INTEGRATED REPORT 2023

SENTECH
connecting You

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connecting You

INTEGRATED REPORT 2023

enabling connectivity and content delivery

Enabling Progress through Technology... Connecting You

Partnership and Collaboration

Strategic partnerships and collaborations aid market entry, offer local insights, and mitigate risks. Joint ventures leverage expertise for mutual benefits.

ABOUT OUR REPORT

BASIS FOR PREPARATION

This report has been prepared in accordance with the:

- SENTECH Act (No. 63 of 1996), as amended
- Companies Act (No. 71 of 2008), as amended
- Electronic Communications Act (No. 36 of 2005)
- King Report for Corporate Governance for South Africa 2016 (King IV)
- International Financial Reporting Standards (IFRS)
- National Treasury Framework for Managing Programme Performance Information
- Public Finance Management Act (No. 1 of 1999) (PFMA)
- National Treasury Regulations (2005) and
- Broad-Based Black Economic Empowerment Code.

SCOPE AND BOUNDARY

The report covers SENTECH's business performance for the financial year (FY) ended 31 March 2023. In addition to providing comprehensive reports on financial and operational performance, it focuses on the organisation's corporate governance, socio-economic contribution, environmental management, and its overall commitment to applying the principles outlined in King IV.

The information presented here was selected and approved by the Board of Directors (the Board) and the Executive Committee (EXCO) and is based on both quantitative and qualitative metrics. Both bodies are confident that the information presented is relevant and most material to the Company's stakeholders and that it will enable them to assess the Company's ability to create value in the short, medium, and long term.

This report is aligned with the requirements of the International Financial Reporting Standards and all material issues have been addressed. The report outlines SENTECH's value creation methodology through its capitals and profiles other strategic issues as per SENTECH's corporate plan and strategy.

COMBINED ASSURANCE

SENTECH's combined assurance model recognises three lines of defence to maximise oversight, namely management review, internal and external assurance, and risk management and control. The Board and the Audit and Risk Committee (ARC) rely on combined assurance to assess and form a view on the adequacy of the Company's management and internal controls. A combined assurance approach was adopted in the preparation of this report.

FORWARD-LOOKING STATEMENTS

The report contains forward-looking statements, which represent the Company's assessment of future expectations, risks, uncertainties, and other important factors. Should some of the underlying assumptions in these statements prove incorrect, actual developments and results could differ from those anticipated at the time of writing. SENTECH does not undertake any obligation to update, disclaim or alter any forward-looking statements contained in this report, whether because of new information, future events, or other developments.

BOARD STATEMENT OF APPROVAL AND RESPONSIBILITY

The SENTECH Board of Directors (the Board) is responsible for the preparation of the Integrated Report and for the assessment made regarding the information provided. The Board is also responsible for establishing a system of internal controls designed to provide reasonable assurance regarding the integrity and reliability of the report.

The Board confirms that, having reviewed the preparation and presentation of the Integrated Report as well as its contents, it considers the report to be accurate, reliable, and complete in presenting relevant information and material matters.

This report, and the Annual Financial Statements it contains, comply with the requirements of the PFMA, the SENTECH Act and the Companies Act. The Board is the Accounting Authority in terms of Section 49(2)(a) of the PFMA.

OWNERSHIP

The Company is wholly owned by the Government of the Republic of South Africa as represented by the Minister of Communications and Digital Technologies.

MEMORANDUM OF INCORPORATION

The Company's memorandum of incorporation (MOI) is aligned with the requirements of the Companies Act and was approved by the Shareholder Representative. The approved MOI was accepted and placed on file by the Companies and Intellectual Property Commission (CIPC) on 14 May 2014.

SHAREHOLDER'S COMPACT

The Shareholder's Compact includes key performance indicators (KPIs) which are revised annually by agreement between the Shareholder Representative and the Board of Directors and serve as the performance monitoring framework for the Company. Performance against the Shareholder's Compact for the reporting period is outlined on page 24 of this report as required by Section 55(2) of the PFMA.

EXTERNAL AUDITORS

Ngubane & Co. are the external auditors.

DIRECTORS' INTERESTS

The Directors have no interest in any third party or companies responsible for managing any of the business activities of the Company. During the financial year, no contracts were entered into in which directors or officers of the Company had an interest and which significantly affected the business of the Company.

PUBLIC-PRIVATE PARTNERSHIPS

The Company did not enter into any public-private partnerships during the reporting period.

EVENTS AFTER THE DATE OF FINANCIAL POSITION

There were no adjusting or non-adjusting events identified after the date of financial position.

DIVIDENDS

There were no dividends declared in respect of the year ended 31 March 2023.

LIQUIDITY AND SOLVENCY RATIOS

The liquidity ratio of 4 times and the solvency ratio of 66% are favourable. This indicates that SENTECH will easily be able to settle its short- and long-term liabilities. These ratios also support the Board's going concern assessment.

GOING CONCERN

The Directors confirm that they are satisfied that the Company has adequate resources to continue business for the financial year beginning 1 April 2023. For this reason, they continue to adopt the going concern basis for preparing the Annual Financial Statements as confirmed in this Statement of Responsibility by the Board.

In our opinion, the Annual Integrated Report fairly reflects the operations of SENTECH for the financial year ended 31 March 2023.

Mr Mlamli Booi	**Ms Sedzani Mudau**
Chief Executive Officer	*Chairperson of the Board*

SENTECH AT A GLANCE

WHO WE ARE

SENTECH is a South African-based digital infrastructure and content delivery company providing services in South Africa and across the African continent.

SENTECH has an extensive, strategically positioned infrastructure giving coverage to more than 80% of the South African population. This infrastructure gives SENTECH the ability to offer facility leasing and co-location on our masts, and our site location enables us to provide connectivity and infrastructure services to the retail, Telcos, and public sectors. We provide broadcast transmission services to all commercial and public broadcasters, including daily service to over 150 community radio stations countrywide.

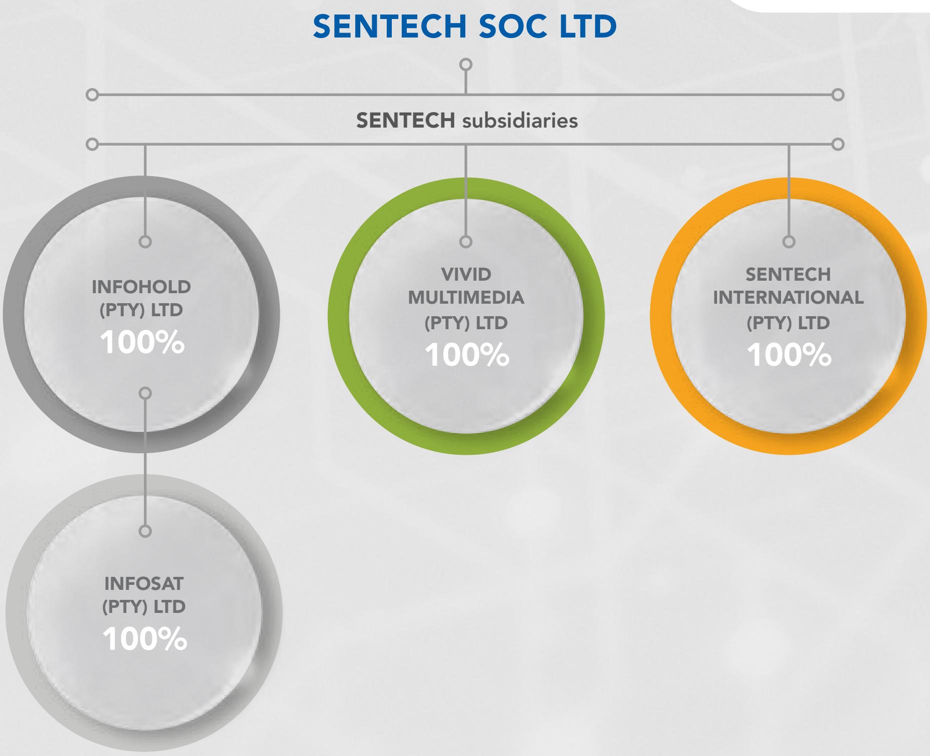
As holder of both an Individual Electronic Communications Network Services (I-ECNS) licence and an Individual Electronic Communications Services (I-ECS) licence, the Company is able to provide both voice-based telecommunications and multimedia services.

SENTECH is a Schedule 3B Government enterprise in terms of the PFMA and derives its mandate from legislation, particularly the SENTECH Act and the Electronic Communications Act (ECA). The Company is also a B-BBEE level 1 contributor.

SENTECH was corporatised as a wholly owned subsidiary of the South African Broadcasting Corporation (SABC) in 1992. In 1996, the SENTECH Act No. 63 of 1996 was amended, converting SENTECH into a separate public entity, owning the largest infrastructure in the country for terrestrial signal distribution for both TV and radio.

LEGAL STRUCTURE

All subsidiaries are 100% owned by Sentech.



VALUE OFFERINGS

VIDEO AND AUDIO CONTENT DISTRIBUTION

As the leading South African broadcasting signal distributor, we ensure reliable access to TV and radio. We provide video and audio content infrastructure and platforms to broadcasters and content providers in South Africa and across Africa, which we deliver through satellite direct-to-home (DTH), digital terrestrial television (DTT), and over-the-top (OTT) terrestrial network. Other services include multiplexing, encoding, and encryption.

TOWERS

We offer facilities leasing or co-location on our towers and masts to South Africa's leading mobile network operators. We provide passive infrastructure solutions with anticipated value-added services to be provided for customers, such as energy, network operation centres (NOCs), build-to-suit, and third-party contract management.

BROADBAND

We connect households, healthcare, education facilities and communities in South Africa through Satellite (VSAT) and fixed wireless and have plans to provide 5G, cloud services, and fibre.

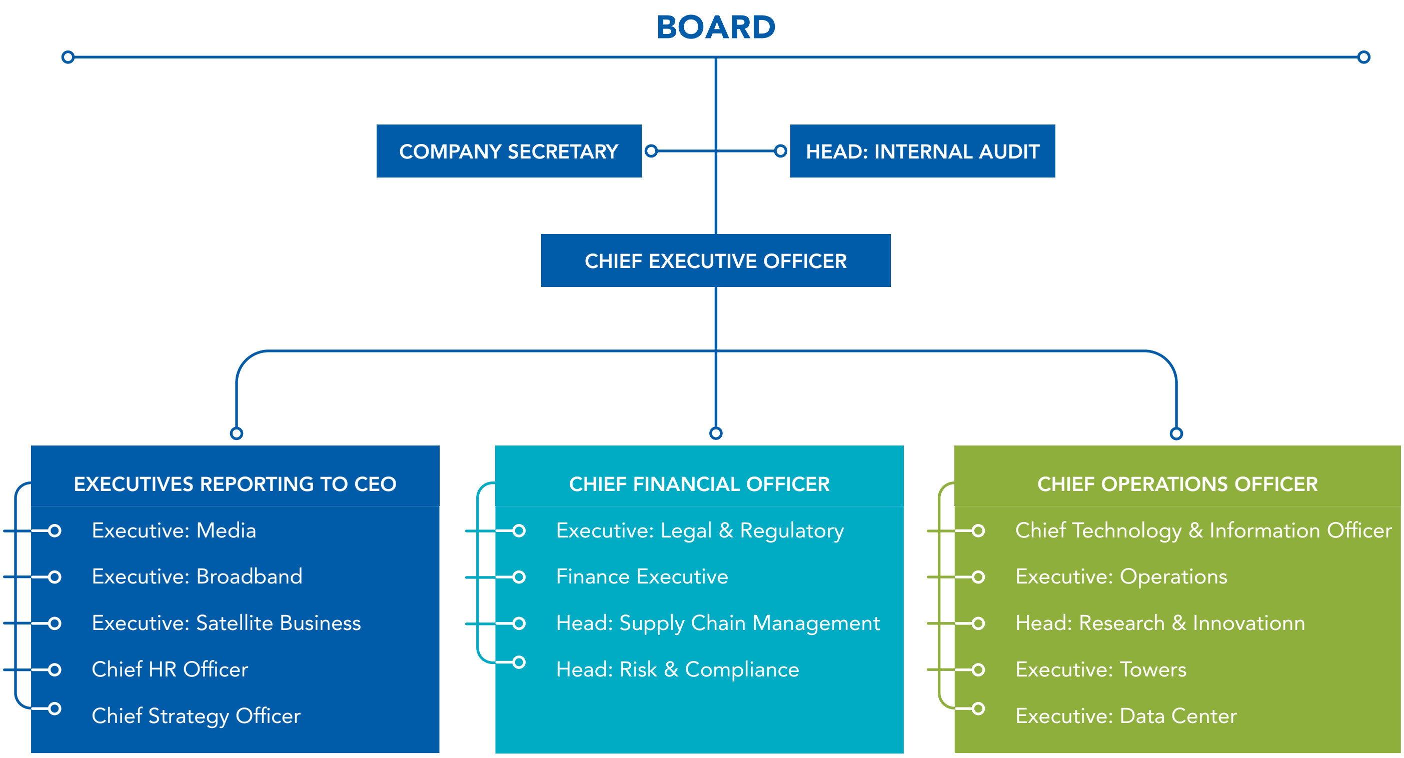
DATA CENTRE INFRASTRUCTURE PROVIDER

SENTECH currently offers Tier 2 datacentre services and we are in the process of upgrading to a Tier 3 datacentre that will enable us to offer enterprise-level cloud and infrastructure hosting services. We have conducted technical market analysis of our datacentre potential with plans to grow in this area, especially through partnerships and leveraging on our existing infrastructure.

SATELLITE OPERATIONS

We provide satellite capacity for broadcasting and broadband connectivity for South Africa and Africa.

ORGANISATIONAL STRUCTURE



SENTECH AT A GLANCE CONTINUED

Our network coverage includes:

- 135 VSAT internet connectivity sites for DSD and Mpumalanga Department of Finance (DoF);
- 114 SA Connect sites (35 + 20 Phase 1A, 59 Phase 1B);
- 20 COVID response connectivity sites (14 fixed wireless + 6 VSAT);
- Satellite coverage for sub-Saharan Africa;
- DTT sites providing a footprint coverage to approximately 84% of the national population;
- 192 Frequency Modulation (FM) sites servicing 151 radiobroadcasters including 1 public broadcaster (SABC), 21 commercial broadcasters, 4 community television broadcasters and 122 community radio stations; and
- Two 5G trial sites.

PERFORMANCE SNAPSHOT

Total Revenue
R1.411 bn
FY 2022: R1.3bn

Earnings Before Tax
(R353K)
FY2022: R200m

Net Profit/(Loss) After Tax
(R147m)
FY2022: R119m

Performance against predetermined objectives
87%
FY 2022: 63.3%

EBITDA
R234m
FY2022: R420m

Audit Outcome
Clean Audit Achieved
FY2022: Unqualified with Findings

Customer Satisfaction Score
76.3%
FY2022: 75.5%

Reputation Score
71%
FY2022: 69%

Brand Equity Score
85%
FY 2022: 76%

B-BBEE
Level 1

Socio-economic Transformation Spend
R617m
FY 2022: R667m

SMME Early Payments
14 days
FY 2022: 2 days

CHAIRPERSON'S STATEMENT

SENTECH continued to remain effective and has demonstrated ethical leadership, capable risk management, and compliance with relevant legislations, regulations, and policies.

Sedzani Mudau
Chairperson of the board

It gives me pleasure to present on behalf of the Board the SENTECH Integrated Report 2023. The organisation has managed to navigate a tough economic climate muted by the slowing down of economic activity during the pandemic. As economies found their path through the recovery period, SENTECH demonstrated its resilience by achieving 87% of its corporate targets as at the end of March 2023.

This performance occurred amid slow economic growth which dampened advertising revenue performance, directly impacting the organisation's biggest revenue driver. It is also noteworthy that the company achieved a clean audit, an indication of effective corporate governance.

In response to market changes and the prevailing economic climate, the Board approved a Corporate Strategy and Plan designed and developed to take the organisation through its transformation journey, repositioning SENTECH as a state digital infrastructure company, ensuring growth and sustainability into the future. In the immediate-to-long term, the Board's strategy is intended to enable the organisation to diversify its service offering and enter into new markets with the goal of realising new revenue growth and sustainability into the future.

To create a sustainable enterprise, the Board supports the Company's diversification strategy which is in line with its vision of becoming a global leader in digital infrastructure. As a result, the Company is embarking on growth strategies that include organic activities like innovation of new products and solutions, acquisitions, strategic partnerships, and global expansion. This will be embedded in the organisation's strategic choices, focusing on media, broadband, towers, datacentres, and satellite.

The completion of the state-owned company (SOC) rationalisation, namely the acquisition of Broadband Infraco by SENTECH, remains relevant in ensuring a sustainable digital infrastructure enterprise as envisaged by the Shareholder. Notable progress has been made, as the pending approval of the acquisition of BBI was expected to be concluded within the current fiscal year. SENTECH remains committed to retaining all essential critical skills during the rationalisation to ensure the key organisational objectives can be met.

SENTECH continued to remain effective and has demonstrated ethical leadership, capable risk management, and compliance with relevant legislations, regulations, and policies. The Board is confident that the executive team under the CEO's leadership will continue driving effective strategy execution, guided by our organisational values.

The term of office for the current Board came to an end on 30 November 2022 and this was followed by an extension of its term from 1 December 2022 until 31 March 2023. Subsequent to the extension period, the full Board, including two new members, was appointed effective 1 April 2023.

The priorities of the Board include the finalisation of the SOC rationalisation for BBI /SENTECH, business focus, and diversification through the development of new businesses, products, and markets. This will result in multiple revenue streams.

A critical contribution from SENTECH is to ensure the achievement of Analogue Switch-off (ASO) which will shift South Africa into an opportunity era of exponential development and transformation. The Company is committed to complete the digital migration project so as to transition the country to digital television and release the high-demand spectrum for other usage.

To deliver on SENTECH's mandate, a key focus area for the Board includes the launch of a South African communication satellite, thereby bringing the organisation closer to realising its goal of enabling connected people and devices to become smart communities and providing a platform for universal access.

The Board will continue providing oversight and support in the implementation of organic growth initiatives such as strategic partnerships, strengthening the broadband business, and developing new products in order to deliver on the Shareholder's mandate of delivering a digitally transformed economy and connected society.

Finally, I would like to extend my gratitude to my colleagues on the Board for their professionalism and for providing ethical leadership. Similar thanks are due to the executive management and staff under the leadership of our CEO, Mr Mlamli Booi. Gratitude also goes to our various stakeholders, including our customers, suppliers, communities, partners, media, and organised labour. Appreciation is also extended to the former honourable minister, Khumbudzo Ntshavheni and the current Minister of Communications and Digital Technologies, the honourable Mondli Gungubele, for his continuous support and guidance.

Ms Sedzani Mudau
Chairperson of the Board

OUR BOARD OF DIRECTORS




INTERIM BOARD AS AT 1 DECEMBER 2021

SEDZANI MUDAU

Chairperson of the Board

- Appointment: 1 Dec 2021
- Reappointed 1 Dec 2022
- Reappointed 1 April 2023
  - MBA
  - Senior Executive Development Program (SEP)
  - Management Advanced Program (MAP)
  - BCom (Hons) Accounting
  - BCom Financial Accounting
  - CA (SA)

MAPULENG MOROPA

Chairperson: Technology, Sales, and Regulatory Coordination Committee

- Appointment: 1 Dec 2021
- Reappointed 1 Dec 2022
- Reappointed 1 April 2023
  - MBA
  - Programme in Management Development (PMD)
  - BSc Information Technology

VERONICA MOTLOUTSI

Chairperson: Investment Committee

- Appointment: 1 Dec 2021
- Reappointed 1 Dec 2022
- Reappointed 1 April 2023
  - MBA
  - PGDip Business Administration
  - MTech Business Administration Systems
  - BTech Information Technology
  - NDip Information Technology

TSHAVHUYO SESANE

Chairperson: Social and Ethics Committee

- Appointment: 1 Dec 2021
- Reappointed 1 Dec 2022
- Reappointed 1 April 2023
  - PhD Engineering Management
  - MBA
  - BSc (Hons) Applied Science Industrial Systems
  - PGDip Corporate Law
  - BTech Industrial engineering
  - NDip Industrial Engineering



EXECUTIVE DIRECTORS

MLAMLI BOOI

Chief Executive Officer

- Appointed: 15 October 2015
- Term was extended for 3 years from 1 September 2020 until 31 October 2023
  - MSc Electrical Engineering
  - PGDip Project Management
  - CD (SA) and Pr.Eng

TEBOGO LESHOPE

Chief Operating Officer

- Appointed: 1 March 2018 until 28 February 2023.
- Re-appointed: 1 March 2023 until 28 February 2026
  - MBA
  - BTech Electrical Engineering
  - NDip Electrical Engineering

RUDZANI RASIKHINYA

Chief Financial Officer

- Appointed 1 November 2022 – 3 months contract.
- Appointed: 1 February 2023 on an 18 months contract
  - Bcom (Hons)
  - CA (SA)

NKHUMELENI MUDUNUNGU

Non-Executive Director

- Appointment: 1 Dec 2021
- Reappointed 1 Dec 2022
- Reappointed 1 April 2023
  - LLB
  - B Juris

MBASA METUSE

Chairperson: Human Resources, Nominations and Remuneration Committee

- Appointed: 20 April 2020 and term ended 31 October 2021.
- Reappointed on 1 Dec 2021
- Reappointed 1 Dec 2022
- Reappointed 1 April 2023
  - MBA
  - Masters on Social Policy and Development Research Methods
  - PGDip Business Administration
  - BSocSci
  - Project Management Certificate

THEMBA PHIRI

Chairperson: Audit and Risk Committee

- Appointed 1 December 2021
- Reappointed 1 December 2022
- Reappointed 1 April 2023
  - Master's degree in Public Administration (Public Policy)
  - PGCert Telecommunications Policy, and Regulation and Management
  - PGCert Broadcasting Policy
  - Leadership and Management Development Programme
  - BTech Public Management specialisation Economics and Public Management
  - NDip Public Administration and Management

KEY FOCUS AREAS OF THE BOARD

The Board extensively reviewed the risks related to sustainability during the period, which necessitated a review of the corporate strategy. The members are confident that the amendments made to the strategy support sustainability, an area that will continue to receive special attention going forward.

After the strategic review, the Board approved several strategic initiatives aimed at growing SENTECH's business. The proposed acquisition of BBI by SENTECH, business development, and long-term sustainability are standing items on the Board's agenda.

The Board recognises that the management of any business is fundamentally about managing risks. SENTECH's risk management processes are informed by its Risk Management Framework and Policy, which was also reviewed during the reporting period.

In addition, the Board and Board Committee Charters were reviewed and aligned to our amended strategy. The Board is confident that the Board committees are adequately capacitated to discharge their responsibilities. Finally, the Board approved various policies related to governance.

ACTIVITIES OF THE BOARD

Quarter	Matter
Quarter 1 2022 **April – June**	• Reviewed the Board Committee charters • Reviewed the FY2022/23 Fourth Quarter Business Performance Report • Reviewed the FY2022/23 Fourth Quarter Risk Management Report • Maintained overview of business performance • Reviewed policies • Considered the Board Year Plan FY2022/23 • Considered the BDM Report • Reviewed the Sustainability Plan • Attended BBI and SENTECH Exco: SDIC Business Model Report Presentation and BBI acquisition • Considered the COVID-19 Report • Considered CEO's scorecard for the FY2022/23 and the CEO's Short-term incentive/Once-off payment • Agreed condonation of fruitless & wasteful expenditure • Reviewed the Integrated Report and Annual Financial Statements. • Reviewed a request for extension of employment contract – COSEC • Considered tenders in terms of DOA
Quarter 2 2022 **July – September**	• Reviewed the Board Charter and the FY2022/23 annual work plan • Considered the recruitment of the CFO • Reviewed the FY2022/23 First Quarter Sustainability Plan Implementation Report • Considered the External Audit Report and Management Report • Reviewed the Integrated Annual Report for FY2021/22 and the Annual Financial Statements • Reviewed policies • Considered SENTECH and Broadband Infraco capabilities • Considered the Broadcast Digital Migration (BDM) Project Report • Considered progress on the CFO recruitment • Considered the COMSOL acquisition • Considered salary increases and STI

Quarter	Matter
Quarter 3 2022 **October – December**	• Reviewed business performance • Reviewed the BDM and STB Installations Report • Considered the COO contract renewal • Considered progress on the interim CFO recruitment • Considered progress on the Company Secretary • Considered motivation for bank signatories • Considered condonation of irregular, fruitless and wasteful expenditure • Considered the Sale of Shares Agreement – BBI/SENTECH acquisition and SOC rationalisation term sheet • Considered the Investment Mandate • Reviewed policies • Considered the SABC payment arrangement • Considered the BBI Due Diligence Report • Considered the sale of Shares Agreement • Considered motivation for bank signatories • Considered the way forward for BBI Due Diligence Report and Sale of Shares Agreement • Made Board strategy resolutions • Considered the organisational structure
Quarter 4 2023 **January – March**	Reviewed the FY2022/23 Third Quarter Business Performance Report Considered the FY2023/24 – 2025/26 Draft Corporate Plan Reviewed the Shareholder's Compact for FY2023/24 Considered fruitless and wasteful expenditure Reviewed the BDM Plan and STB Installations Progress Report Considered the SENTECH Sustainability Report Considered the STI Framework Considered the Voluntary Separation Programme Considered the Investment Mandate Considered the update on the BBI funding Considered the BBI Consolidation Update and legal opinion Considered the SABC debt matter which exceeded risk tolerance level Considered concurrence of the appointment of External Auditors Considered the FY2023/24 – 2025/26 Final Corporate Plan Considered the Short-term Incentive (STI) Framework Considered the BBI Turnaround Plan

Other Governance matters are covered in detail from Page 50 of this report.

CHIEF EXECUTIVE OFFICER'S OVERVIEW

We continued improving digital skills training with a roll out of 492 digital training interventions during the reporting period against a target of 480.

Mlamli Booi
Chief Executive Officer of the board

SENTECH remained steadfast in delivering on its mandate and showed unparalleled resilience in the face of socio-economic challenges post the pandemic. The Company has geared itself to leverage the current economic recovery phase which includes a high demand for broadband connectivity and data services. This has been a result of an increase in the demand for internet services, generated by an increase in online consumption.

However, the organisation has also noted how online consumption has negatively impacted advertising revenues for traditional radio and television customers, in turn impacting the organisation's continuing business revenues.

The organisation experienced a low revenue growth period with overall revenue of R1.4 billion – a 3% increase from the previous year. SENTECH business achieved 76.3% in customer satisfaction against the target of 75%, which indicates focus on implementing the customer centricity. The Company continues to drive socio-economic transformation by supporting small enterprises, communities, and employees through procurement, skills development, and corporate social investment.

Our achievement of transformation is a result of:

- preferential procurement spend of R1.578 billion, which benefited Small, Medium & Micro Enterprises (SMMEs), youth, black-owned enterprises with black ownership of 51% or more, and black-owned enterprises with female ownership of 30% or more;
- skills development spend of R19 million;
- enterprise and supplier development spend of R6 million on three SMMEs; and
- socio-economic development spend of 1.5% of net profit after tax.

We continued improving digital skills training with a roll out of 492 digital training interventions during the reporting period against a target of 480. To ensure the right fit and talent, we have also begun the process of reviewing our operating model.

We managed to convert 12 of our sites to clean energy, bringing the number of converted sites and offices to 19. We aim to convert 100% of the identified sites by 2025. Our energy reduction efforts resulted in a decrease of approximately 35% tonnes of carbon dioxide equivalent (tCO_2e) in indirect (Scope 2) emissions. However, we experienced a substantial increase of 145% in direct (Scope 1) emissions as a result of prolonged periods of Stand-By-Generator (STG) runs due to persistent loadshedding. The impact of (Scope 1) emissions will be mitigated by the implementation of solar plant with storage capacity in the coming financial year.

STRATEGIC PERFORMANCE REVIEW

Strategic Goal 1

Launch SA Communication Satellite and build connectivity infrastructure

SENTECH wants to become a global leader in digital infrastructure for connectivity and content delivery. The Shareholder has mandated the organisation to drive the satellite launch programme and play a significant role in the management and implementation of SA Connect. This mandate is aimed at increasing access to secure digital infrastructure and services. To achieve this strategic goal, the Company will execute three main strategic pillars, namely digital infrastructure, customer centricity, and innovation and a data-driven organisation.

Strategic Goal 2

Enable digitally connected people, devices, and communities

Strategic goal 2 aligns with our Shareholder's priority of a digitally transformed economy and society. It will also be achieved through the three strategic pillars of digital infrastructure, customer centricity, and innovation and a data-driven organisation.

Digital infrastructure

The digital infrastructure pillar entails building and operating OTT platforms, border management solutions, broadband sites, and set-box installation. Critical in this pillar is the launch of the South African satellite for broadband, broadcast, and related services. Building and operating these critical infrastructures will require reliable partners that we as an organisation can work with.

Customer centricity

This pillar aims to ensure satisfied and loyal customers. This means putting our customers at the centre of our business and strategy. Our customer value proposition is to provide reliable access to content and connectivity. Continuous engagement with our customers and effective network operations are our commitment to building customer centricity.

Innovation and data-driven

This strategic pillar aims to ensure that we have a focused pipeline of innovative products and platforms that deliver strategic and operational value. We will achieve this by being a data-driven organisation in our response to digital transformation. We intend to launch at least two innovative products per year.

CHIEF EXECUTIVE OFFICER'S OVERVIEW CONTINUED

Strategic Goal 3

A sustainable and relevant business that creates value for stakeholders

One of the Shareholder's priorities is that SENTECH maintain a high-performing portfolio that enables the achievement of our respective mandates and policy objectives. As a result, strategic goal 3 aims to achieve a sustainable and relevant business that creates value for stakeholders. Strategic goal 3 hinges on the following four strategic pillars; transformation and environment, financial outcome, engaged and talented people, and good governance.

Transformation and environmental

As a state-owned company, we are committed to assisting Government in addressing the triple challenges of unemployment, inequality, and poverty. This transformation pillar aims at empowering communities and enterprises through various initiatives, including preferential procurement, enterprise and supplier development, skills development, and corporate social investment. Our transformation success is also reflected in SENTECH's meeting of black economic requirements and achieving a B-BBEE Level 1, which we aim to maintain. As a good corporate citizen, SENTECH cares about a clean environment, therefore this pillar is also aimed at reducing our carbon footprint. We will continue to convert targeted sites to green energy supply with the objective of 100% conversion by 2025.

Financial outcome

Financial sustainability is key for the organisation. Our priorities are to diversify to new markets and services so as to derive new revenue growth.

