, bringing the total amount of preference share funding outstanding to R100 million.

Renewal of cautionary announcement: Non-binding expression of interest

The cautionary announcement in respect of the non-binding expression of interest, was renewed on 12 August 2022 and 23 September 2022, respectively, and shareholders were advised that the Company is currently still engaged in ongoing negotiations with the Consortium regarding the expression of interest received. If discussions are successfully concluded, detailed terms of the proposed transaction will be provided, in a firm intention announcement, in due course.

Acquisition of additional shares in SynergERP Limited – DWC LLC ("Synerg UAE")

With effect from 1 July 2022, the Company, through its subsidiary Alviva International Investments Proprietary Limited, acquired an additional 15 000 ordinary shares with a par value of 1 AED each in the issued share capital of Synerg UAE, comprising 5% of the total issued share capital thereof for a total purchase consideration of R1 million.

CHANGES TO THE BOARD AND COMMITTEES

There have been no changes to the Board during the reporting period. The Board comprises seven directors, two executive directors and five non-executive directors. The executive directors are the Chief Executive Officer and the Chief Financial Officer. Four of the five non-executive directors are independent. The Chairperson, who is a non-executive director, is not considered to be independent but the independence of the Board is strengthened by the inclusion of a Lead Independent Director as recommended by King IV™.

DIVIDENDS

The Company's policy is to declare a dividend of 10% of HEPS (and since the introduction of Dividends Tax, a gross dividend of 10% of HEPS before deducting Dividends Tax). To this end, the Board has declared a final dividend of 55 cents (2021: 29 cents) per ordinary share for the year ended 30 June 2022.

Notice is hereby given that a final dividend of 55 cents per ordinary share for the year ended 30 June 2022 has been declared by the Board of Directors of the Company.

The salient dates applicable to the final dividend are as follows:

	Date
Last day of trade "cum" dividend	Tuesday, 8 November 2022
First day to trade "ex" dividend	Wednesday, 9 November 2022
Record date	Friday, 11 November 2022
Payment date	Monday, 14 November 2022

No share certificates may be dematerialised or rematerialised between Wednesday, 9 November 2022 and Friday, 11 November 2022, both days inclusive.

Commentary

continued

Dividends are to be paid out of distributable reserves. Dividends Tax of 20% will be withheld in terms of the Income Tax Act for those shareholders who are not exempt from dividend tax. In accordance with paragraphs 11.17(a)(i) to (ix) and 11.17(c) of the JSE Listings Requirements, the following additional information is disclosed:

- The gross local dividend amount is 55 cents per ordinary share for shareholders exempt from Dividends Tax;
- The net local dividend amount is 44 cents per ordinary share for shareholders liable to pay Dividends Tax;
- Alviva Holdings Limited has 117 623 944 ordinary shares in issue (which includes 7 665 000 FSP shares and 1 071 410 treasury shares); and
- Alviva Holdings Limited's income tax reference number is 9675/146/71/7.

Where applicable, payment in respect of certificated shareholders will be transferred electronically to shareholders' bank accounts on the payment date. Shareholders who have dematerialised their shares will have their accounts at their Central Securities Depository Participant or broker credited on the payment date.

PROSPECTS AND STRATEGIC INITIATIVES

The outlook for the year to 30 June 2023 remains uncertain. The decrease in demand for personal computing products that has been felt since March 2022, together with an economy that is facing increased energy costs and rising interest rates, will make it difficult to maintain earnings at the level of those recorded in the June 2022 reporting period. Notwithstanding, the Group is well-positioned to take advantage of any economic upturn through its many product and service offerings.

For and on behalf of the Board

A Tugendhaft
Chairperson

P Spies
Chief Executive Officer

23 September 2022
Midrand

Consolidated

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2022

	2022 Audited R'000	2021 Audited R'000
Revenue (note 2)	23 429 202	14 893 135
Cost of sales	(19 876 943)	(12 361 365)
Gross profit	3 552 259	2 531 770
Other income	121 092	61 050
Gain on discounting of finance lease agreements	473	767
Gain on foreign exchange	31 128	30 931
Profit on disposal of property, plant and equipment	107	76
Gain on remeasurement of investment in equity-accounted investee	356	–
Gain on remeasurement of contingent consideration	13 205	29 276
Gains on bargain purchases (note 6)	75 823	–
Operating expenses	(2 493 740)	(2 023 339)
Selling expenses	(93 310)	(52 054)
Impairment losses and write-offs on trade and finance lease receivables	(68 588)	(30 284)
Impairment loss on loan to equity-accounted investee	(12 890)	(7 646)
Impairment loss on goodwill	–	(11 062)
Impairment loss on intangible assets	–	(25 656)
Employee benefit expenses	(1 677 285)	(1 329 843)
Administration expenses	(387 715)	(249 292)
Depreciation and amortisation	(253 952)	(317 502)
Operating profit	1 179 611	569 481
Finance income	52 264	23 904
Finance costs	(314 992)	(159 717)
Share of profit of equity-accounted investee	1 870	1 924
Profit before tax	918 753	435 592
Income tax expense	(232 017)	(135 095)
Profit for the period	686 736	300 497
Other comprehensive income:		
Items that may be reclassified to profit or loss	7 472	(7 549)
Exchange differences from translating foreign operations	7 472	(7 549)
Total comprehensive income for the period	694 208	292 948
Net profit for the period attributable to:	686 736	300 497
Owners of the Company	686 504	325 846
Non-controlling interests	232	(25 349)
Total comprehensive income attributable to:	694 208	292 948
Owners of the Company	693 976	318 297
Non-controlling interests	232	(25 349)
Earnings per ordinary share (cents)		
– Basic earnings per ordinary share	613,6	267,3
– Diluted earnings per ordinary share	591,8	258,9
Non-IFRS information *		
Earnings before interest, tax, depreciation and amortisation	1 433 563	886 983

** This information is not required by IFRS but is presented as additional information to the users of the financial statements.*

