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**REVIEWED CONDENSED CONSOLIDATED PROVISIONAL FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019**

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**GROUP AND FINANCIAL HIGHLIGHTS**

The Board of Directors is pleased to present its results for the year ended 31 December 2019.

4Sight Holdings Limited had the following highlights:

- Revenue declined by 3.4% from USD44.5 million to USD43.0 million; the main reason for this decline can be attributed to the Telco Cluster experiencing a considerable decline in revenue of almost 45%. Despite the difficult trading and operating environment, two of our three clusters recorded solid results;
- Operating expenses, excluding goodwill impairment, once-off impairments for intangible assets and credit loss allowance amounted to USD24.7 million (2018: USD24.2 million), a 2% increase from the prior year;
- The total operating expenses for the period were USD55.0 million (2018: USD31.7 million), an increase of 73.4% compared to the prior period. The reasons for the increase in operating expenses for the period were mainly due to the once off goodwill impairments of USD18.1 million (2018: USD6.8 million) and a credit loss increase allowances of USD4.0 million (2018: USD0.8 Million) in line with IFRS 9 requirements;
- Cash flow from operations increased by 52.1% from USD1.3 million to USD1.9 million for the period.;
- Loss per share increased to USD3.69 cents (2018: USD(0.25) cents) and the diluted loss per share increased to USD2.97 cents (USD(0.16) cents);
- Headline earnings per share decreased to a loss of USD0.01 cents (2018: HEPS USD1.13 cents earnings) and the diluted headline earnings per share decreased to a loss of USD0.01 cents (2018: HEPS USD0.72 cents earnings);
- 4Sight acquired AccTech Consulting Proprietary Limited in Namibia ("**AccTech Namibia**") during the year for ZAR8 million (USD511 726) of which ZAR2 million (USD138 408) was settled in cash, with the balance of the purchase consideration (USD373 318) settle within two years, depending on profit warranties achieved; and
- AccTech Systems Proprietary Limited ("**AccTech**") and Dynamics Africa Services Proprietary Limited ("**Dynamics**") achieved their profit warranties for the period ended 31 December 2019. Final confirmation to be done by the auditors and approved by the Board.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

<b>Figures in US Dollars</b>	<b>Notes</b>	<b>Reviewed year ended 31 December 2019</b>	<b>Audited year ended 31 December 2018</b>
<b>Revenue</b>	2	<b>43 034 298</b>	<b>44 538 909</b>
Cost of sales		(15 347 156)	(15 893 077)
<b>Gross profit</b>		<b>27 687 142</b>	<b>28 645 832</b>
Other income		2 481 092	3 464 518
Operating expenses		(54 986 018)	(31 703 326)
<b>Operating (loss)/ profit</b>		<b>(24 817 784)</b>	<b>407 024</b>
Investment income		190 919	89 585
Finance costs		(513 424)	(718 408)
Income from equity accounted investments		555 075	171 539
<b>Loss before taxation</b>		<b>(24 585 214)</b>	<b>(50 260)</b>
Taxation		(792 900)	(1 031 169)
<b>Loss for the period</b>		<b>(25 378 114)</b>	<b>(1 081 429)</b>
<b>Other comprehensive income/(loss):</b>			
<b>Items that may be classified to profit or loss</b>			
Unrealised exchange differences on translating foreign operations		288 919	(1 385 411)
<b>Other comprehensive income/(loss) for the period net of taxation</b>		<b>288 919</b>	<b>(1 385 411)</b>
<b>Total comprehensive loss for the period</b>		<b>(25 089 195)</b>	<b>(2 466 840)</b>
<b>Loss attributable to:</b>			
Owners of the parent		(25 638 154)	(1 235 356)
Non-controlling interest		260 040	153 927
		<b>(25 378 114)</b>	<b>(1 081 429)</b>
<b>Total comprehensive loss attributable to:</b>			
Owners of parent		(25 345 815)	(2 422 558)
Non-controlling interest		256 620	(44 282)
		<b>(25 089 195)</b>	<b>(2 466 840)</b>
<b>Per share information:</b>		<b>USD Cents</b>	<b>USD Cents</b>
Loss per share (c)		(3.69)	(0.25)
Diluted loss per share (c)		(2.97)	(0.16)
Headline (loss) / earnings per share (c)	3	(0.01)	1.13
Diluted (loss) / headline earnings per share (c)	3	(0.01)	0.72
Weighted average number of shares in issue		695 716 718	486 807 063
Fully diluted weighted average number of shares in issue		862 106 069	762 650 992

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Figures in US Dollars	Notes	Reviewed As at 31 December 2019	Audited As at 31 December 2018
<b>ASSETS</b>			
<b>Non-Current Assets</b>		<b>24 806 814</b>	<b>50 217 998</b>
Property, plant and equipment		2 814 832	2 853 791
Goodwill	4	15 051 491	32 787 261
Intangible assets	6	5 586 935	13 348 700
Deferred tax		986 232	1 025 252
Investment in associates		258 060	202 994
Other financial assets		109 264	-
<b>Current Assets</b>		<b>14 701 971</b>	<b>18 810 801</b>
Inventories		109 346	80 291
Trade and other receivables	7	10 184 201	14 241 733
Contract assets		246 471	321 523
Other financial assets		189 143	20 132
Current tax receivable		286 586	230 822
Cash and cash equivalents		3 686 224	3 916 300
<b>Total Assets</b>		<b>39 508 785</b>	<b>69 028 799</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<b>Equity attributable to Equity Holders of Parent</b>			
Share capital	8	55 813 532	50 510 998
Reserves		(3 855 004)	(4 147 343)
Retained income/ (Accumulated loss)		(24 902 824)	735 330
		<b>27 055 704</b>	<b>47 098 985</b>
Non-controlling interest	9	61 538	(157 424)
		<b>27 117 242</b>	<b>46 941 561</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Other financial liabilities	10	1 499 087	5 358 347
Contract liabilities		-	58 431
Deferred taxation		269 360	134 010
<b>Current Liabilities</b>		<b>10 623 096</b>	<b>16 536 450</b>
Trade and other payables		6 015 607	6 904 671
Other financial liabilities	10	4 241 128	7 323 334
Contract liabilities		297 092	2 081 789
Bank overdraft		-	150 421
Current tax payable		69 269	76 235
<b>Total Liabilities</b>		<b>12 391 543</b>	<b>22 087 238</b>
<b>Total Equity and Liabilities</b>		<b>39 508 785</b>	<b>69 028 799</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Figures in US Dollars	Share Capital	Treasury Shares	Foreign Currency Translation Reserve	Non- Distributable Reserves	Retained Income	Total attributable to equity holders of the Group	Non- controlling interest	Total Equity
<b>Balance at 1 January 2018</b>	<b>41 295 921</b>	-	<b>256 982</b>	<b>(3 217 123)</b>	<b>1 970 686</b>	<b>40 306 466</b>	<b>(87 550)</b>	<b>40 218 916</b>
(Loss) / profit for the period	-	-	-	-	(1 235 356)	(1 235 356)	153 927	(1 081 429)
Other comprehensive loss	-	-	(1 187 202)	-	-	(1 187 202)	(198 209)	(1 385 411)
<b>Total comprehensive loss for the period</b>	-	-	<b>(1 187 202)</b>	-	<b>(1 235 356)</b>	<b>(2 422 558)</b>	<b>(44 282)</b>	<b>(2 466 840)</b>
Issue of shares	9 968 645	-	-	-	-	9 968 645	-	9 968 645
Dividend paid by subsidiary	-	-	-	-	-	-	(21 015)	(21 015)
Treasury shares	-	(753 568)	-	-	-	(753 568)	-	(753 568)
Business combinations	-	-	-	-	-	-	(4 577)	(4 577)
<b>Balance at 31 December 2018</b>	<b>51 264 566</b>	<b>(753 568)</b>	<b>(930 220)</b>	<b>(3 217 123)</b>	<b>735 330</b>	<b>47 098 985</b>	<b>(157 424)</b>	<b>46 941 561</b>
Profit for the period	-	-	-	-	(25 638 154)	(25 638 154)	260 040	(25 378 114)
Other comprehensive income	-	-	292 339	-	-	292 339	(3 420)	288 919
<b>Total comprehensive income for the period</b>	-	-	<b>292 339</b>	-	<b>(25 638 154)</b>	<b>(25 345 815)</b>	<b>256 620</b>	<b>(25 089 195)</b>
Issue of shares	5 347 377	-	-	-	-	5 347 377	-	5 347 377
Treasury shares	(753 568)	708 725	-	-	-	(44 843)	-	(44 843)
Dividend paid by subsidiary	-	-	-	-	-	-	(71 691)	(71 691)
Disposal of subsidiary operations	-	-	-	-	-	-	16 652	16 652
Business combination	-	-	-	-	-	-	17 381	17 381
<b>Balance at 31 December 2019</b>	<b>55 858 375</b>	<b>(44 843)</b>	<b>(637 881)</b>	<b>(3 217 123)</b>	<b>(24 902 824)</b>	<b>27 055 704</b>	<b>61 538</b>	<b>27 117 242</b>
<b>Note</b>	<b>8</b>	<b>8</b>					<b>9</b>	