We have committed ourselves to grow our business through acquisitions, partnerships, global expansion, and organic growth through innovative products and solutions. Another element of our financial sustainability is the reduction of our proportion of cost to income. We are therefore implementing various means of achieving operational efficiencies in our operations and processes enabled by digital transformation.

Engaged and talented people

In response to the 4th Industrial Revolution (4IR), companies need to ensure that their employees possess skills relevant to the digital world. Thus, this strategic pillar is aimed at having the right people in the right place at the right time with the right skills and the right mindset. The Company is embarking on a digital skills programme to build talent that is in line with the digital economy.

Good governance

SENTECH is committed to effective and good governance. One of the measures of good governance for public sector entities is achieving a clean audit. A clean audit means having no material misstatements in the financial statements; compliance with legislation and policies; and reliable performance information. Over the past eight years the Company realised six consecutive clean audits, followed by two years (FY 2020/21 and 2021/22) of unqualified audits with findings. This trend is unacceptable and it is the intention of the Company to restore its clean audit track record going forward. This will be achieved through stable governance, dedicated and competent human capital, and ethical leadership.

LOOKING AHEAD

The Board has adopted the bold vision of SENTECH becoming a global leader in digital infrastructure for connectivity and content delivery. This vision will require enterprising and effective strategy execution and focus. To achieve the vision, SENTECH's strategic choice is to position itself as a digital infrastructure and platform provider for both video and audio content and broadband connectivity in South Africa and across Africa. This will be achieved through strategic business units focusing on media, broadband, satellite, towers, and datacentres. Moreover, driving digital transformation will be central to the Company's business model and innovation.

The process of the SOC rationalisation was escalated and significant progress was made during the year under review, with conclusion of the process targeted for FY2023/24. The finalisation of this rationalisation process involving SENTECH and BBI will ensure employee and market certainty, organisational stability, and positioning for sustainable growth.

We remain committed to achieving the Company's strategic objectives and living our values as we build a global, digital infrastructure company for the attainment of the Shareholder's priorities.

I would like to express my appreciation to the Board for its strategic direction, oversight, and support. Also, we could not have achieved our set targets without the input of our executive team and staff at large, who have shown commitment, resilience, and steadfastness. A word of appreciation also goes to our valuable stakeholders, namely customers, suppliers, business partners, sister companies, communities, labour, the regulator, and local municipalities who continue to support our business.

Mr Mlamli Booi
Chief Executive Officer

OUR EXECUTIVE TEAM

MLAMLI BOOI

Chief Executive Officer

- Appointed: 15 October 2015
- Term was extended for 3 years from 1 September 2020 until 31 October 2023
  - MSc Electrical Engineering
  - Bsc Electrical Engineering
  - PGDip Project Management
  - CD (SA) and Pr.Eng

RUDZANI RASIKHINYA

Chief Financial Officer

- Appointed 1 Nov 2022 – 3 months contract.
- Appointed: 1 February 2023
  - Bcom (Hons)
  - CA (SA)

TEBOGO LESHOPE

Chief Operating Officer

- Appointed: 1 March 2018 until 28 February 2023.
- Re-appointed: 1 March 2023 until 28 February 2026
  - MBA
  - BTech Electrical Engineering
  - NDip Electrical Engineering

KERENG MOTLHABI

Chief Human Resources Officer

- Appointed: 1 August 2016
  - BCom (Hons) Industrial Psychology
  - BCom

ITUMELENG SEGALOE

Chief Strategy Officer

- Appointed: 1 May 2016
  - MBA Corporate Strategy & Finance
  - BAdmin (Hons)
  - BA (Psych, English, Political Science)
  - Cert. Digital Transformation
  - Global Executive Development Programme

MMAPULA KGARI

Acting Executive Broadband

- Appointed: 12 June 2017
  - MBL
  - BCom Economics

MARLON FINNIS
Executive: Operations

- Appointed: 1 July 2018
  - MBL
  - BTech Electrical Engineering

MABEL MANYERE
Acting Executive: Finance

- Appointed: 1 June 2020
  - MBL
  - MA
  - B. Acc (Hons),
  - CIMA Adv Dip

ZUNAID ADAMS
Executive: Legal & Regulatory

- Appointed: 7 August 1995
  - BProc

KOPANO THAGE
Acting: Chief Marketing and Sales Officer

- Appointed: 18 June 2019
  - MBA
  - BSc Computer Science

EPHENIA MOTLHAMME
Company Secretary

- Appointed 1 December 2022
  - LLB
  - Admitted Attorney
  - MAP
  - Global Executive Programme

FLENK MNISI
Acting CTIO

- Appointed: 1February 2022
  - MBA
  - PGDip Management Practice & Business Administration
  - BTech Business Administration
  - Electrical, Electronics & Communications Engineering

XOLISILE NJAPHA
Company Secretary

- Appointed: 1 December 2021
  - Term ended on 30 November 2022

OUR VALUE CREATION STRATEGY

STRATEGIC OUTLOOK AND GOALS

As a state-owned company, our strategic goals are developed to support and align with those of our Shareholder.

SHAREHOLDER PRIORITIES	SENTECH'S STRATEGIC GOALS		STRATEGIC PILLARS
Increased access to secure digital infrastructure and services	Strategic Goal 1	LAUNCH A SOUTH AFRICAN COMMUNICATIONS SATELLITE AND BUILD CONNECTIVITY INFRASTRUCTURE	DIGITAL INFRASTRUCTURE CUSTOMER-CENTRICITY
A digitally transformed society and economy	Strategic Goal 2	ENABLE DIGITALLY CONNECTED PEOPLE, DEVICES AND COMMUNITIES	INNOVATION AND DATA-DRIVEN TRANSFORMATION AND ENVIRONMENTAL FINANCIAL OUTCOME
A high-performance portfolio structured and managed to achieve policy objectives and mandates	Strategic Goal 3	A SUSTAINABLE AND RELEVANT BUSINESS THAT DELIVERS VALUE TO STAKEHOLDERS	ENGAGED AND TALENTED PEOPLE GOOD GOVERNANCE

STRATEGIC CHOICES

Informed by the Shareholder's priorities and the envisaged 4IR, SENTECH's chosen role is that of a digital infrastructure and platform provider for video, audio, and broadband in South Africa, wider Africa and globally.

VIDEO AND AUDIO CONTENT PLATFORM PROVIDER

Video and audio content infrastructure and platforms provider to content providers in South Africa and Africa

TOWERS

Passive and active infrastructure solutions provider: colocation, managed services, built-to-suit, sale and lease back

BROADBAND PROVIDER

Broadband connectivity provider to households, clinics, schools and communities in South Africa

SATELLITE OPERATOR

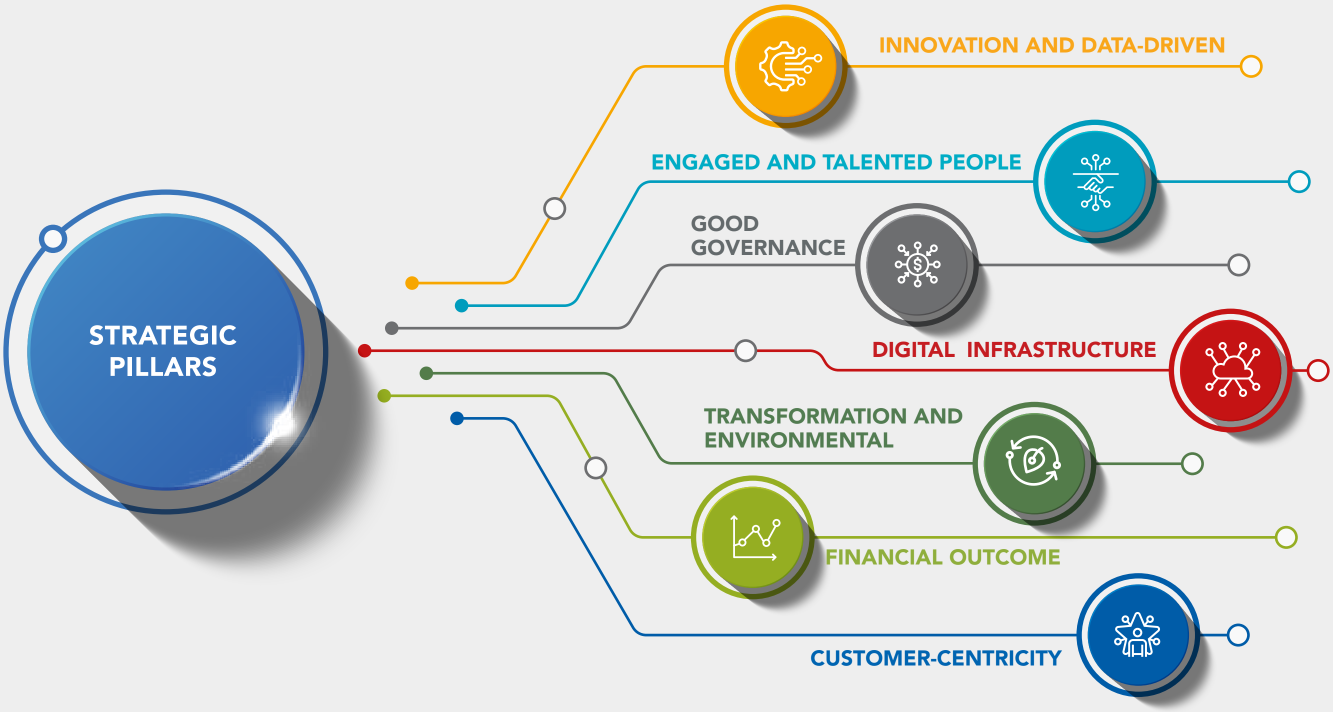
Communication satellite operator for broadcast and broadband connectivity for South Africa and Africa

DATA CENTRES

Co-location hosting services

STRATEGIC PILLARS

To achieve its strategic goals and the Shareholder's outcomes, SENTECH has committed to implementing its seven strategic pillars:



- User experience innovation

- Engaged staff
- Skilled staff in digital and leadership

- Clean audit
- Improved reputation score

- OTT platform
- Satellite
- Towers and masts
- Data centre

- Highest B-BBEE level score
- Carbon emissions reduction

- Revenue growth
- Profit growth

- Excellent customer and user experience
- New revenue from new customers
- Revenue from existing customers

OUR OPERATING ENVIRONMENT

SENTECH operates in an ICT environment that is constantly evolving, fuelled by disruptive new technologies and innovative ways of doing business. The current socio-economic landscape has been marked by high levels of unemployment and the rising cost of living, which widens inequality. For SENTECH, it bodes well as a good corporate citizen to continue implementing its transformation goals, while speedily responding to market changes to meet its customer needs.

THE CHANGING MEDIA AND ENTERTAINMENT LANDSCAPE

According to the PwC Media & Entertainment report, traditional television advertising spend is expected to realise a pedestrian 2% growth by 2026 against the backdrop of a 5.6% growth outlook for OTT in the same period. The positive outlook for OTT correlates with the projected increase in internet advertising spend of 8.5% CAGR growth, as internet access increases by 7.8%. For the organisation, the market data reaffirms the need to bridge the digital divide by enabling access to broadband across the education, health, and SMME environments.

Sentech's response needs to pay attention to the following key areas:

TOWERS AND DATACENTRES

The exponential increase in data traffic caused by IoT (Internet of Things) devices and smartphones is fuelling the demand for datacentres to manage the volume of data generated, with video streaming and gaming amounting to over 81% of total internet traffic – predicted to grow by 25% CAGR by 2030. This creates an opportunity for SENTECH when considering synergies between the towers and datacentre infrastructure. The market demand has shifted toward provisioning of datacentres as a service, providing different solutions to customers, either as co-location facilities or for disaster recovery.

SATELLITE OPERATION

SENTECH has been mandated by the Shareholder to launch a South African communication satellite as part of its plan to increase public access to secure digital infrastructure and address the current digital divide. The organisation boasts sought-after satellite competencies and capabilities, namely uplink/signal distribution to towers across South Africa for terrestrial TV distribution with direct-to-home uplinking as well as VSAT services. This capability augurs well for the organisation to participate in this space through private and public partnerships for funding and the requisite technical skills.

BROADBAND CONNECTIVITY

The global economy has seen a formidable shift in consumer behaviour, as consumers adapted to online consumption. This has led to an increase in the demand for connectivity and the use of multiple devices. The notable increase in the demand for internet access has bolstered data consumption, which is expected to grow at a CAGR of 26.9% by 2025. This has been evident post the COVID-19 pandemic, which heightened the need to enable digital economies by urgently addressing the existing digital inequalities.

TOWER LANDSCAPE

According to the Mordor intelligence report, the Africa Telecom Towers and Allied Market is expected to register a CAGR of 4.63% during the forecast period (2022-2027). With the outbreak of COVID-19, the telecom industry has witnessed a significant increase in demand for internet services, owing to a major proportion of the population staying at home and remote working conditions. The increase in people working from home has led to an increase in demand for downloading, online video viewing, and communication through video conferencing, all of which are leading to increased network traffic and data usage.

SOCIO-ECONOMIC ENVIRONMENT

The economy is expected to begin recovering from the effects of the pandemic, although at a relatively slow pace. This nevertheless presents opportunities for SENTECH to grow its business. South Africa's high unemployment rate, exacerbated by low levels of economic growth, corruption, economic disparities, and inequalities continues to contribute to an unequal society.

The fiscus will continue to be under severe strain and is unlikely to be a reliable source of future financial support for SENTECH/SDIC. Youth disillusionment, as a result of marginalisation and poor economic prospects, will increase. High levels of crime and vandalism will continue into the future. The SA power grid is likely to remain unstable and will evolve to include a larger reliance on renewables. The requirement for climate-friendly environmental practices will continue to grow in importance.

LEGAL AND REGULATORY ENVIRONMENT

SENTECH'S OBLIGATIONS

The Independent Communications Authority of South Africa (ICASA) (the "Authority") gazetted the final and official SENTECH obligations. These obligations require SENTECH to implement LANs for 63 CET college sites, consisting of 9 CET college head offices and 54 CLCs, as allocated by the Authority, over a period of three years from the effective date of 25 March 2022. Implementation of the gazetted obligations has commenced and SENTECH is working toward the obligations set out by the Regulator.

HIGH-DEMAND SPECTRUM

The March 2022 auction of high-demand spectrum was trailed by an increase in interference events between terrestrial broadcasting and IMT services. The interference increase was noticeable from July 2022 onwards, as MNOs (mobile network operators) were given the go-ahead by the Authority to start services on 1 July. The increase in the number of interference events resulted in the Authority calling several meetings between the broadcasting and mobile industry to seek possible solutions. Thus far, a technical solution has been determined for Gauteng only. With respect to the Eastern Cape, KwaZulu-Natal, and Western Cape, the Authority is inclined toward the switching-off of all services above 694 MHz. This reality puts further pressure on the need to finalise the broadcast digital migration process.

NEXT GENERATION RADIO FREQUENCY SPECTRUM FOR ECONOMIC DEVELOPMENT

On 8 September 2022, the Minister of Communications and Digital Technologies published the Draft Next Generation Radio Frequency Spectrum for Economic Development. The final policy/directions are expected to be published in FY2023/24. SENTECH has made submission on the following issues impacting the company:

- the World Radiocommunication Conference 2023;
- preservation of the current spectrum for terrestrial broadcasting;
- the need to enable terrestrial broadcasting to innovate through 5G broadcast, mainly high tower high power transmission (HTHP) (i.e. FeMBMS);
- more inclusive spectrum assignment methodology;
- additional spectrum for WiFi;
- spectrum allocation and assignment for the IoT; and
- identification of the State Digital Infrastructure Company (SDIC) Neutral Host.

ANALOGUE SWITCH-OFF

The Minister of Communications and Digital Technologies on 9 December 2022 gazetted a notice to engage affected stakeholders on a possible ASO date. Members of the public and affected parties were given an opportunity to voice their opinion on the appropriateness of the proposed date. The final date for analogue switch off was extended to 31 December 2024.

IMPACT OF LOADSHEDDING ON THE TELECOMMUNICATIONS, BROADCASTING, AND POSTAL SECTORS

South Africa continues to experience severe loadshedding, which caused the Authority to hold a consultation on the impact of loadshedding on the telecommunications, broadcasting, and postal sectors. The consultation followed the declaration of the national state of disaster in response to the ongoing electricity crisis and its impact. The Authority has indicated that a notice for a formal discussion on this subject would follow as soon as the Minister has issued a policy direction in respect of the impact of loadshedding.

On 28 March 2023, the Department of Communications and Digital Technologies published policy directions, in terms of which ICASA is required, amongst other things:

(a) to consult with operators on what constitutes critical infrastructure, and

(b) to consult with operators on regulatory obligations that could be relaxed for the purposes of giving effect to the objects set out in the Disaster Management Regulations.

After the consultation, the Authority is then required to make recommendations to the Minister regarding its findings and that way enable the Minister to consult with his counterpart regarding possible exemptions from loadshedding. The policy directions enjoin ICASA to consider the degree to which compliance with regulatory obligations is dependent upon consistent supply of electricity, measures to deal with direct or indirect impact of the disaster, or measures to prevent escalation of the electricity supply constraints, or reduction of its impact.

OUR VALUE CREATION PERFORMANCE

KEY PERFORMANCE INDICATORS

A total of 15 KPIs were set out in the 2022/23 Corporate Plan. The table below gives details of performance against each target:

Strategic Pillars	Outcomes Indicators	FY2022/23 Annual Targets
	Number of customers onboarded on digital platforms	Two new customers onboarded on OTT platform
		Boarder management solution developed and implemented
	SA Communication satellite launch	SA Satellite Bankable Business Plan finalised, funding commitments secured, and submitted to Shareholder for approval
	Number of contracted broadband sites connected	680 Broadband sites connected
	% Balance of Set-Top-Box installation of registered households	100% Balance of registered Set-Top-Box installation of registered households
	Number of innovation initiatives implemented for revenue growth and operational efficiency	2 innovation initiatives implemented for revenue growth and operational efficiency
	Customer satisfaction score (%)	75% Customer satisfaction score
	Weighted average network availability (%)	99.80% Weighted average network availability
	Percentage of planned sites installed with green energy supply	30% of planned sites installed with green energy supply
	New Revenue Growth (%)	35.3%
	Cost to Income (%)	86.7%
	Percentage of digital training planned intervention implemented	100% of digital training planned intervention implemented.
	Clean audit achieved	Clean audit achieved
	SOC Rationalisation Plan implemented	SOC Rationalisation Plan implemented

Annual Performance		Variation Explanation
Two new customers onboarded on OTT platform	Achieved	N/A
Sentech implemented and demonstrated Facial Recognition PoC at NASREC with external customers	Achieved	N/A
Second draft bankable business plan developed, submitted to Shareholder for approval, and funding commitments initiated	Achieved	N/A
85 Broadband sites connected	Not achieved	Not all contracted material opportunities progressed to order
102% Balance of Set-Top-Box installation of registered households (Cumulative) 522124 installed against the target of 510 000	Achieved	N/A
A revenue enhancing innovation (Predictive Maintenance) was implemented	Achieved	N/A
Innovation for operational efficiency (Real-Time Customer Sentiment Analysis application) was implemented	Achieved	N/A
76.3% Customer satisfaction score achieved	Achieved	N/A
99.83% Weighted average network availability	Achieved	N/A
30% of planned sites completed and installed with green energy supply	Achieved	N/A
11.5% (Cumulative)	Not achieved	Broadband and M&A leads for new revenue did not materialise
99% (Cumulative)	Not achieved	Higher than budgeted expenditure against lower revenue base resulted in target not being met
102.5% of digital training planned intervention implemented.	Achieved	N/A
Clean audit achieved	Achieved	N/A
SOC Rationalisation Plan implemented	Achieved	N/A

Achieved   Not achieved

OUR VALUE CREATION BUSINESS MODEL

DRIVING THE MANDATE

Sentech derives its mandate from legislation, particularly the SENTECH Act and the Electronic Communications' Act (ECA).

This allows for the ownership of the largest infrastructure in the country for terrestrial signal distribution for both TV and radio, enabling us to offer wholesale services on an equitable, non-discriminatory, and non-exclusive basis (i.e., as a common carrier).

CAPITAL INPUTS

FINANCIAL CAPITAL

- Healthy balance sheet for new investments and acquisitions
- Free cashflow
- Dual illumination funding for digital migration
- Retained earnings for reinvestment

(Refer to CFO report)

MANUFACTURED CAPITAL

- Invested capex for infrastructure and technology refreshment
- Towers and masts maintained to guarantee uninterrupted service provision
- Offices and buildings
- Datacentre

(Refer to Operations review)

INTELLECTUAL CAPITAL

- Licences to provide electronic communication networks and communication services
- Partnerships with academia on research and innovation

HUMAN CAPITAL

- A total number of 444 employees
- Employee engagement
- Talent management
- Employment equity

(Refer to Human capital section)

SOCIAL AND RELATIONSHIP CAPITAL

- Enterprise and supplier development spend
- Preferential procurement spend
- Skills development spend
- Corporate social investment
- Communications and Stakeholder engagement

(Refer to Socio-economic and stakeholder section)

NATURAL CAPITAL

- Implementing energy panels
- Building energy supply sites

(Refer to operations review)

THROUGH A STRATEGIC

The strategic value offering revolves around **three key aspects** of the business which are central to turning capital inputs into substantive and sustainable value:

PURSUING STRATEGIC PILLARS AND SDG TARGETS

TO CREATE AND DELIVER SUSTAINABLE VALUE

VALUE OFFERING

CONTENT & MULTIMEDIA
Television, Radio, On-demand media

TOWERS
Facilities leasing (co-location)

CONNECTIVITY
(Fixed wireless, VSAT)
e-Services
Digital solutions

- **Digital infrastructure**
- **Customer centricity**
- **Innovation and data-driven**
- **Engaged and talented people**
- **Transformation**
- **Transformation and environmental**
- **Good governance**

FINANCIAL CAPITAL
- Revenue: R1 411 910

MANUFACTURED CAPITAL
- Net promoter score at 19
- Weighted average network availability maintained at 99.83%
- Digital products ready for commercialisation

INTELLECTUAL CAPITAL
- Licences to operate our network
- Brand equity score skyrocketed to 85%
- Reputation score increased to 71%

HUMAN CAPITAL
- R426 848 million paid in salaries and benefits
- R19 million was spent on skills development, of which R18 million was spent on historically disadvantaged groups

SOCIAL AND RELATIONSHIP CAPITAL
- B-BBEE Level 1
- Touched lives of surrounding communities where our sites are located
- University collaboration initiatives resulted in improved academic performance
- Supported innovative enterprises with R6 million

NATURAL CAPITAL
- Energy reduction efforts resulted in a decrease of approximately 35% tonnes of carbon dioxide equivalent (tCO2e) in indirect (Scope 2) emissions.

OUR CAPITALS

FINANCIAL CAPITAL

SENTECH defines its financial capital as the funds available for deployment into existing business and new business opportunities. SENTECH reinvests its financial capital to expand its business portfolios through both organic opportunities and acquisitions. To contain costs, especially those relating to satellite usage, energy, and staff, SENTECH has implemented austerity measures that, amongst others, include cost containment, strategic sourcing, and price negotiations with suppliers.

To maintain a healthy balance sheet, SENTECH monitors its key financial ratios of liquidity and solvency as well as other key ratios that would provide an indication of its financial health and sustainability. Cash in the bank is invested at rates that ensure attractive return on investment while also ensuring that cash in the bank is liquid and accessible.

As part of the national government's imperative to move the public to a digital platform, SENTECH commenced with the analogue switch-off in the past year. The costs for the ASO are recouped from the dual illumination grant funding that the Company received from the Executive Authority. However, during the year under review there was a dual illumination shortfall.

SENTECH deploys its available cash resources and healthy balance sheet to leverage new and existing business opportunities. During the period under review, a prospective target for acquisition was identified, assessed, and proposed but the deal could not go through.

Preservation and growth of financial capital is key to sustainability, with a focused effort on possible mergers and acquisitions and strategic alliances. As at March 2023, SENTECH had a cash balance of R1.5 billion which will be used to diversify its product and services. In so doing, SENTECH has set five-year targets of R1.8 billion for revenue and R458 476 million for EBITDA and reduction of staff costs to 30% of total expenditure.

CHIEF FINANCIAL OFFICER'S STATEMENT

Despite the losses and decrease in cash balance, SENTECH's financial position is still healthy…

Rudzani Rasikhinya
Chief Financial Officer

The Company's total revenue increased by 3% to R1.4 billion despite a challenging macroenvironment characterised by high inflation, increasing cost of living, rising interest rates, and geopolitical tensions.

EBIT for FY2022/23 was a loss of R353 000. This is relatively low compared to FY2021/22 EBIT of R200 million. The main contributors for the decline are the increase in energy costs as a result of rampant loadshedding by ESKOM, and the increased electricity tariff. The Company has spent a significant amount on fuel costs to power/fuel standby generators to continue meeting its SLA with customers during loadshedding events.

The company incurred a net loss of R147 million for the year ended 31 March 2023. The major contributor to the loss is a result of the unrealised foreign exchange loss of R222 million on remeasurement of the lease liability. In terms of IFRS 16, all leases qualifying for recognition as finance leases will attract a right-of-use asset and finance liability and must be separately disclosed in the financial statements. Furthermore, where the lease liability is foreign exchange denominated, the balance at the end of each reporting period should be remeasured in line with IAS 21: The Effects of Changes in Foreign Exchange Rates. The largest part of SENTECH's lease liability, namely satellite capacity rental, is denominated in foreign currency. At the end of FY2022/23, the spot rate was R17.89 : US$1 as compared to R14.76: US$1 in FY2021/22. This represents a 21% depreciation of South African Rands against the dollar between the two reporting periods. Key financial results are shown below.

	GROUP & COMPANY	
Figures in Rand thousand	**2023**	**2022**
Revenue	**1 411 910**	1 373 161
Operating Profit/(Loss) – EBIT	**(353)**	200 338
Net profit after Tax	**(147 720)**	119 331
Total Comprehensive Income	**(135 917)**	110 773

The Ukraine-Russia tension and after-effects of the COVID-19 pandemic created supply chain shortages resulting in price hikes. SENTECH's input costs were therefore higher than those of FY2021/22. The market conditions have also affected our customers' ability to meet their obligations. SENTECH is negatively affected as the gross debtors' balance increased significantly, resulting in an additional R59 million recognised for expected credit losses in terms of IFRS 9: Financial Instruments. The non-payment by customers is also apparent in the significant decline in the cash reserve as per our statement of financial position.

SENTECH is still operating analogue and digital television simultaneously pending the announcement of ASO, with five provinces already switched off. This creates dual illumination incremental costs. For FY2022/23, there was a funding deficit of R40 million for dual illumination incremental costs, which contributed to the loss and burdened the fiscus.

The above situation does threaten SENTECH's financial sustainability as the cash reserve is earmarked for revenue diversification and expansion through strategic initiatives. Despite the losses and decrease in cash balance, SENTECH's financial position is still healthy enough to support the capital outlay required for revenue diversification and fulfil its short-term contractual obligation. The revenue diversification strategies are set to mitigate the reduction in revenue which resulted from the efficiencies brought about by the digital television network (DTT).

The Company is also in the process of reviewing the operating model to ensure alignment and support for the proposed capital outlay. The strategic initiatives are focused on Broadband and Tower businesses.

Rudzani Rasikhinya CA (SA)
Chief Financial Officer

MANUFACTURED CAPITAL

Manufactured capital includes investment in our infrastructure, facilities, and technologies.

NETWORK PERFORMANCE

Services and network infrastructure management requires integration of technology, people, and service management processes. This is achieved through deployment of efficient and reliable technology solutions that are managed by a competent and skilled workforce. The effectiveness of the Company's investment in infrastructure depends heavily on the knowledge, efficiency, and commitment of SENTECH's well-trained and dedicated staff.

We design our systems to deliver on the SLA and requirements of our customers for our towers, media, broadband, satellite, and datacentre services. To ensure infrastructure longevity and highest level of service availability, we refresh our technology platform on an ongoing basis, and for the year under review this process has resulted in achievement of the weighted network availability of 99.83% and improved customer satisfaction of 76.3%.

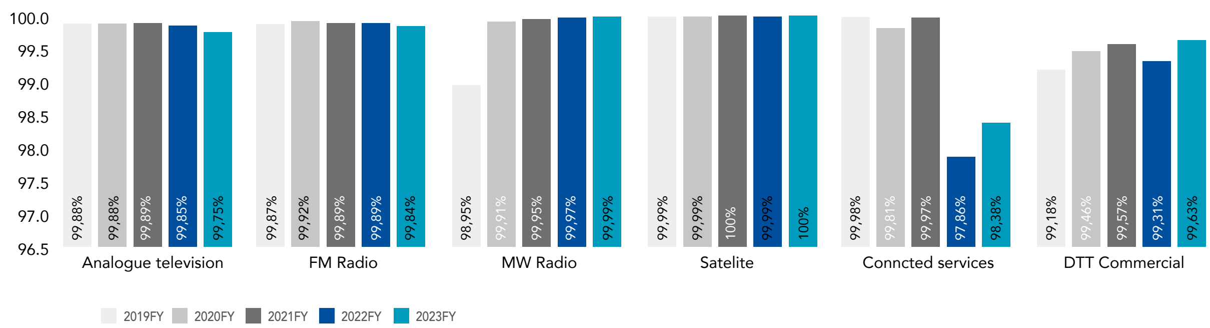
SENTECH's capital investment in recent years, primarily for technology enhancements and continuity of business operations, has yielded positive results in overall service continuity for its customers. This investment included the replacement of ageing back-up power supply systems, head-end upgrades, and the updating and improving of network monitoring. In five provinces the DTT network became commercially viable when ASO ended the dual illumination period.

