SENTECH
connecting You

INTEGRATED REPORT 2022

COMPANY INFORMATION

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External auditors: Ngubane & Co. (JHB) Inc.

Bankers: ABSA

Company Secretary: Xolisile Njapha

NAVIGATION

The following ICONS will help you navigate this report:

SIX CAPITALS

FINANCIAL CAPITAL
(Refer to Pages 22 and 26)

MANUFACTURED CAPITAL
(Refer to Pages 22 and 26)

INTELLECTUAL CAPITAL
(Refer to Pages 22 and 27)

HUMAN CAPITAL
(Refer to Pages 22 and 28)

SOCIAL AND RELATIONSHIP
(Refer to Pages 22 and 32)

NATURAL CAPITAL
(Refer to Pages 22 and 36)

STRATEGIC PILLARS

INNOVATION AND DATA-DRIVEN

ENGAGED AND TALENTED PEOPLE

GOOD GOVERNANCE

DIGITAL INFRASTRUCTURE

TRANSFORMATION AND ENVIRONMENTAL

FINANCIAL INCOME

CUSTOMER-CENTRICITY

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ABOUT THIS REPORT

BASIS FOR PREPARATION AND SCOPE

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;
- King Report for Corporate Governance for South Africa™ (2016) (King IV);
- 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

This report covers SENTECH's business performance for the financial year (FY) ended 31 March 2022. 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 overall commitment to applying the principles outlined in King IV.

MATERIAL MATTERS

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 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.

The report is aligned with the requirements of the International Integrated Reporting Framework and addresses value creation through the six capitals of sustainable reporting. It is aligned with the SENTECH corporate plan and strategy and all material issues have been addressed. The process of identifying material issues included the strategic analysis of both the internal and external environment the Company operates under; risk identification and analysis of material risks; information compiled on a quarterly basis to monitor trends that affect performance; stakeholder analysis through customer, brand and reputation surveys.

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 in order 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 as a result of new information, future events or other developments.

BOARD STATEMENT OF APPROVAL AND RESPONSIBILITY

The Board is responsible for the preparation of the Integrated Report and for the assessments 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 all 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

SENTECH 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) complies with the requirements of the Companies Act and was approved by the Shareholder Representative. The approved MOI was accepted and filed by the Companies and Intellectual Property Commission (CIPC) on 14 May 2014.

SHAREHOLDER'S COMPACT

The Shareholder's Compact includes key performance indicators (KPIs) that are revised annually by agreement between the Shareholder Representative and the Board of Directors. These serve as the performance monitoring framework for the Company. Performance against the Shareholder Compact for the reporting period is outlined on pages 20 to 21 of this report, as required by Section 55(2) of the PFMA.

EXTERNAL AUDITORS

Ngubane & Co. are SENTECH's external auditors.

DIRECTORS' INTERESTS

The Directors have no interest in any 3rd party or company responsible for managing any of the Company's business activities.

PUBLIC-PRIVATE PARTNERSHIPS

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

EVENTS SUBSEQUENT TO THE DATE OF THE STATEMENT OF FINANCIAL POSITION

There were no adjusting or non-adjusting events identified subsequent to the date of the statement 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 2022. For this reason, they continue to adopt the going concern basis for preparing the annual financial statements as confirmed in the 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 2022.

Ms Sedzani Mudau
Chairperson

Mr Mlamli Booi
Chief Executive Officer

SENTECH AT A GLANCE

ABOUT US

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

The Company has an extensive, strategically positioned infrastructure that provides a combined coverage to 100% of the South African population. This enables us to provide facility leasing and co-location on our masts, offering connectivity and infrastructure services to the retail, telecommunications and public sectors. We provide broadcast transmission services to commercial and public broadcasters in the country, including over 150 community radio stations.

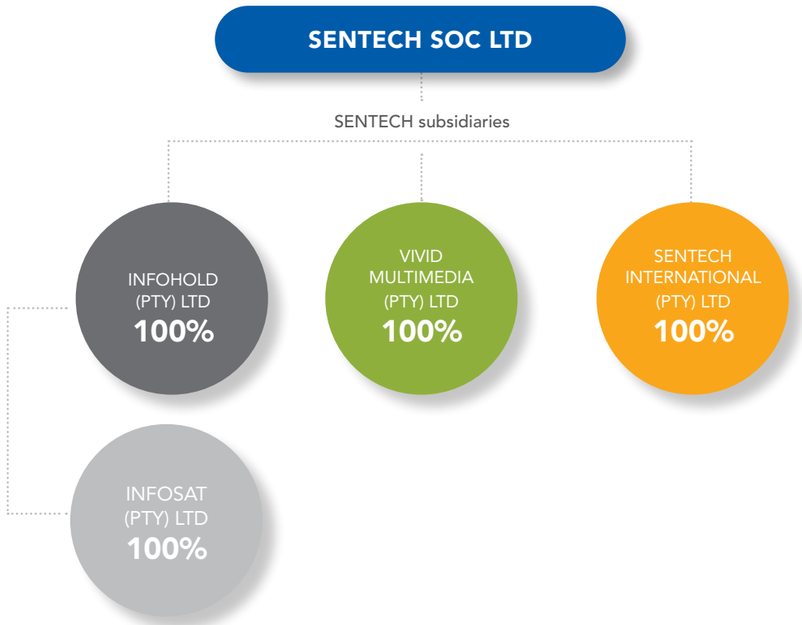
As holder of both an Individual Electronic Communications Network Services (I-ECNS) licence and an Individual Electronic Communications Services (I-ECS) licence, we are able to provide both voice-based telecommunications and multimedia services.

SENTECH is a Schedule 3b Government Enterprise and we derive our mandate from legislation, particularly the SENTECH Act and the Electronic Communications Act (ECA). We are also a Level 1 B-BBEE contributor.

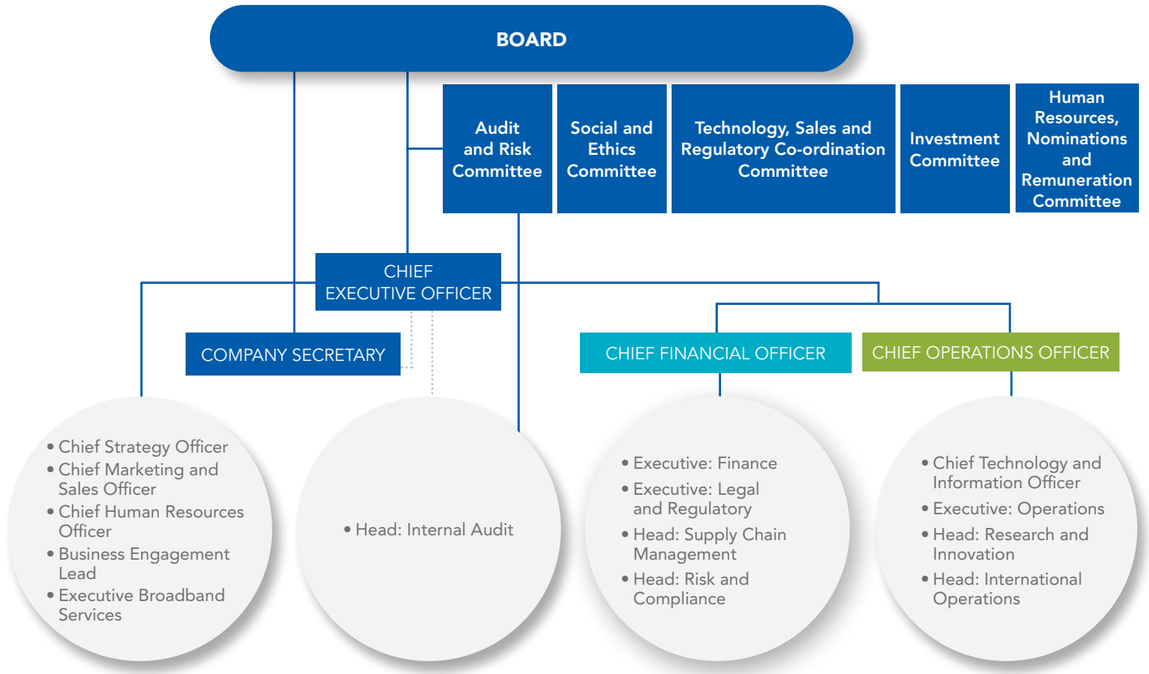
SENTECH was incorporated as a wholly owned subsidiary of the South African Broadcasting Corporation (SABC) in 1992. In 1996, the SENTECH Act (No. 63 of 1996) was amended, converting SENTECH into a separate public entity that owns the largest infrastructure in the country for terrestrial signal distribution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

LEGAL STRUCTURE

All subsidiaries are 100% owned by SENTECH.



ORGANISATIONAL STRUCTURE



VALUE OFFERING

SERVICES

VIDEO AND AUDIO CONTENT

We provide video and audio content infrastructure and platforms to content providers in South Africa and Africa through DTH, DTT, OTT and 5G broadcasting. We provide video and audio content infrastructure and platforms to content providers in South Africa and Africa through DTH, DTT, OTT and 5G broadcasting.

TOWERS

We offer facility leasing and co-location on our masts, providing managed infrastructure of both passive and active infrastructure solutions with value-added services for customers.

BROADBAND

We connect healthcare centres, education facilities and communities in South Africa through satellite (VSAT), fixed wireless, 5G and cloud services.

DATA CENTRE INFRASTRUCTURE PROVIDER

We currently offer Tier 2 data centre services and are in the process of upgrading to a Tier 3 data centre that will enable us to offer enterprise-level cloud and infrastructure hosting services.

SATELLITE OPERATIONS

As a communication satellite provider of broadcasting and broadband connectivity for South Africa and Africa, we are working on the development of a Pan-African satellite.

NETWORK COVERAGE

Our network coverage includes:

- Satellite coverage for sub-Saharan Africa;
- DTT sites providing coverage to 84% of the population in South Africa;
- 20 Covid-19 response connectivity sites (14 fixed wireless and 6 VSAT);
- 77 VSAT internet connectivity sites for the Mpumalanga Department of Finance;
- 114 SA Connect sites (35 and 20 Phase 1A, 59 Phase 1B);
- 4 Internet-4-All sites (this project has been terminated, hence only four sites remain operational; all others have been discontinued);
- 192 Frequency Modulation (FM) sites servicing 151 radio broadcasters, including the public broadcaster (SABC), 21 commercial broadcasters and over 150 community radio stations; and
- 2 5G trial sites.

Given the challenges we had to face, SENTECH remained resilient throughout the reporting period.

CHAIRPERSON'S STATEMENT

Ms Sedzani Mudau
CHAIRPERSON OF THE BOARD

On behalf of the Board, it is my pleasure to present SENTECH's Integrated Report for 2022 and to share with you how the Company fared during the 2022 financial year. Guided by the Business Continuity Management Plan put into place during the previous period, we managed to continue operating successfully despite having to do so in an exceptionally challenging economic environment and in the face of the ongoing Covid-19 pandemic.

In the two years since the pandemic presented to the end of the reporting period, approximately 20% of our employees contracted the virus and we sadly experienced two fatalities. Our sincere condolences go out to the families and friends of those we lost and to all of our colleagues affected in some way by the pandemic. While all Covid-19 restrictions were lifted post year end in June, we continue to be vigilant against the risk a resurgence might pose and to manage our operations accordingly.

Given the challenges we had to face, SENTECH remained resilient throughout the reporting period. As at the end of 31 March 2022, we had achieved 73% of our corporate targets and maintained profitability. This was despite the fact that constrained economic growth placed significant pressure on consumer spending, resulting in reduced revenue from advertising and, in turn, on constrained revenue growth.

BECOMING A SUSTAINABLE DIGITAL INFRASTRUCTURE ENTERPRISE

During the course of the year, the Board approved a new Corporate Strategy and Plan, which is designed to take SENTECH forward and to ensure growth and sustainability in the future. Our priority is to ensure that the Company can make a successful transition from its historic focus on being a signal distributor to being a digital infrastructure and platform provider. The strategy is therefore focused on customer and services diversification to mitigate the risk of relying on a single dominant customer. This is in line with our aim of becoming a global leader in the provision of digital infrastructure.

To facilitate this, we are embarking on growth strategies that include organic activities such as innovation in the development of new products and solutions, as well as acquisitions, strategic partnerships and global expansion. As a strategic choice, we have elected to build strategic business units focusing on media, broadband, towers, the data centre and satellite services

The completion of the SOC rationalisation process, which includes the merger of SENTECH and Broadband Infraco (BBI), will be critical in creating a sustainable digital infrastructure enterprise as envisaged by the Shareholder. The slow pace of the rationalisation process has nevertheless created uncertainty among staff and the Board is therefore committed to completing the process expeditiously. We are committed to retaining critical skills during this process and to ensuring that key organisational objectives are met.

ENSURING CLEAN AND EFFECTIVE CORPORATE GOVERNANCE

SENTECH has continued to maintain clean and effective governance despite the challenges amongst organs of state. As a Company, we have demonstrated ethical leadership, effective risk management and full compliance with all relevant legislation, regulations and policies. The Board is confident that the EXCO, under the leadership of the CEO, will continue to drive the effective execution of our strategy, guided by our organisational values.

LOOKING AHEAD

A critical contribution to broader socio-economic development will be the finalisation of the analogue switch-off (ASO) process, which will shift South Africa into a new era of exponential development and transformation. We are committed to completing the digital migration project so that we can transition the country to digital television and release the high-demand spectrum as soon as possible.

In delivering our organisational mandate, one of our key focus areas is the launch of the South African communication satellite, which will bring us closer to realising our goal of enabling connected people and devices for smart communities and of providing a platform for universal access.

The Board will continue to provide oversight of and support for the implementation of growth initiatives including strategic partnerships, the building up of the broadband business and the development of new products in order to fulfil the Shareholder's mandate of delivering a digitally transformed economy and a connected society.

APPRECIATION

In closing, I would like to extend my appreciation and gratitude to the outgoing Board as well as my new colleagues on the Board for their commitment to the success and sustainability of SENTECH.

I also wish to thank Management and staff for their invaluable contribution.

My appreciation also goes out to our various stakeholders including our customers, suppliers, communities, partners, media and organised labour. Finally, I would like to express my appreciation to the Minister of Communications and Digital Technologies, the Honourable Khumbudzo Ntshavheni, for her continuous support, commitment and guidance.

Ms Sedzani Mudau
Chairperson of the Board

75.5%

customer satisfaction rating **achieved** against a **target** of 70%.

CEO'S OVERVIEW

Mr Mlamli Booi

CHIEF EXECUTIVE OFFICER

I am pleased to report that SENTECH has once again demonstrated resilience in a rapidly changing and disruptive technology environment despite also facing significant socio-economic challenges and the ongoing impact of Covid-19.

While business operations were still constrained, most ICT businesses whose revenue source is the sale of internet broadband data experienced unprecedented growth in earnings as a result of the high demand for broadband connectivity stemming from the introduction of remote and hybrid working practices. In contrast, sectors like broadcasting suffered losses due to the slowdown in economic activity, which resulted in reduced spend on advertising during the various lockdown periods. In short, the reporting period has presented many challenges but also opportunities.

SENTECH remained stable and profitable in the midst of economic challenges at both local and international level. This is evident in our positive results, which include EBIT of R200 million and net profit of R119 million. However, overall revenue – at R1.37 billion – a 5% drop in comparison to the previous period. Our non-financial indicators were nevertheless very positive and we achieved a 70% customer satisfaction rating against a target of 70%, which reflects our implementation of a customer-centric approach.

We also continued to drive socio-economic transformation by supporting small enterprises, communities and employees through procurement, skills development and corporate social investment.

Strategically through our Research and Innovation unit, we aim to produce a focused pipeline of innovative products and platforms that deliver value.

We also converted two of our sites to clean energy, bringing the total number of converted sites to four. We aim to convert 10 sites by 2025.

As we celebrate 30 years of existence, we are mindful of the importance of protecting and enhancing our brand and reputation. We consistently sustain and build our brand equity through a programme of communication, stakeholder engagement, marketing, and governance activities.

In these areas, as rated by our stakeholders in the 2022 stakeholder survey, our brand equity score is 76%, the same as in the previous year. This is slightly higher than the required industry benchmark of 75%.

STRATEGIC OUTLOOK AND GOALS

As a state-owned Company, our strategic goals are developed to support and align with those of our Shareholder. This is illustrated in the following table:

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 INNOVATION AND DATA-DRIVEN TRANSFORMATION AND ENVIRONMENTAL FINANCIAL INCOME ENGAGED AND TALENTED PEOPLE GOOD GOVERNANCE
A digitally transformed society and economy	Strategic Goal 2 — ENABLE DIGITALLY CONNECTED PEOPLE, DEVICES AND COMMUNITIES	
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	

CEO'S REVIEW CONTINUED

Strategic Goal 1

LAUNCH A SOUTH AFRICAN COMMUNICATIONS SATELLITE AND BUILD CONNECTIVITY INFRASTRUCTURE

It is SENTECH's aim to become a global leader in providing digital infrastructure for connectivity and content delivery.

The Shareholder has mandated us to drive the satellite launch programme and play a significant role in the management and implementation of SA Connect, which will increase access to secure digital infrastructure and services. To achieve this objective, we will execute projects and programmes informed by our strategic pillars, as outlined in the table above.

Strategic Goal 2

ENABLE DIGITALLY CONNECTED PEOPLE, DEVICES AND COMMUNITIES

Our second strategic goal is aligned with the Shareholder's priority of delivering a digitally transformed economy and society. This will also be achieved by executing projects and programmes informed by our strategic pillars, particularly the first three.

Creating a robust and flexible digital infrastructure involves building and operating OTT platforms, border management solutions and broadband sites as well as installing set-top boxes. Critical to our success is the launch of the South African satellite for broadband, broadcast and related services. This will involve working with reliable partners that we as an organisation can trust.

Putting our customers first is at the centre of our business and strategy. Our customer value proposition is to consistently provide reliable access to connectivity and content. Continuous engagement with our customers and effective network operations are fundamental to our commitment to building customer-centricity.

One of our core aims is to ensure that we have a pipeline of innovative products and platforms that deliver strategic and operational value. This depends on us adopting a data-driven approach to innovation and digital transformation. It is our intention to launch at least two innovative products per year.

Strategic Goal 3

A SUSTAINABLE AND RELEVANT BUSINESS THAT CREATES VALUE FOR STAKEHOLDERS

One of the Shareholder's priorities is to build and maintain a high-performance portfolio that is structured and managed to achieve policy objectives and mandates. Our third strategic goal is therefore to be a sustainable and relevant business that creates value for stakeholders. This goal depends on employing and developing talented and engaged people, making a measurable contribution to socio-economic development, being an ethical steward of the natural environment, exercising good governance and delivering positive financial outcomes.

As a state-owned Company, we are committed to supporting national government's efforts to address the triple challenges of inequality, unemployment and poverty. We facilitate socio-economic transformation through various initiatives, including preferential procurement, enterprise and supplier development, skills development and corporate social investment. We are also a Level 1 B-BBEE contributor and we aim to maintain this accreditation.