## CONSOLIDATED STATEMENT OF CASH FLOWS

<b>Figures in US Dollars</b>	<b>Reviewed year ended 31 December 2019</b>	<b>Audited year ended 31 December 2018</b>
<b>Cash flows from operating activities</b>		
Cash generated from operations	2 585 092	2 398 637
Interest income	190 919	89 585
Finance costs	(198 954)	(288 677)
Tax paid	(664 848)	(942 093)
<b>Net cash generated from operating activities</b>	<b>1 912 209</b>	<b>1 257 452</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(132 603)	(223 537)
Proceeds on disposal of property, plant and equipment	-	66 903
Purchase or development of intangible assets	(1 548 329)	(1 558 108)
Net cash flow from business combinations	(120 177)	468 740
Proceeds from disposal of subsidiaries	326 267	-
<b>Net cash used in investing activities</b>	<b>(1 474 842)</b>	<b>(1 246 002)</b>
<b>Cash flows from financing activities</b>		
Expenditure incurred on share issue	-	(41 862)
Dividend paid	(71 691)	(21 015)
Proceeds from other financial liabilities	93 740	1 016 165
Repayments of other financial liabilities	(455 320)	(442 445)
<b>Cash flows (used in)/generated from financing activities</b>	<b>(433 271)</b>	<b>510 843</b>
<b>Total cash movement for the period</b>	<b>4 096</b>	<b>522 293</b>
Total cash at the beginning of the period	3 765 879	4 218 268
Effect of translation of foreign entities	(83 751)	(974 682)
<b>Total cash at end of the period</b>	<b>3 686 224</b>	<b>3 765 879</b>

## **BASIS OF PREPARATION AND ACCOUNTING POLICIES**

The Group was established with the incorporation of the holding company on 28 June 2017 and has a financial year end of 31 December each year.

The reviewed condensed consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports and the requirements of the Companies Act of Mauritius. The Listings Requirements require provisional reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting.

The reviewed condensed consolidated financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies. The accounting policies applied in the preparation of the reviewed condensed consolidated financial statements are in terms of IFRS and are consistent with those applied in the previous consolidated annual financial statements, except for the first-time adoption of IFRS 16: Leases. Details of the effect of the adoption of the new standard has been disclosed below under changes in accounting policies.

These condensed consolidated financial statements should be read in conjunction with the Group's latest consolidated annual financial statements as at and for the year ended 31 December 2018 and do not include all the information required for a complete set of IFRS financial statements.

Explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the previous annual financial statements.

The reviewed condensed consolidated financial statements were prepared by the corporate reporting staff and supervised by Eric van der Merwe, the Group's Financial Director, and were approved by the board of directors on 31 March 2020.

The directors of 4Sight Holdings ("the Board") take full responsibility for the preparation of the reviewed condensed consolidated financial statements.

The reviewed condensed consolidated financial statements are presented in US Dollars, which is the Company's functional currency.

The assessment of the impact associated with COVID-19 includes the following key assumptions:

- The underlying operations of the Group can continue operating as planned; and
- Existing key financial indicators utilised in relation to cash flow forecasts and impairment testing does not significantly deteriorate further in the foreseeable future.

## **AUDITORS QUALIFIED REVIEW OPINION**

These reviewed condensed consolidated financial statements for the year ended 31 December 2019 have been reviewed by Nexia SAB&T, who have expressed a qualified review conclusion. The review was performed in accordance with ISRE 2410 ‘Review of Interim Financial Information Performed by the Independent Auditor of the Entity’.

The auditor’s review report contained the following “Basis for Qualified Conclusion”:

### **“Basis for Qualified Conclusion**

The condensed consolidated financial statements for the year ended 31 December 2019 includes financial results pertaining to Visualitics (Pty) Ltd and its subsidiaries (“Visualitics”). Due to poorly maintained accounting records, we were unable to obtain sufficient and appropriate evidence to verify the transactions and balances of Visualitics, and the subsequent profit or loss on disposal relating thereto, as disclosed in Note 5 to the financial statements. We were unable to satisfy ourselves by alternative means. Consequently, we were unable to determine whether any adjustments were necessary to the transactions and balances, and the profit or loss on disposal of these companies included in the condensed consolidated Statement of Profit or Loss and Other Comprehensive Income.”

## **BUSINESS OVERVIEW**

### **Overview**

Incorporated in 2017, 4Sight is a JSE AltX listed, multi-national, diversified technology group. Its purpose is to invest in companies with extensive product and services portfolios, focused on Fourth Industrial Revolution (“**4IR**”) technologies to design, develop, deploy and grow those solutions for our partners.

The company’s mission is to empower our partners to future-proof their businesses through digital transformation in order to make better and more informed decisions in the modern digital economy.

4Sight’s business model enables its partners to take advantage of products and solutions within its group of companies, which will allow them to enjoy turnkey digital transformation solutions across industry verticals. This is supported by a focused ‘blue ocean’ strategy comprising:

- Continuous Innovation
- Fostering Partnerships
- Managing the move to OPEX models
- Software-as-a-Service (SaaS) and annuity business models
- Embracing the modern digital economy
- Building the Modern Digital Enterprise of the Future

4Sight focuses on a cross section of established, new, and emerging technologies. These include: Artificial intelligence (“**AI**”) solutions with machine learning, big data, cloud and business intelligence solutions, digital twin and simulation, information and operational technologies, production scheduling, horizontal and vertical integration, industrial internet of things, cloud service provider, robotic process automation and augmented and virtual reality solutions.

These 4IR technologies manifest in the various solutions we deliver to customers across all industries in both the private and public sectors. 4Sight is the “The Digital Transformation Partner of Choice” to empower our partners to future-proof their businesses through digital transformation.

## **Business Operations**

Since our inception in 2017, we have focused on acquisitions specialising in digitisation solutions for all industry sectors. Through our various acquisitions we have continued to grow our portfolio of 4IR solutions and capabilities.

As our digital transformation market opportunity lies within accelerating the convergence between the operational technologies (“**OT**”), Information Technologies (“**IT**”) and Business Environment (“**BE**”) worlds, we have aligned our subsidiaries to ensure that we continue to deliver integrated 4IR solutions to take advantage of this convergence.

This ensures that we continue to digitally enable, empower and transform businesses across multiple sectors by utilising 4IR technologies. This is achieved through the deep domain skills and expertise of our people, our partnerships with world leading OEM vendor’s and combining our own IP software solutions and methodologies with our partners products to enable us to provide best of class end-to-end solutions. This allows us to empower our customers with sustainable and people-focused digital transformation initiatives.

The Group has over 410 permanent employees across all our subsidiaries who service over 3,000 customers across 65 countries. Our subsidiaries operate in several regions including Europe, the Middle East and Africa (“**EMEA**”), which currently represents most of the Group’s revenue. Other regions including the Americas and Asia Pacific also contribute to Group revenue and income from our associates in those regions.

Our focus in 2019 has been on growing our subsidiaries organically and leveraging the synergies between the companies within our Group. This has allowed us to deliver various large and successful digital transformation initiatives and industry leading solutions to our customers.

## **MARKET**

Over the last few years, we have observed the rapid impact of the 4IR across various industries. This impact has necessitated the adoption of digital transformation initiatives at varying industry lifecycle stages. However, a major challenge that remains is the slow adoption of digital transformation initiatives and solutions amongst certain industries. Where technology and media businesses are innovators with their digital transformation initiatives, the mining, energy and utilities industries continue to lag.