Consolidated
STATEMENT OF FINANCIAL POSITION

as at 30 June 2022

	2022 Audited R'000	2021 Audited R'000
ASSETS		
Non-current assets	**2 451 138**	2 013 763
Property, plant and equipment	**770 633**	456 638
Intangible assets	**109 024**	139 425
Goodwill (note 5)	**603 392**	603 392
Equity-accounted investees	**40 982**	66 421
Finance lease receivables	**800 976**	648 793
Deferred tax assets	**126 131**	99 094
Current assets	**7 271 478**	4 982 969
Inventory (note 6)	**2 363 802**	1 153 743
Trade and other receivables	**3 756 812**	2 593 594
Finance lease receivables	**400 595**	324 970
Current tax assets	**26 829**	31 049
Cash and cash equivalents	**723 440**	879 613
Total assets	**9 722 616**	6 996 732
EQUITY AND LIABILITIES		
Capital and reserves	**3 118 759**	2 489 460
Stated capital	**1 176**	1 225
Treasury shares	**(139 915)**	(121 195)
Other equity reserves	**55 614**	25 010
Retained earnings	**3 091 501**	2 526 920
Non-controlling interests	**110 383**	57 500
Non-current liabilities	**1 354 852**	1 042 868
Interest-bearing liabilities	**1 287 311**	968 153
Non-interest-bearing liabilities	**–**	22 990
Contract liabilities	**12 708**	16 627
Deferred tax liabilities	**54 833**	35 098
Current liabilities	**5 249 005**	3 464 404
Trade and other payables	**4 152 482**	2 706 354
Interest-bearing liabilities	**260 414**	294 196
Non-interest-bearing liabilities	**12 728**	12 664
Contract liabilities	**297 800**	195 777
Bank overdrafts	**508 540**	220 000
Current tax liabilities	**17 041**	35 413
Total equity and liabilities	**9 722 616**	6 996 732

ADDITIONAL INFORMATION *

	2022	2021
Capital management		
Net asset value per share (cents)	**2 762,8**	2 120,2
Net tangible asset value per share (cents)	**2 108,6**	1 472,6
Working capital management		
Investment in working capital (R'000)	**1 670 332**	845 206
Liquidity and solvency		
Debt to equity (%)	**68,4**	51,9
Current ratio (excluding inventory in transit and work in progress)	**1,4**	1,5
Acid test (excluding inventory in transit)	**1,0**	1,2

** This information does not form part of the statement of financial position but is disclosed as additional information for the user.*

Consolidated

STATEMENT OF CASH FLOWS

for the year ended 30 June 2022

	2022 Audited R'000	2021 Audited R'000
Profit before tax	**918 753**	435 592
Adjusted for:		
Finance income	**(52 264)**	(23 904)
Finance costs	**314 992**	159 717
Non-cash flow items	**201 502**	323 430
– Depreciation and amortisation	**253 952**	317 502
– Gain on remeasurement of contingent consideration	**(13 205)**	(29 276)
– Gain on remeasurement of investment in equity-accounted investee	**(356)**	–
– Gains on bargain purchases	**(75 823)**	–
– Profit on disposal of property, plant and equipment	**(107)**	(76)
– Share of profit of equity-accounted investee	**(1 870)**	(1 924)
– Foreign exchange (gain)/loss on contingent consideration	**2 944**	(7 462)
– Impairment loss on goodwill and intangible assets	**–**	36 718
– Impairment loss on loan to equity-accounted investee	**12 890**	7 646
– Gain on remeasurement of lease liabilities	**(55)**	(121)
– Equity-settled share-based payment expense	**23 132**	423
Changes in working capital	**(736 048)**	(521 433)
Cash generated from operations	**646 935**	373 402
Finance income received	**52 264**	23 904
Finance costs paid	**(314 992)**	(159 717)
Income tax paid	**(272 415)**	(185 285)
	111 792	52 304
Cash flows from investing activities		
Expenditure to maintain operating capacity		
Acquisition of property, plant and equipment	**(52 726)**	(45 229)
Proceeds on disposal of property, plant and equipment	**13 005**	1 373
Acquisition of intangible assets	**(28 475)**	(20 948)
Proceeds on disposal of intangible assets	**454**	8 751
Receipt from/(advance of) loan to equity-accounted investee	**10 625**	(30 370)
Acquisition of subsidiaries, net of cash acquired	**(169 404)**	–
Net investment in finance leases receivable	**(227 808)**	(119 242)
	(454 329)	(205 665)
Cash flows from financing activities		
Interest-bearing liabilities raised	**664 147**	83 507
Interest-bearing liabilities repaid	**(533 278)**	(224 777)
Payment of lease liabilities	**(86 325)**	(68 117)
Non-interest-bearing liabilities repaid	**(15 015)**	(8 021)
Repurchase of shares	**(77 334)**	(114 876)
Treasury shares acquired	**(20 939)**	(19 119)
Proceeds on disposal of treasury shares	**2 243**	755
Acquisition of non-controlling interests	**–**	(19 279)
Dividends paid to non-controlling interests	**(7 849)**	(8 723)
Dividends paid to ordinary shareholders	**(35 298)**	(20 448)
	(109 648)	(399 098)
Decrease in net cash, cash equivalents and overdrafts	**(452 185)**	(552 459)
Effects of exchange rate changes on cash held in foreign currencies	**7 472**	(7 549)
Net cash and cash equivalents at 1 July	**659 613**	1 219 621
Net cash and cash equivalents at 30 June	**214 900**	659 613
Cash and cash equivalents	**723 440**	879 613
Bank overdrafts	**(508 540)**	(220 000)