As a good corporate citizen, we also care about maintaining the integrity of the natural environment, and we fulfil this obligation primarily through a focus on reducing our carbon footprint. We will continue with our programme of converting our sites to green energy and aim to have converted all of our sites by 2025.

Financial sustainability is fundamental to the organisation. It is therefore a strategic priority to diversify into new markets and to enrich our service portfolio in order to drive revenue growth. We are committed to growing our business through acquisitions, partnerships, global expansion and organic growth using innovative products and solutions. We are also working hard to reduce our cost-to-income ratio. In order to do this, we are implementing various digitally driven operational and process efficiencies.

Within the context of the 4th Industrial Revolution, companies need to ensure that their people are suitably skilled and thus able to function effectively in a digital world. We therefore aim to have the right people with the right skills and the right mindset in the right place at the right time. In order to do this, we are implementing a digital skills programme to build human resources capability that is aligned to the digital economy.

We remain committed to good and effective governance, one of the measures of which is a clean audit. When a Company achieves a clean audit, it means there have been no material misstatements in its financial statements; that it is fully compliant with all relative legislation, policies and regulations; and that it has provided reliable and verifiable information about its performance.

With the exception of the 2021 financial year, in which SENTECH received an unqualified audit with some findings, we have achieved clean audits for the past eight years. We intend to restore our unbroken track record of clean audits through stable governance, reliable and competent human capital, and ethical leadership.

LOOKING AHEAD AND APPRECIATION

Throughout the reporting period, we continued to operate under a national State of Disaster, which was finally lifted on 5 April 2022. All Covid-19-related restrictions were subsequently lifted on 22 June 2022. We therefore anticipate more favourable operating conditions during the current period (FY2023), which will offer more opportunities for growth and development.

SENTECH has a bold vision: to become a global leader in providing digital infrastructure for connectivity and content delivery. Realising this vision will require not only creative strategy, but also focus and, above all, effective implementation.

We have therefore taken a strategic decision to position ourselves as a digital infrastructure and platform provider for video and audio content and broadband connectivity in South Africa and broader Africa. We will achieve this goal through strategic business units focusing on media, broadband, satellite, towers and data centres. Driving digital transformation will also be a fundamental component of our business model.

We also expect the process of SOC rationalisation to be concluded during the course of the current period of 2023 financial year. This will provide greater certainty for employees and support market certainty, organisational stability and sustainable growth. Within this context, we remain committed to achieving our strategic objectives and living our values as we build a global digital infrastructure Company to support the priorities of the Shareholder.

In conclusion, I would like to express my appreciation to the Board for its strategic direction, oversight and support. Also, we could not have achieved our targets during the reporting period without the efforts of our executive team, our management and our entire staff, all of whom have demonstrated commitment, resilience and steadfastness in the face of unprecedented challenges. We appreciate the support of the Shareholder, the Minister.

A word of appreciation also to all our stakeholders: the invaluable customers, suppliers, business partners, sister companies, communities, labour organisations, regulators and local municipalities who continue to support our business.

Mr Mlamli Booi
Chief Executive Officer

PERFORMANCE SNAPSHOT

Total Revenue **R1.373 BILLION** FY 2021: R1.442 billion	Earnings Before Interest and Tax **R200 MILLION** FY2021: R253 million	Net Profit After Tax **R119 MILLION** FY2021: R313 million
Performance Against Objectives **63.6%**	Audit Outcome **UNQUALIFIED WITH FINDINGS**	B-BBEE **LEVEL 1**
Customer Satisfaction Score **75.5%**	Reputation Index **69%**	Brand Equity Score **76%**
Risk Maturity Level **4 OUT OF 5**	Socio-economic Transformation Spend **R667 MILLION**	SMME Early Payments **2 DAYS**

STRATEGIC FOCUS 2022/23

STRATEGIC GOALS

1. Launch SA-owned communication satellite(s) and build connectivity infrastructure
2. Enable digitally connected people and devices for smart communities
3. A sustainable and relevant business that delivers value to stakeholders

STRATEGIC PILLARS

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

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

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

ENGAGED AND TALENTED PEOPLE
- Engaged staff
- Skilled staff in digital and leadership

FINANCIAL INCOME
- Revenue growth
- Profit growth

GOOD GOVERNANCE
- Clean audit
- Improved reputation score

INNOVATION AND DATA-DRIVEN
- User experience innovation

TRANSFORMATION AND ENVIRONMENTAL
- Highest B-BBEE level score
- Carbon emissions reduction

STRATEGIC FOCUS 2022/23 CONTINUED

STRATEGIC CHOICES

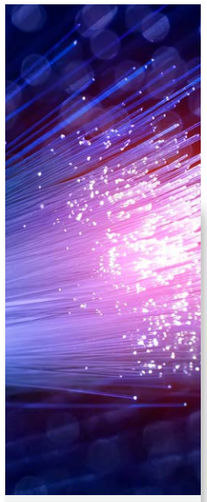
Informed by Shareholder priorities and the 4th Industrial Revolution (4IR), SENTECH's chosen role is that of a digital infrastructure and platform provider for video, audio and broadband in South Africa, broader Africa and globally.

VIDEO AND AUDIO CONTENT PLATFORM PROVIDER

DTH Platform
OTT Platform
SENTECH Apps
Set-Top-Boxes (AI enabled)
5G Broadcasting

TOWER COMPANY

Towers and masts
Value-added services
Fibre link-to-sites



BROADBAND PROVIDER

Satellite (VSAT)
Fixed Wireless 5G
E-learning
Cloud services

SATELLITE OPERATOR

Medium-term (3 – 5 years)
Aggregate and consolidate all SENTECH satellite services Reduce reliance on foreign satellite providers

DATA CENTRE INFRASTRUCTURE PROVIDER

Hosted and managed services

OUR OPERATING ENVIRONMENT

SENTECH operates in an ICT environment characterised by disruptive technologies that are changing the media, telecoms, technology and associated industries. Legacy infrastructure and traditional business models are also being disrupted by competition and innovation. In addition, the socio-economic challenges of inequality, unemployment and poverty remain the biggest obstacles to achieving the sustainable development goals set out in South Africa's National Development Plan.

From a business point of view, SENTECH continues to respond to this changing market landscape and fulfil its role as a facilitator of meaningful socio-economic transformation.

THE CHANGING MEDIA AND ENTERTAINMENT LANDSCAPE

Despite the challenges posed by the pandemic, the media and entertainment industry has continued to evolve over the past two years. It has done this not only by responding to evolving trends and rapid technological change, but also to pandemic-induced behavioural changes. Amid resurgences of the pandemic throughout the reporting period, customers continued to consume more content at home. Even though the pandemic has now abated and previous restrictions have been lifted, the way in which people consume media has changed in many fundamental ways.

According to a Deloitte study conducted in early 2022, consumers continue to seek more in-home entertainment and, as a result, there is greater competition for viewers among streaming and digital content platform providers.

These evolving consumer dynamics are not only driving greater innovation and competition in the media and entertainment industry but also are putting pressure on business models to keep up with changing consumer behaviours. With the streaming and video-on-demand sector set to see revenue growth of 10% or higher in 2022, SENTECH's strategic response needs to be focused on the following three areas:

INVESTMENT IN A DIVERSE CONTENT DISTRIBUTION INFRASTRUCTURE

Content is the fuel that drives consumer interest across different platforms and therefore we need to focus our investment decisions on content distribution infrastructure. Successful providers must be able to meet consumers wherever they may be and match offerings to their most important personal and emotional needs.

IMPROVING THE USER EXPERIENCE

Consumers expect seamless interactions throughout the end-to-end customer journey. Companies that can aggregate content in a more intuitive and accessible way will increase their customer absorption rate (EY, 2022). SENTECH's approach to assisting content providers with a single point of access to content will be key to long-term success and sustainability.

MERGERS AND ACQUISITIONS WILL CONTINUE TO BE A GROWTH AND DIVERSIFICATION STRATEGY

Growth through mergers, acquisitions and strategic partnerships remains a viable strategy for diversification into new businesses, products and markets in order to realise revenue growth.

The rise in demand for media streaming will continue to see new providers entering the market. With this in mind, we expect to face declining media revenue as the signal distribution, broadcast technology and media segments change and converge, movements which will have significant implications for our current business model. The accelerating pace of disruptive technology adoption, fuelled by the impact of Covid-19 and other external factors, offers both opportunities and challenges, but also presents the possibility of job displacement.

As a Company, we find ourselves at a watershed moment; one at which we need to make the important shift from analogue to digital technology. Among other responses, this will require a significant repurposing of employee skills. This change is mission-critical as we envisage an accelerated uptake of 5G and associated services, with 6G presenting further opportunities and challenges in the longer term. The high-speed spectrum will continue to command high prices and precipitate disruptive competitive behaviour.

Going forward, the virtualisation of infrastructure in the public cloud will continue, matched by the growth of local data centres. Platforms like drones, unmanned aerial vehicles and low-orbit satellites will become increasingly important to connectivity as technology advances and prices fall.

These innovations will precipitate an increase in cyberthreats, including the threat of ransomware attacks, which pose a very real threat to operations and business continuity. The protection of our digital infrastructure and our data will therefore remain a critical strategic focus.

BROADBAND CONNECTIVITY

The shift to online consumption has precipitated an increase in demand for connectivity and associated devices. Bridging the digital divide that currently exists in South Africa will not only facilitate more broad-based access to online services but will also provide a platform for a digitally driven economy. As the demand for data is expected to grow at a compound annual growth rate (CAGR) of 26.9% through to 2025, internet connectivity is a fundamental requirement for socio-economic growth and development.

At present, South Africa ranks 91st out of 110 countries for its number of internet users. As more 5G is rolled out, digital connections will become broader and faster, providing platforms for different industries to boost productivity, collaborate more effectively and bring innovations to market faster and with a higher probability of success. We at SENTECH are in a unique position to offer a variety of technological innovations that suit the contextual needs of all South Africans. Technology that improves the speed, latency and reliability of satellite connectivity has the potential to expand the breadth of coverage to areas/communities where the cost of laying fibre and building towers is not viable.

OUR OPERATING ENVIRONMENT CONTINUED

DATA CENTRES

The African data centre market is set to attract investment of approximately R76.7 billion by 2026, with South Africa's share forecast at R46 billion. As cloud adoption and the related demand for data continues to cause a surge in traffic, more and larger data centres are needed to meet the requirements of individuals, businesses, industry and government.

Most companies have seen the need to migrate their enterprise IT systems and data stores to public and/or hybrid cloud in order to lower costs and derive operational benefits. As a result, many big tech companies have entered the South African and broader African market in order to offer data centres as a service. While this represents an uptick in competitive activity, there is plenty of demand and capacity for additional data centre and cloud services, and this growth trend is expected to continue beyond 2026.

Technologies such as the cloud, big data and IoT generate more data through high-end applications and need more efficient systems for data processing. These technologies are pushing the demand for advanced IT infrastructure in the African data centre market. SENTECH needs to position itself to provide reliable 24/7 data centre infrastructure that has back-up power to meet an ever-growing market.

SATELLITE INDUSTRY

Satellites have a central role to play in addressing digital inequality, especially for rural users, through community wi-fi hotspots, consumer broadband and cellular backhaul. Globally, the space economy has grown by an average of 1.5% from 2019 to 2021, with the satellite industry accounting for 73% of space economy revenues worldwide.

PR Newswire (2022) reports that the global space-based broadband internet market is estimated to reach a value of USD52.33 billion in 2031, based on a CAGR of 20.64% during the period 2021-2031. The major driver of this huge jump in revenue is the global increase in demand for broadband internet access for information, entertainment, commerce and the technological advancements needed to develop next-generation communication satellite constellations.

TOWER LANDSCAPE

According to a Mordor Intelligence report (2022), the Africa telecom towers and allied market is expected to register a CAGR of 4.63% during the period 2022-2027. The pandemic precipitated a significant increase in demand for internet services due to the introduction of remote and hybrid working arrangements. With more people now working from home, there is a greater demand for download capacity, online video viewing and communication through video conferencing, all of which are leading to increased network traffic and data usage.

Core towerco value propositions and business models have been successfully adapted to match the demands of new markets in Africa. Many towercos are expected to operate in their core markets during the forecast period, focusing on buying and leasing vertical real estate, and will see plenty of 5G antennae overlaid onto their towers. Also, the increasing emphasis on improving internet connectivity in rural areas is one of the major factors stimulating the deployment and development of the telecom infrastructure in these areas, which is supporting market growth. Smartphone penetration, the increasing penetration of new digital technologies, a growing awareness of their benefits, and investments from several organisations and governments have supported the adoption of internet connections in the region.

SOCIO-ECONOMIC ENVIRONMENT

The economy is expected to begin recovering from the effects of the pandemic in 2022, although at a relatively slow pace. This will nevertheless present many opportunities for us to grow our business. South Africa's high unemployment rate, exacerbated by low levels of economic growth, corruption, economic disparities and inequalities – including digital inequality – will, however, continue to contribute to social and political instability. This in turn will impact negatively on investor confidence.

In addition, population growth and rapid urbanisation will continue to strain government resources. The fiscus will continue to be under severe strain and is unlikely to be a reliable source of future financial support for SENTECH.

We also anticipate that youth disillusionment resulting from marginalisation and poor economic prospects will increase and that high levels of crime and vandalism will continue. The power grid is likely to remain unstable and this will evolve into a greater reliance on renewables. The need to implement climate-friendly environmental practices will therefore continue to grow in importance.

LEGAL AND REGULATORY ENVIRONMENT

The policy and regulatory matters in the last quarter of the reporting period gave an indication of just some of the legal and regulatory challenges SENTECH will be faced with during FY2023.

The Independent Communications Authority of South Africa (ICASA) published the revised and ministerially approved National Radio Frequency Plan 2021 (NRFP-21) in March 2022. The plan excludes radio frequency allocation for terrestrial broadcasting services in the bands 694 – 790 MHz (Digital Dividend II) and 790 – 852 MHz (Digital Dividend I). ICASA further indicated that[1] "the period from 1 April 2022 to 30 June 2022 shall constitute a transitional period for broadcasting service licensees and signal distributors to ensure a seamless transition process for the switch-off of the remaining analogue transmitters". The Digital Dividend I and II must be available for terrestrial international mobile telecommunications (IMT) services from 1 July 2022.

ICASA also requires that studio transmitter links (STLs) used for terrestrial audio broadcasting have to be migrated from the 800 MHz band by 30 June 2022, although the licensing process has been slow. As a result, ICASA has acknowledged the outcome of the Pretoria High Court judgement in the litigation between eTV and the Minister of Communications and Digital Technologies, especially the instruction in terms of which the analogue switch-off (ASO) is to be moved back by three months from 31 March to 30 June 2022. ICASA has been duly notified of SENTECH's intention to proceed with the migration of STLs.

[1] *https://www.icasa.org.za/news/2022/icasa-notes-the-deadline-for-analogue-switch-off*

During the reporting period, ICASA also indicated the intention to conduct an inquiry into the signal distribution services value chain in terms of section 4B(1)(a) of the ICASA Act (No. 13 of 2000). The process began with a market inquiry, which was conducted by means of a questionnaire. A similar process was conducted between late 2010 and October 2014, but had no definite outcome.

In terms of Chapter 10 of the Electronic Communications Act (No. 36 of 2005), which deals with competition matters, the process in terms of Section 4B(1) of the ICASA Act will be followed by the publication of a discussion document, public hearings and, finally, a findings document. It is expected that ICASA will seek to finalise the inquiry within the current period. It is important to note that an SABC complaint against SENTECH's tariff methodology, which has been lodged with the Competition Commission, will overlap with the ICASA inquiry process.

Further, the Audio and Audio-Visual Content Services (AAVCS) policy draft white paper, published in 2020, will have a huge impact on the regulatory and communications industry if passed into law as it proposes to change the regulation of content services in South Africa. In 2021, the Department of Communications and Digital Technologies made a presentation on the draft paper. However, this is likely to be reviewed in 2022 as the Department is of the opinion that the presentation did not capture all of the submissions relating to the contents of the paper.

The draft white paper indicates that new content services will be brought under the purview of the regulatory authority. This is important since new content services such as over-the-top (OTT) distribution services are challenging traditional broadcasting revenue streams. The proposals contained in the paper therefore seek to broaden the definition of broadcasting to include new content services through the introduction and definition of the AAVCS policy.

We are of the opinion that the introduction of AAVCS policy and the proliferation of OTT services further justifies the call being made for the introduction of multiplex (MUX) operation in the multichannel and digital environment in South Africa. The MUX operator must build digital platforms and transmission networks for digital broadcasting and new digital services, and should provide its services on a reasonable, fair and non-discriminatory basis.

An IECNS licence should enable interested licensees to apply to oversee the management of the different MUXes in the digital environment. A bi-annual report on MUX management and planning should be submitted to ICASA to enable the regulator to monitor and enforce fairness in the provision of digital services.

THE IMPACT OF THE COVID-19 PANDEMIC

The Covid-19 pandemic impacted the delivery of some of our strategic projects. The Technology Life Cycle Refresh Programme has been delayed by approximately eight months because of the global supply chain challenges affecting the delivery of technology solutions.

99.82%
of Network Availability **achieved** for Media and Connectivity service platforms.

COO'S REVIEW

Mr Tebogo Leshope
CHIEF OPERATING OFFICER

The 2021/22 financial year period was characterised by challenges related to slow economic growth, however, it also presented opportunity in the rising need for information communication services. This delicate reality demanded organisations to advance creativity and innovation capabilities to efficiently offer services to economically constrained markets to foster integrated sustainability for SENTECH and its customers.

SENTECH was not spared from the impact of Covid-19. The organisation responded by managing the business continuity through a Business Continuity Management (BCM) committee. This led to our organisation being fully aware and responding timeously to the impact of the pandemic on our operations.

Technology advancement and business evolution remained key focus areas for SENTECH during this period, these are critical to ensure short and long-term sustainability. The sustainability objectives of the organisation required us to explore alternative technologies and advance our capabilities towards efficient future technologies. To this effect the Broadcast Digital Migration (BDM) was an integral part of ensuring that our markets are serviced through latest technologies that are spectrum and energy efficient. As at the end of March 2022, the organisation had successfully transitioned five provinces (the Free-State, Northern-Cape, North-West, Mpumalanga and Limpopo provinces) to digital television. This was immediately followed by the implementation of Spectrum re-farming (digital to digital migration) to ensure the release of spectrum above 690Mhz in line with the National Frequency plan. This implementation paves the way for implementation of IMT services in these five provinces.

During the period under review, we continued to explore and deploy technologies that define the future of Broadcasting and Broadband markets. We have to leapfrog the organisation towards the future through next generation technologies, and we are exploring 5G technology for broadcasting and 5G for broadband services. We embarked on a few successful 5G pilots with the market and the industry. We are also piloting a digital radio network in Gauteng and working with the regulator to advance the digital radio trial to the Western Cape and KZN provinces.

