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**”)

REVIEWED PRELIMINARY CONDENSED CONSOLIDATED RESULTS FOR THE YEAR ENDED 30 JUNE 2021

REVIEWED PRELIMINARY CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Figures in Rands	Change	Reviewed as at 30 June 2021	Audited as at 30 June 2020
Assets			
Non-Current Assets			
Property, plant and equipment	-12.80%	13 784 011	15 806 521
Right-of-use assets	-100.00%	-	10 176 361
Goodwill	-4.27%	97 245 626	101 579 938
Intangible assets	-5.23%	31 128 379	32 846 932
Investment in associates	10.66%	2 797 569	2 528 001
Lease receivable		376 514	-
Deferred tax asset	53.42%	4 617 192	3 009 564
	-9.64%	**149 949 291**	**165 947 317**
Current Assets			
Inventories		889 463	-
Trade and other receivables	-11.34%	36 668 816	41 357 241
Current tax receivable	-24.91%	854 207	1 137 539
Cash and cash equivalents	28.13%	109 811 682	85 704 579
	15.62%	**148 224 168**	**128 199 359**
			-
Total Assets	1.37%	**298 173 459**	**294 146 676**

Equity and Liabilities			
Equity			
Stated capital	0.00%	159 420 500	159 420 500
Change in ownership	0.00%	(12 892 945)	(12 892 945)
Retained income	2.96%	71 767 336	69 703 426
	0.95%	218 294 891	216 230 981
Non-controlling interest	38.25%	24 734 559	17 891 269
	3.80%	**243 029 450**	**234 122 250**
Liabilities			
Non-Current Liabilities			
Lease liability	-100.00%	-	8 836 349
Deferred tax liability	-24.83%	4 014 757	5 341 245
Cash-settled share-based liability	66.00%	1 675 612	1 009 406
	-62.53%	**5 690 369**	**15 187 000**
Current Liabilities			
Lease liability	-100.00%	-	2 284 925
Current tax payable	-44.99%	1 075 155	1 954 537
Provisions	13.09%	2 332 006	2 062 050
Trade and other payables	11.50%	31 908 543	28 617 394
Dividend payable	0.00%	232 706	232 706
Third party prize money	43.56%	13 905 230	9 685 814
	10.30%	**49 453 640**	**44 837 426**
Total Liabilities	-8.13%	**55 144 009**	**60 024 426**
Total Equity and Liabilities	1.37%	**298 173 459**	**294 146 676**
Net asset value per share (cents)	1.71%	95.21	93.61
Net tangible asset value per share (cents)	14.98%	39.22	34.11
Shares in issue	0.00%	229 273 021	229 273 021

REVIEWED PRELIMINARY CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Figures in Rands	Change	Reviewed for the year ended 30 June 2021	Audited for the year ended 30 June 2020
Revenue	-12.39%	230 562 531	263 165 582
Cost of services	-35.18%	(31 883 372)	(49 184 091)
Gross profit	**-7.15%**	**198 679 159**	**213 981 491**
Other operating income	-11.25%	579 384	652 811
Other operating gains / (losses)	-248.24%	709 945	(478 910)
Staff costs	-13.28%	(92 221 390)	(106 348 655)
Depreciation and amortisation expense	-15.81%	(12 545 036)	(14 901 001)
Allowance for expected credit losses	-83.93%	(213 896)	(1 331 264)
Impairment of goodwill	-80.39%	(4 334 312)	(22 100 000)
Impairment of investment	-100.00%	-	(1 660 624)
Modification loss of right-to-use assets		(1 712 659)	-
Operating expenses	-6.23%	(72 452 171)	(79 088 849)
Operating profit/(loss)	**-246.24%**	**16 489 024**	**(11 275 001)**
Investment income	-45.88%	2 862 038	5 287 977
Finance costs	-51.07%	(663 926)	(1 356 794)
Income from equity accounted investments	354.75%	269 568	59 278
Profit/(Loss) before taxation	**-360.23%**	**18 956 704**	**(7 284 540)**
Taxation	49.65%	(7 502 359)	(5 013 178)
Total comprehensive income/(loss) for the year	-193.14%	**11 454 345**	**(12 297 718)**
Profit/(Loss) for the year attributable to:			
Owners of the parent	**111.23%**	**2 063 910**	**(18 371 869)**
Non-controlling interest	**54.60%**	**9 390 435**	**6 074 152**
	0.00%	**11 454 345**	**12 297 717**
			-
Basic and diluted earnings/(loss) per share (cents)	**111.39%**	0.90	(7.90)
Headline and diluted earnings per share (cents)	**30.04%**	3.03	2.33
Weighted Average Shares in Issue		229 273 021	232 501 927
Fully Diluted Shares in Issue		229 273 021	232 501 927