Loadshedding, theft, and vandalism continue to be the biggest threats to service availability. In spite of those threats the Company achieved a 99.83% weighted network availability during the past financial year across all platforms, as indicated in the table below:

PRODUCT PERFORMANCE

Content and multimedia services	Our content and multimedia services portfolio performed above expectation during the reporting period, showing growth of 39% against targets. The growth in revenue is attributed to the implementation of the Digital Migration Programme initiatives, noting delays experienced in analogue television switch-off within the television portfolio. Other services that contributed to the growth in revenue performance were the after-market support service and the supply of dish kits in support of the BDM project.
Managed infrastructure services	Managed infrastructure service's performance as a portfolio during FY2022/2023 was below expectation, showing an under performance of 2% against planned targets.
Broadband connectivity services	The number of connected sites in FY2022/23 stood at 85 and included some of the most rural parts of the country where terrestrial network does not exist.
Data centre services	SENTECH's NASREC datacentre has the capability to provide co-location services. Upgrading of this datacentre from Tier 2 to Tier 3 took place throughout the year, enabling the centre to provide hosting services. It is expected that these hosting services will soon be ready for commercialisation.
Customer care digital channels	SENTECH operates a callcentre that operates between 07:00 and 23:00, 7 days a week, 365 days a year. To ensure great customer experience, an Omnichannel system was successfully implemented, enabling SENTECH customers to access customer support through multiple channels, namely WhatsApp Messaging, Facebook Messenger, Webchat, Text messaging, Email and Voice telephony. A Chatbot has been added to assist with automated responses to enhance communication capabilities with customers.
Property portfolio	We have identified potential property assets for optimisation and the portfolio is being re-evaluated to make use of some of its non-productive assets, which include unutilised office buildings and land. The lease of the SENTECH towers and space on our commercial sites continue to contribute toward our revenue. As we develop value-added services for the managed infrastructure portfolio, we are re-bundling our service structure to offer a greater mix of complementary services.

FY2019 TO FY2023 NETWORK PERFORMANCE



CHIEF OPERATIONS OFFICER'S REVIEW

The future of broadcasting is changing drastically toward online and more efficient alternatives of reaching audiences.

Tebogo Leshope
Chief Operations Officer

The 2022/23 financial period was characterised by challenges related to slow economic growth and the opportunity posed by the rising need for information communication services. This delicate reality demanded that organisations advance their creative and innovation capabilities to deal efficiently with present and future challenges and to offer services to economically constrained markets, thus fostering integrated sustainability for SENTECH and its customers.

Technology advancement and business evolution remained key focus areas for SENTECH during this period – areas critical to ensure short- and long-term sustainability. Our sustainability objectives required us to explore alternative technologies and advance our capabilities toward efficient future technologies.

To this end, the organisation continued to explore South Africa-based satellite technology so as to strengthen the country's satellite capability and thereby reduce satellite-related costs for the country. A satellite business case was concluded during the year under review and submitted to the Shareholder.

The future of broadcasting is changing drastically toward online and more efficient alternatives of reaching audiences. During the period under review, we further developed the OTT platform and commenced offering our customers digital platform experiences. Looking to the future, we need to leapfrog forwards through next-generation technologies, and we are exploring 5G technology for both broadcasting and broadband services. We embarked on successful 5G pilot services both with the market and within the industry. We are also piloting a digital radio network in Gauteng and working with the Regulator to advance our digital radio service.

We adopted a collaborative approach toward research, creativity, and innovation. During this year, we successfully launched a SENTECH research and innovation network with academia and industry partners. This will enable SENTECH to co-create with the market and provide thought leadership to the industry, contribute toward the country's R&I GDP growth, and shape the sector toward establishing local capacity to develop and manufacture ICT solutions.

Operational efficiency is vital for the sustainability of SENTECH and its customers, therefore we are consistently improving our operating model with the target of realising and sharing efficiency value with our customers. As part of this effort, we continued to optimise the use of satellite and energy resources. Our smart energy strategy implementation is progressing well, and we converted 12 additional sites to solar energy during the year.

National economic growth remained pedestrian over the period, forcing SENTECH to explore adjacent opportunities to ensure sustainability while the primary and conventional service markets were slowing down. In addition, the volatile exchange rate and the lack of energy supply continuity remained significant cost contributors during the year under review, placing pressure on the sustainability and profitability of the organisation.

LOOKING AHEAD

The South African economy is slowly recovering from the tough period, and this creates a growth paradigm opportunity for SENTECH. The growing demand for improved and cost-effective connectivity services for Government, private and public sectors will remain our focus during the new term as we ensure we create capabilities and capacity to connect South African citizens and enable smart-city development through Intelligent ICT services.

Our business and technology strategy takes the realities and challenges of the evolving socio-economic environment into account. During the next term, we will continue with our digital transformation journey, targeting further progress in the launching of the SA-based satellite, concluding the Broadcast Digital Migration (BDM), evolving media platforms, and expanding our broadband coverage across the country.

Tebogo Leshope
Chief Operations Officer

INTELLECTUAL CAPITAL

Intellectual capital includes ideas, knowledge, patents, trademarks, and licences – all of which create value for the Company – that we own, create, and protect.

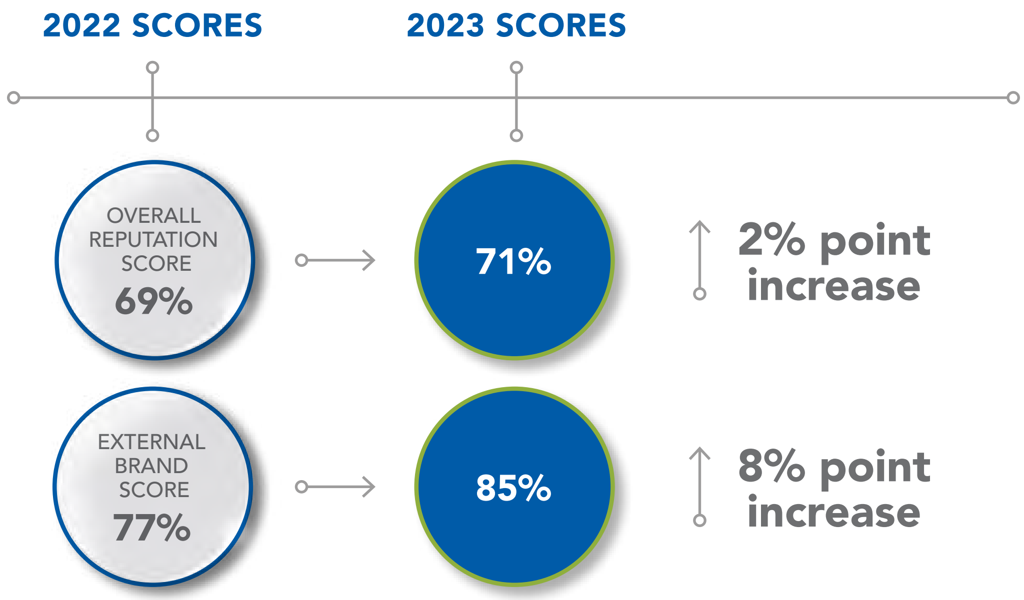
During the past five years, SENTECH has begun implementing a trajectory to transform its business to address broader tele- and information communications needs, greater capacity and new market segments. As a result, SENTECH has deployed a testbed 5G New Radio Standalone network. The network has been used to demonstrate capacity to provide cost-effective and innovative private network infrastructure for government departments, industrial-use cases and for universal service for peri-urban areas. A localisation programme for 5G OpenRAN, 5G expanders, and CPEs has commenced with local SMMEs.

SENTECH has also, in partnership, begun deploying a cloud computing infrastructure at NASREC. The aim is to enable private and public computing and storage capacity in government-trusted facilities. This will culminate in the establishment of a Cloud Centre of Excellence (CCoE) within SENTECH, to develop cloud computing capacity and associated technologies and to ensure appropriate certifications and skills to offer cloud and AI-based services to government departments and the market in general.

LICENCES

SENTECH is licensed in terms of the Electronic Communications Act (No. 36 of 2005) (ECA) and holds both individual electronic communications service (IECS) and individual electronic communications network service (IECNS) licences. An IECS licence enables SENTECH to provide all electronic communications services as defined in the ECA. Similarly, the company is authorised to construct, maintain, and operate a network service under its IECNS.

OUR CAPITALS CONTINUED



VALUE OF LICENCES TO SENTECH

The licences are the lifeblood of the company, as without them SENTECH is unable to carry on its business activities. The licences are issued for a period of 20 years each, providing SENTECH with certainty and assurance of business continuity. The licences were issued to SENTECH in 2009 and will become due for renewal in 2029. SENTECH licences enable the company to establish various revenue streams in keeping with the everchanging technological environment wherein the company operates.

VALUE OF LICENCES TO CUSTOMERS AND STAKEHOLDERS

SENTECH services contribute largely to the dissemination of information in the Republic, either through radio or television signals or through other platforms. Its licences also serve a pivotal role in ensuring that its customers, who include broadcasters, receive a reliable and quality service that translates into satisfied end-users in the tripartite value chain.

The ECA obliges SENTECH to provide its services to licensed entities only. Therefore, the services SENTECH provides to its customers are dependent on the Company having valid licences and complying with the prescripts of those licenses. Lack of licences or non-compliance with licence prescripts would disrupt both the business of SENTECH and that of its customers, let alone the final services that end-users receive.

SENTECH's licences enable the Company to play a vital societal development role by ensuring quality access to information, education, and entertainment in South Africa.

BRAND VALUE AND REPUTATION

SENTECH regards its trusted brand and reputation as key in enhancing its value creation. Through branding activation, media monitoring, and effective governance, the Company strives to enhance its brand equity and safeguard its reputation. There has been an increase in both the Company's brand equity and reputation scores.

HUMAN CAPITAL

Human capital comprises the skills, competencies, experience, productivity, health, and wellbeing possessed by our employees.

SENTECH's business of broadcasting and signal distribution is evolving to match the changing media landscape being fuelled by disruptions to technology and competition. This climate of change has created the need for SENTECH to review its operating model and develop a more responsive organisational architecture that, given these market dynamics, will aid the execution of the corporate strategy. As part of this initiative, a transitional plan is being implemented which includes such methods as process mapping, identification of critical competencies, job profiling, and streamlining of business processes.

We continue in our efforts to build a responsive, customer centric culture delivering innovative services that leverage modern digital capabilities while ensuring a world-class customer experience. To enable a customer centric culture, the following strategic HR programmes were implemented: customer centric training for customer-facing roles, digital transformation training to fuel innovation, leadership assessments to develop future leadership skills, and capability skills assessments to develop a fit-for-purpose workforce.

The various interventions we use to support the implementation of our Human Capital Strategy are set out below.

TALENT MANAGEMENT

SENTECH remains committed to being an employer of choice. Our talent management framework and practices are the main source of our competitive advantage to attract, develop, reward, and retain the right talent in the right roles. In our endeavour to build a future-fit organisation, we have partnered with academic institutions to build digital transformation capabilities and an intrapreneurial culture.

LEARNING AND DEVELOPMENT

Learning and development continued to play an integral part in enabling business growth and performance during the reporting period. Specific focus areas were digital transformation, business orientation, and leadership development, all of which are aimed at enhancing business performance. The business training target of 905 training interventions for the year was achieved and slightly exceeded. In total, 958 training interventions were delivered and an amount of R19.32 million was spent on skills development, of which R18.48 million was spent on historically disadvantaged groups.

Strategic partnerships with academic institutions are essential to fostering a learning and development culture.

As part of 4IR, SENTECH has set up a research and innovation collaboration network with eight universities and awarded them an amount of R9 million. In addition, we had the pleasure of working with 24 interns during the year. The internship programme is aimed at providing students with experiential training through structured workplace exposure and specialised training. The total spend for the internship programme was R881 thousand.

With the aim of enabling employees to maximise their potential and get the most out of their careers, we spent R1.25 million on internal staff bursaries for the 2022/23 academic year. The total skills development (SD) expenditure constituted 3.05% of the payroll expenditure. The training expenditure is set out in Tables 1 and 2.

Functional Level	Training expenditure (R'000)	Training expenditure (% of payroll)	Number of training interventions
Top management	413 017	0.06%	8
Senior management	512 677	0.08%	28
Qualified professional	2 223 039	0.35%	205
Skilled	2 756 188	0.44%	531
Semi-skilled	498 0090	0.07%	97
Unskilled	138 230	0.02%	89
Total	6 541 163	1.02%	958

Table 1 – Direct training spend

Skills Development (SD)	Budget (R'000)	Actual spend (R'000)	EE Spend (R'000)
University collaboration	9 000 000	9 500 000	9 500 000
Internships	650 000	881 000	881 000
Staff training	4 973 299	6 541 163	5 921 163
Staff bursaries	2 400 000	1 252 845	1 182 845
Memberships, travel and accommodation	1 920 0000	1 146 692	998 692
Total	18 943 99	19 321 703	18 483 703

Table 2 – Overall training costs

REWARDS AND RECOGNITION

Our remuneration policy supports our performance-driven culture and our total remuneration is competitive in the relevant markets within which we operate. Reward and recognition play an integral role in the successful delivery of our strategic objectives.

SENTECH has a short-term incentive scheme that is linked to the individual's performance contribution and organisational performance. During FY2022/23, performance-linked bonuses were paid at both the management and bargaining levels.

CULTURE CHANGE

In our process of building a high-performance organisation, we continue striving to create a value-driven culture in which employees find alignment between their personal values and our organisational values, creating a motivated and engaged workforce. With this in mind, we have initiated The SENTECH Way Revitalisation Programme to remind ourselves continuously of our purpose, behaviours, and ways of work, which enable us to achieve our strategic objectives.

OUR CAPITALS CONTINUED

OCCUPATIONAL HEALTH AND SAFETY

We continue to strive for zero fatalities, injuries, or occupational diseases in the workplace. Our goal is to eliminate incidents, minimise risk, manage environmental impacts as reasonably as practicable, and enable excellence in operations and business performance. Our total recordable injury rate (TRIR) is closely monitored for the limit of 1% of overall staff headcount and measured by using it as a safety performance measuring tool. The formula is calculated on the number of recordable injuries multiplied by 200 000 as a constant number and divided by the number of work hours accumulated per month to financial year-end.

SENTECH has managed to keep the TRIR levels below the TRIR limit of 1% through awareness programmes, training, medical surveillance, project safety or contractor management, and risk assessment to name a few. The TRIR for FY2022/23 was 0.1956% which was well below the TRIR limit of 1%.

EMPLOYMENT EQUITY

SENTECH is dedicated to upholding an inclusive culture, which embraces enabling women to raise their level of representation in senior roles and aggressively promoting those with disabilities. Through a solid plan that supports equality in the workplace, equal employment opportunities, skills development, and equitable representation at all occupational levels, our goal is to achieve equal representation across all levels within the organisation.

As at 31 March 2023, we had 444 permanent employees, as set out in Table 3. The current employment equity statistics reflect that 88% of staff in the organisation are black and 37% are female. At top management level, 100% are black and 29% female. In addition, 93% of senior management are black and 43% are black female, while 83% of specialists and middle management levels are black and 33% black female. Our people-with-disability rate is 1.3% of the total staff complement.

Employment Equity Report 2022/2023

	Male					Female					
Occupational Levels	African	Coloured	Indian	White	Employee with disability	African	Coloured	Indian	White	Employee with disability	Total
Top management											
Current	3	1	1	0	0	2	0	0	0	0	7
Senior management											
Current	8	0	0	1	0	6	0	0	0	0	15
Professionally qualified and experienced specialists and Mid-management											
Current	38	4	1	9	0	19	2	0	4	1	77
Skilled technical & academically qualified workers, Junior management, Supervisors, Foremen and Superintendents											
Current	107	12	8	27	3	91	3	2	5	0	255
Semi-skilled & discretionary decision making											
Current	15	1	0	0	0	20	5	1	3	2	45
Unskilled & defined decision making											
Current	36	6	0	0	0	3	0	0	0	0	45
Total permanent	207	24	10	37	3	141	10	3	12	3	444

PERSONNEL REMUNERATION BY SALARY BAND

As at 31 March 2023, SENTECH had 444 permanent employees The average personnel remuneration total cost per employee was R796 000.00 for the reporting period, of which top management accounts for 5.14%. Staff remuneration for the reporting period is set out in the table below.

Level	Personnel remuneration (R'000)	Percentage of total personnel cost	Number of employees	Average remuneration per employee (R'000)
Executive management	18 173	5.14%	7	2 596
Senior management	23 422	6.62%	15	1 561
Professional	92 855	26.26%	77	1 206
Skilled	182 826	51.71%	255	717
Semi-skilled	19 734	5.58%	45	439
Unskilled	16 547	4.68%	45	368
Total	353 558	100.00%	444	796

Table 4 – Total cost of active and permanent employees excluding terminated and temporary and variable costs as at 31 March 2023. Variable costs include post-retirement obligations, overtime, standby allowance, leave pay provision, acting allowances, long service awards and STI payments.

EMPLOYMENT AND VACANCIES

Table 5 sets out SENTECH's employee turnover and the recruitment profile.

Programme	Number of employees beginning (FY2022/23)	Approved posts	Posts planned to be filled	Number of employee end (FY2022/23)	Vacancies	Vacancies planned to be filled	Vacancy rate on planned posts
Executive management	7	11	10	7	4	3	30%
Senior Management	16	23	21	15	7	5	24%
Professionals	83	121	117	77	38	25	21%
Skilled technical and academically qualified	270	300	295	255	30	10	3%
Semi-skilled	47	57	51	45	10	5	10%
Unskilled	45	52	45	45	7	5	11%
Total	468	564	539	444	96	53	10%

Table 5 – Employee turnover and recruitment profile

EMPLOYMENT CHANGE

Table 6 sets out SENTECH's employment profile as at 31 March 2023. We had 53 planned vacancies out of a total of 96 vacancies for FY2022/23. There were no permanent appointments during the period owing to the moratorium on recruitment.

Salary band	Employment at start of period	Appointments	Terminations	Internal appointments	Employment at end of period
Executive management	7	0	0	0	7
Senior management	16	0	1	0	15
Professionals	83	0	6	0	77
Skilled	270	0	15	0	255
Semi-skilled	47	0	2	0	45
Unskilled	45	0	0	0	45
Total	468	0	24	0	444

Table 6 – Employment statistics

OUR CAPITALS CONTINUED

REASONS FOR EMPLOYEES LEAVING

SENTECH's staff turnover rate for FY2022/23 was 5.40%, comprising 58% voluntary exits and 42% mandated terminations, including retirements, dismissals, and deaths.

Category	Number	% of total number of staff leaving
Death	2	8%
Resignation	14	58%
Dismissal	1	4%
Contract expired	0	0%
Retirement	7	29%
Total	24	100%

Table 7 – Reasons for employees leaving.

EMPLOYEE RELATIONS

SENTECH is committed to building a sustainable and harmonious working relationship with the organised labour so vital to our productivity and the achievement of our strategic objectives. As a business, we will always strive to facilitate accessible and effective communication between employees, management, and organised labour.

In fostering an ethical culture, SENTECH has adopted a zero tolerance toward fraud and corruption and continues to ensure controls are in place to eliminate unethical business conduct.

OUR CAPITALS CONTINUED

SOCIAL AND RELATIONSHIP CAPITAL

This is our contribution to society and the relationships we build with our material stakeholders to ensure sustainability.

ENGAGING OUR KEY STAKEHOLDERS

Stakeholder	Priority Interests	
Shareholder	• SOC rationalisation • Digital migration • SA Connect • SOE sustainability • ICT development and contribution to economic growth	• Achievement of strategic goals • Fourth industrial revolution • ICT SMMEs and B-BBEE advancement
Government	• Broadcast industry development and contribution to economic growth • DTT roll out • Connected public facilities • Consolidation of ICT Budgets	
Employees	• COVID-19 safety • Conducive, empowering, and fair working environment • Career advancement	• Occupational health and safety • Adapting to the changing world of work
Customers	• Excellent customer services • Value for money • Innovative solutions	
Suppliers	• Business opportunities • Collaboration and payment on time • Sustainability of their business enterprises	
Reguators and other agencies	• Compliance • Partnership • Collaboration	
Media	• Informed and good corporate responsibility • Corporate responsibility information	
Communities	• Community development • Social transformation and jobs • Risk management • Strengthening of relations	• Inclusiveness and accessibility • Fostering asset value • Restoration of human dignity
Organised labour	• Workers' interests • Consultation and involvement in decision making that affects workers • Workers' safety and well-being	
Partners	• Revenue sharing • Skills and capacity sharing	

Means of Engagement	Engagement Outcomes
• Participation and support for Shareholder events and fora • Submission and presentation of business performance reports • Submission of integrated report • Annual general meetings (AGM)	The company supported the Shareholder events and initiatives on Digital Migration and SA Connect The company complied with requirements including AGM and timely submission of the Integrated Report
• Annual Performance Plans (APPs) • Submission and presentation of quarterly reports • Annual report tabling • Oversight visits • Virtual meetings	Timely and quality performance information well received by the Department
• Employee engagements • Regional visits • Quarterly business TV address • Internal website and publications • Internal events • Divisional workshops • Video and tele-conferencing	Company implemented hybrid remote working opportunity Employees were engaged and kept informed about the Company strategy, results, and developments around moratorium on recruitment
• Customer engagement workshops • Contact centre • Website • Meetings • Exhibitions and events • Video and tele-conferencing	Increased customer satisfaction and loyalty achieved
• Supplier day • Meetings • Site visits	SMMEs were paid at least within 14 days of invoice
• Submissions and presentation • Lobbying and advocacy	Engaged ICASA, Competition Commission and Takeover Regulatory Panel on Sentech acquisition of BBI. Guidance was provided by these regulators
• Publications • Media networking • Advertorial • Video and tele-conferencing	Stakeholder engagement activities and communication enhanced our brand and reputation scores
• Community fora • Charity events • Briefing sessions • Meetings • Direct marketing/Lobbying	Community acceptance and ownership of Company infrastructure
• Consultation • Negotiations • Bargaining agreements	Healthy labour relations Agreement on wage settlement
• Joint venture and strategic agreements • Covenants and performance agreements monitoring	Jointly pursued opportunities for business sustainability

CREATING VALUE THROUGH BROAD-BASED ECONOMIC EMPOWERMENT

Transformation and our B-BBEE rating are important considerations for SENTECH. Transformation helps to improve the lives and economic conditions of communities and a high B-BBEE rating provides opportunities for SENTECH to harness its enterprise supplier development (ESD) programme and, in that way, facilitate broader socio-economic change and development.

Throughout the year, the Company provided financial and non-financial support to both start-ups and established SMMEs to enable them to become more competitive and to secure long-term sustainability. Three SMMEs received financial grants to the total value of R6 million. All beneficiary businesses are currently sustainable, have advanced supply capabilities, and are not solely dependent on external funding. The financial support received from SENTECH has given them a better competitive advantage and the capacity to increase their participation in a range of market opportunities.

A Company's B-BBEE status is evaluated using four criteria: management control, SD (skills development), preferential procurement, and SED (socio-economic development). SENTECH is exempted from the Ownership clause.

The Company's overall score declined by 6.19% from 107.04 in FY2020/21 to 100.85 in FY2021/22 against the maximum target score of 112.

	Company score		
B-BBEE Elements	**FY2020/21**	**FY2021/22**	**Target Score**
Management and control	18.00	**17.23**	20.00
Skills development	20.10	**14.56**	30.00
Enterprise and supplier development	56.94	**57.07**	59.00
Socio-economic development	12.00	**12.00**	12.00
Overall score	107.04	**100.85**	112.00
Level contributor	ONE	**ONE**	ONE

Table 8 – B-BBEE Score

MANAGEMENT CONTROL

At SENTECH, we are committed to the implementation of a three-year employment equity plan aimed at achieving our transformation objectives and maintaining our B-BBEE Level 1 rating. Programmes are in place to drive transformation at all levels of the business. Of note is that the number of employees living with disabilities during the reporting period was 1.3% (6), but we are committed to meeting the target of 2% (10) once the moratorium on recruitment has been lifted.

Table 9 below highlights the employment equity status of women at SENTECH.

PERCENTAGE OF FEMALE REPRESENTATION IN THE COMPANY

31 MARCH 2023

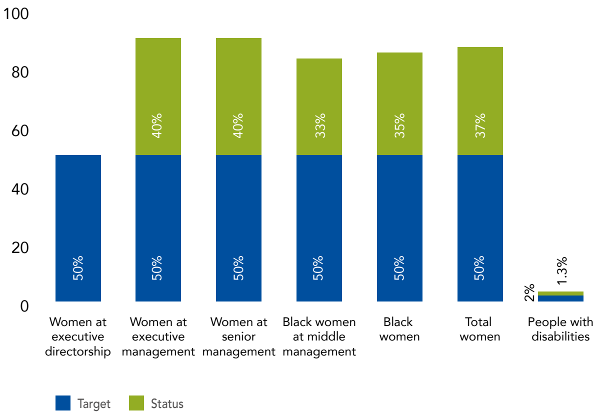


Table 9 – Percentage of Female Employees

Female representation is currently at 38% of which 35% is black. While the Company is committed to achieving a 50% representation of women as part of the three-year EE plan, it must be noted that the employment moratorium and an increased number of female resignations has affected the achievement of this target. The current employment equity statistics reflect that 89% of employees in the organisation are black.

Table 10 below gives details of SENTECH's overall employment equity status.

Levels	A	C	I	W	Total Black	Total
Black Executive Directors	2	0	0	0	2	2
Black Female Executive Directors	0	0	0	0	0	0
Black Executive Management	3	1	1	0	5 (100%)	5
Black Female Executive Management	2	0	0	0	2 (100%)	2
Black Senior Management	14	0	0	1	14 (93%)	15
Black Senior Female Management	6	0	0	0	6 (100%)	6
Black Middle Management	57	6	1	13	64 (83%)	77
Female Middle Management	19	2	0	4	21 (84%)	26
Black People Living with Disabilities	4	0	0	2	4	6 (1.3%)
Black Women Living with Disabilities	2	0	0	1	2	3

Table 10 – Employment equity status

SKILLS DEVELOPMENT

SENTECH provides training and development programmes for employees, interns, and graduates.

During the reporting period, 958 interventions were implemented, of which 94.2% were for black employees, 36.3% for women and 0.84% for people living with disabilities.

The university collaboration project and SENTECH's internship programme are in progress, with partnerships established with eight universities and 24 interns completing their experiential learning as at 31 March 2023.

Sixty-one staff bursaries were awarded for the 2022 academic year and 41 bursaries for the 2023 academic year. The skills development spend achieved for the period was 3.05% of payroll.

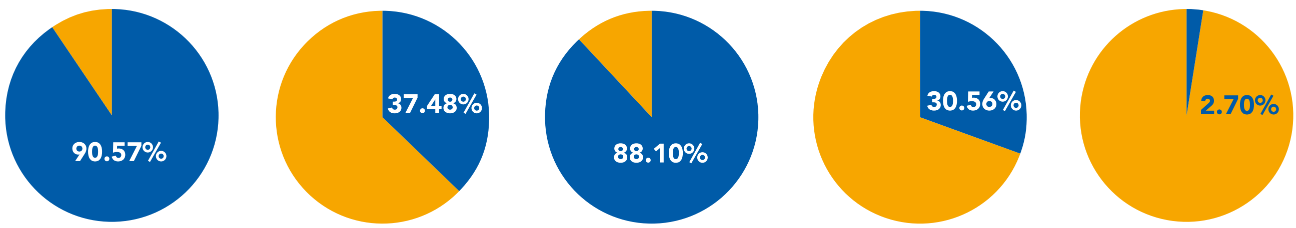
PREFERENTIAL PROCUREMENT

SENTECH exceeded all our preferential procurement targets for the reporting period, especially for black-owned enterprises with 51% or more black ownership as well as for youth, people living with disabilities, and SMMEs.

We continue to support companies owned by black people and other designated groups as proposed in the B-BBEE Act. The statistics below show how the procurement spend of R1.578 billion for the year was distributed, with R1.429 billion being awarded to enterprises with at least 51% black ownership or more. This means 90% of the total projects awarded were allocated to black-owned companies.

Another notable achievement is that a total of R1.391 billion (88%) was apportioned to SMMEs. We exceeded the remainder of our targets but going forward, SENTECH will continue to focus on women to improve spend in this category.

R1.578bn
TOTAL AWARDS



1.429bn	542.31m	1.39bn	482.291m	42.554m
BLACK OWNED AWARDS	BLACK FEMALE AWARDS	EME &QSE AWARDS	YOUTH OWNED AWARDS	WITH DISABILITY
975	386	1055	318	9

* *Targets: 75% black owned, 40% black female owned, EME and QSE, 30% youth owned, 5% with disability*

* *The demographic profiles may overlap in some or all categories*

OUR CAPITALS CONTINUED

SENTECH will continue to drive the transformation agenda as informed by the B-BBEE Act and the new Preferential Procurement Policy Framework Regulations, which were published in 2022 for implementation with effect from 16 January 2023.

ENTERPRISE AND SUPPLIER DEVELOPMENT (ESD)

SENTECH distributed 100% (R6 million) of the ESD allocated budget, with three SMMEs each being awarded financial support of R2 million. The SMMEs supported were:

- AB4IR;
- Inniyo; and
- New Breed

AB4IR

Africa Beyond 4IR will be training 50 participants on animation. These participants will receive their initial training as well as post-training mentoring with AB4IR and will be encouraged to start revenue-generating enterprises. The areas of intervention from the centre are as follows:

Capacity building – All attendees of the proposed programme will be able to partake in the digital industries, such as NFT (non-fungible token) and movie / blockbuster productions.

Exposure and ecosystem development – The current ecosystem boasts partnerships with studios in Nigeria and America, allowing participants to gain broader work experience during their training. AB4IR is looking to create content which will facilitate exposure and experience for trainees in animation and digital art creation.

Community upliftment – As part of experiential training, trainers will be tasked with going into identified communities to train and equip unemployed youth on how to produce digital art and create animations, with the core focus being on women and differently abled individuals. Their core mandate is to bridge the digital and gender divide, one community at a time as well as job creation where possible.

INNIYO

With the use of their data analytics system, Iˈmɜrdʒ™, Inniyo aims to automate data analysis and forecasting processes through simplified drag-and-drop workflow and scheduling features that allow for resources to be spent in other areas, thereby optimising business efficiency. Their targeted areas of impact are as follows:

SAA fleet management – Fuel consumption represents a huge portion of the total operating costs of an airline. Forecasting accurate consumption levels across different destinations is an extremely complex problem and one that is mission-critical for an airline. They need a more efficient and accurate process which Iˈmɜrdʒ™ could provide . Aside from the huge time savings offered, it would demonstrate Iˈmɜrdʒ™'s robustness and flexibility as a data science platform.

Public health – The unlocking of valuable information can enable caseworkers, supervisors, and service providers to better serve clients, improve quality initiatives and enable improved management decision making. Transforming unstructured human service data and merging it with structured data to create actionable information can be achieved by obtaining a better understanding of risks, needs, and service experiences. Understanding what data you have access to, and its location is the first step to creating solutions. Use of Iˈmɜrdʒ™ will make that step possible.

Department of Transport & Municipalities Fleet management (SALGA) – Access to and analysis of travel data can help provide a deeper understanding of new developments and trends in transportation mobility, identify specific public transportation needs, assess impacts relating to current and future transportation projects, and prioritise investments in maintaining, enhancing, or expanding current transportation service availability. Establishing a way to access and organise data is the first step, which is where Iˈmɜrdʒ™ could play a role.