With many industries acknowledging that 4IR is here, the slow adoption rate means that those industries who are lagging have a three to five-year window to take advantage of the opportunities offered by 4IR. The market is ready for 4IR for several reasons, including:

- The cost benefits, people experience and speed of delivery that digital transformation initiatives offer;
- Increased availability and improved affordability of cloud computing;



- A young and aging workforce that requires upskilling and reskilling;
- Reduced connectivity costs and improved availability;
- The need to reduce legacy system support;
- The changing role of the Chief Information Officer (CIO) to demonstrate business value;
- Competitors entering the market and adopting new technologies;
- The need to mitigate cyber security risks and breaches; and
- Convergence of the Information Technology (IT), Operations Technology (OT) and Business Environment (BE) worlds is now a reality driven by cost.

With digital transformation initiatives now an organisation-wide imperative, even the three to five-year window of opportunity is closing, rapidly. According to Forrester, 85% of key decision makers feel they have only two years to get to grips with digital transformation. And at the same time, according to the 2019 ITWeb CIO Survey, the role of the CIO is also evolving driven by new technologies, increased budget allocation and the speed of the required digital innovation. By leveraging new technologies and developing capabilities, industry leaders believe that they will put further distance between themselves and the laggards by leveraging new technologies.

This is where 4Sight's digital transformation market opportunity resides, in taking advantage of 4IR technologies, coupled with our proven digital transformation approach and initiatives to ultimately accelerate the convergence between the OT, IT and BE worlds through our integrated solutions. We drive this acceleration through:

- Migrating our customers, vendors and partners to the cloud to unlock immediate value.
- Assisting our customers with their Enterprise Data Management Strategies.
- The implementation of an agile, scalable, source independent and technology agnostic Enterprise Data Warehouse solution.
- People-centric transformation focused on the 'hire to retire' lifecycle through our modern workplace solutions, workflow automation and unified communication and collaboration.
- Customer-centric transformation focussed on creating data-driven customer intelligence.
- Operations-centric transformation using best in class technologies including Digital Twin, Artificial Intelligence and Autonomous Intelligence solutions to maximise revenues and efficiencies while reducing costs.
- Financial-centric transformation focussed on ERP, cloud, business process and modern workflow optimisation solutions.

Our numerous transformation initiatives and solutions have accelerated the creation of our 'modern intelligent enterprise' framework, also known as 'The Modern Digital Enterprise'. This framework allows our team of experienced domain experts to deliver the optimal technology solution for each functional area across an enterprise ensuring integration and convergence of the IT, OT and BE worlds.

Always at the core of our solutions is our partners most valuable asset, their enterprise and customer data. Success is driven by data-centric management approaches and solutions which form the core functionality required for success in the modern digital economy. This is where enterprise data feeds AI solutions to drive business strategy and innovation.

4IR is driving a transformation that makes it possible for organisations to evolve their businesses by identifying, understanding and then using previously untapped data. Data is the modern eras new currency and now one of the world's most sort after resources. The establishment of an 'Enterprise Date Model' and strategy is core to our Modern Digital Enterprise framework.

## RESULTS COMMENTARY

This is the second full year's results for 4Sight Holdings Limited, since incorporation.

Revenue declined to USD 43.0 million for the year ended 31 December 2019 from USD 44.5 million in the prior period. During the current period, the Telco cluster experienced a considerable decline in revenue due to its inability to renew key contractual agreements and conclude new agreements in the reporting period. This decline was largely offset against an increase in revenue generated by the MMEC and Platform clusters. It should be noted that the Platform Clusters results were incorporated into the Group results for the current period for twelve months in comparison to nine months in the previous period.

Gross profit margin remained at 64% in 2019 compared to 2018.

The other income includes foreign exchange gains of USD1.6 million on deferred vendor liabilities settled in the current period related to Simulation Engineering Technologies (Pty) Ltd, AccTech Systems (Pty) Ltd and Dynamics Africa Services (Pty) Ltd.

The operating expense for the year ended 31 December 2019 were primarily impacted by once-off impairments of Goodwill (non-cash flow in nature) of USD18.1 million (2018: USD6.7 million) as follows:

<b>Adjustment for:</b>	<b>31 December 2019</b>	<b>31 December 2018</b>
Impairment of Goodwill of Age Technologies	-	(5 913 200)
Impairment of Goodwill of Visualitics	-	(838 034)
Impairment of Goodwill of Corporate Lifestyle Management	(92 228)	-
Impairment of Goodwill of Fleek Consulting	(1 888 954)	-
Impairment of Goodwill of Casewise South Africa	(1 369 189)	-
Impairment of Goodwill of Strategix Application Solutions	(220 863)	-
Impairment of Goodwill of Digitata South Africa	(1 988 528)	-
Impairment of Goodwill of Digitata	(12 531 868)	-
<b>Total goodwill impairment</b>	<b>(18 091 630)</b>	<b>(6 751 234)</b>

Finance costs comprised primarily of non-cash finance cost on deferred vendor liabilities amounting to USD308,481 (2018: USD515,306). This finance cost is directly related to the deferred vendor earn-out periods.

Income from equity accounted investments originated from the Groups investment in Digitata Networks America, which has seen a significant increase in distributable profits from USD171,539 to USD555,075 in the year.

The net effect of the above transactions resulted in a loss per share of USD3.61cent for the period.

Property, plant and equipment primarily comprises three properties held in South Africa, which house the Digitata South Africa operations, BluESP and Age Technologies respectively.

The decrease in trade and other receivables from 31 December 2018 to 31 December 2019 is due mainly to the additional credit loss allowances raised for non-performing trade debtors where the credit risk has increased significantly during the current financial period.

Cash and cash equivalents remained consistent year-on-year. The Group does not have significant capital commitments in the foreseeable future.

Stated capital increased due to partial settlement of the outstanding vendor liabilities owed to AccTech Systems (Pty) Ltd, Dynamics Africa Services (Pty) Ltd and Simulation Engineering Technologies (Pty) Ltd during the period. Other Financial Liabilities, both Non-Current and Current, also decreased due to the settlement of the deferred vendor liability following the respective earn outs being achieved.

## **NOTES TO THE SUMMARY AUDITED CONSOLIDATED PROVISIONAL RESULTS**

### **1. FIRST TIME ADOPTION OF NEW ACCOUNTING STANDARD**

#### **1.1. IFRS 16 – LEASES**

The Group has applied IFRS 16 Leases from 1 January 2019.

IFRS 16 introduced a single, on-balance sheet accounting model for leases. As a result, the Group, as a lessee, has recognised right-of-use assets representing its right to use the underlying assets and lease liabilities presenting its obligation to make lease payments.

The Group has applied IFRS 16 using the modified retrospective approach. Accordingly, the comparative information for 2018 has not been restated. The details of the changes in accounting policy are disclosed below.

#### **Definition of a lease**

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4. *Determining whether an Arrangement contains a lease*. The Group now assesses whether a contract contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts which were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which it is a lessee, the Group has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

## **As a lessee**

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership.

However, the Group has elected not to recognise right-of-use assets and lease liabilities for some leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group presents right-of-use assets that do not meet the definition of investment property in property, plant and equipment, the same line item as it presents underlying assets of the same nature it owns.

The Group presents lease liabilities in other financial liabilities in the Statement of Financial Position.

## **Significant Accounting Policies**

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjustments for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by the lease payment made. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, change in the assessment of whether a purchase or extension option is reasonably certain to be exercised or termination option is reasonably certain not to be exercised.

The Group has applied judgement to determine the lease term for those contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

## **Transition**

Previously, the Group classified property leases as operating leases under IAS 17. These include office property. The leases run for period of between 3-5 years. Some leases include an option to renew the lease for an additional period after the end of the non-cancellable period. Some leases provide for additional rent that are based on changes in local inflation.

At transition, for leases classified as operating leases under IAS 17, the lease liabilities were measured at the present value of the remaining lease payments, discounted at the Groups incremental borrowing rate as at 1 January 2019. Right-of-use assets are initially measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. Right-of-use assets are subsequently measured by reducing the carrying amount at initial recognition with depreciation over the useful life of the asset.

