



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")

**UNAUDITED CONSOLIDATED INTERIM RESULTS
for the six months ended 31 December 2021**

COMMENTARY ON INTERIM RESULTS

for the six months ended 31 December 2021

Operational Overview

While the interim results and the overall business performance are not what we would like to be presenting, as a business, we must be realistic about where we are to get to where we want to be.

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

It has been evident that several business areas need to be strengthened. As a result, we set out three priority questions that everyone in the Company is focused on: What should we start doing? What should we stop doing? What should we continue doing? These questions have enabled us to focus on areas that we can improve on and respond more effectively to our customers and their requirements. They will focus on delivering improved performance collaborating better with group companies, with the goal of better returns to shareholders over the medium and long term.

Property Portal – Established over 20 years ago, Private Property is a multi-site property marketplace that presents property listings, news and advice to property shoppers. It charges real estate professionals and related advertising clients to market to that audience. It achieves this by delivering relevant property content to consumers through custom-designed and developed applications and web platforms. The business strikes a balance between being a part technology company, part media channel and part content publisher.

In recognition of its customers' ever-changing digital landscape and needs, the Private Property board approved an investment budget to support the Company's mid to long term strategy at the beginning of this financial year. This will see the Company make significant investments in upgrading its technology and solidifying its brand in the market while sacrificing short-term profits in favour of mid to long term customer and revenue growth over the next three years.

Once this investment in technology is complete, the Private Property management team is confident of growing market share within the core business and achieving diversified revenue streams. In addition, with a significant range of developing partnerships in the real estate, banking and mortgage origination industries, Private Property expects to see steady growth over the next three to five years. As a result, it is firmly on track to achieving its strategic goals.

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

As presented in the FY2021 annual results, management agreed to terms which resulted in the sale of the Company's entire shareholding in the BMi Sport Group to the BMi Sport Group management.

The remainder of the Group's research assets (BMi Research, Livingfacts and Adcheck) have performed well and, following the various restructures in the previous financial year, are on track to exceed forecasts. The diverse strategic and bespoke research and analytics solutions have been recognized as an essential part of the business and necessary for future growth. Management continues to monitor costs; look at opportunities to automate and improve efficiencies whilst keeping the value of delivering exceptional insights to our customers top of mind.

COMMENTARY ON INTERIM RESULTS

for the six months ended 31 December 2021 (continued)

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

Whilst COVID-19 restrictions, particularly the alcohol-related restrictions, negatively impacted the division, digital engagement with consumers remains an attractive solution offering to our broad customer base and any brands that engage with consumers. This sector is entering a period of significant change. We are confident that the strategies being put in place will position FoneWorx to adapt and play an essential role in adding value to its customers.

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

Our incentive claim volumes were slightly lower than the previous corresponding period, mainly because some cellular channels imposed limitations on incentive programmes. However, our Channel Incentive platform continues to gain momentum. During the period under review, we have onboarded several new incentive programmes. As a result, we have successfully processed more than 240 000 claims for at least 8 000 unique users, with the total incentive value exceeding R40 million. We remain optimistic that our turnkey solution to incentivize staff or agents via our platform will continue to grow.

Prospects

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

- A clear focus on increasing technological capacity, which will enable us to react quickly to customer needs
- Improved solutions for customers to drive revenue growth
- Right-sizing of the business and simplification of internal systems and processes
- Ongoing monitoring and control of costs within the business

This direct and strategic focus leaves us in a solid position to make concise and accurate decisions regarding future acquisitions better aligned with our fundamental strategy, enabling immediate integration and faster growth.

COMMENTARY ON INTERIM RESULTS

for the six months ended 31 December 2021 (continued)

Financial Review

The Group's Revenue for the interim period of R120.6 million was 1.6% lower than the R122.6 million reported in the comparative period. However, a marginal improvement in Gross Profit margin resulted in the Gross Profit only declining by 0.6% from R102.1 million in the comparative period in the prior year to R101.6 million.

Sales within the Knowledge Creation and Management segment declined by 3.2%, with Gross Profit remaining the same as the comparative period despite the decline of channel incentive services that are no longer allowed to operate in some retail channels. In addition, the Group disposed of the BMi Sport Group during the period under review. Still, the remaining Research assets within this segment could recover substantially during the same period.