Public safety (Metro Police & SAPS) – Protecting citizens is often a top priority of any local municipality. By using existing technologies and available internal and external data sources, public safety divisions can establish predictive policing of communities and neighbourhoods in their jurisdiction. Integrating this data with external social media, statistical, and demographic data would create a 360-degree view of any given community's citizens. Iˈmɜrdʒ™ would put this ability within reach and result in better planning for service delivery.

NEW BREED

New Breed is a black female-owned and managed company, creating four employment opportunities. It implements 3D printing technology to create and supply smart prosthetic limbs and has the capability to grow, improve, and impact the medical field using this technology.

The addition of IoT technology makes the product "smart," allowing it to monitor and adjust to the user's needs, providing personalised assistance and mobility, and a higher level of independence. The smart technology will also help in providing remote monitoring and maintenance, and detection of any wear and tear, deterioration, or need for replacement.

SOCIO-ECONOMIC DEVELOPMENT

SENTECH drives socio-economic development through the provision of connectivity and equipment to empower beneficiaries to participate in economic activities.

- We donated over 50 hygiene packs to the Lindamahle Innovation Centre, which is facilitating the 4IR skills in the rural community. SENTECH is partnering with the centre by providing support with connectivity to improve the socio-economic development of the local community.
- SENTECH supported KhumoPancy Consulting with their exhibit at Govtech Conference 2022. The SMME is a former ESD beneficiary that developed the technology for facial recognition and biometric security. The SMME benefited from meaningful leads at the conference and has since signed up with SALGA.

NATURAL CAPITAL

SENTECH impacts the environment through the natural resources we use: energy and water. We implemented several initiatives to enhance our natural capital, including environmental preservation initiatives and policies and procedures aimed at lowering carbon emissions.

ENVIRONMENTAL PRESERVATION

As a good corporate citizen, SENTECH is committed to preserving environmental integrity and to continuously improving our compliance with environmental management legislation, regulations, and standards.

Much of our communications infrastructure is situated in South Africa's national parks, protected areas, private reserves, and on farms. By its nature, technical infrastructure produces harmful and hazardous waste which, if improperly handled, could be detrimental to the environment. We recognise that we must act responsibly to minimise the impact of our operations on the environment and ensure that it is preserved for present and future generations.

In accordance with the National Environmental Management Act (No. 107 of 1998), we have an Environmental Impact Management Policy in place. This provides a framework within which to gradually reduce our carbon footprint, promote good environmental hygiene, and consistently improve waste management practices. It also allows for a controlled operating environment and sound materials usage practices to avoid human exposure to health hazards, to minimise pollution during operations, and to preserve the environment.

At SENTECH, we consistently strive to improve our environmental management practices and we did not record any significant environmental incidents during the reporting period.

LOWERING CARBON EMISSIONS

South Africa has taken far-reaching measures to ensure a progressive reduction of the country's carbon footprint. The Carbon Tax Act (No. 15 of 2019) mandates reporting on carbon emissions and requires all businesses to reduce their carbon footprints in a responsible and innovative manner. The Act provides for government to levy a tax on greenhouse gas (GHG) emissions based on the "polluter pays" principle. This is intended to encourage businesses to reduce their emissions and is supported by programmes incentivising them to adopt cleaner technologies.

To secure continuous improvement in emissions, we have established several key research projects aimed at identifying and implementing energy-efficient technology and green energy solutions.

During the reporting period, we successfully converted 12 of our sites to solar energy. This is just one aspect of a long-term plan to convert the energy supply to offices and high-usage sites from mains to green energy, which has proven to be a highly successful way of reducing the country's overall carbon footprint.

SUSTAINING VALUE BY MANAGING RISKS AND OPPORTUNITIES

ENTERPRISE RISK MANAGEMENT STRATEGY AND PHILOSOPHY

An effective enterprise risk management process is critical for SENTECH to achieve its strategic and operational goals that are aligned to the Shareholder's priorities, particularly in the current environment of change. Exploring opportunities to increase revenue for SENTECH is essential but the organisation recognises that risk is intrinsic to the business and that, to be successful, it must strike a balance between managing risk and exploiting opportunities.

Appropriate responses to identified risks include acceptance, avoidance, transfer, and mitigation. SENTECH considers each of these areas when formulating the Company's risk appetite and tolerance levels. The Enterprise Risk Management Strategy is intended to ensure that the organisation maintains sound risk management practices that support the implementation of the overall organisational strategy.

The Board of Directors has overall accountability to govern risk in a way that supports the organisation in setting and achieving its strategic objectives (King IV). In achieving this mandate, it is the role and responsibility of the Board to evaluate and monitor the nature and extent of the risks that the organisation is willing to take in pursuit of achieving its strategic objectives and determining its risk appetite. The Board maintains oversight of the strategic risks identified through periodic review to satisfy itself that the risks are being adequately mitigated.

In line with the Risk Management Strategy, all risk management activities are monitored by the Board through its committees on a quarterly basis.

SENTECH's enterprise risk management process is effectively embedded in the organisation and robust discussions on risk, risk mitigation, and risk appetite occur at both the operating and divisional leadership team levels. The enterprise risk management process is supported by the Board's principle of focusing on those risks capable of undermining the strategy or long-term sustainability of the organisation and damaging its reputation.

MANAGEMENT OF TOP STRATEGIC RISKS

In FY2022/23, at the beginning of the reporting period, 12 top strategic risks to the organisation were identified. These risks were aligned to the organisational strategic pillars, outcomes, and key performance indicators set for the financial year. At year-end, it was noted that the risks had been adequately managed by the organisation.

Risk #	Risk description	Risk rankings: Inherent	Risk rankings: Residual	Adequacy of current controls	Overall residual ranking at year end	Overall year-end comments
1	Inadequate growth of the broadband and connectivity business	25	13	Partially adequate	←	SA Connect phase 2 implementation delayed owing to allocation of funding.
2	Lack of digital transformation i.e., inadequate innovation and inability to adopt new technologies	20	10	Partially adequate	→	Consultants appointed to assess effectiveness of R&I. Also tasked to review and update the R&I policy.
3	Declining revenues for existing business	25	13	Partially adequate	←	Challenges with customers paying SENTECH on time owing to their financial challenges. The new revenue growth target was not achieved owing to opportunities identified not materialising on time.
4	Failure to realise the objectives of the merger goals	25	13	Partially adequate	←	Delays in approval process to conclude the Transaction Proposal.
5	Unsustainable cost of operations that may result in insolvency	25	13	Partially adequate	←	Increased operating costs due to the impact of loadshedding. Increased acquisition of diesel to sustain business operation.
6	Inability to attract, develop and retain mission critical skills	16	8	Partially adequate	↓	The Organisational Design project started and on track. The finalisation of the design and approval of the outcomes is expected mid-year of next financial year.
7	Inability to deploy STB on targeted sites and digital infrastructure timeously	20	10	Partially adequate	→	Installation of STB. New announced date for analogue switch off is 31st December 2024.
8	Loss of current customers and inability to acquire new customers	16	8	Partially adequate	↔	Management continuously seeking opportunities to grow revenue through merger and/or acquisition.
9	Irreparable reputation and brand damage	15	8	Partially adequate	↔	Brand survey and consumer survey for FY2022/23 have been completed and yielded positive outcomes.
10	Failure to complete the conversion from analogue to digital on agreed time	16	8	Partially adequate	→	The Minister has announced and gazetted the final analogue switch off date to be 31st December 2024.
11	Delayed analogue switch off targets not met	10	2	Adequate	↓	The Minister has announced and gazetted the final analogue switch off date to be 31st December 2024.
12	Cyber attack	25	13	Partially adequate	↔	Deployment of the EDR (Event Data Record) for all endpoints to obtain real-time information on security incidents and events underway.

SUSTAINING VALUE BY MANAGING RISKS AND OPPORTUNITIES CONTINUED

At year-end, three risks had remained residually high, owing to challenges resulting from the moratorium on filling vacancies, the inability to grow revenue, and the increased impact of loadshedding on the business. The increased operating costs were caused by the need to purchase large quantities of diesel to ensure that SENTECH achieved its mandate to deliver to customers. The risks that remained residually high are as follows:

- inadequate growth of the broadband and connectivity business;
- declining revenues for existing business, and
- unsustainable cost of operations that may result in insolvency.

During the year, the materialised and emerging risks were identified and communicated to management to ensure that adequate mitigation controls were put in place.

At the end of the year, it was noted that the risk posed by the moratorium on filling vacancies had materialised in the organisation, impacting on its need to fill critical positions on a permanent basis and creating an inability to attract and retain talent, given the short contract duration allowed to applicants. The organisation has managed this challenge by partially lifting the moratorium to make appointments in critical positions for a period not exceeding one year.

FRAUD PREVENTION AND RISKS

In line with the requirements of the Public Finance Management Act, SENTECH's Risk Management Plan includes a Fraud Prevention Plan. In accordance with this plan, awareness campaigns, policy reviews, and control improvements are conducted on a regular basis.

A fraud risk assessment was also conducted during the year to ensure that all fraud risks had been identified and were being managed in line with the organisation's zero-tolerance approach to fraud and corruption, as specified in the Company's risk appetite statement. A total of 14 fraud risks were identified and at year-end, the residual rankings of all 14 had been reduced to low.

FRAUD AWARENESS TRAINING

During FY2022/23, fraud awareness was conducted for all employees and at all operational centres (OCs) that were visited during year. The topics included creating awareness around hotline reporting and ensuring that employees understood the process and procedures for reporting any suspicion or allegation of fraud without feeling intimidated.

Employees were also trained in the identification of cyber-fraud tactics to increase awareness of any potential cyber attacks that the organisation could face in future.

BUSINESS CONTINUITY MANAGEMENT

The Business Continuity Plan was continuously implemented throughout the organisation. On a monthly basis the COVID-19 assessments were undertaken in all OCs, including the head office, to ensure early identification of new cases that could emerge within the organisation. During the financial year, there were no fatalities from COVID-19 reported.

Risks of any pandemic diseases are continuously monitored to ensure that early detection and mitigation strategy is deployed to minimise impact on operations and preserve life.


CYBER
SECURITY

CORPORATE GOVERNANCE

At SENTECH, corporate governance goes beyond legal compliance, policies, processes, and procedures. We are committed to the highest standards of governance, ethics, and integrity, all of which are embedded in our culture and are designed to secure long-term effectiveness and sustainability. These standards are also designed to facilitate and foster healthy relationships among members of the Board, the Shareholder, employees, and stakeholders.

We believe that good corporate governance is an expression of our values and creates a solid framework for effective leadership, accountability, risk management, performance management, and transparency. It also creates a context within which to establish sound business practices, integrity, and the creation of value for all stakeholders.

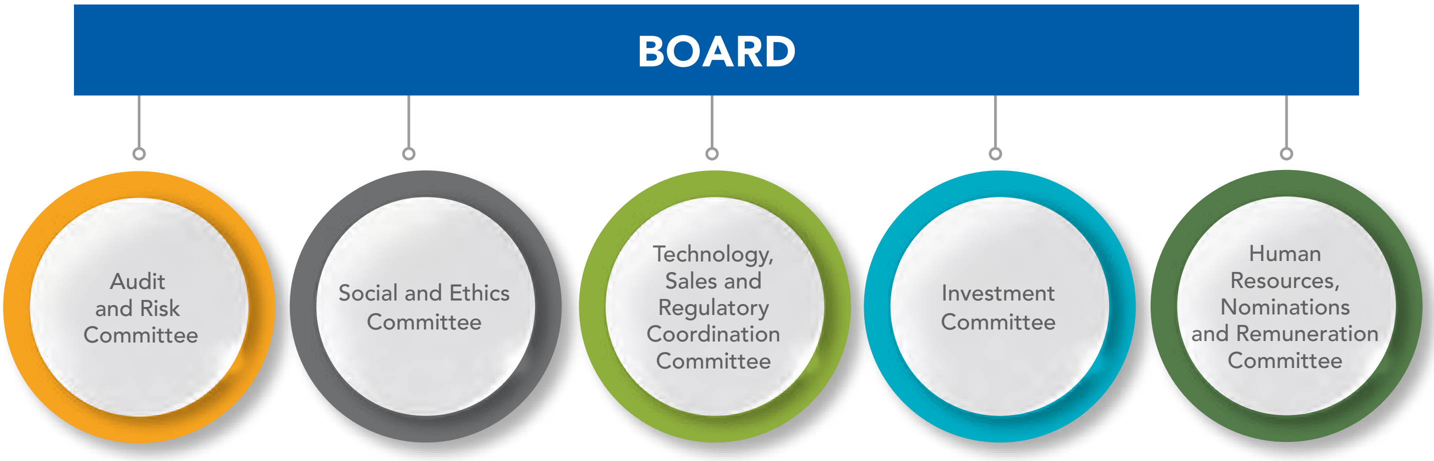
At SENTECH, we constantly and consistently review our governance practices and processes to ensure that we always act in the best interests of all stakeholders. The Board is ultimately accountable and bears full responsibility for the Company's performance and affairs, as well as for ensuring that we adhere to the highest standards of ethical behaviour. It embraces the principles and benefits of diversity which bring different perspectives and inputs to executive decision making.

The Board is led by an independent non-executive director and most of the members are independent non-executive directors, as recommended in King IV. The CEO, CFO and COO are the executive directors. The responsibilities of Board members, a record of their attendance at meetings, and matters considered during the financial year are set out in the following sections.

BOARD REPORT AND COMMITTEE ACTIVITIES

The committees of the Board facilitate the implementation of strategy in various areas of the business and provide insight, oversight, and guidance in those areas. The committees report to the Board through their respective chairpersons, who submit regular written reports.

The five committees of the Board are as follows:



BOARD CONTINUITY PROGRAMME

The Board Continuity Programme addresses the skills, experience, and other qualities required for the effective functioning of the Board. It also sets out the procedures for the induction and ongoing training of directors, as well as the evaluation of the Board's performance.

APPRAISAL

An appraisal of the Board and its committees is currently being conducted by a reputable external service provider. An independently facilitated self-appraisal process dealing with individual directors, the performance of the Board as a whole, and the performance of the Board committees was conducted. The appraisal was aligned to the principles of King IV and covered the following:

- the composition of the Board and its committees;
- the roles and responsibilities of the directors;
- the culture of the Board; and
- key role players.

APPROACH TO COMPLIANCE

Adherence to and compliance with applicable laws and regulations is a responsibility of the Board. During the year, the Company reviewed its Compliance Policy and Framework, as well as legal and regulatory developments. Compliance reports were submitted to the Audit and Risk Committee and the Social and Ethics Committee. Compliance monitoring reviews were undertaken in selected divisions to assess whether business activities were being conducted in compliance with relevant regulatory requirements, internal policies, and procedures. This process has assisted the Company in identifying areas of improvement.

ETHICS

King IV defines corporate governance as the exercise of ethical and effective leadership by the governing body, which is aimed at achieving an ethical culture, good performance, effective control, and legitimacy. The Board is responsible for defining the Company's ethical framework and has delegated oversight of this to the Social and Ethics Committee. The Code of

Business Conduct and the Ethics Policy were reviewed during the year. The policy articulates the standards of behaviour expected from directors, employees, and service providers.

All directors and managers commit to upholding the Company's ethics by signing an ethics pledge. A formal whistleblowing policy provides employees with access to an anonymous hotline, which can be used to report unethical conduct. This is administered by an independent company, which submits cases based on reports received. These are then investigated by Internal Audit, starting with a preliminary investigation to establish whether there is a prima facie case.

COMPLIANCE WITH KING IV

The Board accepts and is compliant with the governance principles outlined in King IV. This represents a fundamental commitment to stakeholder inclusivity, corporate citizenship, and protecting value in all areas of the business. The Company's governance framework and culture provide a solid foundation for the implementation of King IV, which focuses on four outcomes, namely an ethical culture, good performance, effective control, and legitimacy. The Board has provided effective leadership and this has been demonstrated through the achievement of strategic objectives. The Board is satisfied with the way the principles in King IV have been applied within the business and have put supplementary measures in place as and where necessary.

It is the role of the Board to provide strategic guidance and leadership to safeguard Shareholder and stakeholder value within a framework of prudent and effective controls. Governance structures were put in place by the Board to facilitate risk identification and for management to secure sustainable development and long-term growth.

The Board is ultimately accountable for SENTECH'S business affairs and performance, as well as for ensuring that the Company adheres to high standards of ethical behaviour. Directors have a fiscal and fiduciary responsibility to the Company, both under common law and in terms of the Public Finance Management Act and the Companies Act. The Board is directly accountable to the Shareholder's Representative, i.e. the Minister of Communications and Digital Technologies. Directors are also responsible, within the parameters of corporate law and legislation, to other stakeholders of the Company. They are required to exercise due care, skill, and the utmost good faith in the performance of their duties.

The Board reviews its governance structures and processes on a regular basis to ensure that they support effective and ethical leadership, good corporate citizenship, and sustainability. Policies are in place to ensure adherence to legislative and regulatory requirements as well as best-practice standards of governance.

The Board is governed by the Board Charter, which provides details of the roles, powers, functions, duties, and responsibilities of the directors, both collectively and individually. The Charter was reviewed and approved by the Board during the reporting period.

The Board is mindful of its responsibility to ensure that there is always an appropriate balance of skills and experience on the Board. Should the balance be affected for any reason, the Board makes recommendations to the Minister, advising about appointment of non-executive directors to ensure the balance of skills and experience.

INDEPENDENCE OF DIRECTORS

The Board follows a process of assessing the independence of non-executive directors on an annual basis using the criteria recommended in King IV to ensure the necessary independence. The Board has satisfied itself that all the non-executive directors meet the requisite criteria for independence as outlined in the Independence of Directors Policy.

Based on the Memorandum of Incorporation (MOI), the Shareholder's Compact, and applicable legislation, the Board has determined that its main functions and responsibilities are as follows:

- giving strategic direction to the Company in line with Government's objectives and ensuring that SENTECH remains a viable and sustainable business. The Company's strategic objectives are set out in the Annual Corporate Plan, which is submitted to DTPS and National Treasury;
- preparing and approving corporate plans, annual budgets, integrated reports, and financial statements;
- ensuring that SENTECH complies with the obligations required by the various laws and regulations that are applicable to the Company;
- monitoring and evaluating the implementation of the Board's strategies and performance objectives by executive management, as defined in the Corporate Plan and Shareholder's Compact;
- ensuring that the Company is managed effectively and in accordance with best-practice corporate governance and ethical standards;
- regularly assessing the performance and effectiveness of the Board as a whole, as well as the individual directors, including the Chairperson and the CEO, the Committees of the Board, and the Chairpersons of the various committees;
- accounting to the Shareholder on implementation of the Corporate Plan; and
- ensuring that the technologies and systems used in the Company are adequate to run the business properly and for it to compete through the efficient use of its assets, processes, and human resources.

COMPOSITION AND NUMBER OF MEETINGS

During FY2022/23, changes were made to the composition of the Board by the appointment of the following non-executive directors:

- Ms S Mudau
- Ms V Motloutsi
- Mr T Phiri
- Mr M Metuse
- Dr T Sesane
- Adv N Mudunungu
- Ms M Moropa

CORPORATE GOVERNANCE CONTINUED

ATTENDANCE OF MEETINGS

The Board held one strategic planning session during this period, as well as five scheduled and ten special meetings. Attendance at these meetings is set out in the table below:

Name of member	28 April 2022	31 May 2022**	3 Jun 2022**	8 Jun 2022**	22 July 2022**	29 Jul 2022	11 Aug 2022**	23 Aug 2022**	10 Oct 2022**	27 Oct 2022	30 Nov 2022**	7 Dec 2022**	25 Jan 2023	24 Feb 2023	10 Mar 2023**
Ms S Mudau (Chairperson)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Ms V Motloutsi	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✗	✓	✓	✓
Mr T Phiri	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr M Metuse	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Dr T Sesane	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Adv N Mudunungu	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Ms M Moropa	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr M Booi	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr T Leshope	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✗	✓	✓
Ms K Govender	✓	✓	✓	✓	✗	✓	✗	✗	✓	✓	n/a	n/a	n/a	n/a	na
Ms R Rasikhinya	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	✓	✓	✓	✓	✓

✗ *Apology / recused from a meeting*

✓ *Present (either in person or via teleconference)*

** *Special meeting*

n/a Meeting held prior to appointment or following resignation as a non-executive director or the reconstitution of Committee membership

Board Members	2020/21 Meetings		2021/22 Meetings		2022/23 Meetings	
	Number	%	Number	%	Number	%
Dr S Malinga	12/13	92	6/7	86	**n/a**	**n/a**
Ms M Manyama	11/13	85	1/1	100	**n/a**	**n/a**
Ms P Sibiya	13/13	100	6/7	86	**n/a**	**n/a**
Ms M Tonjeni	13/13	100	7/7	100	**n/a**	**n/a**
Mr M Tsika	12/13	92	7/7	100	**n/a**	**n/a**
Ms S Mudau	n/a	n/a	4/4	100	**15/15**	**100**
Ms V Motloutsi	n/a	n/a	4/4	100	**14/15**	**93**
Mr T Phiri	n/a	n/a	4/4	100	**15/15**	**100**
Mr M Metuse	n/a	n/a	4/4	100	**15/15**	**100**
Dr T Sesane	n/a	n/a	4/4	100	**15/15**	**100**
Adv N Mudunungu	n/a	n/a	4/4	100	**15/15**	**100**
Ms M Moropa	n/a	n/a	4/4	100	**15/15**	**100**
Mr M Booi	13/13	100	11/11	100	**14/15**	**93**
Ms K Govender	n/a	n/a	11/11	100	**7/10**	**70**
Mr T Leshope	12/13	92	10/11	91	**14/15**	**93**
Ms R Rasikhinya	n/a		n/a		**5/5**	**100**

Mr Mlamli Booi
Chief Executive Officer

Ms Sedzani Mudau
Chairperson of the Board

COMMITTEE REPORTS

TECHNOLOGY, SALES, AND REGULATORY CO-ORDINATION COMMITTEE (TSRC)

The Committee's mandate is to ensure co-ordination between policy, regulation and technology in the development and implementation of the Company's strategy.

COMPOSITION AND NUMBER OF MEETINGS

During the reporting period, the TSRC Committee comprised the following members and held 5 meetings:

	1 Apr 2022 to 31 March 2023				
Member	**19 Apr 2022**	**22 Jun 2022****	**15 Jul 2022**	**14 Oct 2022**	**17 Jan 2023**
Mapuleng Moropa (Chairperson)	✓	✓	✓	✓	✓
Dr T Sesane	✓	✓	✓	✓	✓
Mr T Phiri	✓	✓	✓	✓	✓
Ms V Motloutsi	✓	✓	✓	✓	✓

× *Apology*
✓ *Present (in person or via tele-conference)*
** *Special meeting*
n/a Meeting held prior to appointment or following resignation as a non-executive director or the reconstitution of Committee membership

Mandate	Action
• Reviewing reports on the implementation of key projects • Ensuring that SENTECH's Technology and Information Strategy and its implementation are aligned with business objectives • Ensuring that the Marketing and Sales Strategy supports the Company's objective of increasing revenue from sales • Ensuring that the strategies emanating from innovative initiatives support the building of digital capabilities and the enhancement of connectivity • Ensuring that the governance of technology and information supports the achievement of strategic objectives • Advising and guiding the Board with respect to Digital Terrestrial Television (DTT) commercialisation and any other related matters	• Considered matters pertaining to the sustainability of SENTECH • Considered reports on business development initiatives • Approved the Technology and Information, Regulatory and Policy strategies and monitored their implementation • Considered the implementation of the Operations Management Plan • Monitored various business cases and progress reports on these business cases • Focused on revenue diversification • Approved the ICT programmes • Received reports on the DTT Commercialisation Plan • Received risk management reports on matters within the Committee's mandate

The CEO, CFO, COO, Chief Strategy Officer, Acting Chief Marketing and Sales Officer, Executive: Legal and Regulatory, Acting Executive: Broadband, Executive: Operations, and Head: Risk and Compliance attended committee meetings by invitation.

Matter	Outcome
BDM and set-top box installations	The lack of funding for dual-illumination (i.e. the provision of both analogue and digital broadcasting services during the period of transition from the one to the other) threatened to lead to an operating loss in the 2022 financial year. A request for funding was submitted to National Treasury, which agreed to supplement the funding required for this purpose. SENTECH has also collaborated with key industry stakeholders to create an awareness of the need for digital migration
Impact of proposed changes in the regulatory environment	SENTECH participated in the public consultation process related to the Electronic Communication Amendment Bill
Financial sustainability	Revenue diversification and the development of new products is being considered

In FY2023, the Committee will monitor revenue diversification, the development of new products and services, and the Company's inorganic growth efforts.

CORPORATE GOVERNANCE CONTINUED

INVESTMENT COMMITTEE (IC)

The Board approved the establishment of an ad hoc investment committee to address the BBI merger and other mergers and acquisitions in 2018. The Committee was also tasked with reviewing our MOI and Shareholder's Compact to allow for the consideration of mergers and acquisitions by the Committee and the Board.

Among other matters addressed by the Committee, the Mergers, Acquisitions and Partnerships Policy and Strategy, the Business Case for SOC Rationalisation, and the quarterly Mergers and Acquisitions Investment Progress Report were considered.

Mandate	Action
• Assessing alignment with SENTECH's strategy, financial viability, financing, feasibility, and sustainability when evaluating or monitoring any matter that falls within its mandate • Ensuring effective risk management oversight of acquisitions, specifically in relation to material risks within its scope • Reviewing mergers, acquisitions, partnership strategies and policies and making recommendations about these to the Board • Assisting the Board in fulfilling its responsibility for developing and monitoring the implementation of merger and acquisition policies by overseeing the assurance of independent assurance providers	• Reviewed the Mergers, Acquisitions and Partnerships Policy and Strategy • Considered the potential acquisition and the risk associated with it • Reviewed the SOC Rationalisation Plan: the SENTECH Acquisition Plan of Broadband Infraco (BBI)

COMPOSITION AND NUMBER OF MEETINGS

During the reporting period, the Committee comprised the following members and held six meetings

	1 Aril 2022 to 31 March 2023					
Member	21 Apr 2022	19 Jul 2022	19 Oct 2022	28 Nov 2022**	19 Jan 2023	8 Mar 2023
Ms V Motloutsi	✓	✓	✓	✓	✓	✓
Mr T Sesane	✓	✓	✓	✓	✓	✓
Adv N Mudumungu	✓	✓	✓	✓	✓	✓

× *Apology*
✓ *Present (in person or via tele-conference)*
** *Special meeting*
n/a Meeting held prior to appointment or following resignation as a non-executive director or the reconstitution of Committee membership

The CEO, CFO, COO, Chief Strategy Officer, Acting Chief Marketing and Sales Officer, Acting Executive: Broadband, Acting Executive: Finance, Head: Internal Audit, and Head: Risk and Compliance Executive: Legal and Regulatory attended committee meetings by invitation.

KEY MATTERS

Matter	Outcome
SOC rationalisation	The Committee considered quarterly Investment Committee Reports that addressed SOC Rationalisation , including the SENTECH Acquisition of Broadband Infraco (BBI) and target acquisition update. In addition the Committee considered the BBI Due Diligence Report, the BBI Turnaround Plan and Sales of Shares Agreement
Review of the Mergers, Acquisitions and Partnerships Policy and Strategy	The policy document outlined the strategy to be followed in acquiring and merging with businesses where there is a strategic fit with SENTECH. The strategy was then aligned to the FY2023/24 – FY2025/26 Corporate Plan
Investment Committee Charter and Mandate	The Committee reviewed the Committee Charter and considered the Investment Mandate

During the FY2023/24, the Committee will continue to monitor revenue diversification through proposed mergers and acquisitions.

HUMAN RESOURCES, NOMINATIONS, AND REMUNERATION COMMITTEE (HRNRC)

The Committee assists the Board on matters related to recruitment, talent management, succession planning, and remuneration by ensuring that decisions are aligned to the Company's strategic objectives. It also oversees human resources strategies and their implementation with the aim of creating and sustaining a high-performance culture.

The HRNRC is responsible for the appraisal of the Board.

Mandate	Action
• Overseeing and monitoring the development of human resources policies and procedures • Overseeing the development of the Company's human resources strategy and monitoring its implementation • Ensuring that competitive remuneration and reward policies and strategies are in place to facilitate the recruitment, motivation, and retention of high-performance staff at all levels • Reviewing the size and composition of the Board with regard to the appropriate mix of knowledge, skills, and experience including the business, commercial. and industry experience needed to govern the Company • Making recommendations regarding changes to the Board if and when necessary • Assisting the Board with the recruitment of executive directors • Reviewing and recommending to the Board the criteria necessary to measure the performance of executive directors • Establishing procedures for the Committee to oversee the evaluation of the performance of the Board and each individual director • Ensuring that directors receive ongoing development and training relating to their duties, responsibilities, and SENTECH's business • Reviewing the implementation of risk management plans on human capital matters and human resources policies • Ensuring compliance with labour legislation and SENTECH's Code of Business Conduct and Ethics	• Reviewed reports on the implementation of the Human Resources Strategy and Plan • Reviewed human resource policies • Reviewed reports on the management of significant risks related to the mandate of the Committee • Considered and recommended the FY2023/24 Corporate Scorecard

During the reporting period, the HRNRC Committee comprised the following members and held five meetings:

	1 April 2022 to 31 March 2023				
Member	13 Apr 2022	14 Jul 2022	13 Oct 2022	18 Oct 2022**	17 Jan 2023
Mr M Metuse (Chairperson)	✓	✓	✓	✓	✓
Ms V Motloutsi	✓	✓	✓	✓	✓
Ms S Mudau	✓	✓	✓	✓	✓

× *Apology*
✓ *Present (in person or via tele-conference)*
** *Special meeting*
n/a Meeting held prior to appointment or following resignation as a non-executive director or the reconstitution of Committee membership

The Chief Human Resources Officer and the executive directors attend meetings by permanent invitation.

SOCIAL AND ETHICS COMMITTEE (SEC)

The composition of the Social and Ethics Committee complies with the requirements of the Companies Act and King IV. The Committee is responsible for ensuring that SENTECH makes a meaningful contribution to social development in South Africa and that the Company complies with its stated values in every aspect of its operations. SENTECH strives to be a relevant state-owned Company, demonstrating integrity, moral values, and ethical behaviour that promote trust. It recognises the need to care for the environment and to promote economic growth and transformation, which is vital for creating a sustainable future for the Company and all its stakeholders.