The Group used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

- applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months lease term.
- excluded initial direct costs from measuring the right-to-use assets at date of initial application.
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

## **Impact on Financial Statements**

### **Impact on transition**

On transition to IFRS 16, the Group recognised right-of-use assets and corresponding lease liabilities. The impact on transition is summarised below:

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	<b>1 January 2019</b>
<hr/> <b>Figures in US Dollars</b> <hr/>	
<b>Impact on the statement of financial position</b>	
<b>Assets</b>	
Right-of-use presented in property, plant and equipment	63 380
Deferred tax asset	(252)
<b>Liabilities</b>	
Right-of-use lease liabilities	(64 028)
Operating lease liabilities	900
Retained earnings	-

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted-average rate applied is 10.25%.

## Impact for the period

The financial impact for the year ended 31 December 2019 is disclosed below:

<b>Figures in US Dollars</b>	<b>Reviewed for the period ended 31 December 2019</b>
<b>Impact on the statement of financial position</b>	
<b>Assets</b>	
Right-of-use assets	36 046
<b>Liabilities</b>	
Right-of-use lease liabilities	(39 591)
<b>Impact on statement of profit or loss and other comprehensive income</b>	
Depreciation expense	(23 352)
Decrease in rental expense	25 589
Finance cost	(5 124)
Taxation	808
<b>Impact for the period on the statement of profit or loss</b>	<b>(2 079)</b>

## 2. REVENUE

	<b>Reviewed 31 December 2019</b>	<b>Audited 31 December 2018</b>
Sale of goods	4 674 345	5 315 019
Licencing and associated services	38 359 953	39 223 890
	<b>43 034 298</b>	<b>44 538 909</b>

## 3. HEADLINE EARNINGS RECONCILIATION

The headline earnings reconciliation and per share information is set out below:

<b>Reconciliation between earnings and headline earnings</b>	<b>Reviewed year ended 31 December 2019</b>	<b>Audited year ended 31 December 2018</b>
		<b>USD</b>
Loss attributable to owners of the parent	(25 638 154)	(1 235 356)
Adjustments for:		
Loss/(Profit) on disposal of equipment – net of tax	18 504	(28 691)
Profit on disposal of subsidiaries – net of tax	(284 522)	-
Impairments of Intangible assets	7 768 995	-
Impairment of goodwill	18 091 630	6 751 234
<b>Headline (loss) / earnings for the period</b>	<b>(43 547)</b>	<b>5 487 187</b>

<b>Per share information:</b>	<b>US Cents</b>	<b>US Cents</b>
Headline (loss) / earnings per share	(0.01)	1.13
Diluted headline(loss) / earnings per share	(0.01)	0.72
Weighted average number of shares in issue	695 716 718	486 807 063
Fully diluted weighted average number of shares in issue	862 106 069	762 650 992

#### **4. GOODWILL**

The movement of goodwill for the year ended is as follows:

<b>Figures in US Dollars</b>	<b>Reviewed year ended 31 December 2019</b>	<b>Audited year ended 31 December 2018</b>
Balance at the beginning of the period	32 787 261	23 803 478
Additions through business combinations	355 860	15 735 017
Goodwill impairment	(18 091 630)	(6 751 234)
<b>Total goodwill at the end of the period</b>	<b>15 051 491</b>	<b>32 787 261</b>

The goodwill impairment relates to the following cash generating units:

<b>Figures in US Dollars</b>	<b>Reviewed year ended 31 December 2019</b>	<b>Audited year ended 31 December 2018</b>
Age Technologies Proprietary Ltd	-	5 913 200
Visualitics Proprietary Ltd	-	838 034
Corporate Lifestyle Management Proprietary Ltd	92 228	-
Strategix Application Solutions Proprietary Ltd	220 863	-
Digitata Ltd	12 531 868	-
Digitata South Africa Proprietary Ltd	1 988 528	-
Fleek Consulting Proprietary Ltd	1 888 954	-
Casewise Proprietary Ltd	1 369 189	-
<b>Total goodwill impairment</b>	<b>18 091 630</b>	<b>6 751 234</b>

### Impairment of goodwill

Goodwill balances were re-assessed following significant declining performance of the underlying businesses to which the goodwill relates. Cash-generating units (“CGU”) were also reassessed. A number of adverse operating events occurred during the period under review which had an on-going negative impact on the underlying cash-generating units. These can be summarised as followed:

- Strategix was unable to obtain sufficient market traction and has for the current financial year continued to incur losses, with future cash flow forecasts indicating continued losses would prevail. The Group disposed of its controlling interest in Strategix during the current financial year;
- Corporate Lifestyle Management, a subsidiary within Visualitics (Pty) Ltd (VLS), continued to incur losses in the current financial year. VLS was disposed of in the current financial year due to the ongoing difficulties experienced related to the operations of VLS;
- Fleek Consulting, a company which was purchased from a previous director of 4Sight Holdings Limited, continued to lose market share due to key customer cancelling or not renewing significant contractual agreements. The company struggled to add new business and increase its market share. The above factors negatively impact the future earnings of the business and the decision was made to impair the goodwill;
- Digitata, which represents the majority of the Telco structure has incurred a loss for the full year due to a decline in market demand. The Telco segment had to undergo a significant restructuring process during the period, which resulted in a decrease in service delivery capacity and ultimately negatively impacts the future earnings potential of the CGU’s. In addition, the Telco cluster, which normally sees increased revenue during the second half of the year, had not secured any significant contracts in the reporting period; and
- Casewise lost a significant customer in the current financial year with revenue decreasing in excess of 50%. Management restructured the business to control the costs however they were unable to successfully secure new clientele. An active drive will be required to take the current business offerings into the market. A decision was taken to impair the goodwill.

## 5. ACQUISITIONS AND DISPOSALS

### Acquisitions

During the year ended 31 December 2019, the Group concluded the following acquisition in its targeted 4IR strategy:

- AccTech Consulting Proprietary Limited (“AccTech Namibia”);

The ZAR based investments were accounted for at fair value of consideration payable. The aggregate business combination is disclosed below:

<b>Figures in US Dollars</b>	<b>AccTech Namibia</b>
Assets acquired	238 351
Liabilities assumed	(65 104)
<b>Total identifiable net assets</b>	<b>173 247</b>
Non-controlling interest	(17 381)
Goodwill	355 860
<b>Purchase consideration</b>	<b>511 726</b>



The contribution to the trading results of businesses acquired has been accounted for from the effective date of the acquisitions. In determining the purchase consideration paid, the profit history of the relevant business and its growth prospects within the Group, are considered.

Goodwill relates primarily to future profits of these businesses and the anticipated synergies that the businesses bring to the Group.

### Disposals

During the year ended 31 December 2019, the Group concluded the following disposals:

- Strategix Application Solutions Proprietary Limited (“Strategix”);
- Visualitics Proprietary Limited (“Visualitics Group”) and its subsidiary Corporate Lifestyle Management Proprietary Limited (“CLM”);
- Rorotika Mobile Proprietary Limited (“Rorotika”);
- Glovent Solutions Proprietary Limited (“Glovent”);
- Glo Int Limited (“GloInt”)

<b>Figures in US Dollars</b>	<b>Strategix</b>	<b>Visualitics Group</b>	<b>Glovent</b>	<b>Rorotika</b>	<b>GloInt</b>
Assets derecognised	265 359	284 045	377 252	119 782	-
Liabilities derecognised	(403 985)	(243 734)	(208 919)	(81 504)	-
<b>Total net assets/ (liabilities) disposed</b>	<b>(138 626)</b>	<b>40 311</b>	<b>168 333</b>	<b>38 278</b>	<b>-</b>
Profit/ (loss) on disposal	212 675	(19 571)	99 262	(29 551)	21 707
Non-controlling interest	(29 206)	(20 740)	88 305	-	(21 707)
<b>Consideration received</b>	<b>44 843</b>	<b>-</b>	<b>355 900</b>	<b>8 727</b>	<b>-</b>

## 6. INTANGIBLE ASSETS

The movement of intangible assets for the year is as follows:

<b>Figures in US Dollars</b>	<b>Reviewed year ended 31 December 2019</b>	<b>Audited year ended 31 December 2018</b>
Balance at the beginning of the period	13 348 700	10 487 844
Additions	1 548 329	1 558 108
Additions through business combinations	-	2 055 058
Disposal	(245 636)	-
Impairment	(7 768 995)	-
Foreign exchange movements	20 494	(39 570)
Amortisation	(1 315 957)	(712 740)
<b>Total intangible assets at the end of the period</b>	<b>5 586 935</b>	<b>13 348 700</b>

The impairment processed in the amount of USD7.7 million relates to the Digitata Group following impairment assessment performed on the cash generating unit as detailed in Note 4.

