

Broadband Infraco



Connect. Growth, UNLOCKED.

**PERFORMANCE
REPORT:
Q2_2021/22**

**Portfolio
Committee
Presentation**

**By
Chair of the
Board**



Leading Connectivity
in the **Digital Era**

Nov 2021

For the quarter under review, 13 of the 19 targets were achieved. Of the six targets not achieved, three of these pertained to financial sustainability, one to resilient network, one socio-economic transformation target, and one organisational enablement:

1. The Areas of Significant Achievement

Four Financial Sustainability targets were met:

- A gearing ratio of 14% was achieved against a target of 95%.
- A R15 million positive cash balance was maintained against a target of R15 million.
- Small, Micro, and Medium Enterprises (SMME) invoices were paid within 15 days against a target of 30-days.
- Debtors' days were reported at 50-days against a target of 60 days.

One Human Resource Development target was met:

- During the quarter under review, 1.12% of the salary bill was spent on training against a target of 0.30%.

One Governance target was met:

- The follow-up report to resolve external audit findings was submitted against a target of submitting follow-up report on resolving external audit findings.

Two Resilient Network targets were met:

- Core network faults were restored within 6:90 hours against a target of 7:5 hours.
- 713 SA Connect Sites were connected to Broadband Infraco's (BBI) network and are maintained against a set target of maintaining 713 sites.

Five Economic Transformation targets were met:

- A panel of SMMEs has been established and work has been allocated to one. This is against a target of allocating work first to an SMME.
- A discretionary spend of 114% on Broad-Based Black Economic Empowerment (B-BBEE) was achieved against a target of 70%.
- A spend of 67% on Black-Owned Entities (BOE) was achieved against a target of 40%.
- A 36% spend was achieved on Black Women-Owned Entities (BWOE) against a target of 10%.
- The target to conduct the B-BBEE verification audit was achieved as the B-BBEE verification audit is currently being conducted.

2. Areas of Under-Achievement

Three Financial Sustainability targets were not met:

- R10 million in new sales was contracted against a target of R100 million which is 10% of the quarterly target. Demand for capacity continues in the market and the capacity constraints continuously inhibit leveraging these opportunities. Added to this are the now compounding supply chain disruptions, which are extending delivery times and further stifling opportunities from the customer. The impact of these has been an extension in lead time for procurement of equipment (six to twelve weeks lead time), which will have a ripple effect on revenue conversion. Plans are afoot to review the pricing strategy, and the sales team will soon commission BMIT to conduct a pricing study. The expected upgrades from a High Data SoC were not realised for yet another quarter, though the organisation is pursuing them.

Areas of Under-Achievement (continued)

- Revenue decreased year-on-year by 13% during quarter 2, against a targeted improvement of 29%. The main reasons for the non-attainment of the target is that the anticipated allocation of SA Connect 1C did not materialise as was anticipated. As a result, the revenue from SA Connect is tracking well below budget by some 59%. Furthermore, the upgrades from a High Data SoC have not yet materialised. Also, revenue growth is constrained by lack of funding to provision capacity required by customers.
- An operating profit target was set for an improvement of R8 million, but the operating profit (before depreciation, and after interest) has reduced by R24 million during quarter 2. The greatest contributing factor to this decline is the non-achievement of the revenue target as described in more detail above.

One Organisational Enablement target was not met:

- A target to develop the change management process was not achieved due to the change in the approach from a merger to an acquisition.

One Economic Transformation target was not met:

- A target to identify partners to provide sponsorship was not achieved due to the impact of COVID-19 restrictions that has negatively affected most companies, who are now focusing on programs that improve their own B-BBEE levels. Major service providers will be approached to provide sponsorship at the adopted schools. The SCM is in the process of appointing service providers for internet connectivity and Telematics.

Areas of Under-Achievement (continued)

One Resilient Network target was not met:

- 1.04% of gross revenue has been provided for the payment of network performance rebates. This is against a target of $\leq 0.3\%$. The fibre breaks occurred mainly on route 7 of the network. The following incidents that occurred during the same period were also recorded:
 - Seasonal veld fires that impacted on the overhead network infrastructure in the North West, Limpopo, and Eastern Cape provinces. These veld fires were service impacting incidents.
 - The looting and unrest in Kwazulu-Natal affected Durban and Pietermaritzburg areas the most. The Pietermaritzburg PoP went down for five hours due to AC supply power failure. The unrest and riots also caused the municipal power to be down for two days in the same area. Technicians and contractors could not access the area due to safety concerns.
 - Vandalism remains the main root cause for network failures, and a high rate of 58,9% of all incidents reported during Q2 were linked to this root- cause.
 - The Botswana cross-border link was the worst affected by network fault incidents, with Oberholzer-Ventersdorp affected by vandalism, a system card failure, and a train accident.