Active Data Exchange Services were again hampered by restrictions on the sale of alcohol during this reporting period and reported a decline in sales of 2.6% from R21.6 million to R21 million. However, due to a change in the product mix, the related cost of services increased, resulting in a reduction of 2.65% in Gross Profit down to R14.6 million from R16.7 million for the comparative period.

Private Property showed remarkable resilience in the market and continued to increase its revenue during the period. To ensure long-term sustainability and improved market share, Private Property is reinvesting a substantial portion of the cash it generates back into the business.

The above reinvestment has resulted in a significant increase in staff and operational costs, with an increase in staff cost of 17.1%, up from R44.2 million to R51.8 million. Operational costs for the entire Group, which includes marketing and branding expenditure, increased from R37 million to R47 million, a 28.3% increase.

Due to the strategic reinvestment by PPSA, which will continue over the medium term, the goodwill associated with PPSA was impaired by R41.6 million due to reduced cash flows. In addition to this, the sale of the BMi Sport Group has resulted in a further loss of R3.2 million.

The combination of the impairment and losses has resulted in a reportable loss after tax of R54 million with a reported net loss per share of 23.81 cents compared to earnings per share of 2.93 cents for the comparative reporting period in 2020. As a result, headline loss per share for the period is 0.70 cents compared to headline earnings per share of 2.93 cents in the previous period.

Despite the reported losses, the Group maintained its cash resources at R105 million compared to R94 million as of 31 December 2020.

Despite the poor financial results reported by the Group for the period, the Group remains in a healthy financial position with significant cash reserves and very little debt.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Change	Unaudited as at 31 December 2021 R'000	Unaudited as at 31 December 2020 R'000	Audited as at 30 June 2021 R'000
ASSETS				
Non-current assets	-40.8%	95 630	161 502	149 949
Property, plant and equipment	-9.5%	13 969	15 436	13 784
Right-of-use assets	-100%	-	7 333	-
Goodwill	-45.2%	55 645	101 580	97 246
Intangible assets	-38.3%	19 743	31 981	31 128
Investment in associates	20.5%	3 216	2 669	2 798
Lease Receivable	-100.0%	-	-	376
Deferred tax asset	22.1%	3 057	2 503	4 617
Current assets	3.0%	152 089	147 694	148 224
Inventory		919	-	889
Lease Receivable		231	-	-
Current tax receivable	-36.9%	1 583	2 510	854
Trade and other receivables	-12.8%	44 086	50 573	36 669
Cash and cash equivalents	11.3%	105 270	94 611	109 812
Total assets	-19.9%	247 719	309 196	298 173
EQUITY AND LIABILITIES				
Capital and reserves	-22.4%	190 424	245 254	243 029
Stated Capital	0.0%	159 420	159 420	159 420
Retained income	-86.4%	10 418	76 426	71 767
Change in ownership	0.0%	(6 135)	(12 892)	(12 892)
Attributable to the equity holders of the parent	-26.6%	163 703	222 954	218 295
Non-Controlling interests	19.8%	26 721	22 300	24 734
Non-current liabilities	-65.5%	4 612	13 386	5 690
Lease liability		-	6 585	-
Cash Settled Share Based Payment	135.7%	3 224	1 368	1 675
Deferred tax liability	-74.5%	1 388	5 433	4 015
Current liabilities	4.2%	52 683	50 556	49 454
Trade and other payables	-31.2%	27 431	39 893	34 241
Current tax payable	-78.8%	55	260	1 075
Unclaimed dividends	0.0%	233	233	233
Third Party Prize money	221.0%	24 964	7 776	13 905
Lease Liability		-	2 394	-
Total equity and liabilities	-19.88%	247 719	309 196	298 173
Net asset value per share (cents)	-26.6%	71.40	97.24	95.21
Net tangible asset value per share (cents)	-1.2%	38.52	38.99	39.22
Number of shares in issue	0.00%	229 273 021	229 273 021	229 273 021