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

Operational efficiency is vital for the sustainability of SENTECH and its customers. We are therefore consistently improving on our operating model, targeting to realise and share efficiency value with our customers. As part of this effort, we continued to optimise use of satellite and energy resources, and as a result we achieved efficiencies of 18% for satellite and 7% for energy. This productivity efficiency was realised due to optimised contractual negotiations, implementation of a smart energy solution and termination of analogue technologies. Our smart energy strategy implementations are progressing well, and we converted four additional sites to solar energy during the year.

During the reporting period, our energy reduction programme resulted in a decrease of 9 075 tonnes of carbon dioxide equivalent (tCO2e) in direct (Scope 1) emissions and a reduction of 1 154 tonnes in indirect (Scope 2) emissions.

We have further started a process of improving digital and mission-critical skills. We rolled out 1 037 training interventions during the reporting period against a target of 1 035, with 22 of these being related to mission-critical skills. And to ensure the right fit for the right talent, we have also begun a process of reviewing our operating model.

The economic growth remained pedestrian over the period demanding SENTECH to explore adjacent opportunities to ensure sustainability while the primary and conventional service markets were slowing down. The overall business resilience combined with adjacent opportunities enabled the organisation to navigate the Covid-19 economic impact. While we missed our revenue target by 3%, we note that our alternative revenue sources have significantly reduced the impact of Covid-19 on the organisation.

Some of the innovation projects undertaken during the reporting period included:

- the implementation of cloud computing infrastructure at NASREC to enable public and private computing and storage capacity;
- the implementation of a new standalone 5G radio network to provide cost-effective network infrastructure for government departments and industry; and
- the establishment of the SENTECH Research and Innovation Collaboration Network as a hub for creativity and thought leadership between ourselves, institutes of higher learning, industry and other stakeholders.

LOOKING AHEAD

The South African economy is slowly recovering from the impact of Covid-19, 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 citizen and enable smart city development through Intelligent ICT services. Our business and technology strategy takes realities and challenges of the evolving socio-economic environment into account. During the next term, we will continue with our digital transformation journey, targeting to conclude Broadcast Digital Migration (BDM), evolve media platforms, and expand our broadband coverage across the country.

Mr Tebogo Leshope
Chief Operating Officer

KEY PERFORMANCE INDICATORS 2021/22

PERFORMANCE AGAINST KEY PERFORMANCE INDICATORS (KPIs)

A total of 11 KPIs were set out on the 2021/22 Corporate Plan. The table below gives details of performance against each target:

▲ Achieved ▼ Not achieved

STRATEGIC PILLARS	OUTCOMES	OUTCOME INDICATOR	ANNUAL TARGET	ACTUAL PERFORMANCE	ACHIEVED/ NOT ACHIEVED	VARIATION EXPLANATION
OPTIMISATION AND GROWTH	Sales revenue growth	Revenue growth (R)	R1 257 billion	R1.237 billion (cumulative)	▼	MIS and broadband did not meet revenue targets for the reporting period.
	Increased profitability	Operating profit (R)	R154 million	R200 million (cumulative)	▲	Operating profit was higher than target due to adherence to cost containment measures implemented. Without compromising service delivery there was further re-prioritisation of expenditures in view of the service cancellations following the Covid-19 pandemic lockdown, particularly during first quarter of the year when movement was still restricted.
	Sustainable broadband business (SOC Rationalisation)	Business model for the SDIC	Business model for the SDIC	SDIC business model developed	▲	Stakeholder engagement and focused execution resulted in the target being achieved.
TALENTED PEOPLE	Right people in the right place at the right time with the right skills and mindset	Percentage of planned digital skills and training interventions implemented	90.7% of planned digital skills training and interventions implemented	Training target of 90.7% for digital training interventions achieved	▲	Focused execution resulted in the target being achieved.
INNOVATION AND DIGITAL READINESS	Increased broadband network coverage	Number of connected sites	200 connected sites	nine sites connected	▼	There were challenges in obtaining signed contracts during the reporting period due to conflicting SITA and SENTECH broadband markets. In the current financial year (FY2023), Phase 2 of the SA Connect project has the potential to add 250 VSAT sites and 480 Open Access base stations to SENTECH's capacity.
	Right technology in the right place at the right time and fit for use	Number of set-top box installations	810 000 set-top box installations	170 274 STB installations, project closure final report not developed as the project is not complete	▼	The project faced a number of challenges during the course of the year, which resulted in the target not being achieved. Issues with local municipalities, SAPO and installers are being addressed.
	Analogue switch-off	Number of analogue sites switched-off	155 analogue sites switched-off ** Cumulative number of analogue sites switched-off since the inception of the project.*	163 analogue sites have been switched off	▲	Achieved. The ASO project target achievement is the aggregate achievement of ASO for the project. This achievement is the incremental sum of sites switched-off to-date over the project life cycle with a target of 155 for the FY22. A total of 163 sites have been switched-off to-date, comprising of 22 sites for prior years and 141 for the last year of performance).
CUSTOMER-CENTRICITY	Customer loyalty	Customer satisfaction levels (%)	Customer satisfaction levels of baseline: +5%	75.5% customer satisfaction level was achieved	▲	An improved customer satisfaction score of 75.5% was achieved. An NPS score of 7 was achieved.
TRANSFORMATION	Transformed communities and enterprises	Percentage of budget spent on enterprise supplier development	Allocated budget of R6 million spent on enterprise supplier development	100% of allocated budget spent on ESD achieved	▲	A total of three beneficiaries were supported; one for supplier development and two for enterprise development.
ENVIRONMENTAL PRESERVATION	Carbon footprint Reduced Energy efficiencies achieved	Number of sites converted to green energy supply	Two sites converted to green energy supply	Four sites converted to green energy supply.	▲	Four sites (Durban, Potgietersrus, Cape Town and Paarl) were converted to green energy supply.
BRAND AND REPUTATION	Effective corporate governance	Clean audit achieved	Clean audit achieved	Unqualified with findings	▼	Clean audit outcome not achieved, implementation plan in place to strengthen internal controls.

OUR VALUE CREATION BUSINESS MODEL 2021/22

DRIVING THE MANDATE

SENTECH derives its mandate from legislation, in particular from the SENTECH Act and the Electronic Communications Act.

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

CAPITAL INPUTS

FINANCIAL CAPITAL
- Healthy balance sheet for new investments and acquisitions
- Free cash flow
- Dual-illumination funding for digital migration
- Retained earnings for reinvestment

MANUFACTURED CAPITAL
- Capex invested in infrastructure and technology upgrades
- Well-maintained network and towers to guarantee uninterrupted service
- Offices and buildings
- Data centre

INTELLECTUAL CAPITAL
- Licences to provide electronic communications networks and communications services
- Partnerships with academia for research and innovation

HUMAN CAPITAL
- A total number of 468 employees
- Employee engagement
- Talent management
- Employment equity

SOCIAL AND RELATIONSHIP CAPITAL
- Enterprise and supplier development spend
- Preferential procurement spend
- Skills development spend
- Corporate social investment
- Communications and stakeholder engagement

NATURAL CAPITAL
- Implementing energy panels
- Building energy supply sites

THROUGH A STRATEGIC VALUE OFFERING

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

CONTENT & MULTIMEDIA
Television, Radio, On-demand media

MANAGED INFRASTRUCTURE SERVICES
Facilities leasing (co-location)
3rd party facility management
Managed network services

CONNECTIVITY
Fixed wireless, VSAT
e-Services, Digital solutions

PURSUING STRATEGIC PILLARS AND SDG TARGETS

- OPTIMISATION & GROWTH
- INNOVATION & DIGITAL READINESS
- CUSTOMER-CENTRICITY
- TALENTED PEOPLE
- TRANSFORMATION
- ENVIRONMENTAL PRESERVATION
- BRAND & REPUTATION

TO CREATE AND DELIVER SUSTAINABLE VALUE

FINANCIAL CAPITAL
- Total revenue: R1.373 billion
- EBIT: R200 million
- Net profit: R119 million

MANUFACTURED CAPITAL
- Net promoter score improved
- Weighted average network availability maintained
- Digital products ready for commercialisation

INTELLECTUAL CAPITAL
- Legal licence to operate the network
- Two 5G test sites deployed
- SENTECH research and innovation collaboration network

HUMAN CAPITAL
- R351.3 million paid in salaries and benefits
- R15.5 million spent on skills development, of which R14.3 million was spent on historically disadvantaged groups

SOCIAL AND RELATIONSHIP CAPITAL
- 76% Brand equity score maintained
- Customer Satisfaction Index score of 75.5%

NATURAL CAPITAL
- Since 2019, SENTECH has recorded a decrease of 9 075 tonnes of direct (Scope 1) CO_2 emissions
- Head Office's indirect (Scope 2) emissions were reduced by 1 154 tonnes of CO_2
- Four sites converted to green energy

31%
margin of **EBITDA achieved** by year end.

CFO'S REVIEW

Ms Komathie Govender
ACTING CHIEF FINANCIAL OFFICER

The 2022 financial year brought many unforeseen challenges to the organisation. While there was a slow opening up of the economy in response to intermittent adjustments to the Covid-19 lockdown levels, the pandemic remained the single most significant business challenge during the reporting period, impacting on operations, costs, earnings and cash flow.

We also had to face serious foreign exchange risk arising from financial transactions denominated in foreign currencies, which resulted in a marked increase in our operational costs.

At macroeconomic level, muted improvements in business confidence were offset by persistently low economic growth, high levels of unemployment and the civil unrest that took place in Gauteng and KwaZulu-Natal in July 2021. Added complications came in the form of ongoing ESKOM power loadshedding and the high costs of oil and other commodities, especially in the wake of Russia's invasion of Ukraine in February 2022.

We nevertheless managed to navigate through these dynamic conditions, displaying resilience and commitment to delivering on the key business targets set out in the Annual Performance Plan.

The revenue of R1.373 billion achieved during the period was partly due to the economic recovery and partly due to close collaboration with customers in order to establish mutually beneficial payment arrangements. We nevertheless experienced a loss of revenue in the managed infrastructure services and broadband connectivity businesses resulting from cancellations caused by the pandemic. Our core operations nevertheless generated positive cash flows and we maintained profitability. Most notably, the balance sheet improved considerably, with cash reserves being above R2 billion by year end. Accounts receivable also improved as a result of the settlement of long-outstanding debts following a concerted debt-collection programme.

As of 31 March 2022, our satellite capacity Lease Liability was R1.16 billion compared to the prior period amount of R1.22 billion, which was mainly attributable to foreign exchange rate fluctuations. Reporting on this is required by IAS 21 as more than 90% of the value of qualifying lease contracts for satellite capacity is foreign currency denominated.

Finally, we had sufficient cash reserves to meet our capital projects requirements for the period and, by year end, had achieved an EBITDA margin of 18%. The analogue switch-off (ASO) process, which gained traction during the year under review, is expected to be complete during the 2023FY. This will have an impact on our revenue as we transition to a digital platform which is a cost benefit for the broadcasting customers.

PROFITABILITY AND RETURNS

We also managed to improve our cash flow position, closing the year with a cash balance R2 billion, an increase in R151 million from the previous period. As already mentioned, this was largely due to the implementation of rigorous collection measures and the settlement of outstanding debt but was also aided by grant funding received for government-funded projects.

The lease liability of R1.16 billion (2021: R1.22 billion) was offset by a corresponding asset of R977 million (2021: R1.063 billion) owing to the implementation of IFRS16. Taking this into account, the debt level realised was within the Company's target debt-to-equity ratio of 40:60 and our gearing levels are on a par with industry peers.

In order to achieve our strategic objectives, we continue to focus on robust risk management and compliance with all applicable laws and regulations. Our risk philosophy and tolerance levels were considered in all business decisions taken during the reporting period.

Management is confident that the business will continue as a going concern after having successfully managed its way through the pandemic. Further, while the pandemic brought many business challenges, it also brought the opportunity to rationalise the business model and cost structure in order to realise cost savings. Various austerity measures were implemented in areas such as energy, maintenance, travel, personnel and consulting. The review of costs in these areas has secured our ability to maintain a profit and has contributed to the strength of the balance sheet.

OUTLOOK

Both locally and internationally, the socio-economic outlook remains uncertain. While the pandemic is abating and all restrictions have now been lifted in South Africa, the risk of further waves due to the development of new variants of the virus cannot be discounted. The full impact of the conflict in Ukraine is also still to be determined and the persistent programme of loadshedding at home is likely to have far-reaching effects.

With these circumstances in mind, we will continue to review costs on an ongoing basis while always striving to deliver quality reliable services to our customers. We will also continue to negotiate favourable terms and conditions with our key customers and, from a business development point of view, we will continue to build on our current revenue streams through strategic partnerships and acquisitions.

Ms Komathie Govender CA(SA)
Acting Chief Financial Officer

OUR VALUE CREATION 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 includes 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 whilst also ensuring that cash in the bank is liquid and accessible.

SENTECH has made substantial strides on the government imperative to move to digital platform. The costs for the dual-illumination are recouped from grant funding that is received from the Executive Authority. Beyond this point, there will be no more grant funding as the DTT network will be fully operational.

SENTECH deploys its available cash resources and healthy balance sheet to leverage new and existing business opportunities. 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 2022 SENTECH had a cash balance of R2.2 billion which will be used to diversify its products and services. In so doing SENTECH has set five-year targets of R1.6 billion for revenue and R215 million for EBIT and reduction of staff costs to 30% of total expenditure. For the 2023 financial year SENTECH has projected revenue at an amount of R1.501 billion and R200 million EBIT.

MANUFACTURED CAPITAL

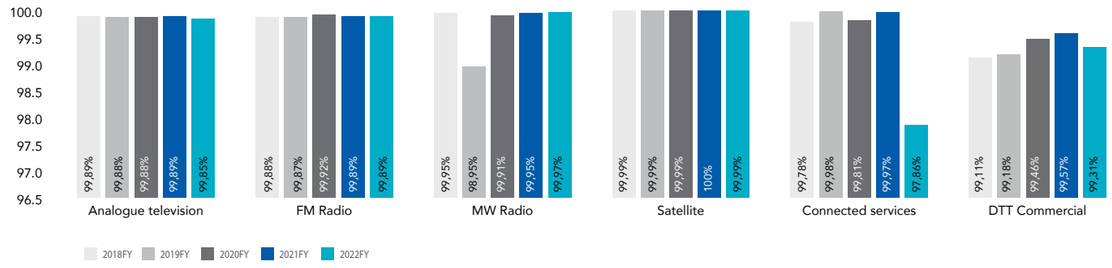
NETWORK PERFORMANCE

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 competent and skilled workforce. We design our systems to deliver on the SLA and requirements of our customers for our towers, broadcasting, broadband, satellite and data centre services. To ensure infrastructure longevity and highest services availability we refresh our technology platform on an ongoing basis, and for the year under review this has resulted in improved customer satisfaction.

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 has been mainly in the replacement of ageing back-up power supply systems, FM transmitters, head- end upgrades and the updating of the Ku Band satellite up-linking equipment. The DTT network in five provinces became commercial as the dual-illumination period ended with the ASO. 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.

The Company achieved a 99.82% weighted network availability during the past MTEF period across all platforms, as indicated in the table below:

Network performance 2018FY – 2022FY



PRODUCT PERFORMANCE

CONTENT AND MULTIMEDIA SERVICES

Our content and multimedia services portfolio performed above expectation during the reporting period, showing growth of 7% against targets. The growth in revenue for this portfolio was due to the contribution of the Digital Migration Programme, with the analogue switch-off being executed as planned in line with the department's objectives. During the year, a total of 163 analogue sites were switched off and DTT sites were activated. Another service that contributed to the revenue performance was the call centre, which enabled BDM migration support for beneficiaries and installers.

MANAGED INFRASTRUCTURE SERVICES

Managed Infrastructure Service's performance as a portfolio was below expectation for the period, showing an under-performance of 9% against targets.

DATA CENTRE SERVICES

SENTECH's Nasrec data centre has the capability to provide collocation services. Throughout the year, the process of upgrading the Nasrec data centre from Tier 2 to Tier 3 was implemented, which will also provide for the delivery of hosting services. It is expected that the data centre hosting services will be ready for commercialisation in the next financial year (FY2023) with Infrastructure as a Service (IaaS).

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 continues to contribute towards our revenue. As we develop value- added services for the managed infrastructure portfolio, we are re-bundling services in order to introduce complementary services.

BROADBAND CONNECTIVITY SERVICES

The number of connected sites in FY2022 was at its lowest since the start of the pandemic, with only 8 VSAT terminals installed; five for the Department of Correctional Services and three for the Department of Social Services. These were installed in the most rural parts of the country where a terrestrial network does not exist.

DIGITAL CUSTOMER CARE CHANNELS

Our call centre operates between 07:00 and 23:00 seven days a week and 365 days a year. In order to provide an excellent customer experience, we successfully implemented an omnichannel system, enabling customers to access customer support through multiple channels. These include WhatsApp, Facebook Messenger, Webchat, SMS, e-mail and voice telephony. A chatbot is being developed to enhance communication capabilities with customers.

INTELLECTUAL CAPITAL

Over the past five years, we have been transforming our business in order to address broader telecommunications and information communications needs, the business's capacity and other market segments.

As a result, we have 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 universal service for peri-urban areas. A localisation programme for 5G OpenRAN and 5G expanders and CPEs has been started with local SMMEs.

Together with our partners, we have also begun deploying a cloud computing infrastructure at Nasrec with the aim of enabling public and private computing and storage capacity in government-trusted facilities. This will culminate in the establishment of a Cloud Centre of Excellence (CCoE) within SENTECH, which will be dedicated to developing cloud computing capacity and associated technologies. It will also be used to ensure that SENTECH has the appropriate skills and certifications to offer cloud and AI-based services to government departments and the market in general.

The highlight of FY2022 was the establishment of the SENTECH Research and Innovation Collaboration Network as a hub for creativity and thought leadership. This is a partnership between SENTECH, several institutes of higher learning, industry and SENTECH's stakeholders.

Some of the agreed deliverables, with a two-year horizon, include:

- The establishment of a Controlled Environment Agriculture (CEA) infrastructure to support experimentation and development of AI-based and robotics solutions for agriculture and food security.
- The development of a simulated and physical research environment for intelligent reflective surfaces to support future autonomous vehicle communication.
- The development of an ecosystem in the electricity utility industry for the internet of energy (IoE) and a network for electric vehicle charging stations.
- Piloting of live cloud-based 5G OpenRAN networks using locally developed radio equipment. This will enable SENTECH to operate in a broader ecosystem of future networks and in the localisation of 4IR technologies.
- The development of spectrum systems interference models and spectrum science to support national regulatory requirements and input to the ITU as well as to support SENTECH's business-involving spectrum.

OUR VALUE CREATION CAPITALS CONTINUED

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.

THE VALUE OF OUR LICENCES TO THE COMPANY

Our licences are the lifeblood of the Company as, without them, we would be unable to conduct our business activities. The licences are issued for a period of 20 years each, providing us with certainty and the assurance of business continuity. Our current licences were issued in 2009 and will become due for renewal in 2029. They enable us to establish various revenue streams in keeping with the rapidly changing technological environment within which we operate.