Performance Results



KPI	2021/22 Targets	Q2 Targets	Q1 Audited Results	Q2 Audited Results	Year to date (YTD)	Status	Reasons for Non-Achievements	Corrective Action
New sales contracts signed annually.	R400 million new sales contracts signed.	R100 million new sales contracts signed.	R11million new sales contracts signed.	R10 million new sales contracts signed.	R21 million new sales contracts signed.	Not Achieved	Unable to confirm delivery timelines with customers to secure orders. Unable to offer high-capacity customer requirements. Unable to provide redundancy to customers as per signed customer orders.	The focus for the quarter will be: 1. To deliver redundant links to realise revenue. 2. Upgrade network and secure funding.
Percentage Revenue year-on-year growth (including SA Connect).	36% revenue year-on-year growth.	29% revenue year-on-year growth.	5% revenue year-on-year increase.	13% revenue year-on-year decrease	4% revenue year-on-year decrease.	Not Achieved	Allocation of SA Connect 1C did not materialise that resulted in revenue from SA Connect tracking below budget by 48%. Secondly, the upgrades from a High Data SoC have not yet materialised. Lack of funding to provision capacity required by customers.	The focus for the quarter will be: 1. To review major upgrades 2. To track major deals 3. To secure funding for procurement of OEM equipment to provision services. This is imperative to the sustainability and survival of BBI.

Performance Results

KPI	2021/22 Targets	Q2 Targets	Q1 Audited Results	Q2 Audited Results	Year to date (YTD)	Status	Reasons for Non-Achievements	Corrective Action
Gearing Ratio.	107% Debt to Equity.	104% Debt to Equity.	12% Debt to Equity.	14% Debt to Equity.	14% Debt to Equity.	Achieved		
Maintain Positive Cash Balance monthly.	R15 million cash and cash equivalent available.	R15 million cash and cash equivalent available.	R68 million cash maintained.	R15 million cash maintained.	R15 million cash maintained.	Achieved		
Improve operating profit before depreciation after interest.	Improve by R37 million.	Improve by R8 million.	Decline by R6 million.	Decline by R24 million.	Decline by R30 million.	Not Achieved	This is mainly due to the revenue target not being met.	Management to maintain focus on increasing revenue as articulated above and continue with cost containment.
Number of days within which SMMEs invoices are paid.	SMME invoice paid within 30 days.	SMME invoice paid within 30 days.	SMME invoices paid within 14 days	SMME invoices paid within 15 days	SMME invoices paid within 14 days.	Achieved		
Finalised Integration Plan for merger.	Integration Plan finalised and signed-off by key stakeholders.	Develop a Change Management Process	Strategy for SDIC approved by Team, submitted to DCDT.	Change Management Process was not developed.	Strategy for SDIC approved by team, submitted to DCDT.	Not Achieved	Development of change management process delayed by the change in the approach from a merger to an acquisition	Focus during the next quarter will be on accelerating the development of the change management plan based on the change from merger to acquisition

Performance Results

KPI	2021/22 Targets	Q2 Targets	Q1 Audited Results	Q2 Audited Results	Year to date (YTD)	Status	Reasons for Non-Achievements	Corrective Action
Percentage of payroll spend on training per annum.	1% of the salary bill spend on Targeted training and development by end of year.	Training spent at 0.30% of payroll	Workplace Skills Plan and Annual Training Report submitted. 0.28% of salary bill spent on training.	1.12% of salary bill spent on training.	Workplace Skills Plan and Annual Training Report submitted. 0.7% of salary bill spent on training.	Achieved		
Unqualified external audit report maintained.	Maintain unqualified external audit report.	Resolve external audit findings.	Report for resolving external audit findings submitted.	Report for resolving external audit findings submitted.	Report for resolving external audit findings submitted.	Achieved		
Improve Actual Time to Restore Core Network Faults.	7.5hrs to Restore Core Network Faults.	7.5hrs to Restore Core Network Faults.	6:60 hrs to Restore Core Network Faults.	6:90 hrs to Restore Core Network Faults.	6:90 hrs to Restore Core Network Faults.	Achieved		
Percentage of gross revenue paid as network performance rebates.	≤0.3% of gross revenue.	≤0.3% of quarterly gross revenue.	0.66% of quarterly gross revenue provisioned to pay rebates.	1.04% of quarterly gross revenue provisioned to pay rebates.	0.85% of quarterly gross revenue provisioned to pay rebates.	Not Achieved	Seasonal fires, vandalism, power outages, and third-party impact contributed significantly.	Focus will be on major problems for quick wins (like installation of Stand-By generators, increasing preventive maintenance, fortifying vulnerable PoPs and direct engagements with suppliers).