REVIEWED PRELIMINARY CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Figures in Rands	Stated capital	Equity due to change in ownership	Retained income	Total Equity attributable to holders of the Group	Non-controlling interest	Total Equity
Balance at 1 July 2019	**182 967 544**	**(12 892 945)**	**110 745 145**	**280 819 744**	**15 418 999**	**296 238 743**
Loss for the year	-	-	(18 371 869)	(18 371 869)	6 074 152	(12 297 717)
Total comprehensive income for the year	**-**	**-**	**(18 371 869)**	**(18 371 869)**	**6 074 152**	**(12 297 717)**
Share buy-back	**(23 547 044)**	**-**	**-**	**(23 547 044)**	**-**	**(23 547 044)**
Dividends	**-**	**-**	**(22 669 850)**	**(22 669 850)**	**(3 601 882)**	**(26 271 732)**
Total contributions by and distributions to owners of company recognised directly in equity	**(23 547 044)**	**-**	**(22 669 850)**	**(46 216 894)**	**(3 601 882)**	**(49 818 776)**
Balance at 1 July 2020	**159 420 500**	**(12 892 945)**	**69 703 426**	**216 230 981**	**17 891 269**	**234 122 250**
Profit for the year	-	-	2 063 910	2 063 910	9 390 435	11 454 345
Total Comprehensive Income for the year	**-**	**-**	**2 063 910**	**2 063 910**	**9 390 435**	**11 454 345**
Dividends	**-**	**-**	**-**	**-**	**(2 547 145)**	**(2 547 145)**
Balance at 30 June 2021	**159 420 500**	**(12 892 945)**	**71 767 336**	**218 294 891**	**24 734 559**	**243 029 450**

REVIEWED PRELIMINARY CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Figures in Rands	Change	Reviewed for the year ended 30 June 2021	Audited for the year ended 30 June 2020
Cash flows from operating activities			-
Cash generated from operations	100.29%	46 647 360	23 290 383
Interest income	-45.88%	2 862 038	5 287 977
Finance costs	-51.07%	(663 926)	(1 356 794)
Tax paid	41.02%	(11 102 536)	(7 872 859)
Net cash from operating activities	**95.07%**	**37 742 936**	**19 348 707**
Cash flows from investing activities			
Purchase of property, plant and equipment	-3.09%	(966 530)	(997 393)
Sale of property, plant and equipment	3418.11%	2 075 054	58 982
Purchase of intangible assets	59.70%	(7 521 663)	(4 709 977)
Sale of intangible asset		208 784	-

Dividend from associate	-297.40%	(376 514)	190 733
Net cash from investing activities	**20.58%**	**(6 580 869)**	**(5 457 655)**
Cash flows from financing activities			
Share buy-back	-100.00%	-	(23 547 044)
Dividends paid	-90.30%	(2 547 145)	(26 248 900)
Movement in lease liability	146.26%	(4 507 819)	(1 830 458)
Net cash from financing activities	**-86.33%**	**(7 054 964)**	**(51 626 402)**
Total cash and cash equivalents movement for the year	-163.9%	**24 107 103**	**(37 735 350)**
Cash and cash equivalents at the beginning of the year	-30.57	85 704 579	123 439 929
Total cash and cash equivalents at end of the year	**28.13%**	**109 811 682**	**85 704 579**

NOTES TO THE REVIEWED PRELIMINARY CONDENSED CONSOLIDATED FINANCIAL RESULTS

1. BASIS OF PREPARATION

The reviewed preliminary condensed consolidated financial statements have been prepared on the historical cost basis and conform to International Financial Reporting Standards ("IFRS") and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council. The accounting policies applied in the preparation of these reviewed preliminary condensed consolidated financial results, which are based on reasonable judgements and estimates, are in accordance with IFRS, and are consistent with those applied in the Group annual financial statements for the year ended 30 June 2020. These reviewed preliminary condensed consolidated financial statements set out in this report have been prepared in terms of IAS 34 – Interim Financial Reporting, the Companies Act, 2008 (Act 71 of 2008), as amended ("Companies Act"), and the Listings Requirements of JSE Limited.

These reviewed preliminary condensed consolidated financial statements were prepared under the supervision of the Financial Director, Pieter Scholtz CA(SA).

2. GOODWILL

Figures in Rands	Reviewed as at 30 June 2021	Audited as at 30 June 2020
Goodwill at cost	125 688 759	125 688 759
Accumulated impairment	(28 443 133)	(24 108 821)
Carrying Value	97 245 626	101 579 938

Reconciliation of Goodwill - Reviewed as at 30 June 2021

Figures in Rands	Opening Balance	Impairment loss	Total

Goodwill - BMi Sport Group	1 032 975	(1 032 975)	-
Goodwill - BMi Research	5 189 731	(3 301 337)	1 888 394
Goodwill - Private Property	95 357 232	-	95 357 232
	101 579 938	(4 334 312)	97 245 626

Reconciliation of Goodwill - Audited as at 30 June 2020

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

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

BMi Sport Group
BMi Sport Group's goodwill is tested for impairment by determining the current value of the future projected cashflow for 5 years. In the previous year a low growth rate of 1.21% was used however, due to the ongoing impact that the pandemic has had on the sports and sponsorship industry, management is not able to determine, with any degree of certainty, if the industry will be able to recover within the next year and has therefore decided to impair the remaining goodwill associated with the BMi Sport Group by R1 032 975. (2020: R12 800 000).