THE VALUE OF OUR LICENCES TO CUSTOMERS AND STAKEHOLDERS

The services we provide contribute in no small measure to the dissemination of information in the country, either through radio or television signals or via other platforms. Our licenses also serve a pivotal role in ensuring that our customers, including broadcasters, receive a reliable and quality service that translates into satisfied end-users in the tripartite value chain.

The ECA obliges us to provide our services to licensed entities only. The ability to provide those services is dependent on us having valid licences and complying with the requirements of those licenses. Failure to meet licensing requirements would disrupt our business, the businesses of our customers and the services provided to end users.

The licences we hold also enable us to play a developmental role by ensuring quality access to information, education and entertainment for the people of South Africa.

HUMAN CAPITAL

The events of the past two years have demonstrated that, as a business, we need to change how we work, accelerate our transformation efforts and improve our agility. There has been a global transition to a hybrid way of working and this has informed our human resources strategy and programming. Throughout the year, we continued to invest in learning and development programmes, thus building leadership capabilities, new ways of working and employee wellness.

STRATEGY INTERVENTIONS

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 1 035 training interventions for the year was achieved and slightly exceeded. In total, 1 037 training interventions were delivered and an amount of R15.59 million was spent on skills development, of which R14.4 million was spent on historically disadvantaged groups.

Strategic partnerships with academic institutions are essential to fostering a learning and development culture. SENTECH awarded external bursaries to the value of R4.5 million to 15 undergraduate and post-graduate students for tuition, project work and research.

In addition, we had the pleasure of working with 24 interns during the year. Each intern was matched to a division within SENTECH based on the individual's academic qualifications. The internship programme provides students with a broad view through structured workplace exposure and specialised training. The total spend for the internship programme was R1.13 million.

With the aim of enabling employees to maximise their potential and get the most out of their careers, we spent R1.75 million on internal staff bursaries for the 2021/22 academic year. The total skills development (SD) expenditure constituted 3.34% of the payroll expenditure. The training expenditure is set out in Tables 1 and 2.

Table 1 – Direct training spend

Functional Level	Training expenditure (R'000)	Training expenditure (% of payroll)	Number of training interventions
Top management	**R677**	0.12%	14
Senior management	**R1 349**	0.26%	33
Professional qualified	**R1 937**	0.38%	137
Skilled	**R4 288**	0,86%	581
Semi-skilled	**R1 844**	0.36%	174
Unskilled	**R1 132**	0.22%	98
Total	**R9 879**	2.2%	1037

Table 2 – Overall training costs

Skills Development (SD)	Budget (R'000)	Actual spend (R'000)	EE spend (R'000)
University collaboration	**R4 500**	R4 500 000.00	R4 500
Internships	**R1 134**	R1 133 675.75	R1 134
Staff training	**R6 217**	R6 215 350.50	R5 865
Staff bursaries	**R3 000**	R1 750 417.37	R1 580
Total	**R17 598**	R15 592	R14 379

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, performance-linked bonuses were paid at both the management and bargaining levels.

CULTURE CHANGE

In our progress 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.

OCCUPATIONAL HEALTH AND SAFETY

We continue to strive for zero fatalities and injuries in the workplace. Our goal is to eliminate incidents, minimise risk, responsibly manage environmental impacts and enable excellence in operations and business performance. Our total recordable injury rate (TRIR) is closely monitored and measured by using a safety performance measuring tool. This is based 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.

SENTECH has managed to keep the TRIR levels below the TRIR limit of 1% through awareness programmes and training. The TRIR for FY2022 was 0.5889%, which was well below the TRIR limit of 1%.

OUR VALUE CREATION CAPITALS CONTINUED

EMPLOYMENT EQUITY

At SENTECH, we are committed to embracing a culture of inclusion, which includes empowering women to increase their level of representation in senior positions and actively providing for the advancement of people with disabilities. Our objective is to achieve equal representation across all levels within the business through a robust plan that promotes equity in the workplace, equal opportunities in employment, skills development and equitable representation at all occupational levels.

As at 31 March 2022, we had 468 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, 88% of senior management are black and 44% are female, while 83% of specialists and middle management levels are black and 33% female. Our people-with-disability rate is 1.3% of the total staff complement.

EMPLOYMENT EQUITY REPORT 2021/2022

Occupational levels	Male					Female					Total
	Black	Coloured	Indian	White	Employees with disabilities	Black	Coloured	Indian	White	Employees with disabilities	
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	1	0	16
Professionally qualified and experienced specialists and middle management											
Current	40	5	1	10	0	20	2	1	4	1	83
Skilled technical and academically qualified workers, Junior management, supervisors, foremen and superintendents											
Current	113	12	8	30	3	96	3	3	5	0	270
Semi-skilled and staff with discretionary decision-making responsibilities											
Current	17	1	0	0	0	20	5	1	3	2	47
Unskilled and staff with defined decision-making responsibilities											
Current	36	6	0	0	0	3	0	0	0	0	45
Total permanent	217	25	10	41	3	147	10	5	13	3	468

Table 3 – Employment equity profile

PERSONNEL REMUNERATION BY SALARY BAND

As at 31 March 2022, SENTECH had 468 permanent employees. The average personnel remuneration total cost per employee was R750 697.82 for the reporting period, of which top management accounts for 4.81%. 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	R16 886	4.81%	7	R2 412
Senior management	R23 562	6.71%	16	R1 473
Professionals	R94 360	26.86%	83	R1 137
Skilled	R181 582	51.68%	270	R673
Semi-skilled	R19 578	5.57%	47	R417
Unskilled	R15 358	4.37%	45	R341
Total	R351 327	100.00%	468	R751

Table 4 – Total cost of active and permanent employees excluding, terminated & temporary and variable costs as at 31 March 2022. 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 (FY2021)	Approved posts	Posts planned to be filled	Number of employees (FY2022)	Vacancies	Vacancies planned to be filled	Vacancy rate on planned posts
Executive management	8	11	10	7	4	3	27%
Senior management	17	23	21	16	7	5	22%
Professionals	89	121	117	83	38	25	21%
Skilled	284	300	295	270	30	10	3%
Semi-skilled	50	57	51	47	10	5	9%
Unskilled	45	52	45	45	7	5	10%
Total	493	564	539	468	96	53	9%

Table 5 – Employee turnover and recruitment profile

EMPLOYMENT CHANGE

Table 6 sets out SENTECH's employment profile as of 31 March 2022. We had 16 planned temporary and three-year fixed-term period vacancies for FY2022. 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	8	0	1	0	7
Senior management	17	0	1	0	16
Professionals	89	0	6	0	83
Skilled	284	0	14	0	270
Semi-skilled	50	0	3	0	47
Unskilled	45	0	0	0	45
Total	493	0	25	0	468

Table 6 – Employment statistics

REASONS FOR EMPLOYEES LEAVING

SENTECH's staff turnover rate for FY2022 was 5.34%, comprising 44% voluntary resignations and 56% mandated terminations, including retirements, dismissals and deaths.

Category	Number	Percentage of staff turnover
Death	2	8%
Resignation	11	44%
Dismissal	4	16%
Contract expired	0	0%
Retirement	8	32%
Total	25	100%

Table 7 – Reasons for employees leaving

OUR VALUE CREATION CAPITALS CONTINUED

EMPLOYEE RELATIONS

SENTECH is committed to building a sustainable and harmonious working relationship with organised labour, which is 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.

SOCIAL AND RELATIONSHIP CAPITAL

STAKEHOLDER RELATIONS MANAGEMENT

BRAND AND REPUTATION SURVEY

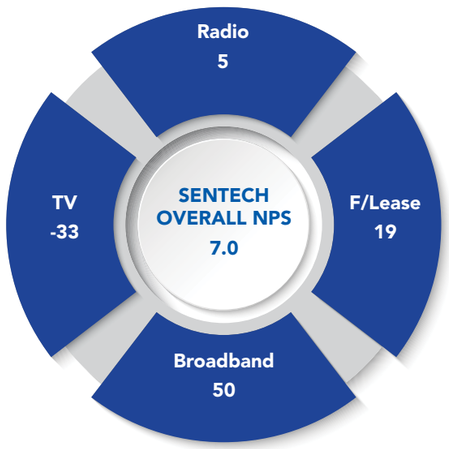
69% 2022 reputation score — 2021=72%, 2020=65% — **-3% point decrease**

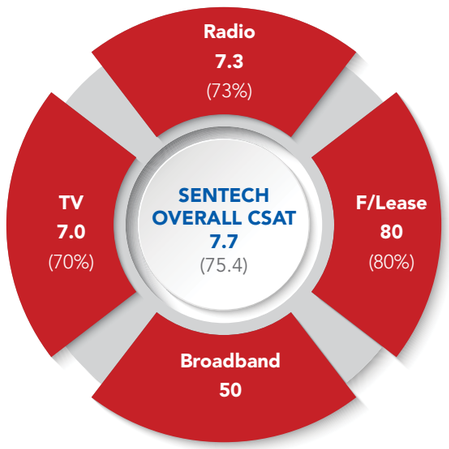
76% 2022 brand equity score — 2021=76%, 2020=72% — **Remained the same**

We undertook and completed our annual brand and reputation survey during the reporting period, the results of which were as follows:

CUSTOMER SURVEY

We also conducted our annual customer satisfaction study during January and February 2022. A response rate of 14.2% was achieved compared to an average of 5% to 10%. The study included both quantitative and qualitative interviews and the results were very encouraging. A positive net promoter (NPS) score of 7 was achieved, meaning that SENTECH has more customers who are promoters than detractors. A customer satisfaction index (CSI) score of 75.5% was achieved, exceeding the corporate target by 13.5%.





ADDRESSING KEY STAKEHOLDER CONCERNS

SENTECH remained connected with our stakeholders throughout FY2022 through both scheduled and unscheduled interactions. We developed regular communication patterns and mechanisms, including monthly or weekly virtual or in-person meetings, teleconferencing and scheduled correspondence to facilitate constant communication to provide information about planned new products, give regular progress feedback as well as address stakeholder concerns, avoid incidences and manage unrealistic expectations that might have resulted in unsatisfactory outcomes.

Constant updates were made available to help our employees better understand the resources available to them. SENTECH's care for employees across all dimensions of wellbeing moderates the employees' fears and builds trust within the organisation. When necessary, employees are referred to an employee assistance programme.

EMPLOYEES: KEY CONCERNS AND EXPECTATIONS	ENGAGEMENT/S	OUTCOMES ACHIEVED
SENTECH and BBI merger	Regular employee updates during monthly employee engagements.	Employees continued to express concerns about the planned merger.
Remote working policy	Internal discussions on the implementation of a hybrid model.	There was a shift from normal working patterns as the organisation adopts to the new norm.
Relationship Owner(s): CHRO, CSO, CEO		

SHAREHOLDER: KEY CONCERNS AND EXPECTATIONS	ENGAGEMENT/S	OUTCOMES ACHIEVED
A viable merger between SENTECH and BBI	eMail communication to propose the strategy and approach for the merger.	SENTECH will support the merger of the two entities.
Digital migration progress	Ongoing engagements with various stakeholders on the implementation of the digital migration programme and to address emerging challenges.	Five provinces have been officially switched off, namely Free State, Northern Cape, North-West, Limpopo and Mpumalanga.
Relationship Owner(s): CSO, Directors		

GOVERNMENT: KEY CONCERNS AND EXPECTATIONS	ENGAGEMENT	OUTCOMES ACHIEVED
Access to transmission sites	Online engagements with various stakeholders regarding damage to roads impeding access to transmission sites in the Eastern Cape.	The affected municipalities committed to assisting SENTECH by making their resources available and by sharing costs to ensure that services are restored to the affected communities.
Relationship owner(s): CSO, Company Secretariat, Directors		

LABOUR: KEY CONCERNS AND EXPECTATIONS	ENGAGEMENT	OUTCOMES ACHIEVED
Review of agency shop and recognition agreements	A written communication informing the union about the Labour Court judgement and terminating the agency shop agreement.	Termination of the agreement came into effect on 26 May 2022.
Relationship Owner: CHRO		

OUR VALUE CREATION CAPITALS CONTINUED

CREATING SOCIO-ECONOMIC VALUE THROUGH TRANSFORMATION

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 us to harness our enterprise supplier development (ESD) programme, thereby facilitating broader socio-economic change and development.

Throughout the year, we 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.

Our B-BBEE status is evaluated using four criteria: management control, skills development, enterprise and supplier development (ESD) and socio-economic development. We are exempted from the ownership criterion.

Our overall score increased from 101.53 in FY2020 to 107.4 in FY2021 against the maximum target score of 112, indicating a 5.4% improvement.

	COMPANY SCORE					
B-BBEE element	**FY2017**	**FY2018**	**FY2019**	**FY2020**	**FY2021**	**Target score**
Management and control	15.44	16.38	16.59	14.71	18.00	20.00
Skills development	17.59	18.23	17.06	19.46	20.10	30.00
Enterprise and supplier development	40.48	49.02	53.16	55.36	56.94	59.00
Socio-economic development	12.00	12.00	11.55	12.00	12.00	12.00
OVERALL SCORE	85.51	95.64	98.36	101.53	107.04	112.00
LEVEL OF CONTRIBUTION	FOUR	TWO	TWO	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.

The table below highlights the employment equity status of women at SENTECH.

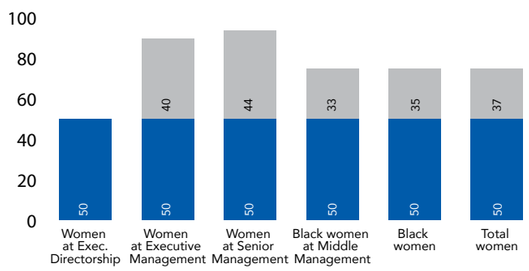


Table 9 – Percentage of female employees

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	2	14 (88%)	16
Black Senior Female Black Management	6	0	0	1	6 (86%)	7
Black Middle Management	60	7	2	14	69 (83%)	83
Female Middle Management	20	2	1	4	23 (85%)	27
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, 1 037 interventions were implemented, of which 91.4 % were for black employees, 37.9% for women and 0.64% for people living with disabilities.

The university collaboration and SENTECH internship programme saw seven students successfully completing their degrees and they are currently on the experiential training programme in the Technology and R&I divisions. Fourteen interns completed their experiential learning as of 31 March 2022.

Ten additional interns were taken onboard effective 1 January 2022 for the support divisions.

Fifty-eight staff bursaries were awarded for the 2021 academic year and 61 bursaries for the 2022 academic year. Fifty-eight staff bursaries were awarded for the 2021 academic year and 61 bursaries for the 2022 academic year.

The skills development spend achieved for the period was 3.34 % of payroll.

PREFERENTIAL PROCUREMENT

We 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 and SMMEs.

We continue to support companies owned by black people and other designated groups as proposed in the B-BBEE Act (No. 53 of 2003). The statistics below show how the procurement spend of R646 059 777.61 for the year was distributed.

As at March 2022, SENTECH awarded projects worth R646 059 777.61 in total of which R581 433 239.00 was awarded to enterprises with at least 51% black ownership or more. This means that 90% of the total projects awarded were allocated to black-owned companies. Another notable achievement is that a total of R268 178 730.00 (46%) was apportioned to companies who are at least 30% black women owned.

We exceeded the remainder of our targets, by achieving the following results:

Target (%)	Designated group	Achieved %
75%	Black-owned enterprises with a 51% or more black ownership	90%
40%	Black-owned enterprises with a 30% or more female black ownership	46%
30%	SMMEs	89%
10%	Youth	18.65%
2%	Other designated groups	1.50%

* *The demographic profiles of companies may overlap in some or all categories.*

Table 11 – Procurement Spend

SENTECH will continue to drive the transformation agenda as informed by the new Preferential Procurement Policy Framework Regulations, which are expected to be published in the current financial year.

ENTERPRISE AND SUPPLIER DEVELOPMENT

The full budget of R6 million allocated for ESD was spent during the reporting period. Three SMMEs were awarded financial support of R2 million each as part of our Enterprise and Supplier Development Programme. The SMMEs supported were:

CULTIVATION POINT

A Kasi Wi-Fi solution in Limpopo and Mpumalanga Provinces, Kasi Wi-Fi is an initiative that connects semi-urban communities: individuals can buy an uncapped data bundle for R25 for unspecified use or for streaming for 12 hours or more. The Wi-Fi is UNCAPPED, cheaper than normal, value for money and easily accessible.

EC INTERNET

Roll out of broad-band equipment/ base station and public Wi-Fi access points in Eastern Cape, Deploy Public Wi-Fi Hotspots and connecting households to reliable and affordable internet and building specialised networks for the underserved communities.

KHUMOPANCY CONSULTING

An ICT firm, Black women-owned and managed. Touchless technologies are critical in preventing pandemics from spreading. Current techniques are being replaced by innovations that allow for contactless fingerprint and scanning on the go.

OUR VALUE CREATION CAPITALS CONTINUED

SOCIO-ECONOMIC DEVELOPMENT

We at SENTECH support socio-economic development by providing equipment and connectivity that empowers beneficiaries to participate in economic activities.

In FY2022, we donated 40 laptops to Somerset High School to support advanced learning and enable access to ICT opportunities in local communities. We donated an additional 10 laptops to the Umthombo ECD and Youth Development Centre and provided schools in Limpopo with laptops, smart boards and VSAT connectivity to enable learning. We provided for the building and installation of an E-learning lab in Radinong Secondary School.

In addition, we donated over 1 000 hygiene packs to two schools. The packs included necessary personal hygiene items and school essentials. Furthermore, we donated Edu-support packs to Gqira Senior Primary School in Ngqeleni for 303 learners and another 606 packs to Makgatlhanong Primary School learners in Mmakaunyane.

NATURAL CAPITAL

ENVIRONMENTAL PRESERVATION

In accordance with international reporting standards, listed and state-owned companies are required to report on the impact of their operations on the environment. 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.

We implemented a number of initiatives to enhance our natural capital, including environmental preservation initiatives and policies and procedures aimed at lowering carbon emissions.

Some of our communications infrastructure is situated in South Africa's national parks, protected areas, private reserves and 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 in order 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 course of 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.

In order to secure continuous improvement in the area of emissions, we have established a number of key research projects aimed at identifying and implementing energy-efficient technology and green energy solutions.

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

Since 2019, we have recorded a decrease of approximately 9 075 tonnes of CO_2 emissions in our direct (Scope 1) emissions. These emissions are generated by three sources: the combustion of diesel in the standby generators that are used to generate electricity during loadshedding or energy grid failure; the use of refrigeration gases in air conditioning systems; and, lastly, the fuel used in Company-owned vehicles. The decrease in direct emissions during the reporting period can be attributed mainly to greater stability in electricity supply due to the various levels of Covid-19 lockdown and the resulting reduction in the need to run standby generators. Restrictions on movement, especially during the Level 5 and Level 4 lockdowns, also meant that staff needed to travel less for business purposes.