Performance Results

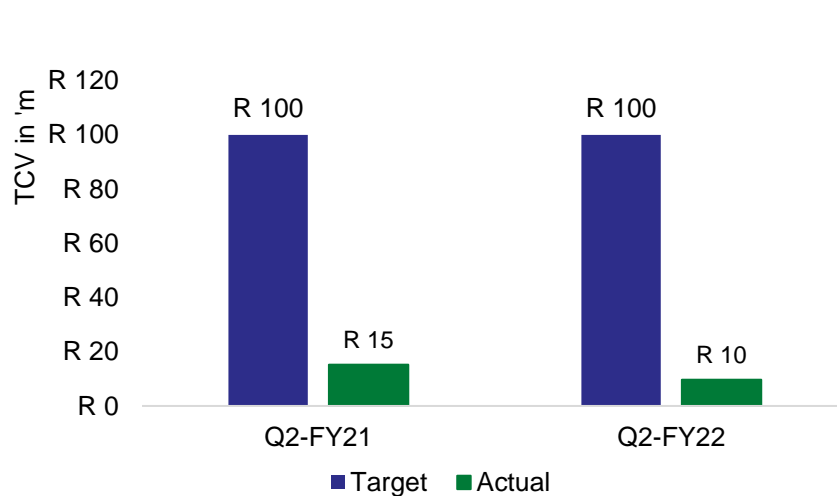
KPI	2021/22 Targets	Q2 Targets	Q1 Audited Results	Q2 Audited Results	Year to date (YTD)	Status	Reasons for Non-Achievements	Corrective Action
Number of SA Connect Sites connected to Broadband Infraco network.	Maintain 713 SA Connect Sites connected to Broadband Infraco Network.	Maintain 713 SA Connect Sites connected to Broadband Infraco Network.	713 SA Connect sites connected to BBI Network maintained.	713 SA Connect sites connected to BBI Network maintained.	713 SA Connect sites connected to BBI Network maintained.	Achieved		
Number of SMMEs allocated installation work.	Three SMMEs allocated installation work.	Allocate work first to SMMEs.	One SMME allocated installation work identified from a panel established in the previous financial year.	One SMME allocated installation work identified from a panel established in the previous financial year.	One SMME allocated installation work identified from a panel established in the previous financial year.	Achieved		
Percentage of total discretionary budget to be spent on B-BBEE.	70% of total discretionary budget to be spent on B-BBEE.	70% of total discretionary budget to be spent on B-BBEE.	99% of total discretionary budget to be spent on B-BBEE.	114% of total discretionary budget to be spent on B-BBEE.	122% of total discretionary budget to be spent on B-BBEE.	Achieved		
Percentage of total B-BBEE spend to be spent on BOEs.	40% of total B-BBEE spend to be spent on BOEs.	40% of total B-BBEE spend to be spent on BOEs.	40% of total B-BBEE spend to be spent on BOEs.	67% of total B-BBEE spend to be spent on BOEs.	49% of total B-BBEE spend to be spent on BOEs.	Achieved		

Performance Results

KPI	2021/22 Targets	Q2 Targets	Q1 Audited Results	Q2 Audited Results	Year to date (YTD)	Status	Reasons for Non-Achievements	Corrective Action
Percentage of total spend on BOEs to be spent on Black Women-Owned entities (BWOE).	10% spend of 40% spend on BWOE	10% spend of 40% spent on BWOEs.	36% spend of 40% spent on Black Women-Owned entities.	83% spend of 40% spent on Black Women-Owned entities.	58% spend of 40% spent on Black Women-Owned entities.	Achieved		
Improve B-BBEE Level.	Maintain Level 4 status.	Conduct verification audit.	Service provider not appointed.	Verification audit currently underway.	Verification audit currently underway.	Achieved		
Number of schools provided with broadband connectivity.	Broadband connectivity provided to one school identified in alignment with DCDT priorities.	Identify partners to provide sponsorship.	Mhlanganisweni Technical High School in Port St Johns has been identified by DCDT. Cyber Security Training at Ohlange Secondary School.	Partners to provide sponsorship not identified.	A province and School have been identified. Cyber Security Training at Ohlange Secondary School was conducted.	Not Achieved	COVID-19 has negatively affected most companies, who are now focusing on programs that improve their own BBBEE levels.	Major service providers will be approached to provide sponsorship at the adopted schools.



QUARTERLY SALES PERFORMANCE



QUARTERLY REVENUE PERFORMANCE



- ✓ The sales contracted for the quarter is 10% of the budget, which is the worst but was to be expected due all internal issues.
- ✓ The improvement of sales performance in the next quarter is dependant mainly in the organisation addressing the key issues of capacity constraints, stable network and lead times in equipment delivery and quick on-boarding of suppliers.
- ✓ FDThere has been number of services cancelled this quarter for multiple reasons but most is aggregating by small operators . A significant number is due to network instability. The total MRC per month of the below contracts is R163K.

Sales Pipeline



SALES PIPELINE

Priority	Bandwidth in Mbps	Total Contract Value (TCV)
High Data SOC	2000	R 31 311 787
Infrastructure Players	30000	R 2 892 891
International Players	13600	R 13 181 965
ISP Tier 3	26500	R 8 616 679
MNO-1	121000	R 20 941 901
Local / Provincial Government		R 2 800 000
Total	193100	R 79 745 223