Mandate	Action
• Overseeing SENTECH's reputation management and stakeholder relationships • Ensuring compliance with the Constitution, the country's legislative framework, best-practice standards of governance, and the Company's Code of Conduct and policies • Reviewing the Code of Conduct and ethics policies and procedures to ensure that they address key social and ethical risks to the Company • Reviewing the implementation of risk management in human resources, ethics, compliance, governance, and stakeholder relations	• Reviewed SENTECH's Sustainability Strategy and Plan • Monitored progress on the implementation of the People Transformation Strategy • Monitored progress made on B-BBEE • Monitored progress on the implementation of the Marketing and Sales Strategy • Reviewed the Stakeholder Engagement Strategy and received reports on the implementation of the strategy • Considered reports on the implementation of the COVID-19 Management Strategy • Reviewed the Socio-economic Development Strategy • Monitored activities related to socio-economic development including enterprise and supplier development, supply chain management, and socio-economic development programmes implemented by the Company • Monitored employees' skills development • Considered the 2022/23 Compliance Plan and Compliance Reports • Received reports on the implementation of the Fraud Prevention Plan • Received reports on the mitigation of risk related to employee and labour relations, ethics, and compliance

COMPOSITION AND NUMBER OF MEETINGS

During the reporting period, the SEC comprised the following members and meetings were attended as follows:

	1 April 2022 To 31 March 2023			
Member	**13 Apr 2022**	**14 July 2022**	**13 Oct 2022**	**16 Jan 2023**
Dr T Sesane (Chairperson)	✓	✓	✓	✓
Ms S Mudau	✓	✓	✓	✓
Adv N Mudunungu	×	×	×	✓

× *Apology*
✓ *Present (in person or via tele-conference)*
** *Special meeting*
n/a Meeting held prior to appointment or following resignation as a non-executive director or the reconstitution of Committee membership

AUDIT AND RISK COMMITTEE (ARC)

As required by the PFMA, the report on activities of the ARC has been prepared as prescribed by Treasury Regulations and in line with King IV. The ARC was constituted as a Committee of the Board to fulfil statutory duties in terms of Section 51(1)(a)(ii), Section 76 and Section 77 of the PFMA, read together with Treasury Regulation 27 and Section 94(7) of the Companies Act, as well as all other duties assigned to it by the Board.

The ARC deals with key accounting issues and audit matters. Its role is to ensure the proactive management of all categories of risk and to play an essential role in ensuring the integrity and transparency of SENTECH's corporate reporting.

ARC CHARTER

The Committee confirms that it has complied with its Charter and other statutory obligations during the reporting period. The ARC Charter is continuously reviewed in line with changes in legislation, business circumstances, and corporate governance principles. A review in accordance with King IV and current best practice was conducted during the reporting period.

The ARC assists the Board in fulfilling its oversight responsibilities, particularly with regard to the evaluation of the adequacy and efficiency of accounting policies, internal controls, financial and corporate reporting processes, risk management, and compliance. In addition, the ARC assesses the effectiveness of the internal auditors and the independence and effectiveness of the external auditors.

The executive directors, Chief Strategy Officer and Heads of Internal Audit, Risk and Compliance and Supply Chain Management attend all meetings by permanent invitation. In addition, the representatives of the Auditor General of South Africa attend meetings by invitation. The external auditors also attend ARC meetings and have unrestricted access to all Committees of the Board that deal with audit and/or risk issues. Both external and internal auditors are able to meet with the ARC in the absence of management as and when the need arises.

COMPOSITION AND NUMBER OF MEETINGS

During the reporting period, the ARC comprised the following members meetings:

	1 April 2022 to 31 March 2023						
Member	20 Jul 2022	24 May 2022**	27 Jul 2022	19 Oct 2022	9 Dec 2022**	19 Jan 2023	20 Feb 2023**
Mr T Phiri (Chairperson)	✓	✓	✓	✓	✓	✓	✓
Ms M Moropa	✓	✓	✓	✓	✓	✓	✓
Mr M Metuse	✓	✓	✓	✓	✓	✓	✓

✓ + *Present (in person or via tele-conference)*

** *Special meeting*

The main activities undertaken by the ARC during the year under review are summarised below.

EXTERNAL AUDIT

Mandate	Action
• The ARC is responsible for recommending the appointment and overseeing of the activities of the external auditors	• Considered the 2021/22 Draft AFS with management and assurance providers and recommended the Draft AFS to the Board • Concurred that the adoption of the going concern premise in preparation of the financial statements was appropriate • Recommended the 2021/22 Integrated Report to the Board • Recommended the Quarterly Business Performance Reports to the Board • Recommended the appointment of the external auditor to the Board for approval by the Shareholder representative at the AGM • Reviewed, deliberated, and approved the External Audit Annual Plan and related scope of work for the year ending 31 March 2023, with specific reference to the proposed methodology, execution period and fee • Considered with management the quality and effectiveness of the external audit process, areas of concern, and the improvement plans being developed to mitigate identified risks • Reviewed significant accounting practices, judgements and estimates adopted by the Company in the application of the International Financial Reporting Standards and found those to be appropriate • Considered the 2022/23 Procurement Plan • Noted progress reports on the 2021/22 Management Letter Points

CORPORATE GOVERNANCE CONTINUED

INTERNAL AUDIT

The internal audit function is an independent assurance function and is part of the third line of defence as set out in our Combined Assurance Model. The Head: Internal Audit reports functionally to the ARC and administratively to the CEO.

Mandate	Action
• The ARC receives regular reports from the Head: Internal Audit and is tasked with assessing the internal audit function and approving the Annual Audit Plan	• Approved the 2022/23 Internal Audit Plan and rolling three-year plan • Reviewed and approved the Internal Audit Charter • Considered Internal Audit Quarterly Reports relating to the effectiveness of the Company's internal control environment, systems, and processes together with the adequacy and appropriateness of the related Management Corrective Action Plans • Considered the effectiveness of the internal audit function • Reviewed the internal audit resources to ensure that Internal Audit is able to discharge its functions • Considered Hotline reports and the progress in addressing reported incidents

The Committee received no complaints relating to the accounting practices and internal audit of the Company, the content or auditing of its financial statements, the internal financial controls of the Company or any other related matters during the reporting period.

Having considered, analysed, reviewed, and debated information provided by management and Internal Audit and the external auditors, the Committee concluded that the internal controls had been partially effective in all material aspects throughout the reporting period.

FINANCIAL REPORTING

The ARC received regular reports from management regarding the performance of the Company, the tracking and monitoring of key performance indicators, budgets, forecasts, capital expenditure, and the reliability of management information used during the financial reporting process. The Committee monitored consistency in the application of the accounting and financial policies of the Company and compliance with accounting standards.

RISK MANAGEMENT

The Board has delegated the responsibility of managing the Company's Risk Management Policy to the ARC. The Committee oversees both risks and opportunities to ensure that they are appropriately identified, monitored, managed, and provisioned within the Company's defined risk appetite.

The ARC Charter defines the minimum requirements for the Committee to give effect to its risk oversight responsibilities. It receives regular reports on issues in the Company's Risk Register and on compliance matters from the Compliance and Risk functions.

During the reporting period, the ARC was involved in various key risk areas and satisfied itself that the following areas had been appropriately addressed:

- Financial reporting risks;
- Internal financial controls;
- Fraud risks as related to financial reporting; and
- IT risks as related to financial reporting.

The Committee also approved the following:

- Risk Management Reporting Framework;
- Risk Management Plan; and
- Combined Assurance Plan.

The Committee recommended the following to the Board for approval:

- Strategic Risk Register; and
- Risk Appetite and Tolerance Level.

The ARC considered the material risks within the Company and changes to the risk profiles during the year. New and emerging risks, including stakeholder management risks, were addressed. The Committee also assisted the Board in discharging its duties relating to the Company's system of risk management and compliance. It further received internal audit reports regarding the adequacy and effectiveness of the Company's information system controls.

The ARC is satisfied that the mitigation actions for the identified risks have been effective. Strategic risks identified in the Corporate Plan influenced pertinent matters addressed by the Board.

INTERNAL FINANCIAL CONTROL

During FY2022/23, the ARC:

- reviewed the effectiveness of the Company's system of internal financial control, including receiving assurance from management, internal audit, and external audit;
- reviewed significant issues raised by the internal audit and audit processes;
- approved internal control and compliance activities; and
- reviewed policies and procedures for preventing and detecting fraud.

Based on the processes and assurances obtained, the ARC believes that the significant internal financial controls are effective.

OTHER MATTERS

During FY2022/23, the ARC:

- reviewed proposed changes to the ARC Charter and Annual Work Plan for recommendation to the Board; and
- received reports on fraud prevention.

REGULATORY COMPLIANCE

The ARC complied with all applicable legal and regulatory responsibilities. ARC is aware that it is crucial to deliver a sustainable, effective, and compliant regulatory operating model, underpinned by a direct link to the strategic benefits of establishing a winning regulatory environment. During the course of the year, ICASA did not find SENTECH to be in violation of any regulations.

FINANCE FUNCTION

The ARC believes that, based on the processes and assurance obtained, accounting practices were effective throughout the reporting period.

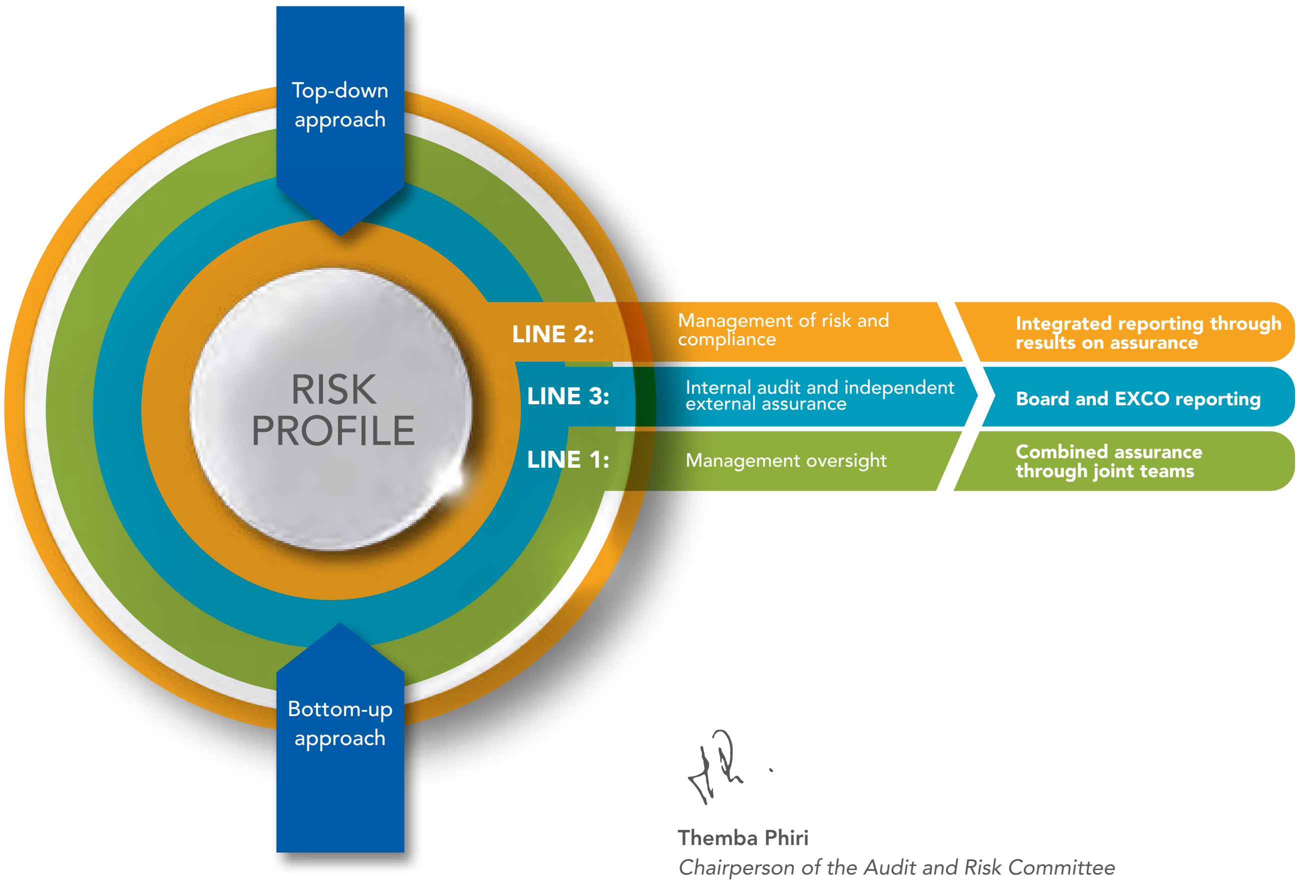
FINANCIAL STATEMENTS

The ARC recommended the Group and Company Annual Financial Statements to the Board for approval based on process and assurances obtained.

COMBINED ASSURANCE

The combined assurance model is an essential tool used by the ARC and the Board to form an opinion of the adequacy of risk management and internal control at SENTECH. The ARC is responsible for overseeing the effectiveness of the Combined Assurance Plan, which is formulated in accordance with the Combined Assurance Framework. This, in turn, is aligned with King IV in terms of both strategic and significant risks, as well as other material matters.

The Combined Assurance Model recognises three levels of assurance as set out in the diagram below. This model helps the ARC to identify potential gaps related to assurance and to develop plans to address them.



Themba Phiri
Chairperson of the Audit and Risk Committee

STATEMENT OF THE COMPANY SECRETARY

The office of the Company Secretary is looking forward to ensuring that, as an organisation, SENTECH continues to uphold the principles and practices of good corporate governance both internally and externally.

Ms E Motlhamme
Company Secretary

BOARD STATEMENT OF APPROVAL AND RESPONSIBILITY

The SENTECH Board of Directors (the Board) is responsible for the preparation of the Integrated Report and for the assessment made regarding the information provided. The Board is also responsible for establishing a system of internal controls designed to provide reasonable assurance regarding the integrity and reliability of the report.

The Board confirms that, having reviewed the preparation and presentation of the Integrated Report as well as its contents, it considers the report to be accurate, reliable, and complete in presenting relevant information and material matters.

This report, and the Annual Financial Statements it contains, comply with the requirements of the PFMA, the SENTECH Act and the Companies Act. The Board is the Accounting Authority in terms of Section 49(2)(a) of the PFMA.

OWNERSHIP

The Company is wholly owned by the Government of the Republic of South Africa as represented by the Minister of Communications and Digital Technologies.

MEMORANDUM OF INCORPORATION

The Company's memorandum of incorporation (MOI) is aligned with the requirements of the Companies Act and was approved by the Shareholder Representative. The approved MOI was accepted and placed on file by the Companies and Intellectual Property Commission (CIPC) on 14 May 2014.

SHAREHOLDER'S COMPACT

The Shareholder's Compact includes key performance indicators (KPIs) which are revised annually by agreement between the Shareholder Representative and the Board of Directors and serve as the performance monitoring framework for the Company. Performance against the Shareholder's Compact for the reporting period is outlined on pages 24 of this report as required by Section 55(2) of the PFMA.

EXTERNAL AUDITORS

Ngubane & Co. are the external auditors.

DIRECTORS' INTERESTS

The Directors have no interest in any third party or company responsible for managing any of the business activities of the Company.

PUBLIC-PRIVATE PARTNERSHIPS

The Company did not enter into any public-private partnerships during the reporting period.

EVENTS AFTER THE DATE OF FINANCIAL POSITION

There were no adjusting or non-adjusting events identified subsequent to the date of financial position.

GOING CONCERN

The Directors confirm that they are satisfied that the Company has adequate resources to continue business for the financial year beginning 1 April 2023. For this reason, they continue to adopt the going concern basis for preparing the Annual Financial Statements as confirmed in this Statement of Responsibility by the Board.

In our opinion, the annual Integrated Report fairly reflects the operations of SENTECH for the financial year ended 31 March 2023.

Mr Mlamli Booi
Chief Executive Officer

Ms Sedzani Mudau
Chairperson of the Board

1. BOARD OF DIRECTORS' REPORT

INTRODUCTION

The Directors have the pleasure in presenting their report, which forms part of the audited Annual Financial Statements of SENTECH SOC Limited for the year ended 31 March 2023. The Board is the Accounting Authority in terms of section 49(2)(a) of the PFMA.

NATURE OF BUSINESS

The Company is responsible for the provision of broadcasting signal distribution services as a "common carrier" to licensed television and radio broadcasters.

REGISTRATION DETAILS

The Company's registration number is 1990/001791/30 and its business and postal address are set out below:

Business Address:	Postal Address:
Sender Technology Park Octave Street Radiokop	Private Bag X06 Honeydew 2040

OWNERSHIP

The Company is wholly owned by the Government of the Republic of South Africa as represented by the Minister of Communications and Digital Technologies.

MEMORANDUM OF INCORPORATION

The Company's Memorandum of Incorporation (MOI) is aligned with the provisions of the Companies Act and was approved by the Shareholder Representative. The approved MOI was subsequently accepted and placed on file by the Companies and Intellectual Property Commission (CIPC) on 14 May 2014.

SHAREHOLDER'S COMPACT

The Shareholder's Compact includes KPIs that are revised annually by agreement between the Shareholder Representative and the Board of Directors and serves as the performance monitoring framework for the Company. Performance against the 2022/23 Shareholder's Compact is outlined on page 24 of this report as required by Section 55(2) of the PFMA.

EXTERNAL AUDITORS

Ngubane and Co. (Jhb) Inc. are the external auditors of the Company.

DIRECTORS' INTERESTS

The Directors had no interest in any third party or company responsible for managing any of the business activities of the Company. During the financial year, no contracts were entered into in which director or officers of the Company had an interest and which significantly affected the business of the Company.

PUBLIC-PRIVATE PARTNERSHIPS

The Company did not enter any public-private partnerships during the 2022/23 financial year.

ANNUAL FINANCIAL STATEMENTS

The Group Financial Statements contain the consolidated Annual Financial Statements of SENTECH SOC Ltd and the three subsidiaries (Infohold (Pty) Ltd, Vivid Multimedia (Pty) Ltd and SENTECH International (Pty) Ltd) that are wholly owned by SENTECH SOC Ltd. SENTECH SOC Ltd also owns Infosat (Pty) Ltd which a wholly owned subsidiary of Infohold (Pty) Ltd. These subsidiaries and subsidiary are dormant.

BASIS OF PRESENTATION

The Group and Company Financial Statements and Company Financial Statements were prepared in accordance with IFRS, the Companies Act and PFMA.

IFRS

The application of IFRS is contrary to Treasury Regulation 28 which requires that the Standards of Generally Recognised Accountability Practice (GRAP) be used. The National Treasury approved a departure from Treasury Regulation 28.1.6, pending a review of GRAP by the Office of the Accountant-General (OAG) and Accounting Standards Board (ASB). This approval is issued in terms of Section 79 of the PFMA and remains in effect until further notice. The Financial Statements for this reporting period were prepared on a basis consistent with the Financial Statements of the previous financial year.

FINANCIAL PERFORMANCE

The Group and Company financial performance is summarised in the CFO's report.

BORROWINGS

In terms of the Group and Company's MOI, the Group and Company may only borrow money, provided such borrowing is in accordance with the requirements of Section 66 of the PFMA. No borrowings were incurred during the year under review.

DIVIDENDS

There were no dividends declared in respect of the year ended 31 March 2023.

LIQUIDITY AND SOLVENCY RATIOS

The liquidity ratio of 4 times and the solvency ratio of 66% are favourable. This indicates that SENTECH will easily be able to settle its short- and long-term liabilities. These ratios also support the Board's going concern assessment.

EVENTS SUBSEQUENT TO THE DATE OF FINANCIAL POSITION

The Accounting Authority is not aware of any other matters or circumstances arising since the end of the period year that would impact on the reported results.

SENTECH BBI MERGER

SENTECH is in the process of acquiring 74% of Broadband Infraco, and the Industrial Development Corporation (IDC) owns the remaining share of the business. Due diligence was completed, and we anticipate the conclusion date of the transaction to be 30 September 2023.

GOING CONCERN

In determining the appropriate basis of preparing the financial statements, the Accounting Authority considered whether the Company can continue in operational existence for the foreseeable future.

The company's financial results in the current year resulted in net loss due mainly to the unrealised foreign exchange losses upon remeasurement of the lease liability as required by accounting standards. The world recessions and contractions of economic activity is affecting SENTECH and some customers' ability to pay for services rendered, and in turn increased the accounts receivables balance compared to prior years. The majority of the entity's revenue is earned from one customer who is facing financial challenges and this resulted in the increase in trade and other receivables and reduction in cash balances. This indicates the existence of a material uncertainty to the Company's ability continue as a going concern.

The Company adopted the going concern basis in preparing the financial statements. The current operations, the future cash flow forecasts and positive net asset value, renders the Company confident that there will be sufficient resources to meet short-term obligations. SENTECH is financially stable to continue in operations for the next 12 months. The current assets exceed current liabilities, and the cash reserves exceeds current liabilities. The liquidity ratio of 4 times and the solvency ratio of 66% are in favour of the going concern assumption.

The company is taking the opportunities of the disruptive market environment through innovation that creates new market and value network of existing markets. To respond to the market volatility the corporate plan illustrates the focused initiatives targeted at addressing revenue stagnations by driving the acquisitive diversification strategy. This will be achieved by way of strengthening the connectivity business solution and evaluating growth opportunities. The diversification strategy will be funded from the company cash reserves. An amount of R800 million is earmarked and set aside for the revenue diversification strategy, which includes possible mergers and acquisitions for broadband and tower products and services. The revenue diversification strategy was founded on management recognising the risk posed and elimination of over-reliance on one customer.

Several costs containment measures are being implemented to facilitate for the generation of sufficient cash flows to meet future company obligations. In addition, the company is restructuring its operating model to reduce the operating costs, up to and including deferment of capital expenditure and or seeking financial support from shareholders with programmes designed to support businesses that are our customers. To this effect, in the 2024 Corporate Plan details introduced the business operating models where individual units are profit centres. Furthermore, there are two critical human capital management projects underway, namely, Organisational Redesign and Voluntary Severance Packages. These projects are aimed at lowering the personnel costs to an acceptable level. SENTECH has and will continue negotiating payment terms to help customers' continued existence. Stricter credit controls will be implemented for customers to manage the credit risk.

Based on the above, it is the Company's view that it will remain as a going concern in the foreseeable future. To this effect, the financial statements were prepared on a going concern basis.

Sedzani F Mudau
Chairperson of the Board
31 July 2023

BOARD'S RESPONSIBILITIES AND APPROVAL

The Group and Company's Board is responsible for the preparation and fair presentation of the Group and Company's Annual Financial Statement and the Annual Financial Statements of SENTECH SOC Limited, compromising the statements of financial position at 31 March 2023, and the statements of comprehensive income, changes in equity and cash flows for the period then ended, and the notes to the Annual financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act and the PFMA of South Africa. In addition, the Group and Company's Board is responsible for preparing the Board's Report.

The Board is also responsible for the internal controls they deem necessary to aid in the preparation of Financial Statements that are free from material misstatement, either due to fraud or error. The Board is also responsible for maintaining adequate accounting records and effective systems of risk management, including the preparation of the supplementary schedules included in these Financial Statements.

The Board has assessed the Group and Company's ability to continue as a going concern and there is no reason to believe that the business will not be a going concern in the year ahead.

The Group Annual Financial Statements and Annual Financial Statement of SENTECH SOC Limited, as identified in the first paragraph were approved by the Board on 28 July 2023 and are signed on its behalf by:

Mr Mlamli Booi	**Ms Sedzani Mudau**
Chief Executive Officer	*Chairperson of the Board*
31 July 2023	31 July 2023

GROUP FINANCIAL INFORMATION 65

2. INDEPENDENT AUDITOR'S REPORT

NGUBANE
ASSURANCE | TAX | ADVISORY

Independent auditor's report to Parliament on Sentech SOC Limited

Report on the audit of the consolidated and separate financial statements

OPINION

1. We have audited the consolidated and separate financial statements of the Sentech SoC Ltd and its subsidiaries (the group) set out on pages 74 to 120, which comprise the consolidated and separate statement of financial position as at 31 March 2023, statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

2. In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the financial position of the group as at 31 March 2023 and their financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Companies Act, 2008 (Act No. 71 of 2008).

BASIS FOR OPINION

3. We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

4. We are independent of the group in accordance with the *Code of professional conduct for auditors* of the Independent Regulatory Board for Auditors (IRBA) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)*.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

1 Woodmead Dr, Woodmead Sandton 2191 PO Box 8468, Halfway House, Midrand, 1685 | Tel: +27 11 254 0800 | Fax: +27 11 805 0168
Email: jhb@ngubane.co.za | www.ngubane.co.za
Group Chief Executive: N Ashom
Directors: N Ashom • K Ruiters • M Ndlovu • S Dolamo • E Chapanduka • J Mgiba • J Gondo

MATERIAL UNCERTAINTY RELATING TO FINANCIAL SUSTAINABILITY

6. We draw attention to the matter below. Our opinion is not modified in respect of this matter.

7. We draw attention to note 32 in the consolidated and separate financial statements, which indicated that majority of the public entity's revenue is earned from one customer who experienced cash flow challenges in the current financial year. This indicates presence of material uncertainty relating to sustainability risk due to lack of diversification. Management has indicated the plans to mitigate the risk.

EMPHASIS OF MATTERS

8. We draw attention to the matters below. Our opinion is not modified in respect of these matters.

EXPECTED CREDIT LOSSES

9. As disclosed in note 8 to the consolidated and separate financial statements, material impairment of R145.6million (2022: R86.5million) was incurred as a result of provision for credit losses on trade receivables.

SENTECH & BROADBAND INFRACO (BBI) MERGER

10. We draw attention to Note 33 to the consolidated and separate financial statements indicates that Sentech is in the process of acquiring 74% of Broadband Infraco. Due diligences were completed, and it is anticipated the transaction will be concluded by end of September 2023.

RESPONSIBILITIES OF ACCOUNTING AUTHORITY FOR THE FINANCIAL STATEMENTS

11. The board of directors, which constitutes the accounting authority of the group and is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standard and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Companies Act, 2008 (Act No. 71 of 2008) and for such internal control as the Accounting Authority determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

12. In preparing the consolidated and separate financial statements, the accounting authority is responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the accounting authority either intends to liquidate the group or to cease operations, or has no realistic alternative but to do so.

RESPONSIBILITIES OF THE AUDITOR FOR THE AUDIT OF THE FINANCIAL STATEMENTS

13. Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the

economic decisions of users taken on the basis of these consolidated and separate financial statements.

14. A further description of our responsibilities for the audit of the consolidated and separate financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

15. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, we must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for selected objectives presented in the annual performance report**.** The Accounting Authority is responsible for the preparation of the annual performance report.

16. We selected the following objectives presented in the annual performance report for the year ended 31 March 2023 for auditing. We selected objectives that measure the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.

Objective	Page numbers	Purpose
Customer Centricity	24	Digitally transformed economy and society
Digital infrastructure	24	Increased access to digital infrastructure

17. We evaluated the reported performance information for the selected objectives against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the public entity's planning and delivery on its mandate and objectives.

18. We performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives
- the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and that I can confirm the methods and processes to be used for measuring achievements
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as what was committed to in the approved initial or revised planning documents

- the reported performance information is presented in the annual performance report in the prescribed manner
- there are adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

19. We performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion.

20. We did not identify any material findings on the reported performance information for the selected objectives.

OTHER MATTER

21. We draw attention to the matter below.

ACHIEVEMENT OF PLANNED TARGETS

22. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- and under achievements.

Report on compliance with legislation

23. In accordance with the PAA and the general notice issued in terms thereof, we must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the group's compliance with legislation.

24. We performed procedures to test compliance with selected requirements in key legislation in accordance with the AGSA findings engagement methodology. This engagement is not an assurance engagement. Accordingly, we do not express an assurance opinion or conclusion.

25. Through an established AGSA process, we selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

26. We did not identify any material non-compliance with the selected legislative requirements.

Other information in the annual report

27. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report, which includes the directors' report, the audit committee's report and the company secretary's certificate as required by the Companies Act, 2008 (Act No. 71 of 2008) (Companies Act). The other information does not include the consolidated and separate financial statements, the auditor's report and those selected objectives presented in the annual performance report that have been specifically reported in this auditor's report.

28. Our opinion on the consolidated and separate financial statements and our findings on the reported performance information and the report on compliance with legislation do not cover the other information and we do not express an audit opinion or any form of assurance conclusion on it.

29. In connection with our audit, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements and the selected objectives presented in the annual performance report, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

30. We have nothing to report in this regard.

Internal control deficiencies

31. We considered internal control relevant to our audit of the consolidated and separate financial statements, annual performance report and compliance with applicable legislation; however, our objective was not to express any form of assurance on it.

32. We did not identify any significant deficiencies in internal control.

Other reports

33. We draw attention to the following engagements conducted by various parties. These reports did not form part of our opinion on the consolidated and separate financial statements or our findings on the reported performance information or compliance with legislation.

Audit related services

34. Agreed upon procedures engagements were performed to review the conversion adjustments from International Financial Reporting Standards (IFRS) to Generally Recognized Accounting Practice (GRAP) on the Treasury pack to ensure conversion adjustments are captured correctly for consolidation purposes. No material misstatements were identified. The report covered the period ending 31 March 2023.

35. Agreed upon procedures on General License Fees and the Universal Service and Access Fund calculation schedule was performed for the license fees payable to ICASA for the year ended 31 March 2022.

Auditor tenure

36. In terms of the IRBA rule published in Government Gazette No. 39475 dated 4 December 2015, we report that Ngubane and Company (Johannesburg) Inc has been the auditor of Sentech SOC Ltd for 5 years.

Ngubane & Co (Jhb) Inc.

Joyce Mgiba
Director
Registered Auditor
31 July 2023
Johannesburg

Annexure to the auditor's report

The annexure includes the following:

- the auditor's responsibility for the audit
- the selected legislative requirements for compliance testing.

AUDITOR'S RESPONSIBILITY FOR THE AUDIT

PROFESSIONAL JUDGEMENT AND PROFESSIONAL SCEPTICISM

As part of an audit in accordance with the ISAs, we exercise professional judgement and maintain professional scepticism throughout our audit of the consolidated and separate financial statements and the procedures performed on reported performance information for selected objectives and on the public entity's compliance with selected requirements in key legislation.