## 7. TRADE AND OTHER RECEIVABLES

The movement in trade and other receivables is largely attributable to the increase in credit loss allowances raised in the current financial period due to increased credit risk related to an existing customer with whom the Group has been engaged in protracted arbitration proceedings.

Furthermore, the credit loss allowance also increased due to the further default beyond normal credit terms and non-performance from general counterparties.

The movement of the credit loss allowances for the period is as follows:

<b>Figures in US Dollars</b>	<b>Reviewed year ended 31 December 2019</b>	<b>Audited year ended 31 December 2018</b>
Balance at the beginning of the period	(840 877)	(68 798)
Allowance for credit loss movement – (Increase)	(4 008 065)	(772 079)
<b>Total allowance for credit losses at the end of the period</b>	<b>(4 848 942)</b>	<b>(840 877)</b>

Under IFRS 9 the Group calculates the allowance for credit losses based on ECL's for financial assets measured at amortised cost. The Group applies the simplified approach to determine the ECL for trade receivables and contract assets. This results in calculating lifetime ECL's for trade receivables and contract assets. ECLs' for trade receivables is mainly calculated using a provision matrix.

## 8. STATED CAPITAL SHARE ISSUES AND REPURCHASES

The Company had 497 489 514 shares in issue at the beginning of the period under review.

The following shares were issued during the period:

- 89 817 063 shares at USD0.021 per share in relation to the achievement of profit warranties related to the acquisition of 70% in SET;
- 203 998 368 shares at USD0.017 per share as settlement of the first earn-out consideration payable relating to the acquisition of AccTech and Dynamics.

The movement on the Treasury shares relates to the repurchase of Strategix Business Solutions from the Group in exchange for the shares issued.

	<b>Reviewed year ended 31 December 2019</b>	<b>Audited year ended 31 December 2018</b>
Balance at the beginning of the period	497 489 514	418 106 476
Issue of shares to settle deferred vendor liabilities / acquire subsidiaries	293 815 431	84 843 038
Treasury shares	(1 500 000)	(5 460 000)
	<b>789 804 945</b>	<b>497 489 514</b>

### **Figures in US Dollars**

#### **Issued**

Balance at the beginning of the period	50 510 998	41 295 921
Ordinary shares of no par value	5 347 377	10 010 507
Treasury shares	(44 843)	(753 568)
Share issue cost written off against share capital	-	(41 862)
	<b>55 813 532</b>	<b>50 510 998</b>

The above share issues are reflected at the fair value at the date that the acquisition became unconditional in accordance with IFRS.

There have been no repurchases of shares by the Company or any of its subsidiaries during the period under review.

## **9. NON-CONTROLLING INTEREST**

The movement of the non-controlling interest for the periods ending is as follows:

	<b>Reviewed year ended 31 December 2019</b>	<b>Audited year ended 31 December 2018</b>
<b>Figures in US Dollars</b>		
Balance at the beginning of the period	(157 424)	(87 550)
Total comprehensive income for the period	256 620	(44 282)
Dividend issued	(71 691)	(21 015)
Disposal of subsidiary	16 652	-
Business combinations	17 381	(4 577)
Total non-controlling interest at the end of the period	<b>61 538</b>	<b>(157 424)</b>

## 10. OTHER FINANCIAL LIABILITIES

Other Financial Liabilities, both Non-Current and Current, decreased due to the settlement of the deferred vendor liability in the current period. Details of Other Financial Liabilities are set out below:

<b>Figures in US Dollars</b>	<b>Reviewed year ended 31 December 2019</b>	<b>Audited year ended 31 December 2018</b>
Motor Vehicle Instalment Sale Agreements	50,777	79 720
ABSA Bank Ltd-Mortgage Bond	158 483	173 218
Standard Bank of South Africa Ltd-Mortgage Bond	1 162 630	1 214 733
Strategix Business Solutions	-	195 919
Rand Control Solutions	39,862	53 678
Blue Sparrow Trust	156,668	156 668
N.L Jackson	-	117 727
M.A Powell	54 508	62 793
Other Loans	110 728	16 988
Digitata Investment Trust	19,973	209 427
Lease liabilities (Right of use)	39,591	-
Deferred Vendor Liability	3,946,995	10 400 810
• AccTech Consulting	387,851	-
• Simulation Engineering Technologies	-	2 241 373
• AccTech Systems	2 847 316	6 527 550
• Dynamics Africa Services	711 828	1 631 887
	<b>5 740 215</b>	<b>12 681 681</b>
<b>Non-current liabilities</b>		
At amortised cost	1 499 087	5 358 347
<b>Current liabilities</b>		
At amortised cost	4 241 128	7 323 334
	<b>5 740 215</b>	<b>12 681 681</b>

## 11. SEGMENTAL REPORT

The Executive Directors assess the performance of the operating clusters based on the measure of operating profit. The Group has three strategic clusters for reporting purposes.

The three reportable clusters consist of “Telecommunications and media”, “Mining, Manufacturing, Energy and Chemicals” and “Platform Systems” clusters; now classified as the Telco Cluster; Mining and Manufacturing (MMEC) Cluster; and the Platform Cluster within the Group.

The following summary describes the operations of each reportable cluster.

- **The Mining, Manufacturing, Energy and Chemical Cluster (“MMEC Cluster”)** - Provides key 4IR technologies and services needed to help industrial customers with their full end-to-end digital transformation journey, while following a cost effective and low risk self-funding methodology. This allows customers to remain competitive in the digital economy while making sure that any digital initiative has a 6 month or better return on investment.
- **The Telecommunications and Media Cluster (“Telco Cluster”)** - Enables our subsidiaries to link telephony customers and service providers in the digital economy. This cluster focuses on providing 4IR solutions to the telecommunications industry across the areas of service revenue management through our intelligent pricing solution, customer engagement through gamification, a suite of mobile network management products as well as cloud-based office and call centre telephony solutions.
- **The Platform Systems Cluster (“Platform Cluster”)** – Enables the creation of an ecosystem where 4Sight subsidiaries, partners, and alliances can build, run and grow their 4IR offerings. This transcends into the value that can be created for customers embarking on their digital transformation journey. The platforms cluster is focused on driving digitised business operations, adoption of technology platforms and ensuring that data management is correctly executed through digital and advisory services.

## MMEC CLUSTER

The MMEC cluster consists of five key subsidiaries namely BluESP, Age Technologies, Simulation Engineering Technologies, One Source Africa and Strategix SAS.

- **BluESP Holdings Proprietary Limited (“BluESP”)** - BluESP is an engineering technology company that focuses on delivering software solutions to the mining and manufacturing industries. These solutions focus on asset optimisation and enable companies to optimally operate processing plants or streamline manufacturing processes to maximise revenues, eliminate inefficiencies and minimise costs.

BluESP is an AspenTech partner and provides both AspenTech and its own IP software, consulting services, training and solutions support services to customers to increase profitability through supply chain and production optimisation, prescriptive maintenance and manufacturing-execution solutions.

- **Age Technologies JHB Proprietary Limited (“AGE Technologies”)** - AGE Technologies is a leading system integration company, specialising in automation, electrical and green energy engineering projects across Africa. Within the Group, AGE Technologies is responsible for linking the customer’s physical plant to the digital world.

Digitisation is achieved by utilising world-class IoT (Internet of Things) devices and automation solutions, improving operational efficiencies and driving innovation. Engineering services include consulting, design, system development, commissioning and support. The Group currently services customers in 30 countries.