Financial Position

	Year to Date 30-Sep-20 Actual R'000	Year to Date 30-Sep-21 Actual R'000	Year to Date 30-Sep-21 Budget R'000	Year end 31-Mar-21 Audited Actual R'000	Year end 31-Mar-22 Forecast R'000	Year end 31-Mar-22 Budget R'000
Assets						
Non-current assets	1 077 735	949 563	1 221 568	986 625	907 654	1 598 027
Property, plant and equipment	1 064 049	937 648	1 212 738	969 317	896 932	1 587 954
Deferred Expenses	13 686	11 916	8 830	17 308	10 722	10 073
Current assets	109 967	73 770	238 210	155 726	2 759	142 033
Cash and cash equivalents	-11 383	15 184	129 170	21 630	(39 446)	2 905
DCDT Advance Payment	31 005	602	-	66 006	-	-
Short term portion of deferred expense	1 139	1 128	1 139	1 128	1 128	1 139
Trade and other receivables	89 206	56 856	107 901	66 962	41 077	137 989
Total assets	1 187 702	1 023 334	1 459 777	1 142 352	910 414	1 740 060
Equity and liabilities						
Equity attributable to owners of the parent	476 935	342 282	546 417	405 606	241 935	709 426
Share capital	-	1 829 530	1 829 530	-	1 829 530	1 829 530
Shareholders' loan - DTSPS	1 351 130	-	106 000	1 351 130	-	106 000
Shareholders' loan - IDC	478 400	-	-	478 400	-	-
Retained earnings	(1 352 595)	(1 487 248)	(1 389 113)	(1 423 924)	(1 587 595)	(1 226 104)
Non-current liabilities	304 956	199 743	490 558	315 528	266 313	628 870
Interest-bearing debt / long term loans	-	-	293 742	-	20 574	478 761
Deferred revenue	304 956	199 743	196 815	315 528	245 738	150 109
Current liabilities	405 812	481 309	422 802	421 218	402 166	401 763
Trade and other payables	206 808	301 250	188 786	240 172	369 354	188 924
Current portion of deferred revenue	141 489	148 410	68 237	148 411	0	68 237
Finance Lease Liability	56 588	30 333	56 588	30 496	30 333	56 588
Current portion of long term liabilities	-	-	106 745	0	0	85 568
South Africa Revenue Services - PAYE and VAT	927	1 316	2 446	2 139	2 479	2 446
Total liabilities	710 767	681 052	913 360	736 746	668 479	1 030 633
Total equity and liabilities	1 187 702	1 023 334	1 459 777	1 142 352	910 414	1 740 060

- Cash now excludes advance payment from DCDT, which is shown separately at R0.6 million
- Cash available lowest in 3 years
- Debtors days at 50 days
- Shareholders' Loans now reflected as equity
- Deferred revenue decreased no new IRUs was received
- Capex R37 million, funded from operational cash flow
- Solvency ratio now only 24%

Financial Performance



Sep-20	Sep-21	Sep-21		Sep-20	Sep-21	Sep-21		Mar-21	Mar-22	Mar-22	
Month Actual R'000	Month Actual R'000	Month Budget R'000	Utilised %	YTD Actual R'000	YTD Actual R'000	YTD Budget R'000	Utilised %	Year end Actual R'000	Year end Forecast R'000	Year end Budget R'000	Year end Utilised %
Continuing operations											
39 858	34 612	78 372	44%	237 577	227 609	363 518	63%	463 136	443 897	914 242	49%
9 556	8 172	12 471	66%	62 106	61 609	77 227	80%	117 263	110 638	143 288	77%
4 535	3 366	3 536	95%	27 712	23 606	24 920	95%	53 752	42 845	44 991	95%
11 048	10 778	14 735	73%	64 913	65 893	78 012	84%	133 219	136 480	179 537	76%
-	-	27 256	0%	-	-	81 768	0%	-	-	272 561	0%
7 833	6 683	14 116	47%	43 722	38 102	64 306	59%	87 087	81 827	198 963	41%
6 887	5 614	6 258	90%	39 124	38 400	37 285	103%	71 814	72 107	74 903	96%
	<i>-13.2%</i>				<i>-4.2%</i>			<i>8.4%</i>	<i>-4.2%</i>		
24 180	22 476	23 058	97%	120 604	133 786	146 651	91%	217 538	278 489	307 916	90%
34 297	32 307	36 617	88%	181 137	193 368	221 655	87%	373 922	393 349	482 853	81%
	<i>-7.0%</i>				<i>10.9%</i>				<i>28.0%</i>		
5 560	2 305	41 754	6%	56 440	34 241	141 863	24%	89 213	50 548	431 389	12%
<i>14.0%</i>	<i>6.7%</i>	<i>53.3%</i>		<i>23.8%</i>	<i>15.0%</i>	<i>39.0%</i>		<i>19.3%</i>	<i>11.4%</i>	<i>47.2%</i>	
-	-	-		-	-	488		-	-	977	
17 173	18 838	18 559	102%	90 555	93 083	109 346	85%	182 524	187 142	213 905	87%
(11 613)	(16 533)	23 196	-71%	(34 114)	(58 842)	33 006	-178%	(93 311)	(136 594)	218 461	-63%
53	40	-		1 194	1 048	-		1 542	1 048	-	
(229)	(801)	(3 111)		(2 249)	(6 152)	(16 599)		(14 643)	(28 597)	(39 045)	
(274)	(861)	(3 111)	28%	(1 991)	(6 026)	(16 599)	0%	(14 115)	(28 472)	(39 045)	0%
45	60	-	0%	(259)	(126)	-	0%	(528)	(126)	-	0%
(11 789)	(17 294)	20 084	-86%	(35 170)	(63 946)	16 407	-390%	(106 412)	(164 144)	179 416	-91%
0	0	0		0	(149)	0		(87)	(149)	0	
(11 789)	(17 294)	20 084	-86%	(35 170)	(64 095)	16 407	-391%	(106 499)	(164 293)	179 416	-92%
43	(5 112)	37 576	-14%	35 501	9 967	113 820	9%	76 020	(3 417)	401 554	-1%
29.2%	26.5%	14.1%		24.2%	23.5%	17.1%		25.7%	23.4%	13.6%	