FINANCIAL STATEMENTS

In addition to our responsibility for the audit of the consolidated and separate financial statements as described in this auditor's report, we also:

- identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the consolidated and separate financial statements. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the Company and its subsidiaries to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements about the material uncertainty or, if such disclosures are inadequate, to modify our opinion on the consolidated and separate financial statements. Our conclusions are based on the information available to us at the date of this auditor's report. However, future events or conditions may cause a to cease operating as a going concern
- evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and determine whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

We communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the accounting authority with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to have a bearing on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Compliance with legislation – selected legislative requirements

1. The selected legislative requirements are as follows:

Legislation	**Sections or regulations**
Selected legislation and regulations	**Consolidated firm level requirements**
Public Finance Management Act No.1 of 1999 (PFMA)	Section 50(3) Section 51(1)(a)(iii); 51(1)(a)(iv); 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii) Section 52(b) Section 53(4) Section 54(2)(c'); 54(2)(d) Section 55(1)(a); 55(1)(b); 55(1)(c)(i) Section 56 Section 57(b) Section 57(d) Section 66(3)(b)
Treasury Regulations for departments, trading entities, constitutional institutions and public entities (TR)	Treasury Regulation 29.1.1; 29.1.1(a); 29.1.1(c'); 29.2.1; 29.2.2; 29.3.1 Treasury Regulation 31.1.2(c') Treasury Regulation 31.2.5; 31.2.7(a) Treasury Regulation 33.1.1; 33.1.3
Companies Act No.71 of 2008	Section 45(2); 45(3)(a)(ii); 45(3)(b)(i); 45(3)(b)(ii); 45(4) Section 46(1)(a); 46(1)(b); 46(1)(c') Section 112(2)(a); Section 129(7)
Prevention and Combating of Corrupt Activities Act No.12 of 2004 (PRECCA)	Section 34(1)
Construction Industry Development Board Act No.38 of 2000 (CIDB)	Section 18(1) Section 22(3)
CIDB Regulations	CIDB regulation 17; 25(1); 25 (5) & 25(7A)
PPPFA	Section 1(i); 2.1(a); 2.1(b); 2.1(f)
PPR 2017	Paragraph 4.1; 4.2 Paragraph 5.1; 5.3; 5.6; 5.7 Paragraph 6.1; 6.2; 6.3; 6.5; 6.6; 6.8 Paragraph 7.1; 7.2; 7.3; 7.5; 7.6; 7.8 Paragraph 8.2; 8.5 Paragraph 9.1; 9.2 Paragraph 10.1; 10.2 Paragraph 11.1; 11.2 Paragraph 12.1 and 12.2
PPR 2022	Paragraph 3.1 Paragraph 4.1; 4.2; 4.3; 4.4 Paragraph 5.1; 5.2; 5.3; 5.4
NT SCM Instruction Note 03 2021/22	Paragraph 4.1; 4.2; 4.2 (b); 4.3; 4.4; 4.4 (c);4.4(d); 4.6 Paragraph 5.4
NT SCM Instruction 4A of 2016/17	Paragraph 6
NT SCM Instruction Note 03 2019/20	Paragraph Par 5.5.1(iv); 5.5.1(x)

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Legislation	Sections or regulations
NT SCM Instruction Note 11 2020/21	Paragraph 3.1; 3.4 (a); 3.4(b); 3.9: 6.1;6.2;6.7
PFMA SCM instruction 08 of 2022/23	Paragraph 3.2 Paragraph 4.3.2; 4.3.3
Competition Act	Section 4(1)(b)(ii)
NT instruction note 4 of 2015/16	Paragraph 3.4
Second amendment of NTI 05 of 2020/21	Paragraph 4.8; 4.9 ; 5.1 ; 5.3

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3. GROUP ANNUAL FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2023

		GROUP & COMPANY	
Figures in Rand thousand	Note	**2023**	2022
ASSETS			
Non-current Assets			
Property, plant and equipment	5 (a)	**1 005 816**	1 019 066
Intangible assets	5 (b)	**19 591**	17 373
Deferred tax	12	**124 197**	10 954
Right-of-use assets	5 (c)	**852 466**	977 479
		2 002 070	2 024 872
Current Assets			
Inventories	7	**74 295**	64 779
Tax receivable	13	**38 736**	2 961
Trade and other receivables	8	**664 999**	174 055
Cash and cash equivalents	9	**1 513 042**	2 151 215
		2 291 072	2 393 010
Total Assets		**4 293 142**	4 417 882
EQUITY			
Share capital	10.1	**75 892**	75 892
Reserves	10.2	**770 134**	770 134
Accumulated profit		**1 732 816**	1 868 733
		2 578 842	2 714 759
LIABILITIES			
Non-current liabilities			
Employee benefits	11	**16 353**	28 139
Non-current portion of lease liability	5 (c)	**1 158 456**	1 063 783
		1 174 809	1 091 922
Current liabilities			
Trade and other tax payable	14	**181 355**	165 058
Current portion of lease liability	5 (c)	**128 417**	94 116
Deferred income	15	**229 719**	307 966
Provisions	16	**–**	44 060
		539 491	611 200
Total liabilities		**1 714 300**	1 703 122
Total equity and liabilities		**4 293 142**	4 417 882

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2023

		GROUP & COMPANY	
Figures in Rand thousand	Note	**2023**	**2022**
Revenue	17	**1 411 910**	1 373 161
Depreciation and amortisation	18	**(227 932)**	(219 918)
Lease expenses	18	**(3 460)**	(12 445)
Direct expenses	18	**(382 635)**	(217 332)
Operating expenses	18	**(360 616)**	(253 659)
Employee costs	19	**(437 676)**	(469 535)
Other income		**56**	66
Operating profit/(loss) – EBIT		**(353)**	200 338
Finance income	20	**103 674**	75 569
Finance costs	21	**(155 935)**	(142 333)
Foreign exchange gain/(loss)	27	**(222 780)**	9 956
Profit/(loss) before taxation		**(275 394)**	143 530
Taxation	22	**127 674**	(24 199)
Net profit/(loss) after tax		**(147 720)**	119 331
Other comprehensive income			
Remeasurement of defined benefit	11	**16 168**	(3 719)
Income tax		**(4 365)**	1 041
Revaluation of PPE	5 (a)	**–**	(7 617)
Income tax		**–**	1 737
Total comprehensive income/(loss)		**(135 918)**	110 773

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2023

Figures in Rand thousand	Share capital	Share premium	Non-Distributable reserves	Retained income	Total equity
Group and Company					
Balance at 1 April 2021	2	75 890	776 015	1 752 078	2 603 985
Profit for the year	–	–	–	119 331	119 331
Other comprehensive income	–	–	–	(2 678)	(2 678)
Total comprehensive income for the year	–	–	–	116 654	116 654
Revaluation surplus of PPE (NDR)	–	–	(5 881)	–	(5 881)
Balance at 31 March 2022	2	75 890	770 134	1 868 732	2 714 758
Profit for the year	–	–	–	(147 720)	(147 720)
Other comprehensive income	–	–	–	11 803	11 803
Total comprehensive income for the year	–	–		(135 918)	(135 918)
Balance at 31 March 2023	**2**	**75 890**	**770 134**	**1 732 816**	**2 578 842**
Note	**10.1**	**10.1**	**10.2**		

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 31 MARCH 2023

		GROUP & COMPANY	
Figures in Rand thousand	Note	**2023**	**2022**
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	23	**(392 542)**	251 236
Interest received	20	**78 621**	63 860
Dividends received	20	**15 101**	11 709
Interest paid	21	**(152 516)**	(139 475)
Tax Paid	24	**(30 515)**	(18 736)
Net cash (used in)/from operating activities		**(481 851)**	168 594
CASH FLOW FROM INVESTING ACTIVITIES			
Investment in property, plant and equipment		**(90 757)**	(75 212)
Investments In intangible assets		**(2 596)**	–
Proceeds from disposal of assets		**48**	56
Net cash (used in)/from investing activities		**(93 305)**	(75 155)
CASH FLOW FROM FINANCING ACTIVITIES			
Grant received	16	**–**	147 605
Lease payments		**(80 812)**	(104 126)
Interest on government grant		**17 794**	14 518
Net cash from financing activities		**(63 018)**	57 997
Total cash movement for the year		**(638 174)**	151 436
Cash at the beginning of the year	10	**2 151 215**	1 999 780
Cash at the end of the year		**1 513 042**	2 151 215

4. NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

GENERAL INFORMATION

SENTECH (the holding Company) is a company incorporated and domiciled in South Africa. The Company's registered office is Sender Technology Park, Octave Road, Honeydew. The consolidated Annual Financial Statements of the Company as at, and for the year ended 31 March 2023 comprise those of the Company and its subsidiaries (together referred to as the "Group" and individually as the "Group entities"). The Group and Company primarily are involved in signal distribution, with transmission stations across the country, and provide broadcasting services.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these separate and consolidated financial statements are set out below:

4.1 BASIS OF PREPARATION AND MEASUREMENT

STATEMENT OF COMPLIANCE

The Group and Company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB), the Companies Act 71 of 2008, as amended, and materially in terms of the Public Finance Management Act 1 of 1999, as amended by Act 29 of 1999).

The Group and Company continue to apply IFRS as its reporting framework based on its assessment against the criteria set out in Directive 12: The Selection of an Appropriate Reporting Framework by Public Entities (effective 1 April 2018) issued by the Accounting Standards Board (ASB). The directive prescribes the criteria to be applied by a public entity in selecting and applying an appropriate reporting framework. The conclusion of the assessment is that the IFRS reporting framework is the most appropriate reporting framework to be applied, since SENTECH's operations are commercial in nature and only an insignificant portion of its funding is acquired through government grants or other forms of financial assistance from government. The conclusion will be re-assessed in 2024 to ensure that IFRS can still be appropriately applied.

BASIS OF MEASUREMENT

The financial statements have been prepared under the historical cost basis, except for the following material items in the Statement of Financial Position:

- The defined benefit asset/liability is recognised as the net total of the plan assets, plus unrecognised past service costs and unrecognised actuarial losses, less unrecognised actuarial gains, and the present value of the defined benefit obligation; and
- Land and buildings are measured at the fair value, being the market value at the date of revaluation. The revaluation is performed on land and building every three years.

FUNCTIONAL CURRENCY

These financial statements are presented in South African Rands, the Group and Company's functional currency. All financial information presented in Rands has been rounded to the nearest thousand.

4.2 CHANGES IN ACCOUNTING POLICIES

The Group and Company have consistently applied the accounting policies to all periods presented in these consolidated financial statements and the impact of new or revised standards and interpretations effective during the year is disclosed in note 4.24.

USE OF ESTIMATES AND JUDGEMENT

In conformity with IFRS, the preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates, judgements, and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from these estimates. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The Group and Company makes estimates, judgements and assumptions concerning the future. Those that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

4.2 CHANGES IN ACCOUNTING POLICIES continued

Property, plant and equipment

The valuation methods used for the revaluations of land and building are the income capitalisation amount and the depreciated replacement cost method, which are deemed most appropriate. The income capitalisation method considers any market-based evidence regarding the value of the land or buildings as at the date of the valuation. Should market-based evidence not exist, the depreciated replacement cost method will be used. The depreciated replacement cost method uses the replacement cost of the asset at the date of valuation and a depreciation factor is applied to arrive at the depreciated revalued cost. The comparable sales method of valuation is used, where relevant, to determine the market value of the property. This method entails the identification, analysis and application of recent comparable sales involving physical and legally similar properties in the general proximity of the subject property, to enable a valuator to arrive at a norm which will serve as a guide in estimating the market value of the property.

All valuations are performed by an experienced, qualified, and objective valuator.

The residual values of property, plant and equipment are considered to be insignificant if the estimation of useful lives is equal to their economic lives.

Impairment of assets

The Group and Company tests whether assets have suffered any impairment, in accordance with the accounting policy stated in note 4.10. The recoverable amounts of cash-generating units have been determined based on the higher of an asset's fair value less costs of disposal and its value in use. The Group and Company does not use fair value because in terms of the policy assets cannot be sold in the marketplace but should rather be scrapped.

Deferred tax asset and unused tax losses

The Group and Company recognise the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the Group and Company to make estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group and Company to realise the net deferred tax assets recorded at the reporting date could be impacted.

Lease classification

The Company is party to leasing arrangements as a lessee. At inception of a contract, an entity shall assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Defined benefit funds

The Company utilises experienced and qualified actuaries to determine the value of defined benefit funds' assets and liabilities.

The calculation is performed annually using the projected unit credit method. The key estimates and judgements relate to the assumptions used which include the discount rate, health care inflation and the members' estimated life expectancy, which is based on future events.

Expected credit losses

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in Note 4.5 and Note 8.

4.2 CHANGES IN ACCOUNTING POLICIES continued

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

- Notes 4.6 and 5 – valuation of property, plant and equipment;
- Notes 4.11 and 11 – measurement of employee benefits;
- Notes 4.18 and 12 – utilisation of tax losses;
- Notes 4.12 and 30 – provisions and contingencies; and
- Notes 4.5 and 8 – expected credit losses on financial assets
- Notes 4.8 and 5C – leases

4.3 BASIS OF CONSOLIDATION

Subsidiaries are entities controlled by SENTECH SOC Limited. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

LOSS OF CONTROL

On the loss of control, the Group and Company derecognise the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising from the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as a financial asset at fair value depending on the level of influence retained.

4.4 TRANSLATION OF FOREIGN CURRENCIES

FOREIGN CURRENCY TRANSACTIONS

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount, the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous Annual financial statements are recognised in profit or loss in the period in which they arise.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

4.5 FINANCIAL INSTRUMENTS

FINANCIAL ASSETS

Classification and measurement

The appropriate classification of a financial asset is determined on acquisition of the financial asset and is based on:

- whether or not the contractual terms of the financial asset give rise to contractual cash flows that are solely payments of principal and interest; and
- the objective of the business model in which the financial asset is held at a portfolio level that best reflects the way the business is managed.

Financial assets are not reclassified subsequent to their initial recognition unless the group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

4.5 FINANCIAL INSTRUMENTS continued

Financial assets are classified into the following categories:

AMORTISED COST

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; and
- it is held within a business model whose objective is to hold assets to collect contractual cash flows.

INITIAL RECOGNITION

Financial assets are initially recognised at fair value on the date of commitment to purchase (trade date). The transaction price is generally the best indicator of fair value. If a contract with a customer has a significant financing component, the related financial asset is initially measured at the transaction price excluding the time value of money.

Any directly attributable transaction costs are included in the initial recognition of financial assets except for financial assets at fair value through profit or loss where directly attributable transaction costs are recognised in profit or loss on initial recognition.

SUBSEQUENT RECOGNITION

Amortised cost

Financial assets at amortised cost are measured at amortised cost subsequent to initial recognition using the effective interest rate method, less any accumulated impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

EXPECTED CREDIT LOSSES

Trade receivables

The Group assesses trade receivables for impairment based on lifetime expected credit losses (ECL) using the simplified approach as permitted by IFRS 9: Financial Instruments. The Group makes use of a provision matrix as a practical expedient to calculate expected credit losses on trade receivables within the scope of IFRS 15, that do not contain a significant financing component.

The ECL rate, which is a function of the probability of default (PD) and the loss given default (LGD), was determined by making use of default and loss rate assumptions that are applicable to the economy in which SENTECH operates. These loss inputs incorporate historical default and loss given default experience of the broader economy which is comparable to our customer portfolio. Given the current economic volatility and the impact of COVID-19, emphasis has been placed on incorporating historical and forward-looking information when determining the ECL. When trade receivables are in default the PD is at 100% and the ECL rate is thereafter driven by the LGD rate.

LGD rates are determined with reference to historical and forward-looking market data on unsecured credit for large commercial customers and unsecured microfinancing transactions for small and medium-sized commercial customers. LGD rates on unsecured credit for large corporates that are in default is comparable to the Group's large commercial customers whereas LGD rates for microfinancing debts are comparable to small commercial customers that are in default. The medium-sized commercial customers' LGD rates are expected to fall within the range of LGD on unsecured microfinancing debts and the LGD for large tenants. These rates are adjusted to reflect the risk profile of the Group and the Company's commercial customers' portfolio that is not in default. When a debt is written off, it is expected that value-added tax (VAT) will be recovered for which the LGD was reduced for the effect of VAT that will be refunded if a debt is written off.

Default

Trade receivables are considered to be in default when the receivable is 90 days past due on their contractual payments. Letters of demand are sent out when the debtor is 60 days overdue, and if the account is not settled by the time it becomes 90 days overdue, the debtor is considered to be in default.

Write-off

The Group and Company writes off receivables when there is no reasonable expectation of recovery with information indicating that the counterparty is in severe financial difficulty, fails to honour the renegotiated terms, has a prolonged period of default, inability of shareholders to provide relief and there are concerns on the future viability of the counterparty. Any recoveries made are recognised in profit or loss.

4.5 FINANCIAL INSTRUMENTS continued

FINANCIAL LIABILITIES

Classification, recognition, measurement and derecognition

Financial liabilities are classified at amortised cost.

Non-derivative financial liabilities are initially recognised at fair value. Any directly attributable transaction costs are included in the initial recognition of non-derivative financial liabilities except for financial liabilities at fair value through profit or loss. Directly attributable transaction costs related to liabilities recognised at fair value through profit or loss are recognised in profit or loss on initial recognition when incurred.

Financial liabilities are measured subsequent to initial recognition at amortised cost or fair value as per the relevant liability category.

Financial liabilities are recognised on the date of commitment and are derecognised when the obligation expires, is discharged or cancelled, or there is a substantial modification to the terms of the liability.

SUBSEQUENT MEASUREMENT

Amortised cost

Financial liabilities at amortised cost are measured at amortised cost using the effective interest method.

Incremental costs

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

4.6 PROPERTY, PLANT, AND EQUIPMENT

RECOGNITION AND MEASUREMENT

Land and buildings comprise mainly transmitter stations and offices. Buildings are revalued to fair value on a three-year cycle by external independent valuators. Buildings are carried at revalued amounts less subsequent accumulated depreciation (see below) and impairment losses. Land is carried at revalued amount less impairment. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount and the net amount is restated to the revalued amount.

Increases in the carrying value arising on the revaluation of land and buildings (revaluation surpluses) are credited in other comprehensive income and presented in the revaluation reserve in equity net of taxation. Any loss is recognised in other comprehensive income and presented in the revaluation reserve in equity to the extent that an amount had previously been included in the revaluation reserve relating to the specific land and buildings, with any remaining loss recognised immediately in profit or loss.

Other items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Work-in-progress (WIP) is the cost of unfinished goods in the construction process including labour, raw materials, and overheads, of an asset to be brought into use. WIP is subsequently measured at cost less accumulated impairment.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, directly attributable to borrowing costs and the costs of dismantling and removing the items and restoring the site on which they are located. For assets funded through government grants, the grant income is netted against these costs.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of property, plant and equipment are determined by comparing the proceeds from disposal to the carrying amount of property, plant and equipment and are recognised net within "other income" in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

SUBSEQUENT COSTS

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised and the replacement part is capitalised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

4.6 PROPERTY, PLANT, AND EQUIPMENT continued

DEPRECIATION

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant, and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter useful life of the asset or the period of the Right-of-use. Land is not depreciated.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Land and buildings	
• Land	Indefinite
• Buildings	70 to 100 years
• Improvements to leasehold premises	20 to 50 years
Motor vehicles	
• Motor vehicles	5 to 10 years
Technical equipment	
• Technical equipment	10 to 35 years
• Computer, technical and office equipment	2 to 10 years
• Monitoring equipment	5 to 15 years

The depreciation method, residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each reporting date. The estimation of the useful lives of property, plant and equipment is based on historic performance as well as expectations about future use and therefore requires a degree of judgement.

Gains or losses on disposal of an item of property, plant and equipment is recognised in profit or loss within other income or other expenses.

4.7 INTANGIBLE ASSETS

RECOGNITION AND MEASUREMENT

Acquired computer software licences are initially capitalised at cost, which includes the purchase price (net of any discounts and rebates) and other directly attributable cost of preparing the asset for its intended use. Direct expenditure including employee costs, which enhances or extends the performance of computer software beyond its specifications and which can be reliably measured, is added to the original cost of the software. Costs associated with maintaining the computer software are recognised as an expense when incurred. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Computer software licences acquired have a finite useful life and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses.

The amortisation period and amortisation method of intangible assets other than goodwill are reviewed at least at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise. Costs directly attributable to the development of computer software are capitalised as intangible assets only when technical feasibility of the project is demonstrated, SENTECH has an intention and ability to complete and use the software, and the costs can be measured reliably. Such costs include purchases of materials and services and payroll-related costs of employees directly involved in the project. Research costs are recognised as an expense when incurred.

When significant parts of an item of intangible assets have different useful lives, they are accounted for as separate items (major components) of intangible assets.

SUBSEQUENT COSTS

The cost of replacing part of an item of the intangible asset is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised and the replacement part is capitalised. The costs of the day-to-day servicing of the intangible assets are recognised in profit or loss as incurred.

4.7 INTANGIBLE ASSETS continued

AMORTISATION

Amortisation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of the intangible asset, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The useful lives of items of intangible assets have been assessed as follows:

Item	Average useful life
Computer Software and Licences	1 to 12 years

4.8 LEASES

A lease is recognised as a liability if it transfers all the risks to the lessee as per IFRS 16: Leases. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

THE GROUP AND COMPANY AS LESSOR

Amounts due from lessees under Leases are recognised as receivables at the amount of the Group and Company's net investment in the leases. Leases income is allocated to accounting periods to reflect a constant periodic rate of return on the Group and Company's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

THE GROUP AND COMPANY AS LESSEE

For existing and any new contracts entered on or after 1 January 2019, the Group and Company consider whether a contract is, or contains a lease. A lease is defined as "a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period in exchange for consideration".

To apply this definition the Group and Company assess whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract; or
- implicitly specified by being identified at the time the asset is made available to the Group and Company; and
- the Group and Company have the right to obtain substantially all the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract.

The Group and Company have the right to direct the use of the identified asset throughout the period of use. The Group and Company assess whether it has the right to direct "how and for what purpose" the asset is used throughout the period of use.

MEASUREMENT AND RECOGNITION OF LEASES AS A LESSEE

At lease commencement date, the Group and Company recognise a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at present value of lease payments, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group and Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group and Company depreciate the right-of-use assets on a straight-line basis from the lease commencement date or standard adoption to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group and Company also assess the right-of-use asset for impairment when such indicators exist.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

Foreign exchange gain or loss arising due to remeasurement of Lease liability at end of period is accounted for in terms of IAS 21: The effects of changes in the foreign exchange rates for the leases denominated in US Dollars.

On the statement of financial position, right-of-use assets are shown separately under non-current assets, and lease liabilities have been separated into non-current liability for the portion older than 1-year, current portion of lease liability less than a year.

4.8 LEASES continued

FACILITY RENTAL

Facility rental income is not recognised on a straight-line basis, as the substance of the agreement with customers does not state the agreed fixed periods as defined or required for classification as an operating lease. The contracts with the customers have no escalation clauses for the rentals, only the annual tariff increase is applied at the agreed CPI rate.

Lease income from operating leases is recognised in income on a systematic pattern in which use benefit is derived from the leased asset.

SHORT TERM AND LOW VALUE LEASES

Short-term and low-value leases are expensed on a straight-line basis over the lease term. The balance is not discounted.

4.9 INVENTORIES

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average cost principle, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Where necessary, a provision is made for obsolete, slow-moving, and defective inventories.

4.10 IMPAIRMENT OF ASSETS

IMPAIRMENT OF NON-FINANCIAL ASSETS

The Group and Company assess at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash generating unit is the higher of its fair value less costs to sell and its value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset is less than the carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss. An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss.

The Group and Company assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

4.11 EMPLOYEE BENEFITS

SHORT-TERM EMPLOYEE BENEFITS

Short-term employee benefits are recognised in profit or loss during the period in which services are rendered. Employee entitlements to annual leave and long-service leave are recognised in profit or loss when they accrue to employees in respect of past services rendered up to the reporting date. This obligation is measured on an undiscounted basis.

An accrual is recognised for the amount expected to be paid under short-term cash bonus plans if the Group and Company have a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

DEFINED CONTRIBUTION PLANS

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which the services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

4.11 EMPLOYEE BENEFITS continued

DEFINED BENEFIT PLANS

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group and Company's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The discount rate is the yield at the reporting date on the Nominal Bond Curve, as compiled by the Johannesburg Stock Exchange of South Africa that have maturity dates approximating the terms of the Group and Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group and Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group and Company. An economic benefit is available to the Group and Company if it is realisable during the life of the plan, or on settlement of the plan liabilities. The Group and Company recognise past service cost in profit or loss at the earlier of the date when the plan amendment or curtailment occurs and when the entity recognises related restructuring costs or termination benefits.

The Group and Company recognise all actuarial gains and losses arising from defined benefit plans in other comprehensive income.

4.12 PROVISIONS AND CONTINGENCIES

Provisions are recognised if, due to a past event, the Group and Company have a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of discount is recognised as finance cost. The valuation of long-term provisions requires a degree of judgement regarding the future cash flows and the timing thereof.

CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group and Company, or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are only disclosed and not recognised as liabilities in the statement of financial position.

If the likelihood of an outflow of resources is remote, the possible obligation is neither a provision nor a contingent liability and no disclosure is made.

4.13 REVENUE AND OTHER INCOME

The entity recognises revenue and other income when it has met the five-step recognition criteria set out in the standard.

The five-step approach is:

- Identify the contract(s) with the customer(s) – SENTECH has valid contracts with customers.
- Identify the performance obligations in the contract – SENTECH satisfies its performance obligations when it renders the service of signal transmission.
- Determine the transaction price – The transaction price of services rendered is determined considering the tariff as agreed in the contract and variability of the consideration and any existence of a financing component in the contract. Variability of consideration received is mainly affected by the USD/ZAR exchange rate. Considerations between SENTECH and its customers do not include a significant financial component.
- Allocate the transaction price to the performance obligations in the contract – SENTECH uses standalone pricing in that similar prices can be charged to multiple customers who are similar and operate in similar circumstances.
- Recognise the revenue when the entity satisfies a performance obligation – Revenue is recognised when transmission services are rendered.

The entity provides signal distribution services on a fixed price contract with an annual escalation. Revenue from providing services is recognised in the accounting period in which the services are rendered.

4.13 REVENUE AND OTHER INCOME continued

SALE OF GOODS

The Group and Company sell a range of broadcasting and telecommunication products. Sales of goods are recognised in accordance with IFRS 15 as described above, when the Group and Company have delivered products to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery does not occur until the products have been delivered to the specified location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group and Company have objective evidence that all criteria for acceptance has been satisfied.

Customers have a right to return faulty products. Sales are recorded based on the price specified in the sales contracts, net of the estimated volume discounts and returns at the time of sale. Experience is used to estimate and provide for the discounts and returns.

RENDERING OF SERVICES

The Group and Company render broadcasting and transmission services. These services are provided on a time basis or as a fixed price contract for a specific period.

Revenue from time contracts is recognised at the contractual rates as labour hours are delivered and direct expenses incurred. If circumstances arise that may change the original estimates of revenues, costs, or extent of progress toward completion, estimates are revised. These revisions may result in increases or decreases in estimated revenues or costs and are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

AGENCY-PRINCIPAL RELATIONSHIP

The entity evaluates the following control indicators among others when determining whether it is acting as a principal or agent in the transactions with customers and recording revenue on a net basis:

- The entity is primarily responsible for fulfilling the promise to provide the specified goods or service;
- The entity has inventory risk before the specified good or service has been transferred to a customer or after transfer of control to the customer; and
- The entity has discretion in establishing the price for the specified good or service, excluding pricing set according to regulations

4.14 GOVERNMENT GRANTS

Grants that compensate the Group and Company for the cost of an asset are recognised initially as deferred income which is classified under current liabilities. Grants relating to completed and incomplete asset projects are deducted from the cost of the relevant asset (net presentation method). The depreciation expense recognised in profit or loss over the useful life of the asset is calculated from the net cost of the asset which is after deduction of the corresponding deferred government grant. Grants that compensate the Group and Company for expenses incurred are recognised in profit or loss on a systematic basis in the same periods in which the expenses are recognised. Government grants are only recognised when there is reasonable assurance that they will be received, and the Group and Company will comply with the conditions associated with the grant. Deferred income is classified as a current liability as uncertainty exists as to the timing of the release of the government grants.

4.15 FINANCE INCOME AND FINANCE COSTS

Finance income comprises dividend income, interest income on the Group and Company's own cash and interest income on government grants invested, except where specified in the government grant terms and conditions relating to the funds invested that are recognised as deferred income. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings, interest costs on defined benefit plans, unwinding of the discount on provisions.

Borrowing costs that are not directly attributed to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

4.16 DIVIDEND INCOME

Dividend income is recognised in profit or loss on the date that the Group and Company's right to receive payment is established.

4.17 FOREIGN CURRENCY GAINS AND LOSSES

Foreign currency gains and losses are reported on a net basis in operating costs.

4.18 INCOME TAX

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

4.19 DEFERRED TAX

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and goodwill on initial recognition.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis, or their tax assets and liabilities will be realised simultaneously.

4.20 RELATED PARTIES

Related parties include the shareholder, formerly The Department of Communications, now The Department of Communications and Digital Technologies (100% shareholder) and its fellow subsidiaries. Directors, their close family members, and any employee who can exert a significant influence on the operating policies of the Group are also considered to be related parties. Key management personnel are also regarded as related parties. Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

4.21 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expenses, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

4.22 IRREGULAR EXPENDITURE

Irregular expenditure as defined in Section 1 of the PFMA is expenditure other than unauthorised expenditure incurred in contravention of or that is not in accordance with a requirement of any applicable legislation including:

a) this Act; or
b) the State Tender Board Act 86 of 1968, or any regulations made in terms of the Act; or
c) any provincial legislation providing for procurement procedures in that provincial government.

- National Treasury practice note no. 4 of 2008/2009 which was issued in terms of Section 76(1)m to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the financial year and which was condoned before year-end and/or before finalisation of the financial statements is recorded appropriately in the irregular expenditure register. In such an instance, no further action is required except for updating the note to the financial statements.

- Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year-end is recorded in the irregular expenditure register. No further action is required except for updating the note to the financial statements.
- Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements is updated with the amount condoned.
- Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority is recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps are thereafter taken to recover the amount from the person concerned. If recovery is not possible, the Accounting Authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register is updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto remain against the relevant expenditure item, disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

4.23 SHARE CAPITAL

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are recognised at par value and classified as “share capital” in equity. Any amounts received from the issues of shares in excess of par value are classified as “share premium” in equity. Dividends are recognised as a liability in the company in which they are declared.

4.24 STANDARDS AND INTERPRETATIONS EFFECTIVE

4.24.1 STANDARDS AND INTERPRETATIONS EFFECTIVE IN THE CURRENT YEAR

Some of the accounting pronouncements, which became effective during the year have been adopted and do not have significant impact on the company’s financial results.