Consolidated
STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2022

	2022 Audited R'000	2021 Audited R'000
Opening balance	**2 489 460**	2 377 779
Repurchase of shares	**(77 334)**	(114 876)
Treasury shares acquired *[1]	**(20 939)**	(19 119)
Treasury shares sold *[2]	**2 243**	1 979
Total comprehensive income	**693 976**	318 297
Profit for the period	**686 504**	325 846
Other comprehensive income/(loss) for the period	**7 472**	(7 549)
Settlement of equity-settled share-based payment (FSP2) *[3]	**–**	–
Treasury shares	**–**	11 273
Retained earnings	**–**	2 880
Equity-settled share-based payment reserve	**–**	(14 153)
Transactions with non-controlling interests *[4]	**43 519**	(54 575)
Equity-settled share-based payment reserve	**23 132**	423
Dividends paid	**(35 298)**	(20 448)
Closing balance	**3 118 759**	2 489 460
Attributable to:		
Owners of the Company	**3 008 376**	2 431 960
Non-controlling interests	**110 383**	57 500

*[1] *These transactions include ordinary shares purchased and not cancelled to service the forfeitable share plan.*

*[2] *Forfeited shares not transferred to other share repurchase programmes, were sold in accordance with the FSP rules. The profit (2021: loss) on disposal was recognised in retained earnings.*

*[3] *During the prior reporting period, the equity-settled share-based payment plan "FSP 2" was settled and shares were transferred to the respective participants. All shares transferred were held as treasury shares by the Group. The related equity-settled share-based payment reserve was transferred to retained earnings.*

*[4] *Including net profit (2021: loss) attributable to non-controlling interests.*

SEGMENT ANALYSIS

for the year ended 30 June 2022

	Segment revenue		Inter-segment revenue		External revenue	
	2022 Audited R'000	2021 Audited R'000	**2022 Audited R'000**	2021 Audited R'000	**2022 Audited R'000**	2021 Audited R'000
Business unit						
ICT Distribution	**18 696 782**	10 868 650	**(735 396)**	(598 765)	**17 961 386**	10 269 885
Services and Solutions	**5 323 758**	4 488 150	**(74 475)**	(65 164)	**5 249 283**	4 422 986
Financial Services	**219 385**	200 404	**(852)**	(140)	**218 533**	200 264
	24 239 925	15 557 204	**(810 723)**	(664 069)	**23 429 202**	14 893 135

	Segment EBITDA *	
	2022 Audited R'000	2021 Audited R'000
Business unit		
ICT Distribution	**888 794**	475 141
Services and Solutions	**338 829**	278 842
Financial Services	**132 956**	125 879
Group Central Services	**72 984**	7 121
EBITDA *	**1 433 563**	886 983
Depreciation and amortisation	**(253 952)**	(317 502)
Net finance costs	**(262 728)**	(135 813)
Share of profit of equity-accounted investee	**1 870**	1 924
Net profit before tax	**918 753**	435 592

** Earnings before interest, tax, depreciation and amortisation.*

	Net operating assets	
	2022 Audited R'000	2021 Audited R'000
Business unit		
ICT Distribution	**1 721 053**	1 170 468
Services and Solutions	**652 535**	598 217
Financial Services	**295 398**	269 441
Group Central Services	**449 773**	451 335
	3 118 759	2 489 460

The segments of the Group are based on the information reported to the chief operating decision maker (CEO), under advice from his senior executive team and have not changed from the prior reporting period.

SELECTED NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2022

1. SALIENT FEATURES OF THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

The summarised consolidated financial statements comprise the summarised consolidated statement of financial position at 30 June 2022, the summarised consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows and selected notes for the reporting period then ended.

Responsibility for annual results

The Board takes full responsibility for the preparation of the summarised consolidated financial statements and that the financial information has been correctly derived and is consistent in all material respects with the underlying audited consolidated financial statements. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of the summarised consolidated financial statements that are free from material misstatement, whether owing to fraud or error.

Basis of preparation and statement of compliance

The summarised consolidated financial statements for the reporting period ended 30 June 2022 have been prepared in accordance with the Group's accounting policies under the supervision of the Group Financial Director, Mr RD Lyon CA, and comply with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS"), SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the Listings Requirements for preliminary reports of the JSE Limited, the requirements of the Companies Act of South Africa (Act 71 of 2008), as amended and, as a minimum, contain all of the information required by IAS 34: *Interim Financial Reporting*.

The summarised consolidated financial statements of the Group are prepared as a going concern on a historical basis, except for derivative financial instruments and contingent consideration, which are stated at fair value as applicable.

Accounting policies, estimates and judgements

All accounting policies, inclusive of reasonable judgements and estimates, applied by the Group in these summarised consolidated financial statements are the same as those applied by the Group in the underlying audited consolidated financial statements for the reporting period ended 30 June 2022. All accounting policies are consistent with the prior reporting period and comply with IFRS.

Significant estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

1. SALIENT FEATURES OF THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS continued

New and revised Standards and Interpretations issued but not yet effective

Management assessed all of the standards and interpretations issued but not yet effective and is of the opinion that none of these standards and interpretations will have a material impact on the results of the Group in future periods. The Group has not early adopted any new or amended standards and interpretations not yet effective.

Functional and presentation currency

The summarised consolidated financial statements are presented in South African Rands, the functional currency of the Group. All amounts are rounded to the nearest thousand, except where another rounding measure has been indicated in the summarised consolidated financial statements.

Comparative figures

Unless otherwise indicated, comparative figures refer to the 12-month reporting period ended 30 June 2021.

Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated and separate annual financial statements for the prior reporting period.

Independent audit

This summarised report was extracted from the audited consolidated financial statements but is not itself audited.

The auditors, SizweNtsalubaGobodo Grant Thornton Incorporated, expressed an unmodified opinion on the consolidated and separate annual financial statements from which the summarised consolidated financial statements were derived. A copy of the auditor's report, which includes key audit matters, on the consolidated and separate annual financial statements is available for inspection at the Company's registered office or can be downloaded from the Company's website: www.alvivaholdings.com, together with the financial statements referred to in the auditor's report.

Any forward-looking financial information disclosed in this results announcement has not been audited or otherwise reported on by the Company's auditors.