- Revenue now R136 mil (37%) below budget. Includes retention from Liquid Telecom. SA Connect lower.
- Cost Of Sales increases year-on-year by 11% (9% below budget), mainly due to ANP costs and projects.
- OPEX is 3% above the previous year and 15% below budget mainly due to reduced remuneration costs, low travel, repairs and maintenance, off the back of higher outsource costs.

Statement of Cash Flow



	Year to Date Actual 30-Sep-20 R'000	Year to Date Actual 30-Sep-21 R'000	Year to Date Budget 30-Sep-21 R'000	Year end Audited Actual 31-Mar-21 R'000	Year end Forecast 31-Mar-22 R'000	Year end Budget 31-Mar-22 R'000
Cash flows from operations	(60 099)	(29 733)	55 345	24 674	(59 336)	265 180
Cash flows from operating activities	(797)	(4 978)	(16 599)	(12 573)	(27 424)	(39 045)
Finance income received	1 194	1 048	-	1 542	1 048	-
Impairment of fixed assets	-	-	-	-	-	-
Unrealised foreign exchange gain/ (loss) difference reversed	-	-	-	-	-	-
Finance charges paid	(1 991)	(6 026)	(16 599)	(14 115)	(28 472)	(39 045)
Taxation paid	-	-	-	-	-	-
Cash (used in)/ generated from operations	(60 896)	(34 711)	38 745	12 101	(86 760)	226 134
Cash flows from investing activities	(12 068)	(37 138)	(269 517)	(17 052)	(60 807)	(747 012)
Proceeds on disposal of property, plant and equipment and intangible assets	-	-	-	-	-	-
Additions to property, plant and equipment and intangible assets	(12 068)	(37 138)	(269 517)	(17 052)	(60 807)	(747 012)
Additions to other investments	-	-	-	-	-	-
Cash flows from financing activities	(17 621)	-	356 565	(17 621)	20 485	520 406
Shareholders' loan received	-	-	106 000	-	-	106 000
Loans (repaid) received	(17 621)	-	250 565	(17 621)	20 485	414 406
Finance lease capital repaid	-	-	-	-	-	-
Increase in net financial assets	-	-	-	-	-	-
Net increase/(decrease) in cash and cash equivalents	(90 585)	(71 849)	125 793	(22 571)	(127 081)	(472)
Net cash and cash equivalents at beginning of year	110 207	87 635	3 377	110 207	87 635	3 377
Net cash and cash equivalents at end of year	19 622	15 786	129 170	87 636	(39 446)	2 905

- Cash generated by operations negative from August 2021
- Capex spend R37 million
- Cash resources decreased for the year to date and under severe constraints. Lowest cash balance.



Long-medium Term Funding Institution

- Completed DD through VDR and physical verification of contracts.
- Agreements finalised.
- Future business case to be presented to get potential funding.
- Signed MSA for the potential sale of capacity on the entire network.

Commercial Banks

- Commercial Bank: Indicated in recent past that they do not have an appetite for providing funding to Broadband Infraco.
- Current good progress is being made with Wesbank, but unfortunately indicated that they do not have an appetite to provide funding given financial performance. Will reengage now.

Vendors

- Infinera extended payment terms to 90 days;
- No funding received for IP Core Upgrade. PR re-submitted and process starting again. Updated PR to go to market signed 22 June 2021.
- Infinera account settled during March 2021.

DBSA

- DBSA awarded R583 million of funding for SA Connect Phase 1 after years of extensive negotiations.
- Minister did not approve loan facility. Loan matter closed.
- New submission to go to IFTPC & Board during October/November

Other Providers

- Engaged IDC, Makwande Capital, GNIC, SIZWE IT, Sasfin, NIPD, Traros and Workers Health for possible funding of Bofinet [ex others]
- Two submissions made to Minister in November 2020. Feedback from ADG indicated we should proceed. Continued discussion with Ministry on concerns – i.e. rationalisation and new Board.