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Change	Unaudited as at 31 December 2021 R'000	Unaudited as at 31 December 2020 R'000	Audited as at 30 June 2021 R'000
Revenue	-1.6%	120 598	122 610	230 562
Cost of Sales	-7.0%	(18 996)	(20 428)	(31 883)
Gross Profit	-0.6%	101 602	102 182	198 679
Other operating income	-80.2%	119	600	1 289
Staff costs	17.1%	(51 844)	(44 282)	(92 221)
Other operating expenses	28.3%	(55 915)	(37 188)	(72 666)
Impairment of goodwill		(41 600)	-	(4 334)
Loss on disposal of subsidiary		(3 273)	-	-
Finance costs	-100.0%	-	(545)	(664)
Income from equity accounted Investment	196.5%	418	141	270
Depreciation and amortization expense	-18.9%	(5 209)	(6 422)	(12 545)
Modification loss of right-of-use assets		-	-	(1 713)
Investment income	28.3%	1 640	1 278	2 862
(Loss)/Profit before tax	-442.9%	(54 062)	15 764	18 957
Income tax	-135.6%	1 648	(4 632)	(7 502)
(Loss)/Profit for the period	-570.8%	(52 414)	11 132	11 455
Other comprehensive income		-	-	-
Total comprehensive (loss)/income for the year	-570.8%	(52 414)	11 132	11 455
Profit attributable to:				
Owners of the parent	-912%	(54 592)	6 723	2 064
Non-controlling interest	-76.8%	2 178	4 409	9 391
Weighted average number of shares in issue	0.0%	229 273 021	229 273 021	229 273 021
Basic (loss) / earnings per share (cents)	-912.0%	(23.81)	2.93	0.90
Headline (loss) / earnings per share (cents)	-123.9%	(0.70)	2.93	3.03
Diluted (loss) / earnings per share(cents)	-912.0%	(23.81)	2.93	0.90

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Stated Capital	Change in ownership	Retained Income	Attributable to Equity Holders	Non- Controlling Interest	Total Equity
	R'000	R'000	R'000	R'000	R'000	R'000
Audited balance at 1 July 2020	159 420	(12 892)	69 703	216 231	17 891	234 122
Changes in equity						
Total comprehensive income for the period	-	-	6 723	6 723	4 409	11 132
Total changes	-	-	6 723	6 723	4 409	11 132
Unaudited balance at 31 December 2020	159 420	(12 892)	76 426	222 954	22 300	245 254
Changes in equity						
Total comprehensive income for the period	-	-	(4 659)	(4 659)	4 981	322
Dividends	-	-	-	-	(2 547)	(2 547)
Audited balance at 1 July 2021	159 420	(12 892)	71 767	218 295	24 734	243 029
Changes in equity						
Total comprehensive income for the period	-	-	(54 592)	(54 592)	2 178	(52 414)
Dividends	-	-	-	-	(191)	(191)
Disposal of Subsidiary		6 757	(6 757)	-	-	-
Unaudited balance at 31 December 2021	159 420	(6 135)	10 418	163 703	26 721	190 424

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Unaudited as at 31 December 2021 R'000	Unaudited as at 31 December 2020 R'000	Audited as at 30 June 2021 R'000
Cash flow from operating activities	828	13 393	37 743
Net cash generated from operations	(711)	19 760	46 647
Finance costs	-	(545)	(664)
Investment income	1 640	1 278	2 862
Normal tax paid	(101)	(7 100)	(11 102)
Cash flow from investing activities	(5 179)	(4 029)	(6 580)
Purchase of Property, plant and equipment	(952)	(532)	(967)
Proceeds on disposal of Property, plant and equipment	117	19	2 075
Purchase of intangible asset	(1 528)	(3 516)	(7 521)
Sale of intangible asset	-	-	209
Purchase of unlisted investment	-	-	(376)
Cash disposed of in business disposal	(2 816)	-	-
Cash flow from financing activities	(191)	(457)	(7 055)
Lease liability capital portion paid	-	(457)	(4 508)
Dividends paid	(191)	-	(2 547)
Net increase in cash and cash equivalents	(4 542)	8 907	24 108
Cash and cash equivalents at beginning of the period	109 812	85 704	85 704
Cash and cash equivalents at end of the period	105 270	94 611	109 812

NOTES TO THE UNAUDITED CONSOLIDATED INTERIM RESULTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

BASIS OF PREPARATION

The unaudited condensed consolidated interim results for the six months ended 31 December 2021 have been prepared in accordance with International Financial Reporting Standards ("IFRS"), the requirements of the JSE Limited Listings Requirements for interim reports, the requirements of the Companies Act applicable to condensed financial statements and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and contain information required by IAS 34 - Interim Financial Reporting. The accounting policies applied in preparation of these condensed consolidated interim results are consistent with those applied in the previous annual financial statements.