As a Company, our accountability for indirect emissions is associated with the consumption of grid electricity, which is the greatest source of emissions in our greenhouse gas inventory. During the reporting period, energy consumption in our offices was lower than average owing to Covid-19 restrictions, which resulted in a slight reduction in indirect emissions. The introduction of a solar power plant at our head office also contributed to the reduction in indirect emissions, which were reduced by 1 154 tonnes of CO_2.

MANAGEMENT OF TOP STRATEGIC RISKS

ENTERPRISE RISK MANAGEMENT STRATEGY AND PHILOSOPHY

An effective enterprise risk management process is critical for SENTECH to achieve its strategic and operational goals, particularly in the current environment of uncertainty and change. 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 needs to inform 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 discussion on risk, risk mitigation and risk appetite occurs at both the operating and divisional leadership team levels. The enterprise risk management process is supported by the principle that the Board is focused on those risks capable of undermining the strategy or long-term sustainability of the organisation and damaging its reputation.

MANAGEMENT OF TOP STRATEGIC RISKS

The 13 top strategic risks to the organisation were identified at the beginning of the reporting period. These risks were aligned to the organisational strategic pillars, outcomes and key performance indicators. At year end, the risks were adequately managed by the organisation.

The strategic risk defined as "Inadequate growth of the broadband and connectivity business" remained residually high at year end owing to challenges resulting from the moratorium on filling vacancies and the potential loss of opportunities for the expansion of broadband activities. During the year, 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 has 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, of which two are rated as residually high. Other risks were mitigated as intended and the residual ranking was reduced to low.

FRAUD AWARENESS TRAINING

During FY2022, fraud awareness was conducted for all employees. The topics included creating awareness around hotline reporting and ensuring that employees understand the process and procedures in 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: COVID-19 CASES STATUS UPDATE

The Business Continuity plan was continuously implemented throughout the organisation. Monthly business continuity meetings took place to ensure that adequate PPE was available and to provide emotional and mental support to staff during the pandemic. Since the beginning of the pandemic, 120 cases have been reported in the organisation and two fatalities recorded.

Risks were continuously monitored and the Business Continuity Plan and Covid-19 guidelines were reviewed and implemented as and when required to ensure continuity of operations, limit the spread of the virus and preserve life.

SENTECH'S VALUE CUSTODIANS







INTERIM BOARD AS AT 1 DECEMBER 2021

Sedzani Mudau
CHAIRPERSON OF THE BOARD
- CA (SA)
- MBA
- Senior Executive Development Programme (SEDP)
- Management Advanced Programme (MAP)

Appointed: 1 December 2021

Mapuleng Moropa
CHAIRPERSON: Technology, Sales and Regulatory Coordination Committee
- MBA
- Programme in Management Development (PMD)
- BSc (Information Technology)

Appointed: 1 December 2021

Veronica Motloutsi
CHAIRPERSON: Investment Committee
- MBA
- PGDip (Business Administration)
- MTech (Business Information Systems)
- BTech (Information Technology)
- NDip (Information Technology)

Appointed: 1 December 2021

Tshavhuyo Sesane
CHAIRPERSON: Social and Ethics Committee
- PhD (Engineering Management)
- MBA
- BSc (Hons) (Applied Science Industrial Systems)
- PG Dip (Corporate Law)
- BSc (Industrial Engineering)
- N Dip (Industrial Engineering)

Appointed: 1 December 2021

Mbasa Metuse
CHAIRPERSON: Human Resources, Nominations and Remuneration Committee
- MSocSci (Social Policy and Development Research Methods)
- PGDip (Business Administration)
- BSocSci
- Project Management Certificate

Appointed: 20 April 2021 and term ended 31 October 2021
Reappointed: 1 December 2021

Themba Phiri
CHAIRPERSON: Audit and Risk Committee
- MSocSci (Public Administration (Public Policy)
- PGCert (Telecommunications Policy, and Regulation and Management (TPRM))
- Leadership and Management Development Programme
- BTech (Economics and Public Management)
- NDip (Public Administration and Management)

Appointed: 1 December 2021

Nkhumeleni Mudunungu
NON-EXECUTIVE DIRECTOR
- LLB
- B luris

Appointed: 1 December 2021







BOARD MEMBERS WHO EXITED DURING THE YEAR

Dr Sandile Malinga
CHAIRPERSON OF THE BOARD
- PhD (Physics)
- MBA

Appointed: 1 April 2018
Appointed Chairperson: 4 February 2020
Term ended on 31 October 2021

Maureen Manyama
CHAIRPERSON: Audit and Risk Committee
- CA (SA)
- MBA

Appointed: 1 November 2018
Resigned effective 1 May 2021

Precious Sibiya
CHAIRPERSON: Technology, Sales, Regulatory Coordination Committee
- (CA) SA

Appointed: 1 November 2018
Term ended on 31 October 2021

Malande Tonjeni
CHAIRPERSON: Investment Committee and Audit and Risk Committee
- CA (SA)

Appointed: 4 February 2020
Term ended on 31 October 2021

Bulelwa Tunyiswa
NON-EXECUTIVE DIRECTOR
- MA (Public Administration)
- HDip (Education)
- Advanced Cert (Governance and Public Leadership)

Appointed: 20 April 2021
Term ended on 31 October 2021

Mxolisi Tsika
CHAIRPERSON: Social and Ethics Committee and Human Resources, Nominations and Remuneration Committee
- MA (Philosophy)
- BA LLB

Appointed: 4 February 2020
Term ended on 31 October 2021

Motse Mfuleni
NON-EXECUTIVE DIRECTOR
Appointed: 20 April 2021
Term ended on 31 October 2021



EXECUTIVE DIRECTORS

Mlamli Booi
CHIEF EXECUTIVE OFFICER
- MSc (Electrical Engineering)
- PGDip (Project Management)

Appointed: 15 October 2015
Term was extended for 3 years from 1 September 2020 until 31 August 2023

Tebogo Leshope
CHIEF OPERATING OFFICER
- MBA
- BTech (Electrical Engineering)
- NDip (Electrical Engineering)

Appointed: 1 March 2018

Komathie Govender
ACTING CHIEF FINANCIAL OFFICER
- CA (SA)

Appointed: 1 April 2021

50%
female representation
at Board level.

BOARD OF DIRECTORS

The Board of Directors is made up of both non-executive directors and executive directors, who are appointed by Cabinet through the Minister of Communications and Digital Technologies. There are currently seven non-executive directors and three executive directors, namely the Chief Executive Officer (CEO), the Chief Operating Officer (COO) and the Acting Chief Financial Officer (CFO).

SENTECH has a gender-equitable Board and, at present, out of 10 Board members, five are women, which represents 50% female representation at Board level.

In terms of the SENTECH Act, non-executive directors are appointed by the Minister for a period of not more than three years and are eligible for reappointment for a second term but may not serve for more than two terms consecutively unless otherwise determined by the Minister by publishing a notice to that effect in the Gazette.

Currently, SENTECH has an interim Board of Directors, which was appointed on 1 December 2021 and will serve until 30 November 2022. The previous Board's term ended on 30 October 2021.

SENTECH'S VALUE CUSTODIANS CONTINUED

EXECUTIVE MANAGEMENT

Mlamli Booi

CHIEF EXECUTIVE OFFICER

- MSc (Electrical Engineering)
- PGDip (Project Management)

Appointed: 15 October 2015

Term was extended for 3 years from 1 September 2020 until 31 August 2023

Tebogo Leshope

CHIEF OPERATING OFFICER

- MBA
- BTech (Electrical Engineering)
- NDip (Electrical Engineering)

Appointed: 1 March 2018

Komathie Govender

ACTING CHIEF FINANCIAL OFFICER

- CA (SA)

Appointed: 1 April 2021

Kereng Motlhabi

CHIEF HUMAN RESOURCES OFFICER

- BCom (Hons) (Industrial Psychology)

Appointed: 1 August 2016

Itumeleng Segaloe

CHIEF STRATEGY OFFICER

- MBA
- BA (Psychology, English, Political Science)
- BAdmin (Hons)
- Cert. Digital Transformation
- Global Executive Development Programme

Appointed: 1 May 2016

Mmapula Kgari

EXECUTIVE: BROADBAND (ACTING) | CHIEF MARKETING AND SALES OFFICER

- MBL
- BCom (Economics)

Appointed: 12 June 2017

Marlon Finnis

EXECUTIVE: OPERATIONS

- MBL
- BTech (Electrical Engineering)

Appointed: 1 July 2018

EXECUTIVE MANAGEMENT

Zunaid Adams

EXECUTIVE: LEGAL & REGULATORY

- BProc

Appointed: 7 August 1995

Mabel Manyere

ACTING EXECUTIVE: FINANCE

- MBL
- BAcc (Hons)
- CIMA Adv Dip MA

Appointed: 1 June 2020

Kopano Thage

ACTING CHIEF MARKETING AND SALES OFFICER

- MBA
- BSc Computer Science

Appointed: 18 June 2019

Xolisile Njapha

COMPANY SECRETARY

- LLB
- PGD
- BSocSci

Appointed: 1 December 2021

Marius Venter

ACTING CTIO

- MBA
- BEng (Hons) (Computer Engineering)
- Executive Development Programme

Appointed: 1 January 2021

Adv. Selaelo Matsane

COMPANY SECRETARY

- LLB
- B Iuris

Appointed: 1 November 2018

Resigned effective 30 April 2021

46%

female representation at Executive management level.

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, 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 secure sound business practices, integrity and the creation of value for all stakeholders.

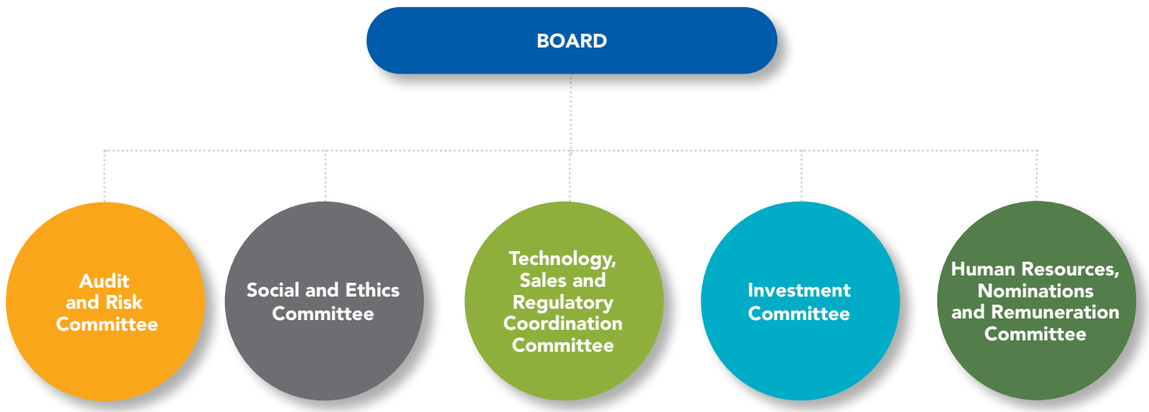
At SENTECH, we consistently review our governance practices and processes to ensure that we always act in the best interests of all stakeholders. The Board is ultimately accountable and bears full responsibility for the Company's performance and affairs, as well as for ensuring that we adhere to the 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 each Board member, a record of their attendance at meetings and matters considered during the financial year are set out in the Board Report.

THE BOARD AND COMMITTEES OF THE BOARD

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 REPORT

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 2022. 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 licenced 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:
Sender Technology Park
Octave Street
Radiokop

Postal address:
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 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 2021/22 Shareholder Compact is outlined on page 29 of this report as required by Section 55(2) of the PFMA.

EXTERNAL AUDITORS

Ngubane and Co. (Jhb) Inc. is the External Auditor 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 which director or officers of the Company had an interest and which significantly affected the business of the Company.

CORPORATE GOVERNANCE CONTINUED

PUBLIC-PRIVATE PARTNERSHIPS

The Company did not enter any public-private partnerships during the 2021/22 financial year.

ANNUAL FINANCIAL STATEMENTS

The Group Financial Statements comprise of consolidated Annual Financial Statements of SENTECH SOC Ltd and the four subsidiaries (Infohold (Pty) Ltd, Infosat (Pty) Ltd, Vivid Multimedia (Pty) Ltd and SENTECH International (Pty) Ltd) that are wholly owned by SENTECH SOC Ltd. These subsidiaries 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 2021.

LIQUIDITY AND SOLVENCY RATIOS

The liquidity ratio of 4 times and solvency ratio of 63% 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

On the 22nd of April 2022, the Minster approved the acquisition of BBI by SENTECH, and no adjusting events were identified subsequent to the date of financial positions.

GOING CONCERN

The Directors confirm that they are satisfied that the Company has adequate resources to continue business for the twelve (12) months period from the date of this report. For this reason, they continue to adopt the going concern basis for preparing the Financial Statements as confirmed in the Statement of Responsibility by the Board.

Ms Sedzani Mudau
Chairperson of the Board
31 July 2022

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 procedures for the induction and ongoing training of directors, as well as the evaluation of the Board's performance.

None of the Board members attended international conferences during the reporting period owing to restrictions related to the Covid-19 pandemic.

APPRAISAL

An appraisal of the Board and its committees was conducted during the reporting period. An independently facilitated self-appraisal process dealing with individual directors, the performance of the Board as a whole and the performance of the Board sub-committees was also conducted. The appraisal was aligned to the principles of King IV regarding:

- 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, we conducted a full review of our Compliance Policy and Framework, as well as of all legal and regulatory developments. Compliance reports were submitted to the Audit and Risk Committee and the Social and Ethics Committee.

Compliance monitoring reviews were also undertaken in selected divisions to assess whether business activities were being conducted in compliance with relevant regulatory requirements, internal policies and procedures. This process helped us identify gaps and areas for improvement.

ETHICS

King IV defines corporate governance as the exercise of ethical and effective leadership by the governing body and is aimed at achieving an ethical culture, good performance, effective control and legitimacy. The Board is responsible for defining our ethical framework and has delegated oversight of this to the Social and Ethics Committee. The Code of Business Conduct and Ethics Policy was 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 our 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 which 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 value protection in all areas of the business. Our 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.

Within this context, the Board has provided effective leadership demonstrated through the achievement of strategic objectives. The members are satisfied with the way in which the principles in King IV have been applied within the business and has put supplementary measures in place as and if 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 frameworks put in place by the Board facilitate risk identification and 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 we adhere 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, namely the Minister of Communications and Digital Technologies. Directors are also responsible, within the parameters of corporate law and legislation, to other stakeholders. 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 for ensuring that there is always an appropriate balance of skills and experience on the Board. Should the balance be affected for any reason, the members make recommendations to the Minister, suggesting the appointment of non-executive directors to restore 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. The members have satisfied themselves that all the non-executive directors meet the necessary criteria for independence, as outlined in the Independence of Directors Policy.

CORPORATE GOVERNANCE CONTINUED

Based on the 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 the 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.
- 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, the following changes were made to the composition of the Board:

The following non-executive directors reached the end of their terms:

- Dr S Malinga
- Mr M Metuse
- Mr M Tsika
- Ms P Sibiya
- Ms M Tonjeni
- Mr M Mfuleni
- Ms B Tunyiswa

The following non-executive directors were appointed:

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

ATTENDANCE AT MEETINGS

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

NAME OF MEMBER	29 APRIL 2021	12 MAY 2021**	27 MAY 2021	25 JUN 2021 **	29 JULY 2021	9 SEPT 2021**	28 OCT 2021	25 NOV 2022**	12 JAN 2022**	28 JAN 2022	21 FEB 2022	28 MAR 2022**
Dr S Malinga (Chairperson)	√	√	x	√	√	√	√	n/a	n/a	n/a	n/a	n/a
Ms M Manyama	√	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Ms P Sibiya	√	x	√	√	√	√	√	n/a	n/a	n/a	n/a	n/a
Ms M Tonjeni	√	√	√	√	√	√	√	n/a	n/a	n/a	n/a	n/a
Mr M Tsika	√	√	√	√	√	√	√	n/a	n/a	n/a	n/a	n/a
Ms S Mudau	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	√	√	√	√
Ms V Motloutsi	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	√	√	√	√
Mr T Phiri	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	√	√	√	√
Mr M Metuse	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	√	√	√	√
Dr T Sesane	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	√	√	√	√
Adv N Mudunungu	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	√	√	√	√
Ms M Moropa	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	√	√	√	√
Mr M Booi	√	√	√	√	√	√	√	√	√	√	√	√
Mr T Leshope	√	√	√	√	√	√	√	√	√	√	√	x
Ms K Govender	√	√	√	√	√	√	√	√	√	√	√	√

X Apology

√ 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

COMPARISON OF ATTENDANCE AT BOARD MEETINGS VERSUS THE PREVIOUS FINANCIAL YEAR

	2019/20 Meetings		2020/21 Meetings		2021/22 Meetings	
Board Members	No.	%	No.	%	No.	%
Dr S Malinga	7 /7	100	12 /13	92	**6 / 7**	**86**
Ms M Manyama	5 / 7	71	11 / 13	85	**1 / 1**	**100**
Ms P Sibiya	5 / 6	83	13 / 13	100	**6 / 7**	**86**
Ms M Tonjeni	1 / 1	100	13 / 13	100	**7 / 7**	**100**
Mr M Tsika	1 / 1	100	12 / 13	92	**7 / 7**	**100**
Ms S Mudau	n/a	n/a	n/a	n/a	**4 / 4**	**100**
Ms V Motloutsi	n/a	n/a	n/a	n/a	**4 / 4**	**100**
Mr T Phiri	n/a	n/a	n/a	n/a	**4 / 4**	**100**
Mr M Metuse	n/a	n/a	n/a	n/a	**4 / 4**	**100**
Dr T Sesane	n/a	n/a	n/a	n/a	**4 / 4**	**100**
Adv N Mudunungu	n/a	n/a	n/a	n/a	**4 / 4**	**100**
Ms M Moropa	n/a	n/a	n/a	n/a	**4 / 4**	**100**
Mr M Booi	6 / 6	100	13 / 13	100	**11 / 11**	**100**
Ms K Govender	n/a	n/a	n/a	n/a	**11 / 11**	**100**
Mr T Leshope	6 / 6	100	12 / 13	92	**10 / 11**	**91**

KEY FOCUS AREAS

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, which will continue to receive special attention going forward.

Subsequent to the strategic review, the Board approved a number of strategic initiatives aimed at growing SENTECH's business. The proposed merger of SENTECH and BBI, 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.