Irregular Expenditure



R'000	Audited March 2019	Audited March 2020	Unaudited March 2021	Unaudited September 2021
Opening balance	1 603	53 935	82 747	56 476
Incurred and identified in current year	0	0		30 140
Continued to utilise services after contract expired				
Contract renewal not approved by NT				30 140
Incurred in previous years incurred in the current year	13 277	34 697	5 776	2 247
• Non-compliance to cost containment instructions issued by National Treasury				
• Non-compliance to a provision of legislation (Co Act)				
• Continued to utilise services after contract negotiations failed	6 398			
• Website Hosting	31			
• Tender not advertised for 21 working days	5 974	15 095		
• Continued to utilise services after contract expired	874	858	793	
• Contract renewal not approved by NT	0	5 467	4 984	2 247
Carried forward	14 879	75 355	88 822	89 304

Irregular Expenditure

R'000	Audited March 2019	Audited March 2020	Unaudited March 2021	Unaudited August 2021
Brought forward	14 879	75 355	88 822	89 304
Incurred in prior year, identified in the current year	39 258	7 392	299	0
• Continued to utilise services after contract negotiations failed/expired	26 324			
• Tender not advertised for 21 working days	3 885	7 392		
• Contract renewal not approved by National Treasury			51	
• Continued to utilise services after contract expired	9 049		248	
Removal from register	(202)		(32 346)	
Condoned during the year	0	0	0	0
Amount not condoned carried over*	R53 935	R82 747	R56 476	R89 304
*Internal processes in progress				

- We are in process of requesting condonation through the process for the rest of the irregular expenditure.
- New irregular expenditure relates to TFR. There were contract extensions done (1st 3 months and then 2 months), that National Treasury views as irregular. This is because the extension that was done by National Treasury was treated as an expansion, and by BBI as a new agreement. This will now serve at the LCSCS.

SA Connect per Province maintained

DCDT KEY FOCUS AREAS

DIGITAL TRANSFORMATION

ENABLING DIGITAL ENVIRONMENT

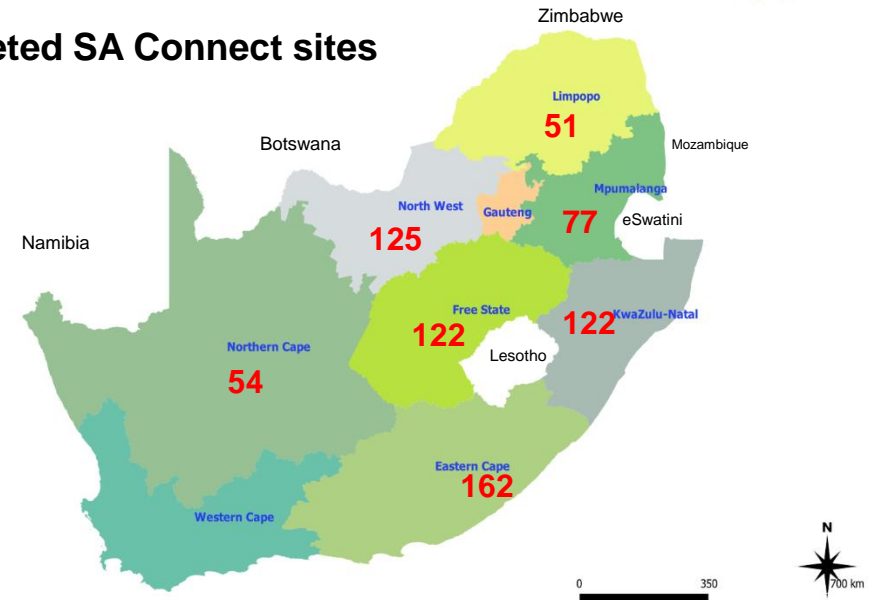
DIGITAL INFRASTRUCTURE

KEY DELIVERY PARTNERS



SA CONNECT

Number of Completed SA Connect sites



Number of Completed and Planned SA Connect Sites

Province	Completed
Eastern Cape	162
Free State	122
KwaZulu Natal	122
Limpopo	51
Mpumalanga	77
North West	125
Northern Cape	54
Gauteng	0
Western Cape	0
Total	713

Targeted Procurement

	BBI BBEE Scorecard			
	Areas	Total Procurement Spend	Target/s	Actual %
SCM Performance Compact	BBEE Spend	R 21 309 622.67		
	BBEE Multiplier	R 24 283 601.82	70%	114%
	BOE	R 14 284 777.91	40%	67%
	BWO	R 11 858 372.44	10%	83%
	PWD	R 2 289 657.00	1%	16%
	BYO	R 2 592 051.77	5%	18%
Verification Compact	Value Adding	R 20 977 153.78	80%	98%
	Generic	R 5 910 340.10	N/A	28%
	QSE	R 2 605 053.87	15%	12%
	EME	R 12 794 228.70	15%	60%
	> 51% Black Owned	R 14 342 586.30	51%	67%
	> 30% Black Women Owned	R 12 656 503.89	30%	59%

- The B-BBEE multiplier scorecard achieved at the end of September 2021 was 114% against the ICT sector code target of 70%; The target for Black-Owned Entities (BOE) was achieved at 67% against the target of 40%;
- Spending on Black Women-Owned Entities is at 83%, well above the target of 10%;
- The target for Black Youth-Owned Entities was met at 5% against a target of 18%; and
- The target for People with Disabilities was met at 18% against the target of 1%.
- The value-adding spend was achieved at the end of September at 98%;
- Spend on suppliers that are >30% Black Women-Owned was met at 59%;
- Spend on suppliers that are >51% Black Owned was met at 67% against a target of 51%;
- Exempted Micro Enterprises (EME) suppliers that are > 51% Black-Owned was met at 30%; and
- Spend on Qualifying Small Enterprises (QSEs) was not achieved at 12% against a target of 15%.