The recoverable amount of the cash generating unit was calculated to be R8 248 020 (2020: R8 682 198) which is the net asset value of the Group as at 30 June 2021.

BMi Research Proprietary Limited ("BMiR")
BMiR's goodwill is tested for impairment by determining the current value of the future projected cashflow for 5 years including the calculation of a terminal value after the period using an average growth and terminal growth rate of 4.5% (2020: 5%). During the past year, BMiR was able to navigate through a very difficult trading environment and has been able to ensure sustainable revenue and manageable operating expenditure during the past year with a positive outlook for the forthcoming financial year. Due to the continued uncertainty in the research market, management revised the estimated sustainable growth rate down to 4.5% from 5% in the previous financial year. The result is that the reduction in growth rate and the uncertainty of the economic environment will result in goodwill of R3 301 337 (2020: R9 300 000) being impaired by the Group. The cashflow projections are in line with the normal rates achieved by the asset in the past. BMiR is reported within the Knowledge Creation and Management Segment.

The recoverable amount of the cash generating unit was calculated to be R17 782 029 (2020: R19 679 462) which relates to a goodwill value of R1 888 395 (2020: R 5 189 731). If the future growth rate is increased by 1% then the value of the asset value calculated will be R22 817 318 (2020: R23 478 575). Should the future growth rate decrease by 1% then the value of the asset value calculated will be R13 005 108 (2020: R16 258 629), which will result in impairment of goodwill to the value of R1 888 394 (2020: R5 189 731).

The pre-tax discount rate of 25.60% (2020: 27.21%) is used to reflect the appropriate costs of capital and risks associated with the asset. Management's key assumptions include a gradual improvement in profit margins, based on the normal margins achieved within similar businesses in the Group. Should the discount rate increase by 1% then the value of the asset value calculated will be R17 575 433 (2020: R19 278 243). If the discount rate is decreased by 1% then the value of the asset value calculated will be R18 125 646 (2020: R20 099 003).

Private Property South Africa Proprietary Limited ("Private Property")
Private Property's is tested for impairment by determining the current value of the future projected cashflow for 5 years including the calculation of a terminal value after the period using an average growth rate of 5.5% (2020: 10%) and terminal growth rate of 4.5%. Management based its growth rate on a modest assumption that the company will maintain its current user base with a gradual increase in pricing and the introduction of other marketing opportunities within the next few years.

Private Property is reported within the Knowledge Creation and Management Segment. The recoverable amount of the cash generating unit was calculated to be R144 269 985 (2020: R151 840 000) for the 50.01% of the equity held by the Group. At the calculated value, goodwill to the value of R95 357 232 does not need to be impaired. If the future growth rate is increased by 1% then the value of the asset value calculated will be R162 193 589 (2020: R171 134 000). Should the future growth rate decrease by 1% then the value of the asset value calculated will be R126 940 433 (2020: R133 166 000) with a potential resulting impairment in goodwill of R1 583 513.

The pre-tax discount rate of 22.38% (2020: 22.52%) used reflects the appropriate cost of capital and risk associated with the asset. Management's key assumptions include that the operational cost of the asset will gradually improve over the next 5 years. If the discount rate is increased by 1% then the value of the asset value calculated will be R140 149 686 (2020: R147 081 000). Should the discount rate decrease by 1% then the value of the asset value calculated will be R148 589 755 (2020: R156 833 000).

3. RIGHT-OF-USE ASSET

Figures in Rands	Reviewed for the year ended 30 June 2021	Audited for the year ended 30 June 2020
Cost	-	12 951 732
Accumulated depreciation	-	(2 775 371)
Carrying value	-	10 176 361
Reconciliation of Right-of-use assets		
Opening balance	10 176 361	-
IFRS 16 Adoption	-	12 951 732
Cancelled leases	(6 613 455)	-
Amortisation	(1 850 247)	(2 775 371)
Modification loss	(1 712 659)	-
	-	10 176 361

4. LEASE LIABILITY

Figures in Rands	Reviewed as at 30 June 2021	Audited as at 30 June 2020
Minimum lease payments due		
-within one year	-	2 284 925
-in second to fifth year inclusive	-	8 836 349
Present value of minimum lease payments	-	**11 121 274**

Reconciliation of lease liability

Balance at beginning of the year	11 121 274	-
First time adoption of IFRS 16	-	12 951 732
Cancelled leases	(8 299 650)	-
Lease payments (excluding finance component)	(2 821 624)	(1 830 458)
Balance at end of the year	-	**11 121 274**
Non-current liabilities	-	8 836 349
Current liabilities	-	2 284 925
	-	**11 121 274**

The Group entered into a lease agreement for renting of office space over 5 years starting from July 2019. The lease payments for the property were predetermined and had no variable adjustments and rentals generally escalate at a fixed percentage of 8%. The Group decided to discontinue applying IFRS 16 after terminating the lease on 28 February 2021. The Group paid R 2 000 000 as lease break termination fees.