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

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

The unaudited condensed consolidated interim results for the six months ended 31 December 2021 have not been reviewed by the Group's auditor.

REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group derives revenue from offering multiple services to customers.

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

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

- Online Platform Services
- Research Services
- Communication Service Revenue
- Campaign Service Development
- Supplementary Services

NOTES TO THE UNAUDITED CONSOLIDATED INTERIM RESULTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

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

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

NOTES TO THE UNAUDITED CONSOLIDATED INTERIM RESULTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

Revenue stream	Performance obligation	Timing measurement	Judgement
Communication Service Revenue	Provision of communication services such as SMS, USSD, IVR, WhatsApp, App push and Fax services to users.	Revenue is recognized at a point in time when the transaction takes place. For example, Invoicing takes place within the same month as the service was rendered.	No judgement is involved regarding the timing and amount as these services are automated.
Campaign service development	Represents fees for setting up and managing digital services used for business and marketing purposes.	The setup of a service is recognized at the point in time when the service is provisioned and is invoiced within the same month. Revenue related to the management of services is invoiced within the month that the recognition takes place and is recognized by the Group over time.	Management applies judgement to determine if the service is set up and provisioned. No judgement is involved with regards to the timing and amount of management fees.
Supplementary Services	Other revenue earned by the Group on services supplementary to the services above.	Other revenue relates to the sale of supplementary services recognized at a point in time.	No judgement is involved relating to the timing and amount of supplementary services.

NOTES TO THE UNAUDITED CONSOLIDATED INTERIM RESULTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

	Unaudited as at 31 December 2021	Unaudited as at 31 December 2020	Audited as at 30 June 2021
	R'000	R'000	R'000
Revenue from contracts with customers			
Rendering of services	188 386	224 232	386 411
Less: Agency revenue	(67 788)	(101 622)	(155 849)
	120 598	122 610	230 562
Disaggregation of revenue from contracts with customers			
The Group disaggregates revenue from customers as follows:			
Rendering of service			
Africa revenue	14	242	719
South African revenue	120 584	122 368	229 843
	120 598	122 610	230 562
Timing of revenue recognition			
Overtime			
Online Platform Services	77 818	67 483	140 993
Research Services	19 487	18 490	37 097
Campaign services	5 098	6 677	11 136
	102 403	92 650	189 226
At a point in time			
Online Platform Services	4 700	14 307	14 340
Communication Services	6 489	7 128	10 875
Campaign services	6 660	7 755	14 043
Supplementary Services	346	770	2 078
	18 195	29 960	41 336
Total revenue from contracts with customers	120 598	122 610	230 562

The Group offers services that are classified as agency revenue in terms of IFRS 15, and as such, the Group discloses these services separately above. The disclosure relating to the timing and disaggregation of the previous interim reporting period was amended to be in line with the current period. All revenue was disclosed as services at a point in time in the interim report. Online platform services, research services and certain supplementary services are accounted for in the Knowledge Management segment, with the remaining revenue accounted for in the Active Data Exchange Services segment.

NOTES TO THE UNAUDITED CONSOLIDATED INTERIM RESULTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

	Unaudited as at 31 December 2021 R'000	Unaudited as at 31 December 2020 R'000	Audited as at 30 June 2021 R'000
A RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS			
(Loss)/Profit before taxation	(54 062)	15 764	18 957
Adjustments for:	57 650	3 844	16 041
Depreciation and Amortisation	5 209	6 422	12 545
Change in provisions	-	(2 062)	-
Loss on disposal of investment	3 273	-	-
(Profit) on disposal of Property, plant and equipment	(117)	-	(749)
Finance cost	-	545	664
Income from associates	(418)	(141)	(270)
Impairment of goodwill	41 600	-	4 334
Impairment of intangible assets	8 194	-	-
Cash-settled share-based payment	1 549	358	666
Modification of right-to-use asset	-	-	1 713
Investment income	(1 640)	(1 278)	(2 862)
Operating Profit before working capital changes			
Working capital changes	(4 299)	152	11 649
Inventories	(30)	-	(889)
Trade and other receivables	(6 975)	(9 216)	4 688
Third party prize money	11 059	(1 908)	4 219
Trade and other payables	(8 353)	11 276	3 631
Cash generated from operations	(711)	19 760	46 647