- **Simulation Engineering Technologies Proprietary Limited (“SET”)** – SET is a leading industrial engineering consulting company that has been providing world class simulation solutions to their clients for more than 15 years. SET has successfully developed Discrete and continuous simulation models of complex systems within the mining, rail, logistics, manufacturing and service industries using market leading simulation software, namely: Simio®, Optislot®, and SimMine®. Through in-depth understanding of developing, improving, implementing, and evaluating processes and systems, SET provides maximum value to clients. SET also provides Simio® and Power BI® basic and intermediate training sessions and is the distributor of Simio® software in Africa.
- **Strategix Application Solutions Proprietary Limited (“SAS”)** - SAS is the developer of the xGRC Software Suite, which provides an integrated management system for governance, risk and compliance (GRC), health, occupational health, safety, environment and quality, based on the various ISO Standards for industrial and other sector customers. This assists customers in digitising GRC as part of the digital transformation strategy.
- **Combined Source Trading Proprietary Limited (Trading as One Source Africa) - (“OSA”)** - OSA provides strategic and operational advisory and implementation services to enterprises across innovation, affordability and effectiveness of governance, risk and compliance systems. This includes best practice services to grow its respective business entities. OSA enables customers with a digital transformation, digital maturity growth roadmap and digital tools in terms of GRC practices, rather than subjective opinions.

## **TELCO CLUSTER**

The Telco Cluster was originally acquired through the Digitata acquisition prior to our JSE listing. This was done based on 4Sight’s strategy of delivering Industry 4.0 solutions. The Digitata acquisition allowed us to enter the telecommunications industry through Digitata’s established customer base, using their products and services. Fleek Consulting allows the Group to enter the Cloud VoIP telephony market.

The Telco Cluster consists of the following product and subsidiary streams:

- **Digitata Intelligent Pricing** – Digitata's suite of intelligent mobile voice and data products intelligently transforms pricing for mobile operators. By using Big Data and machine learning algorithms, mobile operators can make better and more informed decisions regarding product pricing to meet and exceed business objectives. This is enabled through Vaitom, Digitata’s Intelligent Pricing Platform.
- **Digitata Networks** - Digitata Networks offers mobile operators a suite of subscriber-centric, network-centric, site-centric & multi-centric solutions to monitor, audit, control and automate mobile technologies (2G, 3G, 4G) across multi-domains (RAN, CS-Core, PS-Core, TX), OEM independent.
- **Digitata Insights** - Enables intelligent digital transformation for mobile operators and brands by applying gamification to customer engagement to drive specific human behaviour. This allows its clients to gain meaningful insights into how their customers engage with their products and services.

- **Fleek Consulting Proprietary Limited (“Fleek”)** - Fleek provides the ability to digitise and optimise business-to-consumer communication touch points through fixed-line networks. This is done using voice-over-Internet protocol (“VOIP”) in a cloud-based call centre and private branch exchange (“PBX”) solution environment. This helps businesses future-proof their communication and telephony infrastructure through easily scalable, cutting edge solutions that are quick to set up and can easily be relocated should the business move premises. Thanks to the power of the cloud, businesses can benefit from feature-rich voice solutions – usually with more reliability and lower costs.

## **PLATFORM SYSTEMS CLUSTER**

The Platform cluster was established in 2018 following the acquisitions of AccTech, Dynamics Africa and Casewise. The cluster creates an ecosystem where partners and alliances can build and grow their products and services; with a focus on accelerating their digital transformation journey.

This cluster consists of the following subsidiaries:

- **AccTech Systems Proprietary Limited (“AccTech”)** - AccTech is a technology and services firm that collaborates with strategic partners like Sage and Microsoft to deliver 4IR solutions to customers. Together, we empower our customers to run their enterprises efficiently and effectively through the deployment of best of breed business solutions.

Started in 1994, AccTech has grown to be a leader in the new 4IR digital economy. We have transformed our business into a cloud-first operation, not only in South Africa, but across Africa with our AccTech Alliance partner companies and operations. The main solutions include business software (“ERP”), business process management (“BPM”), human resource management (“HRM”), data analytics and advisory, business intelligence (“BI”), implementation services, software development and system support.

AccTech has through various initiatives and development innovations crafted several Digital Transformation solutions which our medium and corporate customers can implement straight out of the box. This has positioned AccTech as the forerunner in taking traditional ERP, HR and Payroll and operational systems to the cloud.

Our customer, partner and solution focused strategy has been recognised with AccTech receiving the Sage MEA Cloud partner of the year award for 2019.

- **AccTech Consulting Proprietary Limited (“AccTech Namibia”)** – AccTech Namibia is a technology and services company that operates in the Namibian ICT sector. Our team focuses delivering (amongst others) ERP, Business Intelligence, Licensing and other 4IR solutions from the 4Sight Group into the Namibian market.
- **Casewise South Africa Proprietary Limited (“Casewise”)** - Casewise specialises in enterprise architecture and enterprise data modelling and design; the cornerstones of enabling digitisation of physical assets. These data management tools form the basic design and deployment tools of analysing, constructing, and deploying data in Industry 4.0 applications.

- **Dynamics Africa Services Proprietary Limited (“Dynamics Africa”)** - Dynamics Africa is a Microsoft appointed indirect Cloud Solutions Provider (CSP) for the Middle East, Central Europe and Africa regions. The CSP programme allows for the distribution of Microsoft’s range of cloud applications, including Microsoft Office 365, Microsoft Dynamics 365 and Microsoft Azure, to its dedicated partners across the globe.
  
- **Glovent Solutions Proprietary Limited (“Glovent”)**. - Enhances community lifestyle by applying state-of-the-art technology that provides innovative solutions which improves community management efficiency and overall community living experience. Glovent focuses on providing smart property solutions in the 4IR economy, ranging from smart utility management to communication and billing services.



The financial information for the three main clusters is presented below:

**Twelve-month period ended 31 December 2019**

<b>Figures in US Dollars</b>	<b>Telco Cluster</b>		<b>MMEC Cluster</b>		<b>Platform Cluster</b>		<b>Consolidation</b>		<b>Total</b>	
<b>Segmental service line</b>	<b>31 December 2019</b>	<b>31 December 2018</b>	<b>31 December 2019</b>	<b>31 December 2018</b>	<b>31 December 2019</b>	<b>31 December 2018</b>	<b>31 December 2019</b>	<b>31 December 2018</b>	<b>31 December 2019</b>	
<b>Revenue</b>										
External	10 143 026	18 518 586	8 756 553	9 954 678	24 134 719	16 065 645	-	-	43 034 298	44 538 909
Internal	5 766	-	-	-	23 530	215 195	(29 296)	(215 195)	-	-
<b>Operating Profit/(Loss)</b>	<b>(9 338 246)</b>	<b>3 259 955</b>	<b>726 660</b>	<b>394 072</b>	<b>5 995 434</b>	<b>2 307 609</b>	<b>(2 118 507)</b>	<b>(756 270)</b>	<b>(4 734 659)</b>	<b>5 205 366</b>
Depreciation and amortisation	(1 369 931)	(796 894)	(63 926)	(79 644)	(78 744)	(62 387)	(2 266)	(565)	(1 514 867)	(939 490)
Impairment of goodwill	-	-	-	-	-	-	(18 091 630)	(6 751 234)	(18 091 630)	(6 751 234)
Reversal of vendor liability	-	-	-	-	-	-	64 423	2 950 405	64 423	2 950 405
Vendor Liability	-	-	-	-	-	-	-	-	-	-
Interest-Non-cash item	-	-	-	-	-	-	(308 481)	(515 307)	(308 481)	(515 307)
Taxation	(76 699)	(504 072)	(166 254)	(89 996)	(733 474)	(447 853)	183 527	10 752	(792 900)	(1 031 169)
<b>Profit/(Loss)</b>	<b>(10 784 876)</b>	<b>1 958 989</b>	<b>496 480</b>	<b>224 432</b>	<b>5 183 216</b>	<b>1 797 369</b>	<b>(20 272 934)</b>	<b>(5 062 219)</b>	<b>(25 378 114)</b>	<b>(1 081 429)</b>

The Executive Directors do not monitor assets and liabilities by cluster.

**Geographical clusters**

The Group operates primarily in Mauritius and South Africa. These locations have been disclosed (areas such as the Seychelles, Malaysia and other locations are insignificant, and are therefore not shown as a separate cluster).