5. EARNINGS PER SHARE

Figures in Rands	Reviewed for the year ended 30 June 2021	Audited for the year ended 30 June 2020
The calculation of earnings and diluted earnings per share is based on a profit of R2 063 910 attributable to equity holders of the parent (2020: loss of R18 371 869) and a weighted average of 229 273 021 (2020: 232 501 927) ordinary shares in issue during the year.	0.90	(7.90)
The calculation of headline earnings and diluted headline earnings per share is based on profits of R6 937769 attributable to equity holders of the parent (2020: R5 427 257) and a weighted average of 229 273 021 (2020: 232 501 927) ordinary shares in issue during the year.	3.03	2.33
Reconciliation between earnings and headline earnings		
Profit attributable to ordinary shareholders of parent	2 063 910	(18 371 869)
Loss on disposal of property, plant and equipment	749 371	53 591
Tax effect of the disposal of property, plant and equipment	(209 824)	(15 089)
Impairment of goodwill	4 334 312	22 100 000
Impairment of investment in associate	-	1 660 624
	6 937 769	5 427 257
Weighted Average Shares in issue	229 273 021	229 363 021

6. CASH GENERATED FROM OPERATIONS

Figures in Rands	Reviewed for the year ended 30 June 2021	Audited for the year ended 30 June 2020
Profit before taxation	18 956 704	(7 284 540)
Adjustments for:		
Depreciation and Amortisation	12 545 036	14 901 001
Profit on disposal of property, plant and equipment	(749 371)	(53 891)
Income from equity accounted investments	(269 568)	(59 278)
Interest income	(2 862 038)	(5 287 977)
Finance cost	663 926	1 356 794
Impairment of goodwill	4 334 312	22 100 000
Impairment loss on right-of-use asset	1 712 659	-
Impairment of investment	-	1 660 624
Change in provision	269 956	78 286
Cash-settled share-based payment	666 206	(108 271)
Investment income		
Changes in working capital		
Inventory	(889 463)	-
Trade and other receivables	4 688 425	9 259 606
Trade and other payables	3 361 160	(10 122 462)
Third party prize money	4 219 416	(3 149 509)
	46 647 360	**23 290 383**

7. TAX PAID

Figures in Rands	Reviewed for the year ended 30 June 2021	Audited for the year ended 30 June 2020
Balance at the beginning of year	(816 998)	316 745
Current tax for the year	(10 506 486)	(9 006 602)
Balance at end of the year	220 948	816 998
	(11 102 536)	**(7 872 859)**

8. DISAGGREGATION OF REVENUE

The Group derives revenue from offering multiple services to customers.

Revenue from contracts with customers is recognised when control of a service is transferred to the customer for an amount which reflects the consideration to which the Group expects to be entitled to in exchange for the service. All invoices are due and payable within 30 days of presentation of invoice up to

60 days except for a single multinational that has arranged longer payment terms. The Group has therefore 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

The Group does not encounter any revenue reversal due to returns, refunds, rebates and other similar obligations.

An analysis of the Group's revenue streams are as follows:

Revenue stream	Performance obligation	Timing measurement	Judgement
Online Platform Services	The Group has various platforms that are used by its clients to enhance and promote their service to a large consumer base.	Access to the online platform is based on a monthly fee that is recognised by the Group over timeon a straight line basis. Platform services are invoiced on a prepaid basis or within the month that the service is rendered. Transaction-based services that are offered on the online platform are recognised when the transaction takes place at a point in time and invoiced when the service is rendered or within the month that theservice is rendered.	Platform service delivery is largely automated as is the related billing. Judgement is thereforenot involved to estimate the amount ortiming of the revenue recognised.
Research Services	Qualitive and quantitative research services.	Continued data collection, collation and research analytics into monthly reports are recognised over time andinvoiced in the month that the serviceis rendered.	No judgement involved with regards to the timing and amount of ongoing data collection, collation and research analyticsservices.
		Where a research project spans more than on month, revenue is recognised upon achievement of thebenchmarks set within the project. Depending on the agreement, a percentage of the invoicing takes place upon commissioning of the project and the remaining balance asthe benchmarks are achieved. All invoicing that has not been recognised as yet is recognised and disclosed as an amount received in advance within trade and other payables.	Management applies judgement to estimate benchmarks as follows: • Work completed over estimate work required to complete the service. • The cost incurred at a period end over the total estimated cost tocomplete the service. This is applied on an individual project basis.

Communication Service Revenue	Provision of communication services such as SMS,USSD, IVR, Whatsapp, App push and Fax services to users.	Revenue is recognised at a point intime when the transaction takes place. Invoicing takes place within the same month as the service wasrendered.	No judgement is involved with regardsto the timing and amount as these services are automated.
Campaign service development	This represents fees for setting up and managing digital services used for business and marketing purposes.	The setup of a service is recognised at the point in time when the service is provisioned and is invoiced within the same month. Revenue related to the managementof 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 involvedwith regards to the timing and amount of management fees.
Supplementary Services	Other revenue earned by the group on services that are supplementary to the services above.	Other revenue relates to the sale of supplementary services that are recognised at a point in time.	No judgement involvedrelating to the timing and amount of supplementary services.