NOTES TO THE UNAUDITED CONSOLIDATED INTERIM RESULTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

SEGMENTAL REPORTING

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

- **Active Data Exchange Services**
- **Knowledge Creation and Management**

	Unaudited as at 31 December 2021 R'000	Unaudited as at 31 December 2020 R'000	Audited as at 30 June 2021 R'000
Gross Revenue			
Active Data Exchange Services	25 564	24 756	39 223
Knowledge Creation and Management	162 822	199 476	347 188
	188 386	224 232	386 411
Revenue Generated as agency service			
Active Data Exchange Services	(4 556)	(3 197)	(2 094)
Knowledge Creation and Management	(63 232)	(98 425)	(153 755)
	(67 788)	(101 622)	(155 849)
Revenue			
Active Data Exchange Services	21 008	21 559	37 129
Knowledge Creation and Management	99 590	101 051	193 433
	120 598	122 610	230 562
Cost of sales			
Active Data Exchange Services	(6 812)	(6 977)	(9 865)
Knowledge Creation and Management	(12 184)	(13 451)	(22 018)
	(18 996)	(20 428)	(31 883)
Gross Profit			
Active Data Exchange Services	14 196	14 582	27 264
Knowledge Creation and Management	87 406	87 600	171 415
	101 602	102 182	198 679

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

NOTES TO THE UNAUDITED CONSOLIDATED INTERIM RESULTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

Reconciliation between earnings and headline earnings

	Unaudited as at 31 December 2021 R'000	Unaudited as at 31 December 2020 R'000	Audited as at 30 June 2021 R'000
The calculation of (loss) / earnings per share is based on losses of R54.6 million attributable to equity holders of the parent (2020: Profit of R6.7 million) and a weighted average of 229 273 021 (2020: 229 273 021) ordinary shares in issue during the period.	(23.81) Cents	2.93 Cents	0.90 Cents
The calculation of headline (loss) / earnings per share is based on losses of R1.6 million attributable to equity holders of the parent (2020: Profit of R6.7 million) and a weighted average of 229 273 021 (2020: 229 273 021) ordinary shares in issue during the period.	(0.70) Cents	2.93 Cents	3.03 Cents
Reconciliation between earnings and headline earnings			
Profit/ (loss) attributable to ordinary shareholders of parent	(54 592)	6 723	2 064
Loss on disposal of subsidiary	3 273		
After Tax effect on Profit on disposal of Property, plant and equipment:	(84)	-	(539)
Impairment of goodwill	41 600	-	4 334
Impairment of intangible asset	8 194	-	-
Net Headline (loss) / earnings	(1 609)	6 723	5 859
The calculation of diluted (loss) / earnings per share is based on losses of R54.6 million attributable to equity holders of the parent (2020: Profit of R6.7 million) and a weighted average of 229 273 021 (2020: 229 273 021) ordinary shares in issue during the period.	(23.81)Cents	2.93 Cents	0.90 Cents
There were no instruments issued during the current period that have a dilutive impact.			

NOTES TO THE UNAUDITED CONSOLIDATED INTERIM RESULTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

TAXATION

	Unaudited as at 31 December 2021 R'000	Unaudited as at 31 December 2020 R'000	Audited as at 30 June 2021 R'000
Local income tax - Current period	(1 130)	5 231	10 610
Local income tax - Current period	(117)	-	(104)
Deferred tax movement	(401)	(599)	(3 004)
	1 648	4 632	7 502
Reconciliation between applicable tax rate and average effective tax rate.			
Accounting (loss) / profit	(54 062)	15 764	18 957
Tax at applicable rate (28%)	(15 062)	4 414	5 308
Non-deductible expenses - Not in the production of income	1 159	359	1 056
Local income tax - recognized in current tax for prior periods	(117)	-	-
Loss on disposal of subsidiary	916	-	-
Impairment of goodwill	11,648	-	1,213
Income from associates	(117)	(141)	(75)
	1 648	4 632	7 502

SALE OF SUBSIDIARY

During the period under review, the Group disposed of its interest in the BMi Sport Group. The pandemic's impact on the Sport Sponsorship industry over the past two years has resulted in the BMi Sport Group being under severe financial distress and consuming its built-up reserves. Accordingly, the Group sold its interest in the BMi Sport Group to management effective 1 October 2022 for minimal consideration and with adequate resources to ensure that the Sport Group can deliver on all its contractual and staff obligation.