CORPORATE GOVERNANCE CONTINUED

ACTIVITIES OF THE BOARD

MONTH	MATTER
April 2021	• Reviewed the Committee Charters. • Reviewed the FY2020/21 Fourth Quarter Business Performance Report. • Reviewed the FY2020/21 Fourth Quarter Risk Management Report. • Reviewed the FY2019/20 Draft Annual Financial Statements. • Assessed the FY2019/20 Covid-19 Management Report. • Overview of Business Performance • Considered SABC Discount (Cost Cutting Measures) • Acquisition of BBI by SENTECH • Reviewed Policies
May 2021	• Considered tenders. • Considered constitution of Board Committees. • Reviewed Integrated Report and Annual Financial Statements.
June 2021	• Considered update on USAASA. • Considered update on SABC. • Considered feedback on Shareholder meeting.
July 2021	• Reviewed the Board Charter and the FY2021/22 annual work plan. • Reviewed the External Audit Report and management letter points for FY2020/21. • Reviewed the FY2021/22 First Quarter Sustainability Plan Implementation Report. • Reviewed the FY2021/22 First Quarter Marketing and Sales Strategy Implementation Report. • Considered update of the Delegation of Authority. • Reviewed Integrated Annual Report for the 2020/21 Financial Year and Annual Financial Statements. • Reviewed policies. • Considered SENTECH Licence Obligations. • Considered Cooperation Agreement Between SENTECH and Broadband Infraco. • Considered Broadcast Digital Migration (BDM) Project Report. • Considered tenders
September 2021	• Considered Chairman's Stakeholder Feedback. • Considered Minister's decision for BBI to Acquire SENTECH. • Considered update on VSP Board Resolution Execution. • Considered Report on SENTECH Tariff Review. • Considered CFO Recruitment and Selection Process. • Considered Withdrawal of Board Resolution on the Legal Opinion on Salary Increases and STI. • Considered Decision on Salary increases and STI.
October 2021	• Reviewed business performance. • Reviewed Short-Term Incentive Scheme Framework. • BDM and STB Installations Report. • SABC Tariff Review Proposal. • Considered tenders. • Considered Short-term Incentive and Payment. • 2021/22 Salary Increases and Legal Opinion on Salary Increases considering the National Treasury Letter • Considered EXCO performance assessments. • National Treasury – Application for Condonation of Irregular Expenditure. • Considered EXCO performance assessments.
January 2022	• Board Committee Allocations. • Reviewed the FY2021/22 Third Quarter Business Performance Report. • FY2021/22 – 2024/25 Draft Corporate Plan. • Reviewed the Draft Shareholder's Compact for FY2021/22. • BDM Plan and STB Installations progress Report. • FY 2021/22 Human Resource, Nomination and Remuneration Strategy Plan • Interim Audit Report.
February 2022	• FY2021/22 – 2024/25 Final Corporate Plan
March 2022	• Analogue Switch-Off Date – Correspondence from SABC to SENTECH • Appointment of an Independent Advisor to ARC

COMMITTEE REPORTS

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

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

MANDATE	ACTIONS
• 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.

COMPOSITION AND NUMBER OF MEETINGS

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

	1 APRIL 2020 TO 31 MARCH 2021				
MEMBER	16 APR 2021	16 JULY 2021	21 JULY 2021	15 OCT 2021**	21 JAN 2022
Ms P Sibiya (Chairperson)	√	√	√	√	n/a
Dr S Malinga	x	√	√	√	n/a
Ms M Tonjeni	√	√	√	√	n/a
Mr M Mfuleni	n/a	√	√	√	n/a
Ms M Moropa (Chairperson)	n/a	n/a	n/a	n/a	√
Dr T Sesane	n/a	n/a	n/a	n/a	√
Mr T Phiri	n/a	n/a	n/a	n/a	√
Ms V Motloutsi	n/a	n/a	n/a	n/a	√

X Apology

√ Present (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

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.

KEY MATTERS

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 2021 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 on 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)

At a meeting on 30 October 2018, the Board approved the establishment of an ad hoc investment committee to address the BBI merger and other mergers and acquisitions. The Committee was also tasked with reviewing our MOI and Shareholder Compact to allow for the consideration of mergers and acquisitions by the Committee and the Board.

The draft Charter of the Committee was tabled before the Board in its meeting of 30 January 2019. The Board approved the establishment of the Committee as a Committee of the Board and not as an ad hoc committee but agreed that meetings should be held on an ad hoc basis. It was named the Investment Committee (IC).

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	ACTIONS
• Assessing alignment with SENTECH's strategy, financial viability, financing, feasibility, and sustainability when evaluation 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 acquisitions and the risk associated with it. • SOC Rationalisation Plan: 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 APRIL 2021 TO 31 MARCH 2022					
MEMBER	19 APR 2021	20 JULY 2021	27 JULY 2021	19 OCT 2021	24 JAN 2022	9 FEB 2022
Ms M Tonjeni (Chairperson)	√	√	√	√	n/a	n/a
Ms M Manyama	√	n/a	n/a	n/a	n/a	n/a
Ms P Sibiya	√	√	√	√	n/a	n/a
Mr M Tsika	√	n/a	n/a	n/a	n/a	n/a
Ms B Tunyiswa	n/a	√	√	x	n/a	n/a
Mr M Metuse	n/a	x	√	√	n/a	n/a
Ms V Motloutsi	n/a	n/a	n/a	n/a	√	√
Mr T Sesane	n/a	n/a	n/a	n/a	√	√
Adv N Mudumungu	n/a	n/a	n/a	n/a	√	√

X Apology
√ Present (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

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 deliberated on and provided input on the SOC Rationalisation Plan, including the SENTECH Acquisition of Broadband Infraco (BBI).
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 FY2022 to FY2024 Corporate Plan.

In FY2023, 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.

MANDATE	ACTIONS
• 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 as 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 FY2020/21 Corporate Scorecard.

During the reporting period, the HRNRC was made up of the following members and held three scheduled meetings. It also held three special meetings to address matters relating to the recruitment of a CFO and other matters arising as a result of year end:

	1 APRIL 2021 TO 31 MARCH 2022					
MEMBER	16 APR 2021	16 JULY 2021	20 SEPT 2021	15 OCT 2021	24 JAN 2022	25 MAR 2022**
Mr M Tsika	√	√	√	√	n/a	n/a
Dr S Malinga	√	√	√	√	n/a	n/a
Ms P Sibiya	√	n/a	n/a	n/a	n/a	n/a
Ms B Tunyiswa	n/a	√	√	√	n/a	n/a
Ms M Mfuleni	n/a	√	√	x	n/a	n/a
Mr M Metuse (Chairperson)	n/a	n/a	n/a	n/a	√	√
Ms V Motloutsi	n/a	n/a	n/a	n/a	x	√
Ms S Mudau	n/a	n/a	n/a	n/a	√	√

X Apology
√ Present (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

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

BOARD AND COMMITTEE'S EVALUATION

The HRNRC is responsible for the appraisal of the Board.

CORPORATE GOVERNANCE CONTINUED

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 we comply with our values in everything that we do.

SENTECH strives to be a relevant state-owned Company, demonstrating integrity, moral values and ethical behaviour that promotes 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	ACTIONS
• 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 2020/21 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 2020 TO 31 MARCH 2021			
MEMBER	19 APR 2021	15 JULY 2021	14 OCT 2021	19 JAN 2022
Mr M Tsika (Chairperson)	√	√	√	n/a
Ms M Tonjeni	√	n/a	n/a	n/a
Ms M Manyama	√	n/a	n/a	n/a
Mr M Mfuleni	n/a	√	√	n/a
Ms B Tunyiswa	n/a	√	x	√
Mr M Metuse	n/a	√	√	n/a
Ms S Mudau	n/a	n/a	n/a	√
Dr T Sesane (Chairperson)	n/a	n/a	n/a	√
Adv N Mudunungu	n/a	n/a	n/a	√

X Apology
√ Present (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

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 our 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 practices 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 attend all meetings by permanent 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 and held eight meetings:

	1 APRIL 2020 TO 31 MARCH 2021									
MEMBER	20 APR 2021	30 APR 2021	25 MAY 2021*	21 JULY 2021	26 JULY 2021	18 AUG 2021	20 OCT 2021	27 OCT 2021**	19 JAN 2021**	2 FEB 2022
Ms M Manyama (Chairperson)	√	√	√	√		n/a	n/a	n/a	n/a	n/a
Ms M Tonjeni	√	√	√	√	√	√	√	√	n/a	n/a
Ms P Sibiya	√	√	√	√	√	√	√	√	n/a	n/a
Mr M Tsika	√	√	√	√	√	√	√	√	n/a	n/a
Mr M Metuse	n/a	n/a	√	√	√	√	√	√	√	√
Mr T Phiri	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	√	√
Mr M Moropa	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	√	√

X Apology
√ Present (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

CORPORATE GOVERNANCE CONTINUED

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

EXTERNAL AUDIT

The ARC is responsible for recommending the appointment of and overseeing the activities of the external auditors.

During the reporting period, the ARC:

- considered the 2020/21 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 2020/21 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 2022, 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 2021/22 Procurement Plan; and
- noted progress reports on the 2020/21 Management Letter Points.

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.

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.

During the 2021/22 financial year, the ARC:

- approved the 2021/22 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; and
- 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, 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, the ARC:

- recommended to the Board the reviewed Delegation of Authority;
- 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. 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.

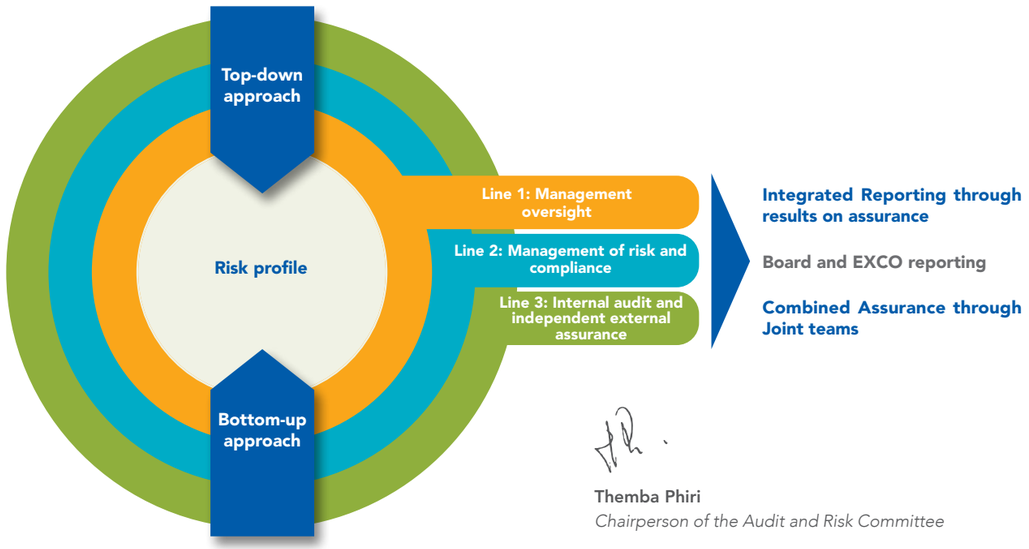
FINANCIAL STATEMENTS

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 model 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 to 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 interim Board and the Company Secretary assumed responsibilities on 1 December 2021 and held their first strategic session in January 2022. At this session, the Shareholder's strategic priorities were tabled and the Company's strategic objectives were deliberated in detail.

The office of the Company Secretary also conducted an induction programme for the interim Board and aims to develop a training plan to ensure that the members are fully equipped to fulfil their duties. We are 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 Xolisile Njapha
Company Secretary

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INDEPENDENT AUDITOR'S REPORT TO PARLIAMENT ON SENTECH SOC LIMITED

NGUBANE
ASSURANCE | TAX | ADVISORY

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 63 to 106 which comprise the consolidated and separate statement of financial position as at 31 March 2022, the consolidated and separate 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 consolidated and separate 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 2022, and their financial performance and cash flows for the year then ended in accordance with 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) (the Companies Act).
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 consolidated and separate financial statements section of our report.
4. We are independent of the public entity in accordance with Independent Regulatory Board for Auditors' *Code of Professional Conduct for Auditors* (IRBA Code) 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.

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 33, in the consolidated and separate financial statements, which indicates that the majority of the public entity's revenue is earned from one customer who experienced cash flow challenges in the past few years. This indicates presence of material uncertainty relating to financial sustainability risk due to lack of revenue diversification.

EMPHASIS OF MATTER

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

EXPECTED CREDIT LOSSES

9. We draw attention to note 8 in the consolidated annual financial statements, expected credit losses of R82 million (R74 million 2021) was raised on the trade debtors balance. More than 80% of the expected credit loss pertains to community broadcasters. SENTECH has been experiencing challenges in the collecting amounts owed by these Community Broadcasters.

MERGER BETWEEN SENTECH SOC LTD & BROADBAND INFRACO (BBI)

10. We draw attention to Note 34 to the consolidated annual financial statements which states that the Minister has approved the acquisition of BBI by SENTECH on 22nd April 2022. A merger between SENTECH SOC Limited and BBI has the potential of embodying competitiveness within the market of core competency, through benefits from economies of scale, increased market share, more efficient resource allocations, larger asset base, increased offering, and instantaneously adopted expert knowledge.

RESPONSIBILITIES OF ACCOUNTING AUTHORITY FOR THE FINANCIAL STATEMENTS

11. The Board of directors, which constitutes the accounting authority, is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the of the Public Finance Management Act 1 of 1999 (PFMA) and the Companies Act, 2008 (Act No. 71 of 2008) (the Companies Act) 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.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED AND SEPARATE 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

INTRODUCTION AND SCOPE

15. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, we have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected objectives presented in the annual performance report. We performed procedures to identify material findings but not to gather evidence to express assurance.
16. Our procedures address the usefulness and reliability of the reported performance information, which must be based on the public entity 's approved performance planning documents. We have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. Our procedures do not examine whether the actions taken by the public entity enabled service delivery. Our procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, our findings do not extend to these matters.
17. We evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected objectives presented in the public entity's annual performance report for the year ended 31 March 2022:

Objectives	Pages in the annual performance report
Pillar 2 – Digital Innovation and Readiness	20 – 21
Pillar 3 – Customer-Centricity	20 – 21

18. We performed procedures to determine whether the reported performance information was consistent with the approved performance planning documents. We performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
19. The material findings on the usefulness and reliability of the performance information of the selected objectives are as follows:
    - Strategic objective 2: Innovation and digital readiness

NUMBER OF SET-TOP BOX INSTALLATIONS

20. We were unable to obtain sufficient appropriate audit evidence that clearly defined the predetermined source of information or that related systems and processes were established to enable consistent measurement and reliable reporting of the actual achievement for the indicator. This was due to lack of measurement definitions and processes. We were unable to test whether the indicator was verifiable by alternative means. As a result, we were unable to audit the reliability of the achievement of 170 274 set-top box installations reported against target of 810 000 set-top box installations in the annual performance report.

NUMBER OF ANALOGUE SITES SWITCHED OFF

21. The planned target of 155 for this indicator was not specific to clearly specify the period covered by the required performance. 163 analogue sites switched off were reported as achievement against the planned target of 155 analogue sites to be switched off. However, the supporting evidence provided indicated that only 141 analogue sites were switched off in the period under review.
22. We did not identify any material findings on the usefulness and reliability of the reported performance information for this objective::
    - Strategic objective 3: Customer-centricity

OTHER MATTERS

23. We draw attention to the matters below.

ACHIEVEMENT OF PLANNED TARGETS

24. Refer to the annual performance report on pages 20 to 21 for information on the achievement of planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs 20 to 21 of this report.

ADJUSTMENT OF MATERIAL MISSTATEMENTS

25. We identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of Innovation and Digital readiness objective. As management subsequently corrected only some of the misstatements, we raised material findings on the usefulness and reliability of the reported performance information. Those that were not corrected are reported above.

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Directors: K Ruiters • M Ndlovu • D Msomi • N Ashom • S Dolamo • ET Chapanduka • J Mgiba • J Gondo • M Naidoo

INDEPENDENT AUDITOR'S REPORT TO PARLIAMENT AND THE SHAREHOLDER ON SENTECH SOC LIMITED
CONTINUED

REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

INTRODUCTION AND SCOPE

26. In accordance with the PAA and the general notice issued in terms thereof, we have a responsibility to report material findings on the public entity's compliance with specific matters in key legislation. We performed procedures to identify findings but not to gather evidence to express assurance.
27. The material findings on compliance with specific matters in key legislation are as follows:

ANNUAL FINANCIAL STATEMENTS AND ANNUAL REPORT

28. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework, as required by section 55(1)(b) of the PFMA.

    Material misstatements of property, plant and equipment, equity, income tax and deferred tax and other comprehensive income and disclosure items, identified by the auditors in the submitted financial statement were corrected, resulting in the financial statements receiving an unqualified audit opinion.

OTHER INFORMATION

29. 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.
30. Our opinion on the financial statements and our findings on the reported performance information and 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.
31. 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.
32. We have nothing to report in this regard.

INTERNAL CONTROL DEFICIENCIES

33. We considered internal control relevant to our audit of the consolidated and separate financial statements, reported performance information and compliance with applicable legislation; however, our objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in, the findings on the annual performance report and the findings on compliance with legislation included in this report.
34. Management did not implement adequate period-end controls for the public entity's business processes to support financial statements, compliance with legislation and audit of performance information reporting.
35. Inadequate oversight responsibility on preparation of accurate financial information and performance information was not exercised by management which resulted in material misstatements identified.

OTHER REPORTS

36. We draw attention to the following engagements conducted by various parties which had, or could have, an impact on the matters reported in the public entity's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of our opinion on the financial statements or our findings on the reported performance information or compliance with legislation.

INVESTIGATIONS

37. An independent consultant investigated two allegations of possible misappropriation of the public entity's assets at the request of the public entity, which covered the period November 2019 to December 2020. The investigations was concluded in April 2021 and March 2022 respectively and these resulted in criminal proceedings against two employees. These proceedings are in progress at the date of this auditor's report.

AUDIT-RELATED SERVICES

38. 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. The report covered the period ending 31 March 2022. The report was issued on 31 July 2022.
39. Agreed upon procedures on General License Fees and the Universal Service and Access Fund calculation schedule was performed for the licence fees payable to ICASA for the year ended 31 March 2021. The report was issued on 30 September 2021.

AUDITOR TENURE

40. In terms of the IRBA rule published in Government gazette number 39475 dated 4 December 2015, we report that Ngubane & Co. (Jhb) Inc. has been the auditor of SENTECH SOC Ltd for 4 years.

Ngubane & Co (Jhb) Inc.

Ngubane & Co (JHB) Inc
Director: Joyce Mgiba
Registered Auditor
31 July 2022

ANNEXURE – AUDITOR'S RESPONSIBILITY FOR THE AUDIT

1. 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 the reported performance information for selected objectives and on the public entity's compliance with respect to the selected subject matters.

FINANCIAL STATEMENTS

2. 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 by the Board of directors, which constitutes the accounting authority.
   - conclude on the appropriateness of the accounting authority use of the going concern basis of accounting in the preparation of the 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 SENTECH SOC Ltd 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 financial statements about the material uncertainty or, if such disclosures are inadequate, to modify our opinion on the 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 public entity to cease operating as a going concern.
   - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the 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 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

3. 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.
4. From the matters communicated to those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore key audit matters. We describe these matters in this auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in this auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest of such communication.