Figures in Rands	Reviewed for the year ended 30 June 2021	Audited for the year ended 30 June 2020
Revenue from contract with customers		
Rendering of services	386 411 691	429 763 430
Less: Agency Revenue	(155 849 160)	(166 597 848)
	230 562 531	**263 165 582**

The group disaggregates revenue from customer as follows:

Rendering of services		
Africa revenue	719 962	5 713 117
South Africa revenue	229 842 569	257 452 465
	230 562 531	**263 165 582**
Over Time		
Online Platform Services	140 993 018	149 343 808
Research Services	37 097 414	45 750 561
Campaign Services	11 136 119	6 830 467
	189 226 551	201 924 836
At a point in time		
Online Platform Services	14 340 806	15 533 020
Communication Services	10 874 449	17 650 528
Campaign Services	14 042 840	23 771 875
Supplementary Services	2 077 885	4 285 323

	41 335 980	61 240 746
Total revenue from contract with customers	**230 562 531**	**263 165 582**

Agency revenue
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 Statement of Profit or Loss and other Comprehensive income 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.

9. SEGMENTAL REPORTING

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

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

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

The accounting policies applied to the operating segments are the same as those described in the aforementioned Basis of Preparation paragraph. Active Data Exchange Services are provided within South Africa as well as to 36 other countries in Africa ("Africa Sales"). For the period under review, 1.94% (2020: 11.14%) of the segment’s revenue can be attributed to Africa Sales. The Company allocates revenue to each country based on the relevant domicile of the client. All of the Company's assets are located in South Africa.

The CODM reviews the 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.

Both segments share the use of the Group’s assets and liabilities as well as the same operating environment and therefore the Group is not in a position to report on the assets and liabilities of each segment nor analyse the operating expenditure separately. Although the service runs in Africa, the service is set-up and operated predominantly in South Africa.

Figures in Rands		Reviewed for the year ended 30 June 2021	Audited for the year ended 30 June 2020
Gross Revenue			
Active Data Exchange Services	-27.08%	39 223 047	53 789 282
Knowledge Creation and Management	-7.90%	347 188 643	375 974 148
	-10.30%	**386 411 690**	**429 763 430**
Revenue generated as agency services			
Active Data Exchange Services	-16.24%	(2 094 153)	(2 500 205)
Knowledge Creation and Management	-6.30%	(153 755 007)	(164 097 643)
	-6.45%	**(155 849 160)**	**(166 597 848)**
Revenue			

Active Data Exchange Services	-27.61%	37 128 895	51 289 077
Knowledge Creation and Management	-8.70%	193 433 636	211 876 505
	-12.74%	**230 562 531**	**263 165 582**
Cost of sales			
Active Data Exchange Services	-47.99%	(9 864 693)	(18 968 319)
Knowledge Creation and Management	-30.16%	(22 018 679)	(30 215 772)
	-37.03%	**(31 883 372)**	**(49 184 091)**
Gross Profit			
Active Data Exchange Services	-15.64%	27 264 202	32 320 758
Knowledge Creation and Management	-5.64%	171 414 957	181 660 733
	-7.15%	**198 679 159**	**213 981 491**

COMMENTARY

The board of directors of Cognition ("the Board") presents the results for the financial year ended 30 June 2021.

Group revenue decreased by 12.35% from R263 million to R230.5 million. The decline in revenue is the result of continued poor economic conditions due to the measures implemented as a result of the COVID-19 pandemic, such as the restriction on the sale of alcohol. The Group provided assistance to its customer base during the year in various forms such as COVID-19 pandemic related rebates for industries severely impacted by the strict lockdown restrictions and not implementing cost increases where it was possible.

The Group benefited from cost cutting measures that it implemented in the previous financial year at the start of the pandemic. The Gross Profit margin of the Group increased from 81.3% to 86.5% with the result that the reduction in revenue was mitigated and the decline in Gross Profit was only 7.15%, down from R214 million to R198.6 million.

As per the segmental report in note 9 above, revenue from Active Data Exchange Services declined by 27.6% from R51.2 million to R37.1 million and Gross Profit declined by 15.6% from R32.3 million to R27.2 million. This segment has significant exposure to the liquor industry which was severely impacted by the COVID-19 lockdown measures.

The Knowledge Creation and Management revenue segment decreased by 8.7% from R211.9 million to R193.4 million with a Gross Profit decline of 5.6% from R181,6 million to R171.4 million.

Earnings Before Interest Depreciation Tax and Amortisation (EBIDTA) and Impairment charges for the Group improved by 21.8% to R33.4 million up from R27.4 million.

The Group's operating expenses reduced by 6.2% from R79 million to R72.4 million and staff costs reduced from R106.3 million to R92.2 million. Goodwill relating to the Research Assets to the value of R4.3 million was impaired.