Twelve-month period ended 31 December 2019

	South Africa		Mauritius		Consolidation		Total	
Figures in US Dollars	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018	31 December 2019	31 December 2018
<b>Geographical segmental</b>								
<b>Revenue</b>								
External	37 416 287	32 756 316	5 618 011	11 782 593	-	-	43 034 298	44 538 909
Internal	3 541 590	6 599 527	1 544 750	1 855 353	(5 086 340)	(8 454 880)	-	-
<b>Operating Profit/(Loss)</b>	<b>6 374 979</b>	<b>3 318 203</b>	<b>(8 682 649)</b>	<b>1 897 996</b>	<b>(2 426 989)</b>	<b>(10 833)</b>	<b>(4 734 659)</b>	<b>5 205 366</b>
Depreciation and amortisation	(408 124)	(341 327)	(1 104 477)	(598 163)	(2 266)	-	(1 514 867)	(939 490)
Impairment of goodwill	-	-	-	(6 751 234)	(18 091 630)	-	(18 091 630)	(6 751 234)
Reversal of vendor liability	-	-	-	2 950 405	64 423	-	64 423	2 950 405
Vendor Liability Interest-Non-cash item	(18 014)	-	(290 467)	(515 307)	-	-	(308 481)	(515 307)
Taxation	(845 943)	(662 534)	(130 484)	(368 635)	183 527	-	(792 900)	(1 031 169)
<b>Profit/(Loss)</b>	<b>5 102 898</b>	<b>2 314 342</b>	<b>(10 272 500)</b>	<b>(3 384 938)</b>	<b>(20 272 935)</b>	<b>(10 833)</b>	<b>(25 378 114)</b>	<b>(1 081 429)</b>

The Executive Directors do not monitor assets and liabilities by segment.

## **12. COMMITMENTS AND SUBSEQUENT EVENTS**

With effect from 27 March 2020 South Africa has been placed into lockdown for a period of 21 days in order to combat the spread of COVID – 19. The Group has implemented insofar as possible the necessary policies and processes in order to ensure it is able to continue operations within the allowable limits.

The Board and Exco immediately started planning for drastic measures that were implemented in early March 2020. Over 90% of our day-to-day business operations can be conducted remotely. This is achieved through various 4IR technologies, embracing cloud computing and collaboration products like Microsoft Azure and Teams respectively. Our deep domain experts are able to continue delivering OT, IT and BE solutions beyond COVID-19.

Other than the matter noted above, no significant subsequent events were noted which require further disclosure.

The Group has no significant commitments as at year end.

## **13. VISUALITICS (PTY) LTD AND ITS SUBSIDIARIES (“VLS”)**

The financial results for the year ended 31 December 2019 includes those related to VLS up to 31 December 2019, VLS was disposed of to external parties. Refer to Note 5 for the financial impact associated with the disposal of the VLS Group.

## **14. RELATED PARTY DISCLOSURE**

### **SHARES ISSUED IN RESPECT OF SUBSIDIARIES ACQUIRED**

During the period under review shares were issued to settle the deferred vendor liabilities as disclosed below:

- 89 817 063 shares were issued to the seller of SET being Jacobus Botha (“Botha”), an Executive Director of SET.
- 203 998 368 shares were issued to the sellers of AccTech and Dynamics being Morné Gerhard Swanepoel (“Swanepoel”), Marie-Louise Zitzke (“ML Zitzke” and Tertius Emil Zitzke (“TE Zitzke”) who are all Executive Directors of AccTech, whilst Swanepoel and TE Zitzke are Executive Directors of Dynamics.

### **OPERATING LEASE PAYMENTS**

- Double Peak Properties 41 (Pty) Ltd (a company related to TE Zitzke and MG Swanepoel) USD232,057.
- SETEC Software (Pty) Ltd (a company related to J Botha) USD29,400.

The operating lease agreements were part of the initial share sale agreements and the rental are market related. There were no other related party transactions which are material that were included in the results for the year ended 31 December 2019.

## **15. FINANCIAL INSTRUMENTS – FAIR VALUE AND RISK MANAGEMENT**

The carrying amount of all financial assets and liabilities approximates the fair value. Directors consider the carrying value of financial instruments of a short-term nature, that mature in 12 months or less, to approximate the fair value of such assets or liability classes. The carrying values of longer-term assets are considered to approximate their fair value as these instruments bear interest at interest rates appropriate to the risk profile of the asset or liability class. The Group does not carry any financial instruments measured in the statement of financial position at fair value at 31 December 2019.

## **16. GOING CONCERN**

The financial statements have been prepared based on accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The Boards of Directors of 4Sight Holdings Limited and its subsidiaries have assessed the potential impact of COVID-19 on the financial position and performance of the Group for the foreseeable future, and in light thereof have concluded that the Group should be in a position to continue as a going concern for the foreseeable future.

## **17. LITIGATION**

As at 31 December 2019 there were certain litigation matters pending against the Company or its subsidiaries. The Group has the following ongoing litigation matters:

- The Group has a legal dispute with one of its former Non-Executive Directors, who previously served as a Director and contractor with various companies within the Group.
- The Group has commenced arbitration proceedings against a customer in order to enforce payment in terms of a contract for licenses. An expected credit loss has been provided for against this customer.

## **18. CONTINGENT LIABILITIES**

At the financial year end the Group had the following contingent liabilities:

- The Group received two notifications to the value of USD1 292 247 from the previous shareholders of BluESP (Pty) Ltd and BluESP Holdings (Pty) Ltd. The Group is contesting the validity of these potential claims in its entirety. Based on legal advice obtained, management believes that their defence against these potential claims will be successful.
- The Group received a notification for a potential claim to the value of USD253 333 in relation to pre-acquisition profits from the previous majority shareholder of SET. Management believes that the defence against the action will be successful.

## **19. GROUP PROSPECTS**

Our focus during 2019 has been on growing our subsidiaries organically and leveraging off the synergies between the companies within the Group. This has allowed us to deliver several large and successful digital transformation initiatives and industry leading solutions to our customers.

As we have stated previously, our digital transformation market opportunity lies within accelerating the convergence between the OT, IT and BE worlds. Our strategic business framework for 2020 will ensure that our subsidiaries are strongly aligned to ensure we continue to deliver integrated 4IR solutions to take advantage of this growing convergence trend. Our continued growth will be achieved through: Strategic partnerships; Integrated solution development; Our addressable market; Our growth plan and Key competitive advantages.

### **Strategic Partnerships**

Supporting our subsidiary alignment will be our long-standing relationships with original equipment manufacturer (“OEM”) partner vendors like AspenTech, Microsoft, Rockwell, Sage, Siemens, Schneider Electric and Simio (amongst others). These partnerships will continue to support our various initiatives with our customers. As we continue to work with our customers in converging the OT, IT and BE world’s and our partners products and services will play a critical part in those engagements.

### **Integrated Solution Development**

During 2020, our subsidiaries will continue to focus their efforts at delivering solutions to our customers across critical functional areas. This will be characterised by continuing the integrated solution development that has occurred in 2019. This combines the following primary standalone solution offerings together to solve our customers pressing business challenges. Our solution offerings include:

- 'Lift and shift' to the Cloud, ERP, HRM, Customer Intelligence, Modern Workplace and Process Automation (AccTech Systems)
- Strategic partner management, professional services, process optimisation, simulation, enterprise architecture and GRC. (SET, Casewise SA, OneSource Africa)
- Asset Optimisation (BluESP)
- Asset Automation, System Integration, Green Energy and IoT solutions (AGE Technologies)
- CSP and Software Licensing (Dynamics Africa)
- Intelligent solutions (pricing and network management) for mobile operators and gamification solutions for brands and enterprises (Digitata Intelligent Pricing, Networks and Insights)
- VoIP telephony solutions (Fleek)

These offerings manifest in our own IP software solutions that in some cases are already deployed or will be developed in 2020 through our various solution innovation initiatives. Some of our flagship solutions include: Modern Flow (a.k.a. AccTech Process Automation); Integration.NET; Enterprise Data Model; Metal Accounting; Prime Advanced Process Control; BlueBridge (Weighbridge Solution); Downtime Management Solution; Vaitom (Intelligent pricing solution for mobile operators); Digitata Network's Mobile Network Management Solutions and PlayBoxCade (Gamification solution) amongst others.

Supporting our IP software solutions will be our own IP methodologies and approaches including: 4Sight's own Digital Transformation Framework; Cloud Migration Strategy; People and Customer and Migration Strategy, Operations migration strategy, Data Enablement Framework; and Metering-as-a-Service (MaaS).