	Unaudited six months ended 31 December 2021 R'000
Fixed assets	92
Intangible assets	306
Trade and other receivables	442
Deferred Tax	1 160
Cash and Cash Equivalent	2 816
Trade and other payables	(1 543)
Total identifiable asset value	3 273
Consideration received	-
(Loss) on disposal of subsidiary	(3 273)

NOTES TO THE UNAUDITED CONSOLIDATED INTERIM RESULTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

JUDGEMENTS AND ASSUMPTIONS

Goodwill relating to Private Property South Africa

The goodwill pertaining to the Private Property is tested for impairment by determining the current value of the future projected cash flow for 5 years, including the calculation of a terminal value after the period using an average growth and terminal growth rate of 5.5% (June 2021: 5.5%) and a pre-tax discount rate of 23.96% (June 2021:22.38%).

To ensure long term sustainability and ensure that PPSA positions itself as a world-class property marketing platform, the Company has elected to reinvest most of the cash it generates through operations back into its core systems and processes. Due to this, the cash flows used in the calculation of the Company's goodwill have significantly reduced compared to previous periods. Therefore, it is assumed that they will only recover back to their normal cash flows in the medium to long term. The result is that the recoverable amount of the cash-generating unit is calculated to be R86 million (June 2021: R144,2 million), resulting in an impairment of goodwill relating to PPSA of R41,6 million.

If the future growth rate increased by 1%, then the recoverable value of the asset is calculated to be R97,5 million (June 2021: R162.2 million). If reduced by 1%, it will be R74,7 million (June 2021: R126.9 million), which will require additional impairment of goodwill of R11,3 million.

If the pre-tax discount rate used to calculate the recoverable value of the asset is reduced by 1%, then the calculated value will be R93.3 million (June 2021: R148.5 million), and if the rate is increased by 1%, then the calculated value will be R77.2 million (June 2021 R140.2 million) which will require additional goodwill impairment of R8.2 million.

Intangible assets

In line with the Group's accounting policy, the Group evaluated the recoverable amount of its intangible assets that are not yet available for use. Considering the poor financial results of the Group, the depressed economic and trading conditions and the re-evaluation of the Group's strategic growth prospects that are being undertaken, the following assets were impaired as the future economic benefits of these intangible assets is uncertain.

Unaudited as at 31 December 2021	Cost R'000	Impairment R'000	Carrying value R'000
ACDP, UNiID and related systems	5 702	(5 702)	-
Bespoke Research capturing and data software	2 492	(2 492)	-
	8 194	(8 194)	-

GOING CONCERN

In determining the going concern of the Group, the board of directors of Cognition ("the Board") has considered that nearly all economic and social restrictions arising from the COVID19 regulations have been lifted, and as a result, the impact of the remaining COVID19 regulations have no or very little impact on the Group's business activities. In addition, all the operating companies in the Group have sufficient working capital, and the Group is in a healthy financial position with very limited debt. Accordingly, the Board has formally considered the going concern assertion for the year going forward and is of the opinion that it is appropriate.

NOTES TO THE UNAUDITED CONSOLIDATED INTERIM RESULTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

DIVIDEND POLICY

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

DIRECTORATE

The following changes to the Board and Company Secretariat occurred during the interim period:

- Mark Smith stepped down as CEO and assumed the role of a Non-Executive Director on 10 December 2021.
- Following the above, Rob Fedder was appointed as acting CEO, with his formal appointment to the Board taking effect from 4 March 2022.
- Mr Smith subsequently resigned from the Board as a Non-Executive Director on 20 January 2022.
- At the AGM held on 26 November 2021:
- Roger Pitt and Gaurang Mooney were not re-elected as Independent Non-Executive Directors;
- Steve Naudé was elected as an Independent Non-Executive Director; and
- Ashvin Mancha retired as an Independent Non-Executive Director.

Stefan Kleynhans resigned as Company Secretary with effect from 31 March 2022.

SUBSEQUENT EVENTS

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

APPRECIATION

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

For and on behalf of the Board

Paul Jenkins
Chairman

Rob Fedder
Chief Executive Officer

Pieter Scholtz
Financial Director

Johannesburg

7 March 2022



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