The net result of the above is that the Group will report a profit before taxation of R19 million and a comprehensive income of R11.5 million. Of this, income in the amount of R9.4 million relates to non-controlling interests with the resulting profit attributed to the shareholders of the Group being R2.1 million resulting earnings per share ("EPS") increasing by 111% from a loss of 7.9 cents in the 2020 financial year to a profit of 0.9 cents for the period under review. Headline earnings per share ("HEPS"), which does not account for the impairment of goodwill and investments increased to 3.03 cents per share from 2.33 cents per share.

Statement of Financial Position

The Group continues to maintain a prudent approach regarding the use and allocation of its resources and continues to maintain a healthy financial position with very limited long-term debt and a healthy cash balance.

The Group's cash resources increased from R85.7 million in the previous financial year to R109.8 million, an increase of 28.1%. The Group generated R37.7 million net cash from operating activities in the past year, up from the previous year of R19.3 million.

The Group impaired goodwill relating to the BMi Sport Group and BMiR totalling R4.3 million (2020: R22.1 million) and the Group cancelled the long-term lease and related right-of-use asset that it had with a resulting impairment of the right-of-use asset to the value of R1.7 million.

The Group's Trade and Other Receivables reduced to R36.6 million from R41.3 million with a slight increase in Trade and Other Payables from R28.6 million to R31.9 million.

Equity Movements

During the year, the Group did not declare a dividend.

As at 30 June 2021, the Company did not hold any treasury shares.

Going Concern

In determining the going concern of the Group, the Board carefully considered the ongoing impact that the COVID-19 pandemic will have on each company in the Group within the short-to-medium-term as well as long-term sustainability. All the operating companies in the Group have sufficient working capital and the Group is in a healthy financial position with very limited debt. The Board has formally considered the going concern assertion for the year going forward and is of the opinion that it is appropriate.

OPERATIONAL PERFORMANCE

The financial year under review commenced against a backdrop of a strained economy and poor local macro-economic conditions exacerbated by the unprecedented uncertainty and disruption due to the COVID-19 global pandemic.

Whilst COVID-19 impacted on all businesses to a greater or lesser extent, certain sectors which were more severely impacted reacted with a multitude of cost cutting initiatives which had a domino effect on the supply chain of services rendered to these sectors.

South African consumers are currently under more economic pressure than ever before. This invariably results in many brands providing more discounting, thereby placing pressure on their income statement, which results in budget cuts particularly around marketing and promotions in an effort to manage their financial stress.

This has had a knock-on effect to a number of services provided by the Cognition Group subsidiaries.

Despite these challenging conditions, Private Property managed to perform well, driven by the impetus of historically low interest rates, and many companies moving from 'work office' to 'home office' as a result of the COVID-19 pandemic, creating more opportunities to work remotely.

The low interest rates opened up the market for more first-time buyers thereby stimulating sales, particularly at the lower end of the property value spectrum.

The majority of Private Property staff still continue to work from home with around 20% working from our offices where remote work is difficult or where essential operational work needs to be undertaken at the office.

DIVISIONAL PERFORMANCE

ACTIVE DATA EXCHANGE SERVICES ("ADES")

ADES' target audience, although broad, has a high concentration of brands within the Fast Moving Consumer Goods ("FMCG") sector, which sector also incorporates the liquor industry and general corporate businesses.

The focus of ADES, via its subsidiary FoneWorx, is to provide our clients with the tools to be able to: conceptualise promotions, consumer engagements and competitions ("services") by using our suite of communication protocols which include: SMS, IVR, USSD, WhatsApp, Telegram, Facebook Messenger, email and faxing services.

To be able to offer these services, the Group has back-to-back long-established service provider agreements with MTN, Telkom, Vodacom and Cell C.

By offering these services, FoneWorx generates traffic on the various networks and receives an agreed revenue from the respective networks.

Due to the nature of these services being primarily consumer engagement, FoneWorx works closely with digital, above-the-line and below-the-line advertising agencies.

Although this is a competitive market, the advantage that FoneWorx has is its "one-stop-shop" capability driven by its own proprietary technology (software) and hardware.

This advantage enables FoneWorx to:

- be agile with cost and service development; and
- in addition to South Africa, operate in over 75 countries throughout Africa, with agreements with either local mobile networks or similar service providers in each country.

COVID-19, the various lockdowns and the various bans on the sale of alcohol have had a dramatic impact on the majority of businesses with whom the Group's subsidiaries interact.

The pandemic has resulted in changes to advertising, marketing, promotional and media spends, forcing businesses and brands to re-evaluate their thinking about current and future advertising, promotions and monthly campaigns to maintain a regular stream of income.

New data from Scopen Africa and the Independent Agency, Search and Selection Company, shows that in just the first six months of the lockdown 58% of marketers cut their advertising spend.

Major blue-chip brands have cut back on advertising to re-evaluate the "new normal" and review what spend is effective and what should be reduced or stopped.

A number of FoneWorx's clients that operate in the liquor industry have reduced promotional spend and/or postponed campaigns. This sector has been subjected to four lockdowns amounting to over 150 trading days lost since March 2020.

Due to the cash preservation strategy adopted by the brands and advertising industry, FoneWorx experienced margin squeeze, delayed promotional campaigns and a reduction in overall activity or projects.