2. REVENUE

The Group generates revenue primarily from the sale of IT-, fibre- and solar-related products and provision of installation, distribution, supply chain, freight, marketing campaign and maintenance services. Other sources of revenue for the Group include rental income from equipment, sub-leasing of a property and finance income from finance leases entered into with customers.

	2022 Audited R'000	2021 Audited R'000
Revenue from contracts with customers	**23 177 910**	14 664 917
Other revenue	**251 292**	228 218
– Revenue related to leases	**251 292**	228 218
Total revenue	**23 429 202**	14 893 135

Selected notes to the summarised consolidated financial statements

continued

for the year ended 30 June 2022

2. REVENUE continued

Disaggregation of revenue

In the following tables, revenue from contracts with customers is disaggregated by timing of revenue recognition, major service offering, contributing industry and geographic regions. The tables include a reconciliation of the disaggregated revenue with the Group's reportable segments.

2022

Timing of recognition	Reportable segments			30 June 2022 Total R'000
	ICT Distribution R'000	Services and Solutions R'000	Financial Services R'000	
Timing of revenue recognition				
At a point in time	17 267 001	2 954 655	–	**20 221 656**
Over a period of time	693 555	2 262 699	–	**2 956 254**
Revenue from contracts with customers	17 960 556	5 217 354	–	**23 177 910**
Revenue related to leases	830	31 929	218 533	**251 292**
Total revenue	17 961 386	5 249 283	218 533	**23 429 202**

Major service offering	Reportable segments			30 June 2022 Total R'000
	ICT Distribution R'000	Services and Solutions R'000	Financial Services R'000	
Service offerings				
IT-related products	17 087 423	2 912 234	–	**19 999 657**
Fibre-related products	164 886	–	–	**164 886**
Solar-related products	–	42 421	–	**42 421**
Electric charge-point sales	–	2 103	–	**2 103**
Installation services	23 043	289 503	–	**312 546**
Infrastructure management	–	123 702	–	**123 702**
Maintenance services	–	342 351	–	**342 351**
Consulting services – usage	581 572	239 720	–	**821 292**
Consulting services – labour hours	60 240	1 262 144	–	**1 322 384**
Supply chain services	20 842	–	–	**20 842**
Customer freight services	2 666	–	–	**2 666**
Marketing campaign services	19 884	3 176	–	**23 060**
Revenue from contracts with customers	17 960 556	5 217 354	–	**23 177 910**
Revenue related to leases	830	31 929	218 533	**251 292**
Total revenue	17 961 386	5 249 283	218 533	**23 429 202**

Selected notes to the summarised consolidated financial statements

continued

for the year ended 30 June 2022

2. REVENUE continued

Contributing industry

	Reportable segments			30 June 2022 Total R'000
	ICT Distribution R'000	Services and Solutions R'000	Financial Services R'000	
Industries				
ICT	17 772 627	4 800 689	–	**22 573 316**
Fibre solution	187 929	–	–	**187 929**
Renewable energy	–	291 522	–	**291 522**
Infrastructure management	–	125 143	–	**125 143**
Revenue from contracts with customers	17 960 556	5 217 354	–	**23 177 910**
Revenue related to leases	830	31 929	218 533	**251 292**
Total revenue	17 961 386	5 249 283	218 533	**23 429 202**

Geographic regions

	Reportable segments			30 June 2022 Total R'000
	ICT Distribution R'000	Services and Solutions R'000	Financial Services R'000	
Regions				
South Africa	15 614 126	5 023 833	–	**20 637 959**
Africa (excluding South Africa)	2 294 537	98 507	–	**2 393 044**
Other *	51 893	95 014	–	**146 907**
Revenue from contacts with customers	17 960 556	5 217 354	–	**23 177 910**
Revenue related to leases	830	31 929	218 533	**251 292**
Total revenue	17 961 386	5 249 283	218 533	**23 429 202**

* *Includes Group entities in the UK and the Middle East.*

Selected notes to the summarised consolidated financial statements

continued

for the year ended 30 June 2022

2. REVENUE continued

2021

Timing of recognition

	Reportable segments			30 June 2021 Total R'000
	ICT Distribution R'000	Services and Solutions R'000	Financial Services R'000	
Timing of revenue recognition				
At a point in time	10 075 760	2 448 021	–	12 523 781
Over a period of time	194 125	1 947 011	–	2 141 136
Revenue from contracts with customers	10 269 885	4 395 032	–	14 664 917
Revenue related to leases	–	27 954	200 264	228 218
Total revenue	10 269 885	4 422 986	200 264	14 893 135

Major service offering

	Reportable segments			30 June 2021 Total R'000
	ICT Distribution R'000	Services and Solutions R'000	Financial Services R'000	
Service offerings				
IT-related products	9 929 631	2 362 146	–	12 291 777
Fibre-related products	146 409	–	–	146 409
Solar-related products	–	85 875	–	85 875
Electric charge-point sales	–	3 190	–	3 190
Installation services	1 256	225 895	–	227 151
Infrastructure management	–	119 882	–	119 882
Maintenance services	–	206 447	–	206 447
Consulting services – usage	111 050	207 670	–	318 720
Consulting services – labour hours	81 539	1 183 927	–	1 265 466
Revenue from contracts with customers	10 269 885	4 395 032	–	14 664 917
Revenue related to leases	–	27 954	200 264	228 218
Total revenue	10 269 885	4 422 986	200 264	14 893 135

for the year ended 30 June 2022

2. REVENUE continued

Contributing industry

	Reportable segments			30 June 2021 Total R'000
	ICT Distribution R'000	Services and Solutions R'000	Financial Services R'000	
Industries				
ICT	10 122 220	3 992 631	–	14 114 851
Fibre solution	147 665	–	–	147 665
Renewable energy	–	278 695	–	278 695
Infrastructure management	–	123 706	–	123 706
Revenue from contracts with customers	10 269 885	4 395 032	–	14 664 917
Revenue related to leases	–	27 954	200 264	228 218
Total revenue	10 269 885	4 422 986	200 264	14 893 135