4.24.2 STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE

The following revised, amended and new standards and interpretations applicable to the entity were in issue but not yet effective at the date the financial statements were authorised.

4.24 STANDARDS AND INTERPRETATIONS EFFECTIVE continued

Standard/Amendment	Details of amendment	Effective Date	Impact
Classification of Liabilities as Current or Non-current Amendment to IAS 1	The amendment changes the requirements to classify a liability as current or non-current. If an entity has the right at the end of the reporting period, to defer settlement of a liability for at least twelve months after the reporting period, then the liability is classified as non-current. If this right is subject to conditions imposed on the entity, then the right only exists, if, at the end of the reporting period, the entity has complied with those conditions. In addition, the classification is not affected by the likelihood that the entity will exercise its right to defer settlement. Therefore, if the right exists, the liability is classified as non-current even if management intends or expects to settle the liability within twelve months of the reporting period. Additional disclosures would be required in such circumstances.	1 January 2024	No material impact
IAS 1 and IFRS Practice Statement 2.	IAS 1 was amended to require that only material accounting policy information shall be disclosed in the financial statements. The amendment will not result in changes to measurement or recognition of financial statement items, but management will undergo a review of accounting policies to ensure that only material accounting policy information is disclosed.	1 January 2024	Already adopted
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture Amendments to IFRS 10 and IAS 28	If a parent loses control of a subsidiary which does not contain a business, as a result of a transaction with an associate or joint venture, then the gain or loss on the loss of control is recognised in the parents' profit or loss only to the extent of the unrelated investors' interest in the associate or joint venture. The remaining gain or loss is eliminated against the carrying amount of the investment in the associate or joint venture. The same treatment is followed for the measurement to fair value of any remaining investment which is itself an associate or joint venture. If the remaining investment is accounted for in terms of IFRS 9, then the measurement to fair value of that interest is recognised in full in the parents' profit or loss.	Postponed Indefinitely	No material impact
Lease Liability in a Sale and Leaseback Amendment to IFRS 16	Lease Liability in a Sale and Leaseback amends IFRS 16 by adding subsequent measurement requirements for sale and leaseback transactions	1 January 2024	No material impact
Non-current Liabilities with Covenants Amendments to IAS 1	Non-current Liabilities with Covenants amends IAS 1 Presentation of Financial Statements. The amendments improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with covenants. The amendments also respond to stakeholders' concerns about the classification of such a liability as current or non-current.	1 January 2024	No material impact
IAS 12 Income Taxes	**Deferred tax related to assets and liabilities arising from a single transaction – Amendments to IAS 12** The amendment adds an additional requirement for transactions which will not give rise to the recognition of a deferred tax asset or liability on initial recognition. Previously, deferred tax would not be recognised on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting profit or loss. The additional requirement provides that the transaction, at the time of the transaction must not give rise to equal taxable and deductible temporary differences.	1 January 2023	No material impact
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors	**Definition of accounting estimates: Amendments to IAS 8** The definition of accounting estimates was amended so that accounting estimates are now defined as "monetary amounts in financial statements that are subject to measurement uncertainty."	1 January 2023	No material impact

5. (A) PROPERTY, PLANT AND EQUIPMENT

Group and Company	2023 Cost or revaluation	2023 Accumulated depreciation	2023 Carrying value	2022 Cost or revaluation	2022 Accumulated depreciation	2022 Carrying value
Buildings	801 257	(302 814)	498 443	699 097	(168 012)	531 085
Land	135 360	–	135 360	135 360	–	135 360
Motor vehicles	55 952	(39 178)	16 774	56 455	(35 701)	20 754
Computer, technical and office equipment	858 417	(630 968)	227 449	864 971	(620 630)	244 341
Capital work in progress	127 790	–	127 790	87 526	–	87 526
Total	1 978 776	(972 960)	1 005 816	1 843 408	(824 343)	1 019 066

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT – 2023

	Opening balance	Additions	Revaluation	Retirement	Transfers	Depreciation	Total
Buildings	531 086	–	–	(57)	13 147	(45 733)	498 443
Land	135 360	–	–	–	–	–	135 360
Motor vehicles	20 754	–	–	–	1 229	(5 209)	16 774
Computer, technical and office equipment	244 340	–	–	(1 899)	33 597	(48 589)	227 449
Capital work in progress	87 526	90 757	–	–	(50 493)	–	127 790
	1 019 066	90 757	–	(1 956)	(2 520)	(99 531)	1 005 816

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT – 2022

	Opening balance	Additions	Revaluation	Retirement	Transfers	Depreciation	Total
Buildings	493 877	–	11 534	(83)	73 567	(47 810)	531 085
Land	154 511	–	(19 151)	–	–	–	135 360
Motor vehicles	21 624	–	–	–	9 132	(10 001)	20 754
Computer, technical and office equipment	227 492	–	–	(1 610)	58 629	(40 171)	244 340
Capital work in progress	153 674	75 212	–	–	(141 360)	–	87 526
	1 051 178	75 212	(7 617)	(1 693)	(32)	(97 982)	1 019 066

Included in the assets above are grant funded assets with a net carrying amount of R527 million (2022: R608 million), relating to government-funded projects including mainly digital migration frequency assets.

Valuations were made based on comparative land sales in each area and buildings based on the net replacement valuations or the capitalisation of income methods depending on the type and location of the property. The revaluation surplus/deficit, net of the applicable deferred tax, was credited or debited to the revaluation reserve in the Shareholders' equity.

The land and buildings were revalued on 31 March 2022 by qualified and independent valuers. Below is the original cost less accumulated depreciation of the revalued assets:

Group and Company	2023	2022
Cost	435 970	435 970
Accumulated depreciation and impairment losses	(320 557)	(288 270)
Carrying value	115 413	147 700

5. (A) PROPERTY, PLANT AND EQUIPMENT continued

i) Fair value hierarchy

This note explains the judgements and estimates made in determining the fair values of the non-financial assets that are recognised and measured at fair value in the financial statements. To provide an indication of the reliability of the inputs used in determining fair value, the Group has classified its non-financial assets and liabilities into the three levels prescribed under the accounting standards. An explanation of each level is provided in below:

Group and Company	Level 2	Level 3
Land	135 360	–
Buildings	–	545 270
Total non-financial assets	135 360	545 270

ii) Valuation techniques used to determine level 2 and level 3 fair values

The Group obtains independent valuations for its freehold land and buildings related to industrial sites and office buildings (classified as property, plant, and equipment) at least every three years.

All resulting fair value estimates for properties are included in level 3 except for land. The level 2 fair value of land has been derived using the sales comparison approach. The key inputs under this approach are the price per square meter from current year sales of comparable lots of land in the area (location and size).

iii) Fair value measurements

Fair value measurements using significant unobservable inputs (level 3).

The following table presents the changes in level 3 items for the periods ended 31 March 2023:

Group and Company	FY2023	FY2022
Opening balance	**542 611**	508 873
Acquisitions	**2 659**	53 612
Depreciation and impairment	–	(31 440)
Disposals	–	–
Gains recognised in other comprehensive Income	–	11 566
Closing balance	**545 270**	542 611

iv) Valuation inputs and relationships to fair value

Description	Fair value R'000	Unobservable inputs*	Range	Relationship of unobservable inputs to fair value
Office buildings	R126 605	Vacancy rate	3%	The higher the capitalisation rate and expected vacancy rate, the lower the fair value
		Capitalisation rate	11% to 12.4%	
		Rental yield	R55 to R90 per m^2	The lower the rate the lower the fair value
Industrial buildings	R416 006	Construction rates	R4 500 to R20 800 per m^2	
		Purchaser's resistance	5%	The higher the rates the lower the fair value
		Depreciation rates	20% to 30%	

5. (A) PROPERTY, PLANT AND EQUIPMENT continued

v) **Valuation processes**

Land and buildings are revalued at least every three years. The company as at 31 March 2022 determined the fair values of the Land and buildings using an independent valuation.

The main level 3 inputs used by the Group are derived and evaluated as follows:

Office buildings are revalued using the income approach. The capitalisation rate expected vacancy rates and rental yield rate per m^2 are estimated by DGB Dagada Valuations (Pty) Ltd based on comparable transactions and industry data.

Industrial office building was estimated by DGB Dagada Valuations (Pty) Ltd based on estimated available construction rates after taking into account an estimate of purchaser resistance, physical, functional and economic depreciations as at 31 March 2022. The estimates are based on experience and knowledge of market conditions and the area in which the building is located and its condition.

5. (B) INTANGIBLE ASSETS

	2023			2022		
Group and Company	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Software and licences	47 875	(28 284)	19 591	42 759	(25 385)	17 373
Total	47 875	(28 284)	19 591	42 759	(25 385)	17 373

RECONCILIATION OF INTANGIBLE ASSETS – 2023

	Opening balance	Additions	Revaluation	Retirement	Transfers	Depreciation	Total
Software and licences	17 373	2 596	–	–	2 520	(2 898)	19 591
	17 373	2 596	–	–	2 520	(2 898)	19 591

RECONCILIATION OF INTANGIBLE ASSETS – 2022

	Opening balance	Additions	Revaluation	Retirement	Transfers	Depreciation	Total
Software and licences	19 650	–	–	–	31	(2 308)	17 373
	19 650	–	–	–	31	(2 308)	17 373

5. (C) RIGHT-OF-USE ASSETS

	2023			2022		
Group and Company	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Buildings	8 331	(4 559)	3 772	8 342	(3 390)	4 951
Land	9 637	(2 781)	6 856	11 295	(3 480)	7 815
Computer, technical and office equipment	1 306 821	(464 983)	841 838	1 307 323	(342 611)	964 713
Total	1 324 789	(472 323)	852 466	1 326 960	(349 525)	977 479

5. (C) RIGHT-OF-USE ASSETS continued

RECONCILIATION OF RIGHT-OF-USE ASSETS – 2023

Group and Company	Opening balance	Additions	Revaluation	Retirement	Depreciation	Closing balance
Buildings	4 951	399	–	–	(1 578)	3 772
Land	7 815	63	–	–	(1 022)	6 856
Computer, technical and office equipment	964 713	–	–	–	(122 873)	841 838
	977 479	461	–	–	(125 474)	852 466

RECONCILIATION OF RIGHT-OF-USE ASSETS – 2022

	Opening balance	Additions	Revaluation	Retirement	Depreciation	Closing balance
Buildings	4 199	2 162	–	–	(1 410)	4 951
Land	8 539	475	–	–	(1 199)	7 815
Computer, technical and office equipment	1 050 617	31 114	–	–	(117 018)	964 713
	1 063 355	33 750	–	–	(119 627)	977 479

	2023	2022
Lease liability included in the statement of financial position	(1 286 873)	(1 157 899)
Current	(128 417)	(94 116)
Non-current	(1 158 456)	(1 063 783)
Maturity analysis – contractual undiscounted cash flows		
Within one year	225 044	225 477
One to five years	1 066 645	1 080 082
More than five years	347 326	558 421
Total undiscounted lease liabilities at 31 March	1 639 015	1 863 979
Amounts recognised in profit or loss		
Description		
Depreciation	125 474	119 627
Interest expense on lease liability	152 377	139 410
Foreign exchange loss	(222 780)	9 956
Amounts recognised in cash flow statement		
Total cash outflow for leases	(80 812)	(104 126)

* *The spot rate of R17.8909 was used to translate the foreign currency denominated future cash flows*

6. INVESTMENTS IN SUBSIDIARIES

Name of company	% Holding 2023	% Holding 2022	Carrying amount 2023	Carrying amount 2022
Infohold (Pty) Limited	**100.00**	100.00	**–**	–
Vivid Multimedia Pty Limited	**100.00**	100.00	**–**	–
SENTECH International (Pty) Limited	**100.00**	100.00	**–**	–
Infosat Pty Limited (Sub-subsidiary) *	**100.00**	100.00	**–**	–
			–	–

The subsidiaries above are unlisted and registered in South Africa.

* *Infosat Pty Limited is a 100% held subsidiary of Infohold (Pty) Limited, thus a Sub-subsidiary.*

All the subsidiaries are dormant and thus there are no transactions.

The subsidiaries have not been wound up as the licences attached to these businesses can be used to pursue strategic initiatives.

7. INVENTORIES

Figures in Rand thousand	GROUP & COMPANY 2023	GROUP & COMPANY 2022
Inventories	**74 547**	71 544
Inventories (write-downs)	**(252)**	(6 765)
	74 295	64 779

The cost of inventories is based on the weighted average cost principle, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Where necessary, a provision is made for obsolete, slow-moving, and defective inventories.

The inventory held is not encumbered. Inventory write-down is as a result of stock that can no longer be used in the business of SENTECH for over 5 years. The reduction of the write-down was due the that assets provided for in prior year were written off in the current year.

Figures in Rand thousand	2023	2022
Balance at beginning of the year	**(6 765)**	(6 124)
(Increase)/Decrease of impairment loss recognised	**(836)**	(758)
	(7 601)	(6 882)
Written off	**7 349**	118
	(252)	(6 765)

8. TRADE AND OTHER RECEIVABLES

	GROUP & COMPANY	
Figures in Rand thousand	**2023**	**2022**
Trade receivables	**757 328**	224 662
Less: Impairment	**(145 585)**	(86 534)
Net trade receivables	**611 743**	138 128
Other receivables	**28 971**	13 523
Deposits	**16 058**	15 700
Financial assets (loans and receivables) at amortised cost	**656 772**	167 352
Prepayments	**8 227**	6 703
Total trade and other receivables	**664 999**	174 055

Receivables from related parties for both Group and Company included in trade and other receivables amounts to R0.115 million (2022: R0.106 million). Trade and other receivables include amounts owing from Community Radio Broadcasters of R90 million (2022: R82 million). Other receivables relate to interest accrued on investment and received in the following period, and prepayments are payments in advance for services to be received in the following year (e.g. licences).

EXPECTED CREDIT LOSSES

The reconciliation of the movements in the expected credit losses in respect of trade receivables during the year was as follows:

Figures in Rand thousand	**2023**	**2022**
Balance at the beginning of the year	**(86 534)**	(74 804)
Impairment loss (recognised)	**(59 655)**	(12 151)
	(146 188)	(86 955)
Bad debt written off	**604**	421
	(145 585)	(86 534)
The ageing of trade receivables at the reporting date was:		
Not past due date	**139 465**	22 545
Past due 30 days	**72 476**	69 226
Past due 60 days	**99 562**	6 736
Past due 90 days and more	**445 826**	126 154
Net loans and receivables	**757 328**	224 662

The breakdown of the aging and expected credit losses of trade receivables:

Figures in Rand thousand	**Total**	**> 90 Days**	**60 Days**	**30 Days**	**Current**
2023					
Trade receivables	**757 328**	**445 826**	**99 562**	**72 476**	**139 465**
Less: Impairment	**(145 585)**	**(145 351)**	**(41)**	**(64)**	**(129)**
Net trade receivables	**611 743**	**300 475**	**99 520**	**72 412**	**139 336**
2022					
Trade receivables	224 662	126 154	6 736	69 226	22 545
Less: Impairment	(86 534)	(84 912)	(197)	(1 394)	(31)
Net trade receivables	**138 128**	**41 242**	**6 539**	**67 833**	**22 514**

The collectability of trade receivables is assessed at reporting date and specific allowances are made for any doubtful receivables based on a review of all outstanding amounts at year-end. Doubtful debts are written off during the year in which they are identified. The expected credit loss at year-end relates to trade receivables which have been outstanding for a long time and have not been settled subsequent to year-end. The significant increase in the impairment amount resulted from distressed customers struggling to settle amounts due, which were higher in current year than prior year.

The maximum exposure to credit risk at the reporting date is the fair value of each class of debtor mentioned above. The Group does not hold any collateral as security.

9. CASH AND CASH EQUIVALENTS

Figures in Rand thousand	GROUP & COMPANY 2023	GROUP & COMPANY 2022
Bank accounts	**49 070**	48 712
Fixed deposits	**246 520**	285 503
Call accounts	**1 217 452**	1 817 000
Total cash and cash equivalents	**1 513 042**	2 151 215

The monies were invested on behalf of Company in bank accounts and fixed deposits.

The effective interest rate on fixed deposits was 9.05% / 9.25% (2022: 6.45% / 6.68%) and money markets was 4.83% (2022: 4.76%) and the fixed deposits have an average of three (3) months.

The effective interest rate on bank accounts was 1.90% (2021: 1.9%) and call markets was 5.3% (2022: 5.62%). The carrying amount of the cash and cash equivalents approximates the fair values due to the short-term nature of investments.

The total interest earned on the bank accounts and fixed deposits was R78.6 million (2022: R63.8 million) which is included in investment income in the profit or loss.

CASH AND CASH EQUIVALENTS CLASSIFICATION

Term deposits are presented as cash equivalents if they have a maturity of less than three (3) months. These funds are invested in approved financial institutions in South Africa in line with PFMA guidelines. Investment vehicles used include money market accounts, unit trusts, fixed deposits, call accounts and notice accounts.

RESTRICTED CASH-GOVERNMENT GRANTS CASH

Restricted cash relates to government grant funds and the corresponding interest earned. This cash should be used only for the purposes specified by the Department when the grants were received. Project and capital cash balances, net of VAT including the interest earned, which is currently managed on behalf of the department is as follows:

PROJECTS:

Figures in Rand thousand	GROUP & COMPANY 2023	GROUP & COMPANY 2022
Broadcast Digital Migration Project	**229 719**	307 966

Included in the amount disclosed for projects was R9m interest earned in 2023 (2022: R11m).

At year-end, the Group and Company had not issued any guarantees.

10. SHARE CAPITAL AND RESERVES

10.1 SHARE CAPITAL AND PREMIUM

Figures in Rand thousand	GROUP & COMPANY 2023	GROUP & COMPANY 2022
Authorised		
100 000 ordinary shares of R1 each	**100**	100
Issued		
2 000 ordinary shares of R1 each	**2**	2
Share premium	**75 890**	75 890
	75 892	75 892

10.2 NON-DISTRIBUTABLE RESERVES

For the year ended 31 March 2023

Figures in Rand thousand	Revaluation Reserve	Other NDR	Total equity
Group and Company			
Balance at 01 April 2021	422 148	353 867	776 015
Profit for the year	–	–	–
Other comprehensive income	–	–	–
Total comprehensive income for the year	–	–	–
Revaluation surplus (NDR)	(5 881)	–	(5 881)
Balance at 31 March 2022	416 267	353 867	770 134
Profit for the year	–	–	–
Other comprehensive income	–	–	–
Total comprehensive income for the year	–	–	–
Revaluation surplus (NDR)	–	–	–
Balance at 31 March 2022	416 267	353 867	770 134

NATURES OF RESERVES

i) Revaluation reserve relates to the property, plant and equipment revaluation surplus used to record increments and decrements on the revaluation of property plan and equipment. In the event of a sale of an asset, any balance in the reserve in relation to the assets is transferred to related earnings.

ii) Other NDR relates to the acquisition revaluation and formation reserve created at the establishment of the entity.

11. EMPLOYEE BENEFITS

The employee benefits relate to post-employment medical benefit plan and are made up as follows:

CARRYING VALUE

	GROUP & COMPANY	
Figures in Rand thousand	2023	2022
Present value of the defined benefit Obligation – partially or wholly funded	**(138 802)**	(152 369)
Fair value of plan assets	**122 449**	124 230
	(16 353)	(28 139)

The post-employment medical benefit plan is a stable growth annuity fund that consists of equities, bonds, cash, and international investments with normal market risk exposure. The fund is managed by reputable asset managers.

THE PLAN COMPRISES:

	2023	2022
Cash and cash equivalents	**11 878**	12 050
Equity securities	**67 469**	68 451
Bonds	**13 469**	13 665
Foreign investments	**19 347**	19 628
Annuity	**10 286**	10 435
	122 449	124 230

11. EMPLOYEE BENEFITS continued

RECONCILIATION

	Accrued Liability		Plan Assets	
Figures in Rand thousand	**2023**	**2022**	**2023**	**2022**
Opening balance as at 31 March	**152 369**	154 798	**(124 230)**	(134 808)
Interest cost on defined benefit obligation	**17 723**	21 574	**(14 304)**	(18 716)
Current service cost (includes interest to year-end)	**963**	803	**–**	–
Expected return on plan assets	**–**	–	**–**	–
Expected employer benefit payments	**(7 885)**	(7 650)	**7 885**	7 650
Expected benefit payments from plan assets	**–**	–	**–**	–
Actuarial loss due to changes in withdrawal assumptions	**(3 048)**	–	**2 936**	–
Expected closing balance as at 31 March	**160 122**	169 525	**(127 713)**	(145 874)
Risk transfer arrangement (annuity purchase)	**–**	–	**–**	–
Adjusted expected closing balance as at 31 March	**160 122**	169 525	**(127 713)**	(145 874)
Past service cost	**–**	–	**–**	–
Actuarial (gain)/loss	**(21 320)**	(17 156)	**5 264**	21 644
Actual closing balance as at 31 March	**138 802**	152 369	**(122 449)**	(124 230)

The post-retirement benefit applies only to employees who joined SENTECH prior to 1 July 2005 and did not accept the voluntary buy-out offer in 2013.

The net unexpected actuarial gain of R16.056 million arose as a result of a combination of the following factors:

- Lower than expected returns on plan assets resulted in an unexpected loss of R0.959 million.
- An unexpected gain of R2.945 million arose as a result of a change in the methodology used when valuing the liability. Previously we estimated the annuity contributions using the medical aid contributions at the time of valuation, however the annuity payments have now been updated to reflect the actual monthly annuity amounts provided by Liberty.
- An unexpected gain of R11.230 million arose as a result of an increase in the real discount rate, i.e. an increase in the difference between the discount rate and the healthcare cost inflation assumption, from 2.56% p.a. to 3.86% p.a. This change was necessitated by an increase in real bond yields, along with a change in the healthcare cost inflation assumption from CPI+2.00% in the previous valuation to CPI+1.50% in the current valuation.
- The actual weighted average medical scheme contribution increase was lower than the expected increase, resulting in an unexpected gain of R0.635 million.
- An unexpected gain of R2.205 million arose as a result of differences between actual and expected membership changes.

PRINCIPAL ACTUARIAL ASSUMPTIONS USED

	2023	**2022**
Discount rate	**13.1%**	12.2%
Annual increase in health care costs	**9.4%**	9.4%
Expected retirement age	**63 years**	63 years
CPI	**7.4%**	7.4%

11. EMPLOYEE BENEFITS continued

SENSITIVITY ANALYSIS

Change in liability	Base	-1% (1 year younger)	1% (1 year older)
2023			
CPI & medical health inflation	**7.4% & 8.90%**	**20 728**	**40 050**
Discount rate	**13.10%**	**34 261**	**25 300**
Expected retirement age	**63 years**	**31 019**	**27 664**
change in current service and interest cost	**13.1%**	**4 196**	**7 986**
2022			
Change in liability			
CPI & medical health inflation	7.4% & 9.4%	28 140	55 479
Discount rate	12.20%	48 368	34 459
Expected retirement age	63 years	42 372	38 641
change in current service and interest cost	10.9% & 12.2%	3 615	7 284

HISTORICAL INFORMATION

Figures in Rand thousand	2023	2022	2021	2020
Retirement medical aid benefits				
Present value of the obligation	**16 353**	28 139	20 759	11 434
	16 353	28 139	20 759	11 434

ANALYSIS OF UNEXPECTED GAINS AND LOSSES

The accrued liability calculated in this valuation is R16 million, reflecting an unexpected gain of R12 million.

12. DEFERRED TAX

	GROUP & COMPANY	
Figures in Rand thousand	2023	2022
Deferred tax asset	**124 197**	10 954
Movement in temporary differences		
At beginning of year	**10 954**	(14 491)
Recognised in profit and loss	**117 608**	22 667
Recognised in other comprehensive income	**(4 365)**	2 778
	124 197	10 954

Deferred tax liabilities are attributed to the following:

	PPE	Prepayments	Employee benefits	Total
Balance at 31 March 2021	(398 982)	(3 545)	3 145	(399 382)
Recognised in profit and loss	44 303	1 735	744	46 783
Recognised in other comprehensive income	1 737	–	1 041	2 778
Balance at 31 March 2022	(352 942)	(1 810)	4 930	(349 821)
Recognised in profit and loss	**62 215**	**(187)**	**1 183**	**63 211**
Recognised in other comprehensive income	**–**	**–**	**(4 365)**	**(4 365)**
Balance at 31 March 2023	**(290 727)**	**(1 996)**	**1 748**	**(290 976)**

12. DEFERRED TAX continued

Deferred tax assets are attributed to the following:

	Provisions	Unearned income and Deposits	Leases	Total
Balance at 31 March 2021	37 079	7 263	340 551	384 891
Recognised in profit and loss	3 999	(196)	(27 919)	(24 117)
Recognised in other comprehensive income	–	–		–
Balance at 31 March 2022	41 077	7 068	312 632	360 775
Recognised in profit and loss	**19 322**	**253**	**34 823**	**54 398**
Balance at 31 March 2023	**60 399**	**7 321**	**347 455**	**415 173**

13. CURRENT TAX RECEIVABLE

	GROUP & COMPANY	
Figures in Rand thousand	**2023**	**2022**
South African Revenue Services	**38 736**	2 961

14. TRADE AND OTHER PAYABLES

	GROUP & COMPANY	
Figures in Rand thousand	**2023**	**2022**
Trade payables	**16 229**	41 893
Accrued expenses	**101 627**	66 561
Financial liabilities	**117 856**	108 454
Customer deposits	**1 691**	2 146
Unearned Income	**12 514**	8 462
VAT	**7 839**	6 482
Leave pay accrual	**41 456**	39 513
	181 355	165 058

* *Accrued expenses comprise local and foreign creditors year-end accruals, payroll accruals, accrual for goods received in the year and not yet receipted in the system.*

The accounting authority considers the carrying amount of trade and other payables to approximate their fair value.

15. DEFERRED INCOME

	GROUP & COMPANY	
Figures in Rand thousand	**2023**	**2022**
Analysis of movements in deferred income		
Opening balance	307 966	286 307
Net funding received (see below)	–	147 605
Net interest capitalised	12 990	10 453
Interest received from government grant funds	17 794	14 518
Taxation paid on interest	(4 804)	(4 065)
Utilisation	(91 237)	(136 399)
– Dual illumination incremental costs recovery	(91 237)	(136 399)
Closing balance	229 719	307 966
Net funding received		
Government grants received	–	169 746
Deemed VAT (15%)	–	(22 141)
	–	147 605

Government grants are received for the purchase and construction of plant and equipment. Government grants are also received for incremental operational expenditure related to Government projects. The deferred income relating to completed assets has been netted-off against the cost of the respective assets under property, plant, and equipment. Deferred income relating to capital work-in-progress is set-off against costs incurred to date, on the net presentation basis. The asset will then be depreciated over its useful life based on the net carrying amount after taking Government grant funding into account as per the accounting Policy.

There are no unfulfilled conditions, and the remaining funds are contingent on the completion of the broadcasting digital migration project, earmarked for completion in December 2024.

16. PROVISIONS

	GROUP & COMPANY	
Figures in Rand thousand	**2023**	**2022**
Reconciliation of provisions		
Opening balance	44 060	32 200
Additions	–	44 060
Utilised during the year	(44 060)	(32 200)
Legal and other provisions	–	44 060

The Accounting Authority raises provisions that are likely to be incurred in the next financial year conditional on Company performance.

	GROUP & COMPANY	
Figures in Rand thousand	**2023**	**2022**
Analysis of provisions		
Performance bonus	–	44 060
	–	44 060

17. REVENUE

17.1 REVENUE RECOGNISED OVER TIME

Included below is revenue recognised on a net basis due to agency principal relationships with some of the customers.

	GROUP & COMPANY	
Figures in Rand thousand	2023	2022
Terrestrial television services	606 251	633 149
Terrestrial FM radio services	348 696	345 291
Terrestrial MW radio services	9 028	10 185
Satellite direct-to-home	174 979	149 552
Business television	3 837	3 854
Connectivity	14 870	10 907
Dual illumination grant income	91 238	136 399
Other	6	93
	1 245 905	1 289 430
Revenue from rental income comprises the following:		
Facility rentals	81 746	83 718
17.2 REVENUE RECOGNISED AT A POINT IN TIME		
Sale of goods – Vivid/Dish kits	84 259	13
Total revenue	1 411 910	1 373 161

18. EXPENSES

The following is disclosed for profit and loss from continuing operations:

	GROUP & COMPANY	
Figures in Rand thousand	**2023**	**2022**
Employee costs (note 19)	**437 676**	469 535
Depreciation, amortisation, and impairments	**227 932**	219 918
Operating lease expense – satellite rental	**3 460**	12 445
Direct expenses	**382 635**	217 332
Operating expenses	**360 616**	253 659
	1 412 320	1 172 888
Direct Expenses		
Cost of goods sold	**77 063**	14 166
Energy costs	**241 408**	169 642
Transmitter tubes	**468**	113
Support equipment	**12 616**	1 458
Maintenance costs	**51 080**	31 953
	382 635	217 332

18.1 OPERATING EXPENSES

	GROUP & COMPANY	
Figures in Rand thousand	**2023**	**2022**
Operating lease expenses		
Premises	**12 964**	13 758
Lease rentals on operating lease – Other	**790**	1 083
Auditors' remuneration		
– Current year audit fees	**2 356**	2 364
Legal and consulting fees	**32 034**	23 964
Transport costs	**29 739**	26 211
(Gain)/Loss on impairment or disposal of property, plant, and equipment	**(581)**	2 063
Other operating expenses	**140 189**	65 634
Total operating expenses	**217 491**	135 078
		–

Administration expenses includes the following:

	GROUP & COMPANY	
Figures in Rand thousand	**2023**	**2022**
Licences	**8 117**	7 961
– Spectrum	**1 320**	1 200
– ECNS/ECS	**6 797**	6 760
Other administration expenses	**113 804**	106 532
Total administration expenses	**121 921**	114 493
Selling expenses includes the following:		
CSI, advertising, and other selling expenses	**21 203**	4 088

19. EMPLOYEE COST

	GROUP & COMPANY	
Figures in Rand thousand	**2023**	**2022**
Salaries and wages	**426 848**	456 257
Medical aid contributions – current employees	**12**	12
Medical aid contributions – pensioners	**18**	7
Medical aid contributions – post-retirement obligations, excluding interest	**7 141**	9 845
Statutory charges	**1 232**	1 115
Pension costs – defined contribution plan	**2 425**	2 299
	437 676	469 535
Number of persons employed		
Total number of employees at year-end (excluding temporary staff)	**444**	485

20. FINANCE INCOME

	GROUP & COMPANY	
Figures in Rand thousand	**2023**	**2022**
Dividend revenue		
Sanlam Collective Investments Dividends	**15 101**	11 709
Interest revenue		
Bank	**78 621**	63 860
Overdue accounts	**9 952**	–
	103 674	75 569

21. FINANCE COSTS

	GROUP & COMPANY	
Figures in Rand thousand	**2023**	**2022**
Recognised in profit and loss		
Leases	**152 377**	139 410
Other financial interest		
Other	**139**	65
Post-retirement medical interest	**3 419**	2 858
	155 935	142 333

22. TAXATION

The following is disclosed for profit and loss from continuing operations:

	GROUP & COMPANY	
Figures in Rand thousand	**2023**	**2022**
Major components of the tax expense		
Current		
Local income tax – current period	–	48 618
Local income tax – prior period	(5 261)	1 580
Tax recovered from grant funds	(4 804)	(4 065)
	(10,066)	46 133
Deferred		
Deferred tax debit/(credit)	(117,608)	(25 445)
	(117,608)	(25 445)
	(127 674)	20 688
Deferred tax – Profit and loss		–
Actuarial gains/(losses) – other comprehensive income	(4 365)	1 041

RECONCILIATION OF THE TAX EXPENSE

Reconciliation between applicable tax rate and average effective tax rate:

	GROUP & COMPANY	
	2023	**2022**
Applicable tax rate	(27.00%)	28.00%
Expenses not deductible	0.05%	0.31%
Previous year under/(over) provision	(1.91%)	1.10%
Dividend income exempt	(1.48%)	(2.28%)
Capitalised interest income	1.74%	2.83%
Depreciation of buildings	1.93%	5.02%
Change in tax rate	–	(0.36%)
Deferred tax out of balance due to temporary difference not adjusted for in income statement	13.61%	(17.76%)
	(13.06%)	16.86%

TAX RATE CHANGE

The Minister of Finance announcement on 23 February 2021 the reduction in corporate tax from 28% to 27%, effective for years ending on or after 31 March 2023.