During the period under review, FoneWorx managed 293 campaigns on behalf of clients, which is an increase of 16 percent over the previous reporting period. However, the average value for each campaign reduced by 33 percent due to clients reducing budgets and cutting back on advertising. This was particularly evident in the Alcohol sector because of multiple bans on the sale of alcohol.

To accommodate this new reality, our focus shifted to encouraging clients to build consumer databases to enable them to continue to have personalised conversations with their customers notwithstanding the radical changes brought about by the restrictions imposed during the various stages of the pandemic.

DATA EXCHANGE SERVICES

These services include Fax2Email and Email2Fax and are part of ADES. This is a fully automated service allowing clients to on-board via the Web. With the number of fax devices declining in South Africa it is only natural that the revenue continues to decline. The number of active subscribers is now 24,300. Certain sectors in the economy, such as healthcare and pharmaceuticals, still make use of fax which is still regarded as secure.

miVOUCHER

This is a platform that enables businesses to access vouchers across a broad range of activities such as: data, airtime, lifestyle, fashion, entertainment and technology.

We have now on-boarded over 450 well-known brands which businesses can access via the platform to provide incentives, gifts and rewards.

miVoucher is an integral part of FoneWorx and whilst it is a "standalone" platform, it supports a number of clients within the FoneWorx portfolio of promotional offerings.

The miVoucher platform is now well integrated into the FoneWorx suite of offerings which enhances the rewards clients can offer their customers.

PLATFORM TECHNOLOGY AND KNOWLEDGE MANAGEMENT

Brands need to understand the long-term value ("LTV") of customers, being the value that the customer provides to the brand for the duration of their entire relationship with the brand.

The pandemic has radically changed consumers' shopping behaviour and on-line shopping has increased dramatically. Coupled with these changes is the growing "push back" by consumers against unwanted communications and the fact that the Protection of Personal Information Act ("POPIA") became a reality on 1 July 2021.

Brands and advertising agencies need to react to these changes and build up Consumer Data Platforms ("CDPs") to obtain a 360° view of each of their customers. In addition, third party Cookies will no longer be supported by 2023.

To meet these challenges and as a natural evolution of the current suite of FoneWorx offerings, we have built our own CDP platform and have, during the course of August 2021, launched this platform under the brand Knocknoc. This will provide consumers with the choice of downloading the Knocknoc App or using a desktop version and providing zero-party or declared data in a fully POPIA-compliant manner, underpinned by our own private blockchain technology. Consumers will then be able to securely share their personal information to brands of their choice in exchange for value.

It is anticipated that the CDP platform will provide our existing clients and agencies with the next generation consumer engagement opportunity and enable brands to better understand their consumers and send them personalised and relevant communications.

CHANNEL INCENTIVE AND LOYALTY

The Group has its own proprietary platform to host and manage a broad range of incentive programmes on behalf of companies who wish to incentivise or reward their agents or staff on the successful sale of their products or services.

Access to the platform is via a bespoke mobile app or desktop.

Rewards or commissions are paid in an electronic wallet managed by the Group and participants can then transfer the funds earned into their bespoke branded Mastercard.

This division has been impacted by COVID-19 during periods when mobile retail outlets (MTN, Vodacom, Cell C and Telkom) were closed or access was restricted to these outlets.

In addition, two of our clients that sell consumer electronics (mobile devices) in South Africa through existing retail outlets owned and managed by Vodacom were "persuaded" through an intervention by Vodacom to divert their channel incentive programme to an alternative incentive provider of Vodacom's choice. This has had an impact in reducing this division's revenue.

Whilst this "intervention" could have been challenged by the Group, it was decided not to pursue such a challenge as it could potentially impact negatively on the Group's other services provided to Vodacom and place our clients in a difficult position.

We have since been able to sign up a new client in the same industry which will, over time, supplement the lost revenue.

We currently manage 12,715 active members with Mastercards. In the period under review we have processed R133 million in moderated claims.

RESEARCH ASSETS

BMiR has been successfully restructured, downsized and refocussed to provide services in two primary focus areas:

- Market performance, consumer behaviour and business insights; and
- Pricing intelligence and revenue growth management.

BMiR has experienced longer sales cycles, reduced client budgets and margin squeeze. Despite the tough trading conditions, the restructuring and downsizing undertaken in the latter part of 2020 is benefitting the company now as operational efficiencies are being realised.

BMiR has also focussed on innovation and the development of new products such as:

CX Online, which is a mystery shopping service that enables owners of on-line stores to assess the shopping experience of their customers, which scores shopper interaction with their platform.

Ad-Apt, which is an advertising testing tool, using the neuroscience technique of eye tracking to measure advertising in terms of their cut-through ability.

Likability, branding, key messaging and persuasion. This product is particularly suitable to digital media channels.

BMiR will continue to innovate, manage and enhance operational efficiencies to take advantage of an improved economy.

BMi Sport Info Proprietary Limited ("BMiS") provides brands with bespoke sport and sponsorship-related services.

The suite of services incorporates: sponsorship consulting, millennial tracking, sport tracking and sporting impact evaluation.