Geographic regions

	Reportable segments			30 June 2021 Total R'000
	ICT Distribution R'000	Services and Solutions R'000	Financial Services R'000	
Regions				
South Africa	8 799 690	4 231 013	–	13 030 703
Africa (excluding South Africa)	1 470 186	71 793	–	1 541 979
Other *	9	92 226	–	92 235
Revenue from contracts with customers	10 269 885	4 395 032	–	14 664 917
Revenue related to leases	–	27 954	200 264	228 218
Total revenue	10 269 885	4 422 986	200 264	14 893 135

* *Includes Group entities in the UK and the Middle East.*

Selected notes to the summarised consolidated financial statements

continued

for the year ended 30 June 2022

3. FINANCIAL REVIEW

	2022 Audited	2021 Audited
Performance per ordinary share (cents)		
Basic and diluted earnings per ordinary share		
– Basic earnings per ordinary share	**613,6**	267,3
– Diluted earnings per ordinary share	**591,8**	258,9
Headline and diluted headline earnings per ordinary share		
– Headline earnings per ordinary share	**545,4**	285,0
– Diluted headline earnings per ordinary share	**526,1**	276,1
Core and diluted core earnings per ordinary share		
– Core earnings per ordinary share	**575,4**	356,0
– Diluted core earnings per ordinary share	**555,0**	344,8
Dividend cover (declared)	**10,6**	9,2
Dividend cover (paid)	**19,4**	15,9
Returns (%)		
Gross profit	**15,2**	17,0
Operating expenses	**(10,6)**	(13,6)
EBITDA *	**6,1**	6,0
Operating profit margin	**5,0**	3,8
Effective tax rate	**25,3**	31,0
Profit for the period	**2,9**	2,0
Return on equity	**25,2**	13,8

** Earnings before interest, tax, depreciation and amortisation.*

for the year ended 30 June 2022

4. RECONCILIATION OF HEADLINE AND CORE EARNINGS

	2022 Audited R'000	2021 Audited R'000
Earnings attributable to ordinary shareholders	**686 504**	325 846
Profit on disposal of property, plant and equipment net of tax	**(77)**	(55)
Impairment loss on goodwill net of tax	**–**	11 062
Impairment loss on intangible assets net of tax	**–**	10 598
Gain on remeasurement of investment in equity-accounted investee	**(356)**	–
Gains on bargain purchases	**(75 823)**	–
Headline earnings	**610 248**	347 451
Acquisition costs net of tax	**446**	–
Amortisation of intangible assets net of tax	**33 108**	83 554
Core earnings **	**643 802**	431 005
Number of ordinary shares in issue ('000)		
– Total number of shares in issue *	**108 888**	114 705
– Weighted average number of shares in issue *	**111 883**	121 895
– Weighted average number of shares in issue for purpose of dilution *	**115 998**	125 853

* *Excluding treasury shares.*

** *Core earnings per ordinary share is considered a meaningful additional measure of evaluating the performance of the Group's operations. It is based on the headline earnings measure and adjusted to exclude the amortisation of intangible assets recognised on business combinations and related business combination acquisition costs. It is not an IFRS measure.*

5. ANALYSIS OF GOODWILL

	2022 Audited R'000	2021 Audited R'000
Balance at 1 July	**603 392**	614 454
Impairment losses	**–**	(11 062)
Balance at 30 June	**603 392**	603 392

6. INVENTORY *

	2022 Audited R'000	2021 Audited R'000
Inventory on hand	**2 235 398**	930 475
Inventory in transit	**85 682**	203 938
Work in progress	**42 722**	19 330
	2 363 802	1 153 743

* *The various categories have been presented net of the allowance for obsolete inventory.*

Selected notes to the summarised consolidated financial statements

continued

for the year ended 30 June 2022

7. BUSINESS COMBINATIONS

Tarsus Technology Group Proprietary Limited ("Tarsus")

On 1 July 2021, Alviva, through its subsidiary DCT Holdings Proprietary Limited, acquired 100% of the issued share capital of Tarsus for a purchase consideration of R178 million.

Included in the identifiable assets and liabilities acquired at the date of acquisition of Tarsus are inputs (several properties, inventories and customer relationships), distribution processes and an organised workforce. The Group has determined that together the acquired inputs and processes significantly contribute to the ability to create revenue. The Group has concluded that the acquired set of assets and activities is a business.

The transaction meets the definition of a business combination as set out in IFRS 3: *Business Combinations* ("IFRS 3").

Tarsus has two main operating subsidiaries: Tarsus Distribution Proprietary Limited, the company that owns the South African, Botswana and Namibian IT distribution operations, and Tarsus on Demand Proprietary Limited, a company which operates a Cloud solutions business.

Tarsus Distribution is a distributor that is focused on making leading IT hardware brands available to the southern African reseller channel similarly to the Alviva subsidiaries Axiz Proprietary Limited and Pinnacle Micro Proprietary Limited. The company is well-positioned to meet the channel's needs for credit funding, stock availability and efficient logistics. Tarsus on Demand provides customers and partners with leading and advanced Cloud solutions.

For the year ended 30 June 2022, Tarsus contributed revenue of R5 billion and profit of R128 million to the Group's results. Tarsus contributed to the Group's revenue and profit for the full reporting period.

Purchase consideration

The purchase price for the 100% shareholding in Tarsus amounts to a total cash consideration of R178 million. The consideration is payable as follows:

Tranche	Date payable	Amount
Tranche 1	1 July 2021	R100 million
Tranche 2	1 January 2022	R20 million
Tranche 3	1 January 2023	R33 million
Tranche 4	1 January 2024	R25 million

Tranche 1 and 2 were settled on the acquisition date and 1 January 2022, respectively. The discounted value of the remaining deferred payments in respect of the purchase consideration amounts to R54 million and is included as part of interest-bearing liabilities.