Staff Movement

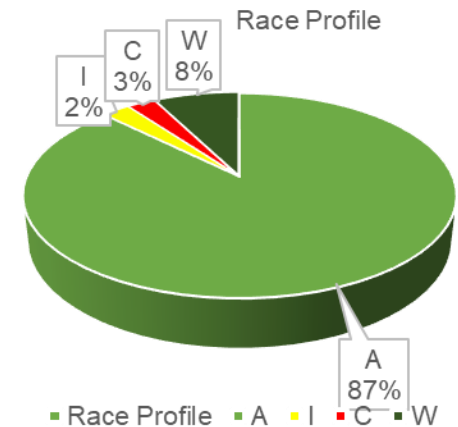
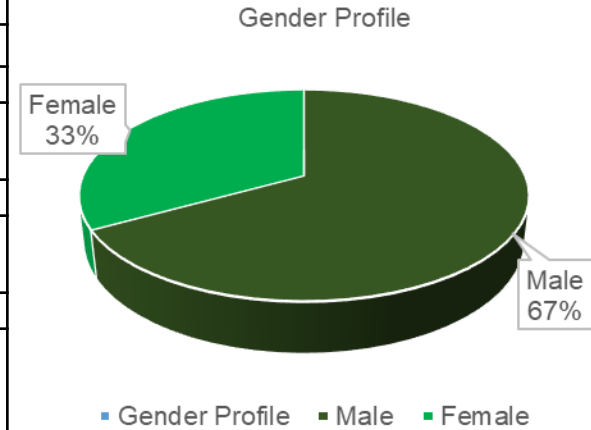
CATEGORIES	Quarter 3	Quarter 4	Quarter 1	Quarter 2
	2020/21	2020/21	2021/22	2021/22
Opening Balance	125	124	124	122
Permanent staff	122	121	121	120
Contract(s)	3	3	3	2
Appointments	0	0	0	0
Permanent staff	0	0	0	0
Contract(s)	0	0	0	0
Losses	-1	0	-2	-1
Resignations	0	0	-1	0
Termination of contract	0	0	-1	0
Involuntary reductions	-1	0	0	-1
Closing Headcount	124	124	122	121
Permanent staff	121	121	120	119
Contracts	3	3	2	2

The total company headcount inclusive of Contract Employees was at 121, less with 1 due to resignations