In simple terms, because spectators are not allowed at sport events under current restrictions sponsors derive no benefit from these events. The lack of spectators at sports events deprives sponsors from the ability to launch their marketing, fan engagement and other activities that are usually associated with the sponsorship rights and assets they have acquired.

This was further complicated by the fact that whilst BMiS had existing agreements in place, it couldn't deliver on these agreements because events have been cancelled.

BMiS has reduced overheads and has been restructured to accommodate the drop in demand for its services and is seeking new ways to provide existing and future clients insights within the sporting fraternity.

PROPERTY PORTFOLIO

Private Property

Private Property is one of South Africa's foremost property portals and plays a significant role in the property market for both estate agents and consumers.

Private Property has, since the advent of COVID-19, been able to extract itself from its physical offices located in Umhlanga, Durban and successfully enabled all staff to operate remotely. This has accelerated its digital transformation strategy of enhancing both agents' and consumers' experiences at all key touchpoints, being desktop, mobile and digital marketing and events.

Despite the restrictions in place prohibiting physical events, Private Property successfully hosted the Property Show on a virtual basis and received tremendous response from service providers, agents and consumers alike.

The Property Show provides an excellent platform to provide educational, inspirational theatre and practical property advice to consumers, first time home buyers and connects financial service providers, estate agents, developers and conveyancers in an exciting environment.

The new brand positioning and logo is making positive inroads in the property market and has enhanced the visibility of the platform.

Private Property has continued to forge positive relationships with ABSA Bank and together leveraged new and exciting opportunities.

Despite the lockdowns and several restrictions, Private Property has reflected improved platform metrics which include: sessions, unique users, page views, sales and rental leads.

Private Property continues to focus on enhancing its technology platform and touchpoints and to increase the range of services to both estate agents and consumers.

OUTLOOK

The macro-economic outlook is characterised by a bleak economy impacted by the long-lasting effects of COVID-19 and the uncertainty around the emergence of further COVID variants, possible lockdowns, alcohol bans and restrictions on outdoor activities and sports.

The Group will continue to focus on operational efficiencies and working capital management and pursue organic growth within the constraints of the overall ecosystem.

REVIEW OPINION

The Group's auditor, BDO South Africa Inc., has reviewed the preliminary condensed consolidated results for the year ended 30 June 2021 and expressed an unmodified review conclusion thereon. A copy of the auditor's review report together with a copy of the financial information identified in the auditor's report are available for inspection at the Company's registered office.

The auditor's report does not necessarily report on all of the information contained in this announcement/financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement, they should obtain a copy of the auditor's report, together with the accompanying financial information, from Cognition's registered office during office hours.

CORPORATE GOVERNANCE

The Board recognises the need to conduct the affairs of the Group with integrity and in compliance with the principles of the King Report on Governance Principles of South Africa ("King IV report"). Throughout the year under review, the Group has complied with the principles as set out in the King IV report.

DIRECTOR CHANGES

During the year under review, Mr Ashvin Mancha stepped down as Chairman of the Board with effect from 12 March 2021 and was succeeded by Mr Paul Jenkins as Chairman of the Board. Mr Mancha assumed the position of Deputy Chairman and Lead Independent Director.

Mr Trevor Ahier, who served as an Independent Non-executive director of Company, resigned with effect from 5 August 2021.

EVENTS AFTER REPORTING PERIOD

The ongoing state of disaster declared by Government on 15 March 2020 as a result of the COVID-19 pandemic, continues to impact the Group's trading conditions, specifically when further restrictions on the sale of alcohol are imposed.

As at 31 August 2021, the country is under lockdown level three with limited restrictions remaining. The Group has been fortunate in that most of operations could be performed by staff working remotely. Despite the ability to continue operations remotely the impact of the lockdown on the broader economy has had an effect on the Group's performance.

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

ANNUAL REPORT

Shareholders are advised that the Annual Report will be available on the Company's website at www.cgn.co.za and will be distributed to shareholders on or about Wednesday, 29 September 2021.

For and on behalf of the Board

Paul Jenkins	Mark Smith	Pieter Scholtz
Chairman	Chief Executive Officer	Financial Director

Johannesburg
1 September 2021

Business and Registered Office:
Cognition House
Corner of Bram Fischer Drive and Will Scarlet Road
Ferndale, Randburg, 2194
PO Box 3386, Pinegowrie, 2123
Telephone +27-11-293-0000
Fax 086-610-1000

Directors: Paul Jenkins#* - Chairman, Ashvin Mancha#* - Deputy Chairman, Mark Smith – Chief Executive Officer, Pieter Scholtz - Financial Director, Gaurang Mooney#* (Botswana), Graham Groenewaldt – Sales Director, Roger Pitt#*, Marc du Plessis#, Dennis Lupambo#*, Amasi Mwela#
Non-executive
* *Independent*

Company Secretary: Stefan Kleynhans, BA BIuris LLB LLM (Banking Law)/(Corporate Law) ACIS

Auditor: BDO South Africa Incorporated

Transfer Secretaries: Computershare Investor Services Proprietary Limited

Sponsor: Merchantec Capital