BOARD STATEMENT OF RESPONSIBILITY AND APPROVAL

The Group and Company's Board is responsible for the preparation and fair presentation of the Group and Company's Annual Financial Statements and the Annual Financial Statements of SENTECH SOC Limited, compromising the statements of financial position at 31 March 2022, 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 such internal controls as the Board determines necessary to enable the preparation of financial statements that are free from material misstatement, whether by fraud or error, and for maintaining adequate accounting records and effective systems of risk management as well as 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 31 July 2022 and are signed on its behalf by:

Chairperson of the Board
Sedzani F. Mudau

31 July 2022

Chief Executive Officer
Mr Mlamli Booi

31 July 2022

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2022

		GROUP & COMPANY	
Figures in Rand thousand	Note	**2022**	**2021**
ASSETS			
Non-Current Assets			
PPE	5 (a)	**1 019 066**	1 051 178
Intangible assets	5 (b)	**17 373**	19 650
Deferred Tax Asset		**10 954**	–
Right-of-use assets	5 (c)	**977 479**	1 063 355
		2 024 872	2 134 183
Current Assets			
Inventories	7	**64 779**	58 524
Tax receivable	13	**2 961**	9 127
Trade and other receivables	8	**174 055**	137 359
Cash and cash equivalents	9	**2 151 215**	1 999 780
		2 393 010	2 204 790
Total Assets		**4 417 882**	4 338 973
EQUITY			
Share capital	10.1	**75 892**	75 892
Reserves	10.2	**770 134**	776 015
Accumulated profit		**1 868 733**	1 752 079
		2 714 759	2 603 986
LIABILITIES			
Non-Current liabilities			
Employee Benefits	11	**28 139**	20 759
Deferred Tax Liability	12	**—**	14 491
Non-current portion of lease Liability	5 (c)	**1 063 783**	1 140 170
		1 091 922	1 175 420
Current liabilities			
Trade and other payables	14	**165 058**	164 974
Current portion of lease liability	5 (c)	**94 116**	76 086
Deferred income	15	**307 966**	286 307
Provisions	16	**44 060**	32 200
		611 200	559 567
Total liabilities		**1 703 122**	1 734 987
Total Equity and Liabilities		**4 417 882**	4 338 973

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2022

		GROUP & COMPANY	
Figures in Rand thousand	Note	**2022**	**2021**
Revenue	17	**1 373 161**	1 442 237
Depreciation and amortisation	18	**(219 918)**	(262 750)
Lease expenses	18	**(12 445)**	(8 060)
Direct expenses	18	**(217 332)**	(241 259)
Operating expenses	18	**(253 659)**	(249 780)
Employee costs	19	**(469 535)**	(427 703)
Other Income		**66**	66
Operating Profit		**200 338**	252 751
Finance income	20	**75 569**	66 528
Finance costs	21	**(142 333)**	(167 347)
Foreign Exchange Gain*	26	**9 956**	247 567
Profit Before Taxation		**143 530**	399 499
Taxation	22	**(24 199)**	(86 176)
Net profit		**119 331**	313 323
Remeasurement of defined benefit	11	**(3 719)**	(7 125)
Income tax		**1 041**	1 995
Revaluation of land and buildings	5 (a)	**(7 617)**	–
Income tax		**1 737**	–
Total Comprehensive Income/(Loss)		**110 773**	308 193

* *Foreign exchange gain arose because of remeasurement of Lease liability at end of period in terms of IAS 21. The effects of changes in the US$ foreign exchange rates for the leases denominated in US Dollars*

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2022

Figures in Rand thousand	**Share capital**	**Share premium**	**Non-distributable reserves**	**Retained income**	**Total equity**
Group and Company					
Balance at 01 April 2020	**2**	**75 890**	**776 015**	**1 443 886**	**2 295 793**
Profit for the year	–	–	–	313 323	313 323
Other comprehensive income	–	–	–	(5 130)	(5 130)
Total comprehensive income for the year	–	–	–	308 193	308 193
Balance at 31 March 2021	**2**	**75 890**	**776 015**	**1 752 079**	**2 603 986**
Profit for the year	–	–	–	119 331	119 331
Other comprehensive income	–	–	–	(2 678)	(2 678)
Total comprehensive income for the year	–	–	–	116 653	116 653
Revaluation surplus of PPE	–	–	(5 881)	–	(5 881)
Balance at 31 March 2022	**2**	**75 890**	**770 134**	**1 868 733**	**2 714 759**

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2022

		GROUP & COMPANY	
Figures in Rand thousand	Note	**2022**	**2021**
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	23	**251 236**	565 593
Interest received	20	**63 860**	54 460
Dividends received	20	**11 709**	12 068
Interest paid	21	**(139 475)**	(165 791)
Tax Paid	24	**(18 736)**	(48 519)
Net cash (used in)/from operating activities		**168 594**	417 812
CASH FLOW FROM INVESTING ACTIVITIES			
Investment in PPE	5 (a)	**(75 212)**	(70 742)
Proceeds from disposal of assets		**56**	57
Net cash (used in)/ from investing activities		**(75 155)**	(70,685)
CASH FLOW FROM FINANCING ACTIVITIES			
Grant received	15	**147 605**	230 113
Finance lease payments		**(104 126)**	(106 877)
Interest on government grant		**14 518**	13 025
Net cash from financing activities		**57 997**	136,261
Total cash movement for the year		**151 435**	483 387
Cash at the beginning of the year	9	**1 999 780**	1 516 393
Cash at the end of the year		**2 151 215**	1 999 780

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

1 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 2022 comprise those of the Company and its subsidiaries (together referred to as the "Group" and individually as the "Group entities"). The Group and Company are involved primarily in signal distribution and have transmission stations across the country to provide broadcasting services.

2 APPROVAL OF FINANCIAL STATEMENTS

The Group and Company financial statements have been prepared on a going concern basis and were approved by the Board of directors and authorised for issue on 31 July 2022. The financial statements presented represent both the Company and Group financial statements as all subsidiaries are dormant.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 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, No. 71 of 2008, as amended, and materially in terms of the Public Finance Management Act, (No. 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 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 IFRS reporting framework is the most appropriate reporting framework to be applied. The conclusion will be re-assessed in 2023 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.

CHANGES IN ACCOUNTING POLICIES

The Group and Company have consistently applied the accounting policies to all periods presented in these consolidated financial statements except for new or revised statements and interpretations implemented during the year disclosed in note.

USE OF ESTIMATES AND JUDGEMENT

The preparation of financial statements in conformity with IFRS 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 make 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2022

3.1 BASIS OF PREPARATION AND MEASUREMENT 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 vis 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 3.9. 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 discount rate, health care inflation and the members' estimated life expectancy, which is based in 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 3.4 and Note 8.

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 3.5 and 5 – Valuation of property, plant and equipment;
- Notes 3.10 and 11 – Measurement of employee benefits;
- Notes 3.7 and 12 – Utilisation of tax losses;
- Notes 3.11 and 29 – Provisions and contingencies;
- Notes 3.4 and 8 – Expected credit losses on financial assets;
- Notes 3.7 and 5 (c) – Leases.

3.2 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 on 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 assets at fair value depending on the level of influence retained.

3.3 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.

3.4 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.

Financial assets are classified into the following category:

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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2022

3.4 FINANCIAL INSTRUMENTS continued

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 assess trade receivables for impairment based on lifetime expected credit losses 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 are 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 micro financing debts is 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 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 when it is 90 days overdue, the debtor is considered to be in default.

Write-off

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

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.

3.4 FINANCIAL INSTRUMENTS continued

SUBSEQUENT MEASUREMENT

Amortised cost

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

Share capital

Ordinary shares are classified as equity.

Incremental costs

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

3.5 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.

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 of useful life of the asset or the period of the right of use. Land is not depreciated.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2022

3.5 PROPERTY, PLANT AND EQUIPMENT continued

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.

3.6 INTANGIBLE ASSETS

RECOGNITION AND MEASUREMENT

Acquired computer software licenses 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 specification 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 licenses 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.

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 Licenses	1 to 12 years

3.7 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 finance leases are recognised as receivables at the amount of the Group and Company's net investment in the leases. Finance lease 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 US$ foreign exchange rates for the leases denominated in US Dollars.

On the statement of financial position, right-of-use assets is 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.

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.

OPERATING LEASES

Operating lease payments which do not meet the criteria for recognition as a finance lease per IFRS 16 are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability. This balance is not discounted.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2022

3.8 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.

3.9 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.

3.10 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.

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. Any unrecognised past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on AA credit rated bonds 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

3.10 EMPLOYEE BENEFITS continued

benefits, consideration is given 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.

3.11 PROVISIONS AND CONTINGENCIES PROVISIONS

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.

3.12 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 taking into account 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 fixed price contract with an annual escalation. Revenue from providing services is recognised in the accounting period in which the services are rendered.

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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2022

3.12 REVENUE AND OTHER INCOME continued

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 discretion in establishing the price for the specified good or service, excluding pricing set according to regulations.

3.13 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.

3.14 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.

3.15 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.

3.16 FOREIGN CURRENCY GAINS AND LOSSES

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

3.17 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.

3.18 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.

3.19 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.

3.20 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.

3.21 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, 1968 (Act No.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.

3.22 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 is classified as "share premium" in equity, Dividends are recognised as a liability in the Company in which they are declared.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2022

4 STANDARDS AND INTERPRETATIONS EFFECTIVE

4.1 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:

4.2 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:

Standard	Details of amendment	Effective date	Impact
IAS 1 amendments on classification	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.	The effective date of the amendment is for years beginning on or after 01 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"	The effective date of the amendment is for years beginning on or after 01 January 2023.	
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.	The effective date of the amendment is for years beginning on or after 01 January 2023.	No material impact
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use: The amendment relates to examples of items which are included in the cost of an item of property, plant and equipment. Prior to the amendment, the costs of testing whether the asset is functioning properly were included in the cost of the asset after deducting the net proceeds of selling any items which were produced during the test phase. The amendment now requires that any such proceeds and the cost of those items must be included in profit or loss in accordance with the related standards. Disclosure of such amounts in now specifically required.	The effective date of the Company is for years beginning on or after 01 January 2022.	No material impact
Amendments to IAS 37	Onerous Contracts - Cost of Fulfilling a Contract: The amendment defined the costs that are included in the cost of fulfilling a contract when determining the amount recognised as an onerous contract. It specifies that the cost of fulfilling a contract comprises the costs that relate directly to the contract. These are both the incremental costs of fulfilling the contract as well as an allocation of other costs that relate directly to fulfilling contracts (for example depreciation allocation).	The effective date of the Company is for years beginning on or after 01 January 2022.	No material impact
Amendments to IFRS 9	Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 9 The amendment concerns fees in the '10 per cent' test for derecognition of financial liabilities. Accordingly, in determining the relevant fees, only fees.	The effective date of the Company is for years beginning on or after 01 January 2022.	No material impact

5A. PROPERTY, PLANT AND EQUIPMENT

	2022			2021		
Group and Company	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Buildings	**699 097**	**(168 012)**	**531 085**	718 608	(224 731)	493 877
Land	**135 360**	**–**	**135 360**	154 511	–	154 511
Motor vehicles	**56 455**	**(35 701)**	**20 754**	48 275	(26 652)	21 623
Computer, technical and office equipment	**864 971**	**(620 630)**	**244 341**	873 621	(646 127)	227 492
Capital Work in Progress	**87 526**	**–**	**87 526**	153 674	–	153 674
Total	**1 933 322**	**(914 257)**	**1 019 066**	1 948 688	(897 510)	1 051 178

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT – 2022

Group and Company	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)**	**244 341**
Capital Work in Progress	**153 674**	**75 212**	**–**	**–**	**(141 360)**	**–**	**87 526**
Total	**1 051 178**	**75 212**	**(7 617)**	**(1 693)**	**(31)**	**(97 982.88)**	**1 019 066**

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT – 2021

Group and Company	Opening balance	Additions	Revaluation	Retirement	Transfers	Depreciation	Total
Buildings	531 461	–	–	–	13 068	(50 654)	493 877
Land	154 511	–	–	–	–	–	154 511
Motor vehicles	22 198	376	–	–	4 500	(5 451)	21 624
Computer, technical and office equipment	272 120	62	–	–	23 394	(68 084)	227 492
Capital Work in Progress	126 850	65 627	–	2 161	(40 963)	–	153 674
Total	1 107 140	66 063	–	2 161	–	(124 189)	1 051 178

Included in the assets above are grant funded assets with a net carrying amount of R608 million (2021: R691 million)

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 Shareholder's equity.

The land and buildings were revalued on 31 March 2022 by qualified and independent valuers.

Group and Company	2022	2021	2020
Cost	**435 970**	435 970	435 970
Accumulated depreciation and impairment losses	**(288 270)**	(272 260)	(256 250)
Carrying value	**147 700**	163 710	179 720

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2022

5A. PROPERTY, PLANT AND EQUIPMENT continued

FAIR VALUE DISCLOSURES

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 about the reliability of the inputs used in determining fair value, the Group has classified its non-financial assets into the three levels prescribed under the accounting standards. An explanation of each level is provided in below:

Group and Company	Level 1	Level 2	Level 3
Land	–	135 360	–
Buildings	–	–	542 611
Total non-financial assets	–	135 360	542 611

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 using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the periods ended 31 March 2022:

Group and Company	FY2022	FY2021
Opening balance	**508 873**	543 130
Acquisitions	**22 204**	4 746
Depreciation and impairment	**–**	(39 003)
Disposals	**–**	–
Gains recognised in other comprehensive Income	**11 534**	–
Closing balance	**542 611***	508 873

iv) Valuation inputs and relationships to fair value

Description	Fair value R	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	55 – 90 rands per m²	
Industrial buildings	R416 007	Construction rates	R4 500 to R20 800 per m²	The lower the rate the lower the fair value
		Purchaser's resistance	5%	The higher the rates the lower the fair value
		Depreciation rates	3% to 45%	

* *The Buildings amount includes grant assets*

5A. 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.

5B. INTANGIBLE ASSETS

Group and Company	2022			2021		
Figures in Rand thousand	Cost or revaluation	Accumulated amortisation	Carrying value	Cost or revaluation	Accumulated amortisation	Carrying value
Intangible Assets	**42 759**	**(25 385)**	**17 373**	44 081	(24 431)	19 650
Total	**42 759**	**(25 385)**	**17 373**	44 081	(24 431)	19 650

RECONCILIATION OF INTANGIBLE ASSETS – 2022

Figures in Rand thousand	Opening balance	Additions	Retirement	Transfers	Amortisation	Total
Intangible Assets	**19 650**	**–**	**–**	**31**	**(2 308)**	**17 373**
Total Intangible Assets	**19 650**	**–**	**–**	**31**	**(2 308)**	**17 373**

RECONCILIATION OF INTANGIBLE ASSETS – 2021

Figures in Rand thousand	Opening balance	Additions	Retirement	Transfers	Amortisation	Total
Intangible Assets	20 824	4 439	–	–	(5 614)	19 650
Total Intangible Assets	20 824	4 439	–	–	(5 614)	19 650

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2022

5C. RIGHT OF USE ASSETS

	2022			2021		
Group and Company	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Buildings	**8 385**	**(3 434)**	**4 951**	7 605	(3 406)	4 199
Land	**11 295**	**(3 480)**	**7 815**	12 255	(3 792)	8 463
Computer, technical and office equipment	**1 307 323**	**(342 611)**	**964 713**	1 320 261	(269 567)	1 050 693
Total	**1 327 003**	**(349 525)**	**977 479**	1 340 120	(276 765)	1 063 355

RECONCILIATION OF RIGHTS 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**
Total	**1 063 355**	**33 750**	**–**	**–**	**(119 627)**	**977 479**

RECONCILIATION OF RIGHTS OF USE ASSETS – 2021

	Opening balance	Additions	Revaluation	Retirement	Depreciation	Closing Balance
Buildings	5 741	–	(22)	–	(1 520)	4 199
Land	8 584	76	1 045	–	(1 166)	8 539
Computer, technical and office equipment	1 191 779	–	(9 654)	–	(131 508)	1 050 617
Total	1 206 104	76	(8 631)	–	(134 194)	1 063 355

	2022	2021
Lease liability included in the statement of financial position at 31 March	**(1 157 899)**	(1 216 256)
Current	**(94 116)**	(76 086)
Non-current	**(1 063 783)**	(1 140 170)
Maturity analysis – contractual undiscounted cash flows		
Within one year	**225 477**	211 720
One to five years	**1 080 082**	846 878
More than five years	**558 421**	917 452
Total undiscounted lease liabilities at 31 March	**1 863 979**	1 976 050
Amounts recognised in profit or loss		
Description		
Depreciation	**119 627**	132 964
Interest expense on lease liability	**139 410**	163 367
Foreign exchange gains or losses	**9 956**	247 567
Amounts recognised in cash flow statement		
Total cash outflow for leases	**(104 126)**	(106 877)

* *The spot rate of R14.7584 was used to translate the foreign currency denominated future cash flows.*

6 INVESTMENTS IN SUBSIDIARIES

Name of company	% holding 2022	% holding 2021	Carrying amount 2022	Carrying amount 2021
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 (Indirect 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 Company has not wound up the subsidiaries since the licences attached to these subsidiaries can be used to pursue strategic initiatives.

7 INVENTORIES

	GROUP & COMPANY	
Figures in Rand thousand	2022	2021
Inventories	**71 544**	64 648
Inventories (write-downs)	**(6 765)**	(6 124)
	64 779	58 524

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 five years. In addition, there were write-offs of stock the related to a smart city business line that had been discontinued some years back.

Figures in Rand thousand	2022	2021
Balance at the beginning of the year	**(6 124)**	(15 587)
(Increase)/Decrease of impairment loss recognised	**(758)**	6 000
	(6 882)	(9 587)
Written off	**118**	3 462
	(6 765)	(6 124)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2022

8 TRADE AND OTHER RECEIVABLES

Figures in Rand thousand	GROUP & COMPANY 2022	2021
Trade receivables	**224 662**	179 435
Less: impairment	**(86 534)**	(74 804)
Net trade receivables	**138 128**	104 631
Other receivables	**13 523**	6 643
Deposits	**15 700**	13 423
Financial Assets (Loans and Receivables) at amortised cost	**167 352**	124 698
Prepayments	**6 703**	12 661
Total trade and other receivables	**174 055**	137 359

Receivables from related parties for both Group and Company included in trade and other receivables amounts to R114 million (2021: R80 million). Trade and other receivables include amounts owing from Community Radio Broadcasters of R82 million (2021: R74 million). Other receivables relate to interest accrued on investment and received in the following period, and prepayments are payments in advance to 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:

Balance at the beginning of the year	**(74 804)**	(56 159)
Impairment loss (recognised)	**(12 151)**	(21 704)
	(86 955)	(77 863)
Bad Debt Written Off	**421**	3 059
	(86 534)	(74 804)

The ageing of trade receivables at the reporting date was:

	GROUP & COMPANY 2022	2021
Not past due date	**23 039**	21 697
Past due 30 days	**69 139**	47 943
Past due 60 days	**6 443**	6 946
Past due 90 days and more	**126 041**	102 849
Net loans and receivables	**224 662**	179 435

8 TRADE AND OTHER RECEIVABLES continued

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

Figures in Rand thousand	Total	> 90 Days	60 Days	30 Days	Current
2022					
Trade receivables	**224 662**	**126 041**	**6 443**	**69 139**	**23 039**
Less: Impairment	**(86 534)**	**(84 912)**	**(197)**	**(1 394)**	**(31)**
Net trade receivables	**138 128**	**41 129**	**6 246**	**67 745**	**23 007**

Figures in Rand thousand	Total	> 90 Days	60 Days	30 Days	Current
2021					
Trade receivables	179 435	102 849	6 946	47 943	21 697
Less: Impairment	(74 804)	(68 565)	(2 534)	(2 424)	(1 281)
Net trade receivables	104 631	34 284	4 412	45 519	20 416

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 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 2022	2021
Bank accounts	**48 712**	45 082
Fixed deposits	**285 503**	272 747
Call accounts	**1 817 000**	1 681 951
	2 151 215	1 999 780

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

The effective interest rate on fixed deposits was 4.825% / 4.65% (2021: 6.55%/6.45%) and money markets was 4.76% (2021: 3.78%) and the fixed deposits have an average maturity of 365 days.