The Group incurred acquisition-related costs in respect of legal fees and due diligence costs. These costs have been recognised in profit or loss and are included in administrative expenses.

7. BUSINESS COMBINATIONS continued

The fair value of the identifiable assets and liabilities included in the consolidated results of the Group on the date of acquisition, compared to the carrying amounts of the identifiable assets and liabilities recognised in the accounting records of the acquiree immediately before the acquisition, was as follows:

	Fair value recognised at acquisition date R'000	Previously recognised carrying amounts by acquiree R'000
Property, plant and equipment	**393 504**	277 277
Intangible assets: software and trademarks	**14 265**	19 765
Intangible assets: customer relationships	**16 889**	–
Deferred tax assets	**50 455**	50 455
Inventories	**245 745**	245 745
Trade and other receivables	**585 369**	585 369
Cash and cash equivalents	**100 686**	100 686
Total assets	**1 406 913**	1 279 297
Interest-bearing liabilities	**(136 615)**	(136 615)
Deferred tax liabilities	**(37 528)**	(37 528)
Deferred tax liabilities: intangible assets	**(4 729)**	–
Deferred tax liabilities: property, plant and equipment	**(26 035)**	–
Trade and other payables	**(694 203)**	(694 203)
Contract liabilities	**(10 538)**	(10 538)
Current tax liabilities	**(892)**	(892)
Bank overdrafts	**(185 032)**	(185 032)
Provisions	**(14 665)**	(14 665)
Total liabilities	**(1 110 237)**	(1 079 473)
Identifiable net assets	**296 676**	
Non-controlling interest *	**(51 136)**	
Acquirer's interest	**245 540**	
Purchase consideration	**(170 394)**	
Bargain purchase gain on acquisition recognised in profit or loss	**75 146**	
The impact of the acquisition on the statement of cash flows was as follows:		
Consideration settled in cash at the acquisition date	**(100 000)**	
Cash and cash equivalents acquired	**(84 346)**	
Net cash outflow of acquisition	**(184 346)**	

* *Tarsus Property Holdings (RF) Proprietary Limited, a subsidiary of Tarsus, is not wholly-owned. The NCI recognised is in respect of this subsidiary which owns the property utilised for administrative and warehouse purposes.*

7. BUSINESS COMBINATIONS continued

Measurement of fair values

The valuation techniques used for measuring the fair value of assets acquired were as follows:

Identified asset	Valuation technique
Property, plant and equipment	Market comparison technique and cost technique: The valuation model considers market prices for similar items when they are available, and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.
Intangible assets	Multi-period excess earnings method: The multi-period excess earnings method considers the present value of net cash flows expected to be generated by the customer relationships, by excluding any cash flows related to contributory assets.

The fair value of the trade and other receivables acquired represents the future contractual amounts receivable due to the fact that none of the trade and other receivables extend beyond the contract term. Management is of the opinion that all outstanding trade and other receivables are recoverable. The gross contractual amount receivable in respect of trade receivables amounted to R579 million at the acquisition date.

The two largest contributors to the bargain purchase gain were the property, recognised at fair value, and the customer relationship intangible asset, recognised at fair value as an identifiable asset in accordance with IFRS 3. The consideration negotiated did not include the market value of the property acquired.

Furthermore, Tarsus is expected to benefit from the identified synergies expected to be achieved from the integration into Alviva. This integration, amongst other aspects, will allow Tarsus to expand existing, and foster new, relationships and partnerships with various vendors with which Alviva has a significant history of dealings. These synergies and relationship-building are expected to grow the customer base of Tarsus, and allow various cost-savings to emerge, significantly improving Tarsus' financial performance. The acquisition consideration was based on the historical performance of Tarsus and a comparatively low net asset value, compared to the financial support required to fund the operation. The consideration did not factor in the potential opportunities that these synergies and relationship-building may realise for the Group.

The gain on bargain purchase of this business combination will have no impact on the current tax asset or liability of the acquirer or acquiree.

Provisions

The only provision of the Group related to the restoration of leased premises to the contractually specified condition. The provision was assumed in the business combination. The total carrying amount assumed was utilised during the reporting period and the restored premises returned to the lessor.

	2022 R'000
Balance at 1 July	–
Assumed in a business combination	**14 665**
Utilised during the period	**(14 665)**
Closing balance at 30 June	**–**

7. BUSINESS COMBINATIONS continued

Electronic DNA Proprietary Limited ("EDNA")

EDNA was classified and equity-accounted as a joint venture by the Group. The Group previously owned 50% of the issued share capital through its subsidiary, Datacentrix Proprietary Limited ("Datacentrix").

On 1 May 2022, Alviva, through its subsidiary Datacentrix, acquired the remaining 50% of the issued share capital of EDNA for a purchase consideration of R4 million.

Included in the identifiable assets and liabilities acquired at the date of acquisition of EDNA are inputs (software and customer relationships), distribution processes and an organised workforce. The Group has determined that together the acquired inputs and processes significantly contribute to the ability to create revenue. The Group has concluded that the acquired set of assets and activities is a business.

The transaction meets the definition of a business combination as set out in IFRS 3: *Business Combinations* ("IFRS 3").

EDNA is a company which offers an extensive and modular Electronic Fraud Management System solution which makes it ideal for enterprise environments with transversal applications. The company is operational in South Africa.

EDNA is expected to complement the current services and solutions offered by the Services and Solutions segment of the Group. In addition, the main purpose of the acquisition was to eliminate the element of shared management between two parties in respect of EDNA.

In the 2 months to the reporting date, EDNA contributed revenue of R2 million and a profit of R1 million to the Group's results. If the acquisition had occurred at the beginning of the reporting period, the company would have contributed revenue of R13 million and a profit of R5 million to the Group's results.

Purchase consideration

The purchase price for the 50% shareholding in EDNA amounts to a total cash consideration of R4 million. The consideration was paid on the acquisition date.