23. CASH GENERATED FROM OPERATIONS

	GROUP & COMPANY	
Figures in Rand thousand	**2023**	**2022**
Operating profit	(353)	200 338
Adjustments for:		
Depreciation and amortisation	227 932	219 918
DTT Dual illumination	(91 237)	(136 399)
Post-retirement medical aid benefit obligation	963	803
(Decrease)/increase in provisions	(44 060)	11 860
Other non-cash items	(1 624)	(2 417)
Cash generated from operations before working capital changes	91 621	294 104
	(484 163)	(42 867)
Inventories	(9 518)	(6 255)
Trade and other receivables	(490 944)	(36 695)
Trade and other payables	16 297	84
Cash generated from operations	(392 542)	251 237

24. TAX PAID

	GROUP & COMPANY	
Figures in Rand thousand	**2023**	**2022**
Balance at beginning of the year	2 961	9 194
SARS refund	–	(7 614)
Current tax for the year recognised in profit or loss	10 066	(21 421)
Tax recovered from grant funds	(4 804)	4 065
Less balance at end of the year	(38 736)	(2 961)
	(30 515)	(18 736)

25. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

FINANCIAL INSTRUMENTS CATEGORIES

	GROUP & COMPANY	
Figures in Rand thousand	Amortised cost	Fair value through profit and loss
2023		
Cash and cash equivalents	**1 513 042**	–
Trade and other receivables	**656 772**	–
Trade and other payables	**117 856**	–
2022		
Cash and cash equivalents	2 151 215	–
Trade and other receivables	167 352	–
Trade and other payables	108 454	–

CREDIT RISK

Credit risk is the risk of financial loss to the Group and Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group and Company's receivables from customers and cash and cash equivalents held on behalf of the Group and Company by financial institutions.

TRADE AND OTHER RECEIVABLES

The Group and Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group and Company's customer base, including the default risk of the industry and country in which customers operate, has less of an influence on credit risk. There is concentration of credit risk in a single customer, as more than fifty percent of the Group and Company's revenue comes from this customer. The customer is supported by Government to ensure that it meets its obligations when they fall due. Therefore, SENTECH believes that the credit risk exposure is mitigated by the fact that that the customer has been settling its account on a timely basis in the past. This situation will continue to be monitored to ensure that mitigating factors are in place to deal with any eventualities.

The Accounting Authority has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group and Company's standard payment and delivery terms and conditions are offered. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group and Company only on a prepaid basis.

CASH AND CASH EQUIVALENTS

Reputable financial institutions are used for investing and cash handling purposes.

EXPOSURE TO CREDIT RISK

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at reporting date was:

	GROUP & COMPANY	
Figures in Rand thousand	2023	2022
Cash and cash equivalents	**1 513 042**	2 151 215
Trade and other receivables	**656 772**	167 352
	2 169 814	2 318 567

The maximum exposure for trade and other receivables at the reporting date by geographic region was:

Domestic	**654 703**	165 767
Foreign	**2 069**	1 585
	656 772	167 352

25. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

The collectability of loans and receivables is assessed at reporting date and specific allowances are made for any doubtful loans and receivables based on a review of all outstanding amounts at year-end. Doubtful debts are written off during the year in which they are identified. The impairment loss at year-end relates to loans and receivables which have been outstanding for a long time and have not been settled after year-end. Financial assets that are neither past due nor impaired are considered good credit quality.

LIQUIDITY RISK

Liquidity risk is the risk that the Group and Company will not be able to meet its financial obligations as they fall due. The Group and Company's approach to managing liquidity is to ensure, as far as possible, that it will always have enough liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group and Company's reputation.

Typically, the Group and Company ensure that they have enough cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

EXPOSURE TO LIQUIDITY RISK

The Group and Company will be able to meet their contractual obligations as they become due.

Financial liabilities at year-end were as follows:

Trade and other payables	**117 856**	108 454
Leases liability	**1 286 873**	1 157 899
Carrying amount	**1 404 729**	1 266 353

The maturity of contractual financial liabilities, including interest payments and excluding the impact of netting agreements are as follows:

1 year or less		
Trade and other payables	**117 856**	108 454
Leases liability	**225 044**	213 900
2 to 5 years		
Trade and other payables	**–**	–
Leases liability	**1 413 970**	1 619 675
Total contractual cash flows	**1 756 870**	1 942 029

MARKET RISK

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group and Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

CURRENCY RISK

The Group and Company are exposed to currency risk on purchases that are denominated in a currency other than the respective presentation currency of the Group and Company. The currencies in which these transactions are primarily denominated are, Japanese Yen (JPY), Swedish Krona (SEK), British Pound (GBP), Swiss Franc (CHF), United States Dollar (USD) and Euro (EUR).

The Group and Company do not hedge foreign purchases and sales but, where possible, match foreign currency denominated cash inflows and outflows through the underlying operations of the Group and Company. This provides an economic hedge, and no derivatives are entered. The Group and Company's net exposure is kept at an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

25. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

Exposure To Currency Risk

Loans from Group companies and loans and borrowings are denominated in South African Rand. Foreign currency receivables are from the customer accounts denominated in foreign currency. The exposure to currency risk was as follows based on carrying amounts for other financial instruments:

	Loans and Receivables	Cash and cash equivalents	Net exposure at year-end
2023			
GBP	–	9	9
EUR	–	1	1
USD	115	1 240	1 355
	115	1 250	1 365
2022			
GBP	–	9	9
EUR	–	18	18
USD	106	818	924
	106	845	951

The following significant exchange rates were applied during the year:

	Average rate		Reporting date spot rate	
	2023	2022	2023	2022
GBP/ZAR	20.84	20.65	**22.30**	19.49
EUR/ZAR	18.05	17.58	**19.61**	16.48
USD/ZAR	17.28	15.10	**17.89**	14.76
CHF/ZAR	18.17	18.59	**19.80**	16.13
SEK/ZAR	1.67	1.76	**1.74**	1.60
JPY/ZAR	0.13	0.14	**0.14**	0.12

The Rand strengthened slightly against major currencies, with an average strengthening of 6% from the beginning of the year. Therefore, a 6% strengthening of the Rand against the following currencies at 31 March would have (decreased)/ increased profit or loss for the Group by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

In February, before Russia invaded Ukraine, the Rand was trading at about R15.40/US$. But the war, by catapulting commodity prices higher, lit a fire under commodity-based currencies, causing the rand to strengthen to close on R14.76/US$ at the end of March 2022. However the rand contracted and depreciated to R17.89 by 31 March 2023.

	2023	2022
GBP/ZAR	**11**	11
EUR/ZAR	**1**	21
USD/ZAR	**1 589**	1 064

INTEREST RATE RISK

The Group and Company address their interest rate risk by ensuring that all borrowings and investments are at market related rates. Within Group entities, inter-Group financing is also used as it is cheaper and subject to minimal interest rate risk.

Exposure to Interest Rate Risk

The Group and Company generally adopt a policy of ensuring that its exposure to change in interest rates is on a floating rate basis.

25. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

PROFILE

The interest rate risk profile of the interest-bearing financial instruments was:

	GROUP & COMPANY	
Figures in Rand thousand	**2023**	**2022**
Variable rate instruments		
Government grants cash and cash equivalents	229 719	307 966
Own cash and cash equivalents	1 283	1 843
	323	249
	1 513 042	2 151 215

SENSITIVITY ANALYSIS

The South African Reserve Bank raised its benchmark repo rate by 50 bps to 7.75% at its March 2023 meeting, while markets had expected a smaller 25 bps increase. Policymakers revised significantly upward headline inflation for 2023, now expected at 6%, therefore, a further increase of 25 basis points in interest rates would have increased or decreased profit or loss by R2m (2022 R1 million) with all other variables held constant on the balances of financial instruments, while the actuarial valuations of the post-retirement obligation impact have been incorporated in the note on Employee Benefits.

FAIR VALUES VERSUS CARRYING AMOUNTS

The Group and Company carrying amounts for financial assets and liabilities approximate the fair values of the respective financial instruments at year-end.

ESTIMATION OF FAIR VALUES

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments reflected in the table.

INTEREST BEARING LOANS

Fair value is calculated based on discounted expected future principal and interest cash flows. For trade and other receivables/payables including group balances for receivables/payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value. All other receivables/payables are discounted to determine the fair value.

NON-DERIVATIVE FINANCIAL ASSETS AND LIABILITIES

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

INTEREST RATES USED FOR DETERMINING FAIR VALUE

The interest rates used to discount estimated cash flows, when applicable, are based on prime rates at the reporting date plus an adequate credit spread.

FAIR VALUE HIERARCHY

On 31 March 2023, the Group did not have financial instruments carried at fair value, by valuation method, requiring the following fair value hierarchy classification:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

26. CAPITAL MANAGEMENT

One of the key focus areas of the Accounting Authority is the optimal and most efficient use of the Group and Company's capital. The primary objective of the Group and Company's capital management strategy is to maintain healthy capital ratios to support core business and social mandates, while maximising stakeholder value.

BORROWING LIMITS

In terms of the Group and Company's Memorandum of Incorporation, the Accounting Authority shall not have the power to borrow without the prior approval of the Executive Authority and the Minister of Finance.

CAPITAL STRUCTURE

The Group and Company's aim is to ensure that it funds the maintenance and growth of its core business using internally generated funds, while using government grant funding for expansion of capital expenditure requirements and government-initiated programmes. The Group and Company are restricted in the use of debt funding and accordingly the optimising of the weighted average cost of capital is limited. The philosophy is therefore to actively apply excess capital to growing and maintaining the core business and using government funding for significant mandated projects.

The core debt components of the Group is as follows:

Figures in Rand thousand	2023	2022
Post-retirement medical benefits obligation	16 353	28 139
Finance lease liability	1 286 873	1 157 889
Trade and other payables	181 355	209 118
Deferred Income	229 719	307 966
	1 714 300	1 703 122

The core debt components of the Group are as follows:

Key capital structure data:	2023	2022
Shareholder Funds – Equity	2 578 742	2 714 759
Included in the Shareholders' funds above are:		
Earnings before interest, tax, and depreciation (EBITDA)	227 579	420 256
Interest expense	155 935	142 333
– Long term borrowings	139	65
– Finance costs (Lease liability)	152 377	139 410
– Post-retirement medical	3 419	2 858
The Group benchmarks the following capital ratios:		
Debt to equity ratio		
Target	Less than 40%	Less than 40%
Actual	66.48%	62.74%
EBITDA to debt		
Target	Greater than 3	Greater than 3
Actual	0.19	0.38
EBITDA to interest cover		
Target	Greater than 10	Greater than 10
Actual	1.46	2.95

27. FOREIGN EXCHANGE GAIN/(LOSS)

	GROUP & COMPANY	
Figures in Rand thousand	**2023**	**2022**
Foreign exchange gains on interest-bearing lease liabilities	(222 780)	9 956
	(222 780)	9 956

28. RELATED PARTIES

Related party transactions occurred between Sentech and the SABC, BBI, USAASA, DCDT, SAPO, SITA and ICASA.

All transactions with government departments were at an arm's length and therefore these are normal dealings.

Key management personnel have also been identified as related parties and their remuneration has been disclosed below. There were no commitments to related parties for the period ended 31 March 2023.

TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

Loans to directors

There were no loans issued to directors during the year or balances outstanding at the end of the year.

DIRECTORS' EMOLUMENTS 2023

Figures in Rand thousand	Period of Service (Months)	Basic Salary	Retainer Fee	Performance Bonus	Provident Fund	Medical Aid and other allowances	Meeting Fees	Total
Executive								
B Mlamli	12	3 282	–	1 947	191	446	–	5 866
KK Govender	7	1 365	–	–	1	–	–	1 366
TJ Leshope	12	2 262	–	816	203	1 011	–	4 292
RC Rasikhinya	2*	500	–	–	–	–	–	500
Non-Executive								
M Metuse	12	–	139	–	–	–	350	489
M Moropa	12	–	139	–	–	–	275	414
VM Motloutsi	12	–	139	–	–	–	409	548
SF Mudau	12	–	347	–	–	–	422	770
NA Mudunungu	12	–	139	–	–	–	225	364
TF Phiri	12	–	139	–	–	–	417	556
T Sesane	12	–	139	–	–	–	300	439
		7 409	1 181	2 763	395	1 457	2 398	15 604

* *RC Rasikinya started working for SENTECH from a consulting company from November 2022, and was appointed in her individual capacity from February 2023.*

28. RELATED PARTIES continued

DIRECTORS' EMOLUMENTS 2022

Figures in Rand thousand	Period Of Service (Months)	Basic Salary	Retainer Fee	Performance Bonus	Provident Fund	Medical Aid and other allowances	Meeting Fees	Total
Executive								
B Mlamli	12	3 264	–	766	111	456	–	4 597
KK Govender	12	2 300	–	–	2	–	–	2 302
TJ Leshope	12	2 125	–	366	145	312	–	2 948
Non-Executive								
SB Malinga	7	–	203	–	–	–	231	434
MM Manyama	3	–	19	–	–	–	33	52
M Metuse	11	–	121	–	–	–	325	446
MM Mfuleni	7	–	74	–	–	–	158	232
M Moropa	4	–	46	–	–	–	100	146
VM Motloutsi	4	–	46	–	–	–	92	138
SF Mudau	4	–	116	–	–	–	128	244
NA Mudunungu	4	–	46	–	–	–	67	113
TF Phiri	4	–	46	–	–	–	117	163
T Sesane	4	–	46	–	–	–	59	105
PN Sibiya	7	–	81	–	–	–	263	344
MS Tonjeni	7	–	81	–	–	–	302	383
MB Tsika	7	–	81	–	–	–	296	377
B Tunyiswa	7	–	74	–	–	–	150	224
		7 689	1 080	1 132	258	767	2 320	13 246

OTHER KEY MANAGEMENT PERSONNEL

Key personnel are defined as per their positions below. Remuneration to key management personnel excluding directors' emoluments above is:

2023

Figures in Rand thousand	Position	Period Of Service (Months)	Basic Salary	Performance Bonus	Provident Fund	Medical Aid and other allowances	Total
Executive							
Z Adams	Executive: Legal & Regulatory	**12**	**1 912**	**437**	**264**	**183**	**2 796**
MT Finnis	Executive: Operations	**12**	**1 705**	**492**	**235**	**179**	**2 611**
MM Kgari	Chief Marketing & Sales Officer	**12**	**1 787**	**482**	**243**	**157**	**2 669**
KK Motlhabi	Chief Human Resource Officer	**12**	**1 896**	**552**	**258**	**104**	**2 810**
IG Segaloe	Chief Strategy Officer	**12**	**1 898**	**527**	**258**	**171**	**2 854**
			9 198	**2 490**	**1 258**	**794**	**13 740**

2022

Figures in Rand thousand	Position	Period Of Service (Months)	Basic Salary	Performance Bonus	Provident Fund	Medical Aid and other allowances	Total
Executive							
Z Adams	Executive: Legal & Regulatory	12	1 813	251	271	133	2 468
MT Finnis	Executive: Operations	12	1 616	265	242	133	2 256
MM Kgari	Chief Marketing & Sales Officer	12	1 693	275	248	121	2 337
KK Motlhabi	Chief Human Resource Officer	12	1 796	303	263	58	2 420
IG Segaloe	Chief Strategy Officer	12	1 798	306	264	131	2 499
			8 716	**1 400**	**1 288**	**576**	**11 980**

28. RELATED PARTIES continued

TRANSACTIONS AND BALANCES WITH RELATED ENTITIES

Government grants

Various transactions were entered into with The Department of Communications and Digital Technologies (DCDT) and National Treasury with respect to government grants. Government grants are accounted for in terms of IAS 20: Accounting for Government Grants and Disclosure of Government Assistance.

Government grants received and the related movements have been disclosed in note 15.

The Group and Company is controlled by The Government of South Africa which owns 100% of the Company's shares through the DCDT. The following transactions occurred with entities controlled by the Department of Communications and Digital Technologies during the year:

Sale of goods and services

	GROUP & COMPANY	
Figures in Rand thousand	**2023**	**2022**
SABC	**663 815**	690 723
BBI	**12 519**	8 052
DCDT	**–**	(448)
NEMISA	**358**	–
USAASA	**115 991**	7 946
	792 683	706 272
Services are rendered at market related rates.		
Purchases of goods and services		
South African Post Office	**71**	312
SABC	**34**	291
SITA	**4 055**	2 841
ICASA	**8 018**	7 607
	12 178	11 051
Transactions with related parties are on an arm's length basis.		
Related party receivables		
NEMISA	**82**	–
USAASA	**192 415**	43 452
BBI	**20 281**	9 749
Impairment of related parties		–
South African Broadcasting Corporation	**422 862**	62 702
DCDT	**(515)**	–
Impairment of related parties	**(59 155)**	(515)
	575 970	115 388

29. COMMITMENTS

CAPITAL COMMITMENTS

Capital expenditure will be financed in line with the Company's optimal capital structure, considering internal cash resources available, available borrowings and government grants.

	GROUP & COMPANY	
Figures in Rand thousand	**2023**	**2022**
Requested per corporate plan		
– SENTECH funded assets	**657 000**	386 000
– Government grant funded assets	**120 000**	150 000
Approved but not contracted	**689 464**	455 225
Contracted	**87 536**	80 776

The authorised capital expenditure for property, plant and equipment is planned to occur in the next financial year. It will be financed in line with the Group and Company's optimal capital structure, considering available internal cash resources, borrowings and from government grants received.

30. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

At the date of this report, there were no matters against SENTECH.

31. LOSSES THROUGH CRIMINAL CONDUCT, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURES

These comprise all losses through criminal conduct and any irregular expenditure.

Section 1 of the Public Finance Management Act 1 of 1999, as amended, defines irregular expenditure as expenditure, other than unauthorised expenditure, incurred in contravention of or that is not incurred in accordance with a requirement of any applicable legislation.

a) **Reconciliation of irregular expenditure**

	GROUP & COMPANY	
Figures in Rand thousand	**2023**	**2022**
Opening balance	**2 089**	8 446
Add: Irregular expenditure confirmed	**10 514**	2 089
Less: Irregular expenditure condoned	–	–
Less: Irregular expenditure not condoned and removed	–	(8 446)
Less: Irregular expenditure recoverable	–	–
Less: Irregular expenditure not recovered and written off	–	–
Closing balance	**12 603**	2 089

Settlement of service rendered on an irregularly awarded bid.

RECONCILING NOTES

	GROUP & COMPANY	
Figures in Rand thousand	**2023**	**2022**
Irregular expenditure that was under assessment in FY2022	–	–
Irregular expenditure that relates to FY2022 and identified in FY2023	**10 514**	–
Irregular expenditure for the current year	–	–
Total	**10 514**	–

31. LOSSES THROUGH CRIMINAL CONDUCT, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURES continued

b) Details of current and previous year irregular expenditure (under assessment, determination, and investigation)

Figures in Rand thousand	GROUP & COMPANY 2023	2022
Irregular expenditure under assessment	–	–
Irregular expenditure under determination	–	–
Irregular expenditure under investigation	–	–
Total	–	–
c) Details of current and previous year irregular expenditure condoned		
Correct procurement processes not followed	–	(3 733)
Contract not approved at the correct delegated authority level	–	(4 000)
Services rendered without an approved Purchase Order	–	(63)
Payment and services received without valid contract	–	(650)
Total	–	(8 446)
d) Details of current and previous year irregular expenditure removed – (not condoned)		
Irregular expenditure NOT condoned and removed	–	–
Total	–	–
e) Details of current and previous year irregular expenditure recovered		
Fraudulent Payments	–	827
Fraudulent procurement activity	10 514	1 262
Total	10 514	2 090
f) Details of current and previous year irregular expenditure written off (irrecoverable)		
Fraudulent payments	–	–
Fraudulent procurement activity	10 514	1 262
Total	10 514	1 262
Additional disclosure relating to inter-institutional arrangements		
g) Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is not responsible for the non-compliance)		
N/A	–	–
h) Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is responsible for the non-compliance)		
N/A	–	–
i) Details of current and previous year disciplinary or criminal steps taken as a result of irregular expenditure		
Employee dismissed for theft and criminal process underway	–	1 262
Implicated employees under disciplinary process and criminal cases opened against the supplier	10 514	–
Total	10 514	1 262

31. LOSSES THROUGH CRIMINAL CONDUCT, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURES continued

The expenditure identified in the current year relates to irregular expenditure confirmed by the reporting period ending 31 March 2023, and the matter is still in progress with the police involved.

MATERIAL LOSSES THROUGH FRUITLESS AND WASTEFUL EXPENDITURES

Section 1 of the Public Finance Management Act 1 of 1999, as amended, defines fruitless and wasteful expenditure as that which was made in vain and would have been avoided had reasonable care been exercised.

The following material losses through fruitless and wasteful expenditure have been identified as being reportable in terms of the materiality framework approved by the Minister of Telecommunications and Digital Technologies for the year under review:

a) Reconciliation of fruitless and wasteful expenditure

	GROUP & COMPANY	
Figures in Rand thousand	2023	2022
Opening balance	6 094	6 002
Add: Fruitless and wasteful expenditure confirmed	139	92
Less: Fruitless and wasteful expenditure written off	(6 002)	–
Less: Fruitless and wasteful expenditure recoverable	–	–
Closing balance	231	6 094

Employee missed a flight and forfeited the ticket. The accounting officer approved recovery, the debt take-on was implemented in April 2023.

RECONCILING NOTES

Interest charged on late payments	139	178
Interest charged for understatement after VAT audit assessment 2015 – Oct 2020	–	2 253
Unused line rental not cancelled		1 325
SARS – interest and penalty for annual increase adjustment backdated	–	2 337
Total	139	6 094

b) Details of current and previous year fruitless and wasteful expenditure (under assessment, determination, and investigation)

Fruitless and wasteful expenditure under assessment	–	–
Fruitless and wasteful expenditure under determination	–	–
Fruitless and wasteful expenditure under investigation	–	–
Total	–	–

c) Details of current and previous year fruitless and wasteful expenditure condoned

Interest charged on late payments	87	–
Interest charged for understatement after VAT audit assessment 2015 – Oct 2020	2 253	–
Unused line rental not cancelled	1 325	–
SARS – interest and penalty for annual increase adjustment backdated	2 337	–
Total	6 002	–

d) Details of current and previous year fruitless and wasteful expenditure removed – (not condoned)

Fruitless and wasteful expenditure NOT condoned and removed	–	–
Total	–	–

31. LOSSES THROUGH CRIMINAL CONDUCT, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURES continued

e) Details of current and previous year fruitless and wasteful expenditure recovered

	GROUP & COMPANY	
Figures in Rand thousand	**2023**	**2022**
None	–	–
Total	–	–
f) Details of current and previous year fruitless and wasteful expenditure written off (irrecoverable)		
Interest charged on late payments	87	–
Interest charged for understatement after VAT audit assessment 2015 – Oct 2020	2 253	
Unused line rental not cancelled	1 325	
SARS – interest and penalty for annual increase adjustment backdated	2 337	–
Total	6 002	–
Additional disclosure relating to inter-institutional arrangements		
g) Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is not responsible for the non-compliance)		
N/A	–	–
h) Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is responsible for the non-compliance)		
N/A	–	–
i) Details of current and previous year disciplinary or criminal steps taken as a result of fruitless and wasteful expenditure		
N/A	–	–
Total	–	–

The nature of these losses is mainly interest charges on municipal services and rates accounts, where there are disputes or invoices were received late. The increase on prior year is mainly due to the tariff rate hikes but there are continuous engagements with municipalities to try and automate payments to avoid interest charges. Some municipal accounts' disbursements are based on average consumption likewise to minimise the interest charges.

32. GOING CONCERN

In determining the appropriate basis of preparing the financial statements, the Accounting Authority considered whether the Company can continue in operational existence for the foreseeable future.

The company's financial results in the current year resulted in net loss due mainly to the unrealised foreign exchange losses upon remeasurement of the lease liability as required by accounting standards. The world recessions and contractions of economic activity is affecting SENTECH and some customers' ability to pay for services rendered, and in turn increased the accounts receivables balance compared to prior years. The majority of the entity's revenue is earned from one customer who is facing financial challenges and this resulted in the increase in trade and other receivables and reduction in cash balances. This indicates the existence of a material uncertainty to the Company's ability continue as a going concern.

The Company adopted the going concern basis in preparing the financial statements. The current operations, the future cash flow forecasts and positive net asset value, renders the Company confident that there will be sufficient resources to meet short-term obligations. SENTECH is financially stable to continue in operations for the next 12 months. The current assets exceed current liabilities, and the cash reserves exceeds current liabilities. The liquidity ratio of 4 times and the solvency ratio of 66% are in favour of the going concern assumption.

The company is taking the opportunities of the disruptive market environment through innovation that creates new market and value network of existing markets. To respond to the market volatility the corporate plan illustrates the focused initiatives targeted at addressing revenue stagnations by driving the acquisitive diversification strategy. This will be achieved by way of strengthening the connectivity business solution and evaluating growth opportunities. The diversification strategy will be funded from the company cash reserves. An amount of R800 million is earmarked and set aside for the revenue diversification strategy, which includes possible mergers and acquisitions for broadband and tower products and services. The revenue diversification strategy was founded on management recognising the risk posed and elimination of over-reliance on one customer.

Several costs containment measures are being implemented to facilitate for the generation of sufficient cash flows to meet future company obligations. In addition, the company is restructuring its operating model to reduce the operating costs, up to and including deferment of capital expenditure and or seeking financial support from shareholders with programmes designed to support businesses that are our customers. To this effect, in the 2024 Corporate Plan details introduced the business operating models where individual units are profit centres. Furthermore, there are two critical human capital management projects underway, namely, Organisational Redesign and Voluntary Severance Packages. These projects are aimed at lowering the personnel costs to an acceptable level. SENTECH has and will continue negotiating payment terms to help customers' continued existence. Stricter credit controls will be implemented for customers to manage the credit risk.

Based on the above, it is the Company's view that it will remain as a going concern in the foreseeable future. To this effect, the financial statements were prepared on a going concern basis.

33. EVENTS AFTER THE REPORTING PERIOD

The Accounting Authority is not aware of any other matters or circumstances arising since the end of the period year that would impact on the reported results except as below:

SENTECH BBI MERGER

SENTECH is in the process of acquiring 74% of Broadband Infraco, and the Industrial Development Corporation (IDC) owns the remaining share of the business. Due diligence was completed, and we anticipate the conclusion date of the transaction to be 30 September 2023.

ABBREVIATIONS AND ACRONYMS

4IR	Fourth Industrial Revolution
AGM	Annual General Meeting
ARC	Audit and Risk Committee
ASB	Accounting Standards Board
ASO	Analogue Switch-Off
B-BBEE	Broad-Based Black Economic Empowerment
BBI	Broadband Infraco
CAPEX	Capital Expenditure
CCoE	Cloud Centre of Excellence
CEO	Chief Executive Officer
CFO	Chief Financial Officer
COO	Chief Operations Officer
CPE	Customer Premise Equipment
CPI	Consumer Price Index
CSI	Corporate Social Investment
DCDT	Department of Communications and Digital Technologies
DTH	Direct-to-home
DTT	Digital Terrestrial Television
DTPS	Department of Telecommunications and Postal Services Earnings
EBIT	Before Interest and Tax
ECA	Electronic Communications Act, Act No. 36 of 2005
EDR	Events Data Record
E&M	Entertainment and Media
ESD	Enterprise and Supplier Development
EXCO	Executive Committee
FM	Frequency Modulation
FY	Financial Year
GRAP	Generally Recognised Accounting Practice
GHG	Greenhouse Gases
HR	Human Resources
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IC	Investment Committee
IDC	Industrial Development Corporation
IFRS	International Financial Reporting Standards
ICASA	Independent Communications Authority of South Africa
ICT	Information Communications Technology
I-ECNS	Individual Electronic Communications Network Services
I-ECS	Individual Electronic Communications Service
MIS	Managed Infrastructure Services
MOI	Memorandum of Incorporation
MTEF	Medium Term Expenditure
MW	Medium Wave
Nemisa	National Electronic Media Institute of South Africa
NOC	Network Operation Centres
OAG	Office of the Accountant-General
OTT	Over-The-Top
PFMA	Public Finance Management Act, Act No. 1 of 1999
SABC	South African Broadcasting Corporation
SD	Skills Development
SDIC	State Digital Infrastructure Company
SEC	Social and Ethics Committee
SOC	State Owned Company
SMME	Small Medium Micro Enterprises
TRIR	Total Recordable Incident Rate
SDGs	Sustainable Development Goals
USAASA	Universal Service and Access Agency of South Africa
VAT	Value-Added Tax
VSAT	Very Small Aperture Terminal
WANA	Weighted Average Network Availability

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NOTES

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