### **The Market Size**

With our strategic partnerships, integrated solution and our own IP we are able to address a sizable market opportunity (particularly in South Africa). For 2020, we have segmented our customer base into three customer tiers with a market opportunity of approximately USD 200 million across the tiers. This is supported by our evolving business model that enables our partners to take advantage of our 4IR solutions which enable them to enjoy turnkey digital transformation solutions across industry verticals. This will be achieved by:

- Customer first thinking (tailored approaches to ensure that we are meeting our customers' needs);
- Providing our customers with the right interface (right person at the right time with the correct domain skills and knowledge); and
- Scaling our integrated solutions and offerings that create and maintain a competitive advantage for our customers.

This will ensure that we continue to be "The Digital Transformation Partner of Choice" that empowers partners to future-proof their businesses through digital transformation in 2020.

### **Our Growth Plan**

Our sales and account management teams have established strategic sales drives for 2020. Our 2020 growth plan is underpinned by 3 growth objectives, namely: Revenue Growth; Annuity Revenue Streams and Increasing Distribution Channels.

- Our growth objectives will be achieved through:
- Increasing Managed Services;
- Further targeted international expansions;
- Increasing Cloud (Microsoft Azure) consumption;
- Obtain distribution rights for key 4IR technologies;
- Increase our African focused alliance channel;
- Expanding current and introducing new solution offerings; and
- Strategic acquisitions and partnerships and finally empowering up and cross selling within our customer base.

To accelerate our growth in the public sector and some private sector entities, we have identified a partner that will enable us to operate in a BEE Level 2 environment. This will be concluded in the first quarter of 2020.

## **Our Competitive Advantage**

Thanks to our technology capabilities, deep domain skills and go-to-market channels, we offer a full range of digital transformation initiatives that our competition doesn't have the capability to deliver to customers. Our key differentiators include: 4Sight's own Digital Transformation Framework; 4IR Technology Partners; IT solutions; OT solutions; BE Solutions; long standing subsidiary brands; deep domain skills and our own software and methodologies. This is supported by network of ISV Partners; Alliance Partners; Master Value Added Resellers; Distribution Channels and Vendor Market Places.

## **The Modern Digital Enterprise Framework**

The combination of our strategic partnerships; Integrated solution development; addressable market size; our growth plan and key competitive advantages have given rise to our 'Modern Digital Enterprise' framework.

Many of our digital transformation initiatives in 2020 will be underpinned by the implementation of this framework that will address key transformation initiatives for organisations including (but not limited to):

- Migrating our customers, vendors and partners to the cloud;
- People focused transformation through our modern workplace solutions, process and workflow automation and unified communication and collaboration;
- Customer focused transformation through data-driven customer intelligence;
- Financial transformation through cloud ERP solutions integrated with business process and workflow automation; and
- Operations focused transformation through AI driven automation and optimisation solutions.

All coupled altogether, our framework will empower our customers to achieve their innovation objectives and transform themselves into the 'Modern Digital Enterprise'. The framework will be the cornerstone of our initiatives in 2020 that makes it possible for organisations to evolve their businesses by identifying, understanding and then responsibly using previously untapped enterprise and customer data.

Data is the modern eras new currency and now one of the world's most sort after resources. Our goal for 2020 is to empower our customers to leverage their data resources to meeting and exceed their business objectives.

## 20. BOARD OF DIRECTORS

At the end of the period under review, the board comprised the following board members:

<b>Director</b>	<b>Date of appointment</b>	<b>Date resigned</b>
Mr Jacques Hattingh (Financial Director)	28-Jun-2017	14-Jun-2019
Mr Gary Pierre Laurysen (Group Executive – Mergers and Acquisitions)	28-Jun-2017	29-Oct-2019
Mr Marthinus Phillipus Neethling (Executive Director)	28-Jun-2017	29-Oct-2019
Mr Vincent Raseroka (Chief Executive Officer)	1-Jan-2019	28-Oct-2019
Mr Jason du Plessis (Financial Director)	1-Jul-2019	29-Oct-2019
Dr Ramakrishna Sithanen (Independent Chairman)	24-Aug-2017	8-Oct-2019
Mrs Selvida Naiken (Independent Non-Executive Director)	11-Dec-2018	22-Oct-2019
Mr Geoffrey Llewellyn Carter (Independent Non-Executive Director)	24-Aug-2017	7-Oct-2019
Mr Tertius Emil Zitzke (Chief Executive Officer)	29-Oct-2019	-
Mr Eric van der Merwe (Financial Director)	29-Oct-2019	-
Mr Christopher Stephen Joseph Crowe (Independent Non-Executive Director)	29-Oct-2019	-
Mrs Mariechen Margeretha Mortimer (Independent Non-Executive Director)	29-Oct-2019	-
Mr Andrew George Murgatroyd (Independent Non-Executive Director)	29-Oct-2019	-
Mr Jacob Stefanus Johannes Nel (Independent Non-Executive Director)	29-Oct-2019	-
Mr Hemmanth Singh (Independent Non-Executive Director)	29-Oct-2019	-
Mr Kamil Tayub Patel (Independent Chairman)	27-Nov-2019	-
Dr Sidharth Sharma (Independent Non-Executive Director)	23-Dec-2019	-

## 21. DIVIDEND

4Sight's formal dividend pay-out policy is at least 6.6 times cover, being at least 15% of headline earnings of the consolidated Group of companies. A dividend will not be paid unless the Board is of the opinion that a lower dividend is to be declared because of the necessity to apply the Group's cash resources to any planned acquisitions; or that it is in the interest of the Group to build up cash reserves for foreseeable unfavourable market or economic conditions.

No dividend is therefore to be declared for the year ended 31 December 2019, due to the decision of the Board to build up the working capital available to the Group.

## 22. APPRECIATION

Our recent financial year has proven to be a turning point for 4Sight. Our various challenges during 2019 did not overshadow or distract our subsidiaries from delivering on our promises to partners (customers and OEM vendors). That is, providing industry leading solutions that assist our partners to achieve and exceed their business objectives in the modern digital economy.

In the latter half of 2019, we went through an evolution in our Group structure, governance procedures and realigned our focus within the Group. This has seen our brand transform from the "green" into the dominant "blue" that we see in our corporate identify. The various tones of blue have been taken from our subsidiaries and come together to reaffirm that 4Sight is the sum of its parts.

Our parts all work together to deliver integrated solutions that continue to position 4Sight as the “Digital Transformation Partner of Choice”. As we outlined in our last half year results, across our business, our priorities remains’ our people, partners and the solutions we deliver to our customers. Success in 2020 will be achieved through our combined team efforts both internally and externally with our partners.

I would like to thank our partners for the continued faith that you have shown in us during 2019. Your success is our success and we hope to continue delivering solutions that make a positive business impact in your respective markets. To our new independent Board of Directors, thank you for all the support and guidance you have brought to our Group. To my executive committee, thank you for the many hours of committed work to achieve our goals in the last quarter of 2019 that will set up our success in 2020. Lastly, and most importantly, to all our people across the whole 4Sight group, thank you for all the hard work in 2019. Everyone continues to show the passion that allows us to achieve our success, growth and development across our business.

**For and on behalf of the Board**

Chief Executive Officer  
Tertius Emil Zitzke  
Date: 31 March 2020

Chief Financial Officer  
Eric van der Merwe

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**Executive Directors**

Mr Tertius Emil Zitzke (Chief Executive Officer)  
Mr Eric van der Merwe (Chief Financial Officer)

**Independent Non-Executive Directors**

Mr Christopher Stephen Joseph Crowe  
Mrs Mariechen Margeretha Mortimer  
Mr Andrew George Murgatroyd  
Mr Jacob Stefanus Johannes Nel  
Mr Kamil Tayub Patel  
Mr Hemmanth Singh  
Dr Sidharth Sharma

**Company Secretary and Registered Office**

Amicorp (Mauritius) Limited

**Designated Advisor**

Java Capital Trustees and Sponsors  
Proprietary Limited

**Transfer Secretaries**

Link Market Services South Africa Proprietary Limited

**WEBSITE**

<http://www.4sightholdings.com>

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Designated advisor

The logo for Java Capital, featuring the word "JAVACAPITAL" in a bold, sans-serif font. The letter "J" is significantly larger and stylized, with a blue swoosh that extends from its top and curves under the "A".