The Group incurred acquisition-related costs in respect of legal fees and other professional costs. These costs have been recognised in profit or loss and are included in administration expenses.

Selected notes to the summarised consolidated financial statements

continued

for the year ended 30 June 2022

7. BUSINESS COMBINATIONS continued

The fair value of the identifiable assets and liabilities included in the consolidated results of the Group on the date of acquisition, compared to the carrying amounts of the identifiable assets and liabilities recognised in the accounting records of the acquiree immediately before the acquisition, was as follows:

	Fair value recognised at acquisition date R'000	Previously recognised carrying amounts by acquiree R'000
Intangible asset: software	**21**	21
Intangible asset: customer relationship	**1 927**	–
Deferred tax assets	**1 764**	1 764
Trade and other receivables	**1 178**	1 178
Cash and cash equivalents	**19 092**	19 092
Total assets	**23 982**	22 055
Non-interest bearing liabilities	**(2 350)**	(2 350)
Deferred tax liabilities: customer relationship	**(539)**	–
Trade and other payables	**(5 330)**	(5 330)
Contract liabilities	**(5 349)**	(5 349)
Current tax liabilities	**(1 438)**	(1 438)
	(15 006)	(14 467)
Identifiable net assets: acquirer's interest	**8 976**	
	(8 300)	
Acquisition-date fair value of acquirer's previously held equity interest in the acquiree	**(4 150)**	
Purchase consideration	**(4 150)**	
Bargain purchase gain on acquisition recognised in profit or loss	**676**	
The impact of the acquisition on the statement of cash flows was as follows:		
Consideration settled in cash at the acquisition date	**(4 150)**	
Cash and cash equivalents acquired	**19 092**	
Net cash inflow of acquisition	**14 942**	

Measurement of fair values

The valuation techniques used for measuring the fair value of assets acquired were as follows:

Identified asset	Valuation technique
Intangible assets	Multi-period excess earnings method: The multi-period excess earnings method considers the present value of net cash flows expected to be generated by the customer relationships, by excluding any cash flows related to contributory assets.

7. BUSINESS COMBINATIONS continued

If new information obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the above amounts, or any additional assets or liabilities that existed at the date of acquisition, then the accounting for the acquisition will be revised.

The fair value of the trade and other receivables acquired represents the future contractual amounts receivable due to the fact that none of the trade and other receivables extend beyond the contract term. Management is of the opinion that all outstanding trade and other receivables are recoverable. The gross contractual amount receivable in respect of trade receivables amounted to R1 million at the acquisition date.

The largest contributor to the bargain purchase gain is the customer relationship intangible asset, having been recognised at fair value as an identifiable asset in accordance with IFRS 3.

Furthermore, EDNA is expected to benefit from expanded identified synergies expected to be achieved from the complete integration into Datacentrix and Alviva. These synergies are expected to grow the customer base of EDNA and allow various cost-savings to emerge, significantly improving EDNA's financial performance.

The acquisition consideration was based on the historical performance of EDNA. The consideration did not include the potential opportunities that these synergies and relationship-building may realise for the Group based on the fact that EDNA was partially owned by the Group.

The gain on bargain purchase of this business combination will have no impact on the current tax asset or liability of the acquirer or acquiree.

8. FAIR VALUE HIERARCHY

A summary of the financial instruments measured at fair value is set out below.

Fair value hierarchy:

Level 1 – fair value is determined from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – fair value is determined through the use of valuation techniques based on observable inputs, either directly or indirectly.

Level 3 – fair value is determined through the unobservable inputs for the asset or liability.

The following table presents the Group's material financial instruments that are measured at fair value:

	Level	**2022 Audited R'000**	2021 Audited R'000
Derivatives related to risk management *	2	**(100 890)**	10 742
Contingent consideration **	3	**12 728**	35 654

** Derivatives are included in trade and other receivables (2021: trade and other payables).*

*** Contingent consideration is included in non-interest-bearing liabilities.*

8. FAIR VALUE HIERARCHY continued

Contingent consideration

	GROUP	
	2022 R'000	2021 R'000
Balance as 1 July	**35 654**	79 976
Settlement paid to vendors	**(12 665)**	(7 584)
Total adjustment recognised in profit or loss	**(10 261)**	(36 738)
Foreign exchange loss/(gain)	**2 944**	(7 462)
Fair value gain	**(13 205)**	(29 276)
Balance at 30 June	**12 728**	35 654

Derivatives related to risk management (Level 2)

The fair value of foreign exchange contracts has been determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currencies, i.e., forward pricing. The valuations are performed internally by each financial institution with internally specific inputs.

Contingent consideration (Level 3)

The following table addresses the valuation technique as well as the significant unobservable inputs used, for amounts included at 30 June 2022:

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Contingent consideration	Discounted cash flows: • The valuation model considers the present value of the expected future payments, discounted using a risk-adjusted discount rate.	In respect of SynergERP Limited – DWC LLC: • Assumed probability adjusted profit after tax R2 742 611 (2021: R5 233 786). • Risk-adjusted discount rate of 6,05% (2021: 5,04%).	In respect of SynergERP Limited – DWC LLC: • 10% (2021: 10%) increase or decrease in the assumed probability-adjusted profit after tax would result in an increase or decrease in fair value of R1 272 845 (2021: R2 429 000).

For all other financial assets and liabilities, the carrying amount is considered to approximate the fair value, except for the finance lease receivables for which the fair value is considered to represent the undiscounted cash flows.