Employment Equity Demographic profile

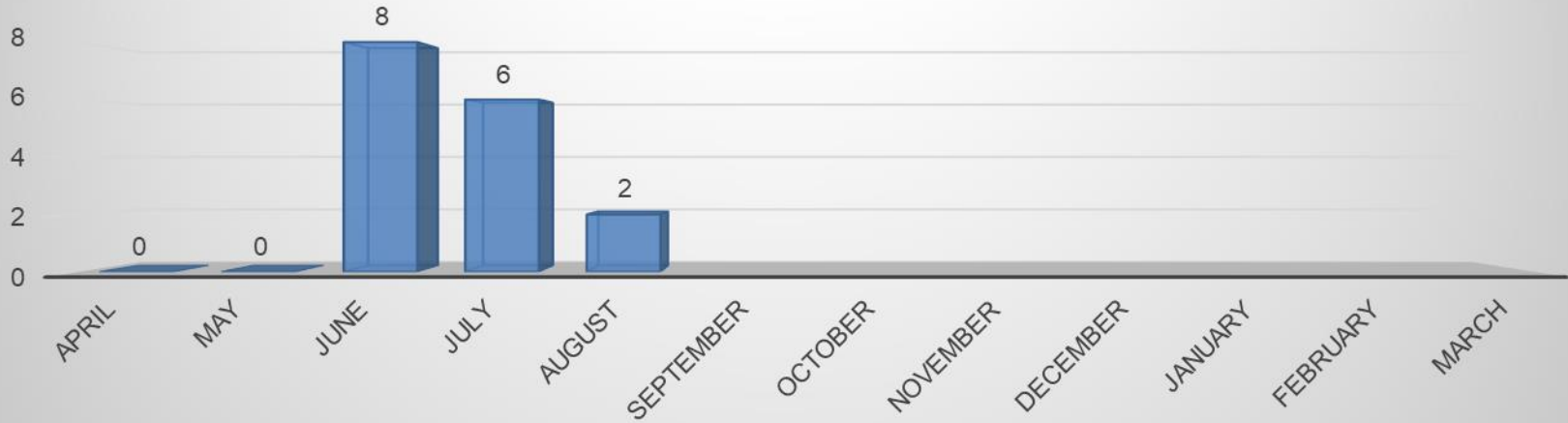
EMPLOYMENT EQUITY DEMOGRAPHICS

Job Levels	Male				Female				Foreign Nationals		Sub Totals		Total
	A	C	I	W	A	C	I	W	M	F	M	F	
Executives	3	0	0	1	1	0	0	0	0	0	4	1	5
	60%	0%	0%	20%	20%	0%	0%	0%	0%	0%	80%	20%	100%
Senior Management	5	1	0	1	2	0	0	0	1	1	8	3	11
	45%	9%	0%	9%	18%	0%	0%	0%	9%	9%	73%	27%	100%
Professional Specialist & Middle Management	24	1	2	4	11	1	0	0	0	0	31	12	43
	56%	2%	5%	9%	26%	2%	0%	0%	0%	0%	72%	28%	100%
Supervisory & Junior Management	11	0	0	2	4	0	0	0	0	0	13	4	17
	65%	0%	0%	12%	24%	0%	0%	0%	0%	0%	76%	24%	100%
Operational	24	0	1	0	14	0	0	0	0	0	25	14	39
	62%	0%	3%	0%	36%	0%	0%	0%	0%	0%	64%	36%	100%
Support	0	0	0	0	5	0	0	1	0	0	0	6	6
	0%	0%	0%	0%	83%	0%	0%	17%	0%	0%	0%	100%	100%
Total permanent and fixed term contracts	67	2	3	8	37	1	0	1	1	1	81	40	121
	55%	2%	2%	7%	31%	1%	0%	1%	1%	1%	67%	33%	100%
GRAND TOTAL	67	2	3	8	37	1	0	1	1	1	81	40	121



COVID-19 Statistics (YTD)

Monthly Reported Cases (2021-22 FY)



Strategic Risk Register Q2

NO	MATERIAL MATTERS	RISK DESCRIPTION	Q1 RESIDUAL	Q2 RESIDUAL	Movement
			2021/22	2021/22	
1	Information and data security	Cyber security risk	Level 2	Level 2	No change
2	Financial sustainability	Delays in conversion of the Shareholder loan to Equity	Level 3	Level 4	Risk Improved
3	Financial sustainability	Possible failure to continue as a going concern	Level 2	Level 1	Risk Worsened
4	Financial sustainability	Difficulty to raise Funds	Level 2	Level 2	No change
5	Evolving technology and ICT market trends	Inability for the organisation to respond to rapid changes in market and technology	Level 2	Level 2	No change
6	Economic and political environment	Possible loss of the market share	Level 2	Level 2	No change
7	Capital investment on infrastructure	Commercialisation of fibre infrastructure	Level 1	Level 1	No change
8	People skills and expertise	Impact of Covid_19	Level 2	Level 2	No change
9	People skills and expertise	Failure to innovate/ embrace innovation	Level 2	Level 2	No change
10	Financial sustainability	Margin pressure	Level 2	Level 2	No change
11	Government Regulations	Regulatory constraints impeding organisational agility.	Level 2	Level 2	No change
12	Stakeholder Management	Inadequate stakeholder management	Level 3	Level 3	No change
13	People skills and expertise	Moratorium on filling of vacancies	Level 1	Level 1	No change

Level 1	Very High Risk
Level 2	High Risk
Level 3	Medium Risk
Level 4	Low Risk

Internal Audit Progress

Description	No of Audits – Annual	No of Audits – Quarter 2	Completed	In-Progress	Not Yet Due
Planned Audit (Core) – In-house	39	15	6	6	3
Planned Audit (Core) – Outsourced	0	0	0	0	1
Ad-hoc request	3	0	0	0	0
Total for the Quarter		0	6	6	3
Quarterly Percentage		30%	12%	12%	6%
Total year to date	42		14	6	22
Year to date percentage	100%	100%	33%	14%	53%

Progress on the audit plan for 2021/22 is at 12% completion, 12% on progress, and 6% not started

External Audit Progress

Description	Progress Status	
	Number	%
Findings addressed	3	38%
Findings partially addressed	1	12%
Findings not yet due	4	50%
Finding not addressed	0	0%
Total Findings	8	100%

Going concern finding has remained outstanding from 2018/19, due to inability to raise funding.

External Audit Findings - details



#	Description	Progress Status	Impact /Risk factor	Materiality
1	Material uncertainty related to going concern (Repeat)	In Progress	Significant	Significant
2	Creditors with debit balances not reclassified (Repeat)	Resolved	Moderate	Moderate
3	Non cashflow items included on the cash flow statement	Resolved	Low	Moderate
4	Irregular expenditure incurred	Resolved	Significant	Significant
5	Assets carried at R1 net book value or less (PPE) (Repeat)	Not Yet Due	Low	Moderate
6	Asset attributable costs not capitalized to the main asset	Not Yet Due	Low	Moderate
7	Lack of descriptive information on fixed asset register Analysis (Repeat)	Not Yet Due	Moderate	Moderate
8	Discrepancies identified in the supply chain management policy	Not Yet Due	Moderate	Moderate



THANK YOU