9. CAPITAL MANAGEMENT AND DEBT COVENANTS

Type of debt/facility	Subsidiary	Imposed covenant(s)/triggers
Banking facilities	Axiz Proprietary Limited	Debt cover ratio in respect of utilised facility not to be less than 1, based on a specific debtors book formula applied by the bank. The company must not make any intercompany loans in excess of R100 million. Retained earnings must exceed R450 million.
	Centrafin Proprietary Limited	Debt cover ratio in respect of utilised facility not to be less than 3, based on a specific debtors book formula applied by the bank.
	Datacentrix Proprietary Limited	Debt cover ratio in respect of utilised facility not to be less than 2, based on a specific debtors book formula applied by the bank.
	Obscure Technologies Proprietary Limited	Debt cover ratio in respect of utilised facility not to be less than 2, based on a specific debtors book formula applied by the bank.
	Pinnacle Micro Proprietary Limited	The company shall not incur additional indebtedness without bank consent. The company shall not change its core business or merge or amalgamate with another party without bank consent. The company shall not dispose of material assets outside the ordinary course of business without bank consent. The company shall insure at least 70% of the debtors' book from time to time. A collateral cover ratio of 167% in respect of eligible trade debtors and 100% in respect of eligible trade debtors and inventory items, respectively, is maintained. The company must not make any intercompany loans in excess of R50 million. The retained earnings of the company must exceed R550 million.
	Tarsus Distribution Proprietary Limited Tarsus on Demand Proprietary Limited Tarsus Shared Services Proprietary Limited	No more than 10% of gross trade debtors may be older than 90 days from statement date. Limitation of credit notes issued in a single month to less than 10% of the total sales. Asset cover ratio shall exceed 1,2 times the total utilised amounts, based on a specific asset cover formula applied by the bank. A required achieved level of EBITDA of Tarsus Technology Group and its subsidiaries.

Selected notes to the summarised consolidated financial statements

continued

for the year ended 30 June 2022

9. CAPITAL MANAGEMENT AND DEBT COVENANTS continued

Type of debt/facility	Subsidiary	Imposed covenant(s)/triggers
Banking facilities – Contingent	Datacentrix Proprietary Limited	None required by the bank(s).
	Obscure Technologies Proprietary Limited	
	Pinnacle Micro Proprietary Limited	
	Solareff Proprietary Limited	
Banking facilities – Settlement	Axiz Proprietary Limited	None required by the bank(s).
	Datacentrix Proprietary Limited	
	Obscure Technologies Proprietary Limited	
	Pinnacle Micro Proprietary Limited	
	Solareff Proprietary Limited	
	Tarsus Distribution Proprietary Limited	
	Tarsus on Demand Proprietary Limited	
Redeemable preference share liability	Alviva Holdings Limited	Net leverage ratio may not exceed 3. Interest cover ratio of equal to or more than 3,5.
	Datacentrix Proprietary Limited	Net leverage ratio may not exceed 2. Interest cover ratio of equal to or more than 3,5.
Asset-backed borrowings	Centrafin Receivables (RF) Proprietary Limited	The covenants are directly linked to the lease book (balance disclosed as part of 'finance lease receivables') applicable to the securitisation agreement with the financial institutions: • Debt cover ratio of at least 1, based on a specific lease book formula applied by the financial institutions; and • Specific portfolio covenants and transactional criteria determined by the financial institutions.

The Group provides the relevant banks with the calculations as frequently as is required in terms of the covenants. The Group was not in proximity to breaching any of the covenants, as tabled above, at the reporting date and does not expect this to change.

The Board considers the Group's debt to be of an acceptable level. The Board, as an internal measure, excludes the debt relating to Centrafin Receivables in respect of the asset-backed borrowings, when considering debt levels, since the debt is ring-fenced as part of a securitisation structure.

The Group is considered to be a cash-generating business and current cash resources, amounting to R215 million (2021: R660 million), would be utilised if the Group were to trigger a breach of any of the imposed covenants. The Board assesses the triggers on a regular basis, in line with the frequency of reporting to the financial institutions, to identify and address any possible concerns timeously.

for the year ended 30 June 2022

10. EVENTS AFTER THE REPORTING DATE

Other than as disclosed below, there were no events material to the understanding of the financial statements that occurred after the reporting date and up to the authorisation date of the financial statements.

Dividends

Refer to page 6 for information in respect of the dividends declared by the Company.

Redemption of preference shares

During August 2022, the Group redeemed 6 preference shares amounting to R60 million, bringing the total amount of preference share funding outstanding to R100 million.

Renewal of cautionary announcement: Non-binding expression of interest

The cautionary announcement in respect of the non-binding expression of interest, was renewed on 12 August 2022 and 23 September 2022, respectively, and shareholders were advised that the Company is currently still engaged in ongoing negotiations with the Consortium regarding the expression of interest received. If discussions are successfully concluded, detailed terms of the proposed transaction will be provided, in a firm intention announcement, in due course.

Acquisition of additional shares in SynergERP Limited – DWC LLC ("Synerg UAE")

With effect from 1 July 2022, the Company, through its subsidiary Alviva International Investments Proprietary Limited, acquired an additional 15 000 ordinary shares with a par value of 1 AED each in the issued share capital of Synerg UAE, comprising 5% of the total issued share capital thereof for a total purchase consideration of R1 million.

ALVIVA HOLDINGS LIMITED

(incorporated in the Republic of South Africa)
Registration number: 1986/000334/06
ISIN: ZAE000227484
Share code: AVV
"Alviva" or "the Company" or "the Group"

Directors:

A Tugendhaft * (Chairperson), P Spies (Chief Executive Officer), SH Chaba *^, RD Lyon (Chief Financial Officer), PN Masemola *^, MG Mokoka *^, P Natesan *^ (Lead Independent Director)

** Non-Executive ^ Independent*

Registered Office:

The Summit, 269, 16th Road, Randjespark, Midrand, 1685

Preparer of results: RD Lyon CA

Company Secretary: SL Grobler CA(SA)

Transfer Secretaries:

Computershare Investor Services (Pty) Ltd, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196

Auditors:

SizweNtsalubaGobodo Grant Thornton Incorporated, Registered Auditors, 20 Morris Street East, Woodmead, Johannesburg, 2191

Sponsor:

Deloitte & Touche Sponsor Services (Pty) Ltd, Deloitte Place, 5 Magwa Crescent, Waterfall City, Midrand, 2090

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