The effective interest rate on bank accounts was 1.90% (2021: 1.9%) and call markets was 5.62% (2021: 5.32%). 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 R63.8 million (2021: R16.557 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 three months or less from the date of acquisition. 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2022

9 CASH AND CASH EQUIVALENTS continued

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

	GROUP & COMPANY	
Figures in Rand thousand	2022	2021
Digital Terrestrial Transmission and Dual Illumination	**307 966**	286 335

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

10 SHARE CAPITAL AND RESERVES

10.1 SHARE CAPITAL AND PREMIUM

	GROUP & COMPANY	
Figures in Rand thousand	2022	2021
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		
Figures in Rand thousand	Revaluation reserve	Other NDR	Total equity
Group and Company			
Balance at 1 April 2020	**577 625**	**198 390**	**776 015**
Profit for the year	–	–	–
Other comprehensive income	–	–	–
Total comprehensive income for the year	–	–	–
Balance at 31 March 2021	**577 625**	**198 390**	**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	**571 745**	**198 390**	**770 134**

NATURE OF RESERVES

1. Other NDR relates to the acquisition revaluation and will be recycled to retained income when assets are disposed of.
2. Revaluation reserve relates to the property, plant and equipment revaluation surplus used to record increments and decrements on the revaluation of non-current assets. In the event of a sale of an asset, any balance in the reserve in relation to the assets is transferred to related earn.

11 EMPLOYEE BENEFITS

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

	GROUP & COMPANY	
Figures in Rand thousand	2022	2021
CARRYING VALUE		
Present value of the defined benefit		
Obligation – partially or wholly funded	**(152 369)**	(155 567)
Fair value of plan assets	**124 230**	134 808
	(28 139)	(20 759)

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:

Cash and Cash Equivalents	**12 050**	13 076
Equity Securities	**68 451**	74 279
Bonds	**13 665**	14 829
Foreign Investments	**19 628**	21 300
Annuity	**10 435**	11 324
	124 230	134 808

Reconciliation	Accrued Liability		Plan Assets	
Figures in Rand thousand	2022	2021	2022	2021
Opening Balance as at 31 March	**155 567**	138 631	**(134 808)**	(127 197)
Interest Cost on Defined Benefit Obligation	**21 574**	18 307	**(18 716)**	(16 752)
Current service cost (includes interest to year end)	**803**	645	**–**	–
Expected Employer Benefit Payments	**(7 650)**	(7 693)	**7 650**	7 693
Actuarial Loss due to changes in Withdrawal Assumptions	**–**	–	**–**	–
Expected Closing Balance as at 31 March	**170 294**	149 890	**(145 874)**	(136 256)
Risk Transfer Arrangement (Annuity Purchase)	**–**	–	**–**	–
Adjusted Expected Closing Balance as at 31 March	**170 294**	149 890	**(145 874)**	(136 256)
Actuarial (Gain)/Loss	**(17 925)**	5 677	**21 644**	1 448
Actual Closing Balance as at 31 March	**152 369**	155 567	**(124 230)**	(134 808)

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 loss of R4.488 million arose as a result of a combination of the following factors:

- Lower than expected returns on plan assets from 31 December 2021 to 31 March 2022 resulted in an unexpected loss of approximately R425 000.
- An unexpected loss of R3.838 million arose as a result of a decrease in the net discount rate, i.e. a decrease in the difference between the discount rate and the healthcare cost inflation or consumer price inflation assumption, from 3.07% p.a. to 2.56% p.a. This change was necessitated by a reduction in real bond yields.
- An actual weighted average medical scheme contribution increase of 9.91% was lower than the expected increase of 10.73%. This resulted in an unexpected gain of approximately R339 000.
- An unexpected loss of approximately R564 000 arose as a result of differences between actual and expected membership changes.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2022

11 EMPLOYEE BENEFITS continued

PRINCIPAL ACTUARIAL ASSUMPTIONS USED

	2022	2021
Discount rate	**12.2%**	14.3%
Annual increase in health care costs	**9.4%**	10.9%
Expected retirement age	**63 years**	63 years
CPI	**7.4%**	10.6%

Sensitivity analysis

2022 Change in liability	Base	-1% (1 year younger)	1% (1 year older)
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**
2021 **Change in liability**	**Base**	**-1% (1 year younger)**	**1% (1 year older)**
CPI & Medical Health Inflation	**10.6% & 14.3%**	**21 600**	**44 660**
Discount rate	**14.30%**	**38 160**	**27 400**
Expected retirement age	**63 years**	**33 860**	**30 630**
Change in current service and interest cost	**10.6% & 14.3%**	**2 620**	**5 820**

HISTORICAL INFORMATION

Figures in Rand thousand	2022	2021	2020	2019
Retirement medical aid benefits				
Present value of the obligation	**28 139**	20 759	11 434	25 984
Actuarial losses/(gains) recognised	**28 139**	20 759	11 434	25 984

ANALYSIS OF UNEXPECTED GAINS AND LOSSES

The accrued liability calculated in this valuation is R21 million, reflecting an unexpected gain of R9 million.

12 DEFERRED TAX

	GROUP & COMPANY	
Figures in Rand thousand	2022	2021
Deferred tax asset	**10 954**	(14 491)
Movement in temporary differences		
At beginning of year	**(14 491)**	37 504
Recognised in profit and loss	**22 667**	(53 990)
Recognised in other comprehensive income	**2 778**	1 995
	10 954	(14 491)

12 DEFERRED TAX continued

Deferred tax liabilities are attributed to the following:

	PPE	Prepayments	Employee benefits	Total
Balance at 31 March 2020	(446 847)	(2 717)	5 140	(444 424)
Recognised in profit and loss	47 865	(828)	–	47 037
Recognised in other comprehensive income	–	–	(1 995)	(1 995)
Balance at 31 March 2021	(398 982)	(3 545)	3 145	(399 382)
Recognised in profit and loss	**46 040**	**(1 735)**	**1 785**	**46 090**
Recognised in other comprehensive income	**1 737**	**–**	**1 041**	**2 778**
Balance at 31 March 2022	**(353 183)**	**671**	**4 186**	**(348 085)**

Deferred tax assets are attributed to the following:

	Provisions	Unearned income and Deposits	Leases	Total
Balance at 31 March 2020	33 743	6 349	441 838	481 928
Recognised in profit and loss	1 342	913	(101 287)	(99 033)
Recognised in other comprehensive income	1 995	–	–	1 995
Balance at 31 March 2021	37 079	7 263	340 551	384 891
Recognised in profit and loss	**3 999**	**(196)**	**(27 318)**	**(23 515)**
Recognised in other comprehensive income	**–**	**–**	**–**	**–**
Balance at 31 March 2022	**41 078**	**7 067**	**312 632**	**360 776**

13 CURRENT TAX RECEIVABLE

	GROUP & COMPANY	
Figures in Rand thousand	2022	2021
South African Revenue Services	**2 961**	9 127

14 TRADE AND OTHER PAYABLES

	GROUP & COMPANY	
Figures in Rand thousand	2022	2021
Trade payables	**41 893**	35 941
Accrued expenses*	**66 561**	78 523
Financial liabilities	**108 454**	114 464
Customer deposits	**2 146**	2 137
Unearned Income	**8 462**	834
VAT	**6 482**	7 852
Leave pay accrual	**39 513**	39 687
	165 058	164 974

* *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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2022

15 DEFERRED INCOME

Figures in Rand thousand	GROUP & COMPANY 2022	2021
Analysis of movements in deferred income		
Opening balance	**286 307**	214 189
Net funding received (see below)	**147 605**	230 113
Acquisition of property, plant and equipment	**–**	(290)
Net interest capitalised	**10 453**	9 378
– Interest received from government grant funds	**14 518**	13 025
–Taxation paid on interest	**(4 065)**	(3 647)
Utilisation	**(136 399)**	(167 083)
– Dual illumination cost/revenue	**(136 399)**	(167 083)
Closing balance	**307 966**	286 307
Net funding received		
Government grants received	**169 746**	264 630
Deemed VAT (15%)	**(22 141)**	(34 517)
	147 605	230 113

Government grants are received for the purchase and construction of property, plant and equipment and to compensate for the Group and Company's 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.

16 PROVISIONS

Figures in Rand thousand	GROUP & COMPANY 2022	2021
Reconciliation of provisions		
Opening balance	**32 200**	46 000
Additions	**44 060**	32 200
Utilised during the year	**(32 200)**	(46 000)
Provisions	**44 060**	32 200

The Accounting Authority has raised provisions that are likely to be incurred in the next financial year based on Company performance.

Analysis of provisions		
Performance bonus	**44 060**	32 200
	44 060	32 200

17 REVENUE

17.1 REVENUE RECOGNISED OVER TIME

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

Figures in Rand thousand	GROUP & COMPANY 2022	2021
Terrestrial television services	**633 149**	650 243
Terrestrial FM radio services	**345 291**	347 990
Terrestrial MW radio services	**10 185**	11 838
Satellite direct-to-home	**149 552**	160 029
Business television	**3 854**	4 772
Connectivity	**10 907**	10 828
Dual illumination grant income	**136 399**	167 083
International business	**–**	(576)
Other	**93**	1 491
	1 289 430	1 353 698
Revenue from Rental Income comprises of the following:		
Facility rentals	**83 718**	88 539
17.2 REVENUE RECOGNISED AT A POINT IN TIME		
Vivid	**13**	–
Total Revenue	**1 373 161**	1 442 237

18 EXPENSES

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

Figures in Rand thousand	GROUP & COMPANY 2022	2021
Employee costs (note 19)	**469 535**	427 703
Depreciation, amortisation and impairments	**219 918**	262 750
Operating lease expense – satellite rental	**12 445**	8 060
Direct expenses	**217 332**	241 259
Operating expenses	**253 659**	249 779
	1 172 888	1 189 551
Direct Expenses		
Other direct expense	**14 166**	17 279
Energy costs	**169 642**	160 564
Transmitter Tubes	**113**	234
Support Equipment	**1 458**	3 854
Maintenance costs	**31 953**	59 328
	217 332	241 259

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2022

18 EXPENSES continued

Operating expenses includes the following:

Figures in Rand thousand	GROUP & COMPANY 2022	2021
Operating lease expenses		
Premises	**13 758**	12 032
Lease rentals on operating lease – Other	**1 083**	1 978
Auditors' remuneration		
– Current year audit fees	**2 364**	231
Legal and consulting fees	**23 964**	14 507
Transport costs	**26 211**	16 532
Loss on impairment or disposal of property, plant and equipment	**2 063**	971
Other Operating Expenses	**65 634**	82 982
Total Operating expenses	**135 078**	129 233

Administration expenses includes the following:

Figures in Rand thousand	GROUP & COMPANY 2022	2021
Licences	**7 961**	7 740
– Spectrum	**1 200**	1 200
– ECNS/ECS	**6 760**	6 540
Other administration expenses	**106 532**	98 982
Total Administration expenses	**114 493**	106 722
Selling expenses includes the following:		
CSI, Advertising, and other selling expenses	**4 088**	13 824

19 EMPLOYEE COST

Figures in Rand thousand	GROUP & COMPANY 2022	2021
Salaries and Wages	**379 663**	337 327
Medical aid contributions – current employees	**49 234**	48 647
Medical aid contributions – post-retirement obligations, excluding interest	**4 687**	4 216
Statutory charges	**1 115**	925
Pension costs – defined contribution plan	**34 836**	36 588
	469 535	427 703
Number of persons employed		
Total number of employees at year end (excluding temporary staff)	**468**	493

20 FINANCE INCOME

Figures in Rand thousand	GROUP & COMPANY 2022	2021
Dividend revenue		
Sanlam Collective Investments Dividends	**11 709**	12 068
Interest revenue		
Bank	**63 860**	54 460
	75 569	66 528

21 FINANCE COSTS

Figures in Rand thousand	GROUP & COMPANY 2022	2021
Recognised in profit and loss		
Finance Lease	**139 410**	163 572
Other financial interest		
Other	**65**	2 220
Post-retirement medical interest	**2 858**	1 555
	142 333	167 346

22 TAXATION

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

Figures in Rand thousand	GROUP & COMPANY 2022	2021
Major components of the tax expense		
Current		
Local income tax – current period	**48,618**	37 829
Local income tax – prior period adjustment	**1 580**	
Tax recovered from grant funds	**(4 065)**	(3 647)
	46 133	34 181
Deferred		
Deferred tax debit/(credit)	**(25 445)**	51 995
	(25 445)	51 995
	20 688	86 176
Deferred tax – Other comprehensive income	**1 041**	1 995

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2022

22 TAXATION continued

RECONCILIATION OF THE TAX EXPENSE

Reconciliation between applicable tax rate and average effective tax rate.

	GROUP & COMPANY	
	2022	2021
Applicable tax rate	**28.00%**	28.00%
Expenses not deductible	**0.31%**	(10.34%)
Previous year under provision	**1.10%**	–
Change in tax rate	**(0.36%)**	–
Dividend income exempt	**(2.28%)**	(3.02%)
Capitalised interest income	**2.83%**	(0.73%)
Depreciation of buildings	**5.02%**	7.96%
Deferred tax out of balance due to temporary difference not adjusted for in income statement	**(18.48%)**	(1.78%)
	16.86%	20.09%

TAX RATE CHANGE

There was a change in tax rate from 28% to 27% for companies with year ending on or after 31 March 2023.

23 CASH GENERATED FROM OPERATIONS

	GROUP & COMPANY	
Figures in Rand thousand	2022	2021
Operating profit	**200 338**	252 751
Adjustments for:		
Depreciation and amortisation	**219 918**	262 750
DTT Dual illumination	**(136 399)**	(167 083)
Post-retirement medical aid benefit obligation	**803**	645
(Decrease)/increase in provisions	**11 860**	(13 800)
Other non-cash items	**(2 417)**	217
Cash generated from operations before working capital changes	**294 104**	335 480
	(42 867)	230 113
Inventories	**(6 255)**	(3 830)
Trade and other receivables	**(36 695)**	205 896
Trade and other payables	**84**	28 047
Cash generated from operations	**251 237**	565 593

24 TAX PAID

	GROUP & COMPANY	
Figures in Rand thousand	2022	2021
Balance at beginning of the year	**9 194**	953
SARS Refund	**(7 614)**	(4 518)
Current tax for the year recognised in profit or loss	**(21 421)**	(39 407)
Tax recovered from grant funds	**4 065**	3 647
Less Balance at end of the year	**(2 961)**	(9 194)
	(18 736)	(48 519)

25 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

FINANCIAL INSTRUMENTS CATEGORIES

	GROUP & COMPANY	
Figures in Rand thousand	Amortised cost	Fair value through profit and loss
2021		
Cash and cash equivalents	**2 151 215**	**–**
Trade and other receivables	**167 352**	**–**
Trade and other payables	**108 454**	**–**
2020		
Cash and cash equivalents	1 999 780	–
Trade and other receivables	124 698	–
Trade and other payables	114 464	–

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 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2022

25 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

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	**2022**	**2021**
Cash and cash equivalents	**2 151 215**	1 999 780
Trade and other receivables	**167 352**	124 698
	2 318 567	2 124 478
The maximum exposure for loans and receivables at the reporting date by geographic region was:		
Domestic	**165 767**	121 969
Foreign	**1 585**	2 729
	167 352	124 698

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	**108 454**	114 464
Finance Lease Liability	**1 157 899**	1 216 256
Carrying amount	**1 266 353**	1 330 720

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	**108 454**	114 464
Finance lease liability	**225 477**	211 720
2 – 5 years		
Trade and other payables	**–**	–
Finance lease liability	**1 638 503**	1 764 330
Total contractual cash flows	**1 863 980**	2 090 514

25 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

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 of 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, matches 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.

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	Trade and other payables	Cash and cash equivalents	Net exposure at year end
2022				
GBP	**–**	**–**	**9**	**9**
EUR	**–**	**–**	**18**	**18**
USD	**106**	**–**	**818**	**924**
	106	**–**	**845**	**951**
2021				
GBP	–	–	9	9
EUR	–	–	71	71
USD	145	–	1,558	1,703
	145	–	1,638	1,783

The following significant exchange rates were applied during the year:

	Average rate		Reporting date spot rate	
	2022	**2021**	**2022**	**2021**
GBP/ZAR	**20.65**	21.50	**19.49**	20.51
EUR/ZAR	**17.58**	19.17	**16.48**	17.51
USD/ZAR	**15.10**	16.11	**14.76**	14.87
CHF/ZAR	**18.59**	18.64	**16.13**	16.42
SEK/ZAR	**1.76**	1.93	**1.60**	1.77
JPY/ZAR	**0.14**	0.16	**0.12**	0.14

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2022

25 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

The Rand slightly strengthened against major currencies, with an average strengthening of 6% from the beginning of the year. Therefore, a six percent 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.

	2022	2021
GBP/ZAR	**11**	11
EUR/ZAR	**21**	83
USD/ZAR	**1 064**	1 958

INTEREST RATE RISK

The Group and Company address its 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. Certain long-term borrowings are entered a fixed interest rates if the rates offered are favourable to the Group and Company.

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.

PROFILE

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

	GROUP & COMPANY	
Figures in Rand thousand	**2022**	**2021**
Variable rate instruments		
Government grants cash and cash equivalents	**307 966**	286 335
Own cash and cash equivalents	**1 843 249**	1 713 445
	2 151 215	1 999 780

SENSITIVITY ANALYSIS

Since the beginning of the 2022 financial year the interest rate has increased by 75 basis points with more decreases expected in the future albeit small. Therefore, a further increase of 75 basis points in interest rates would have increased or decreased profit or loss by R1 million (2021: R12 million) with all other variables held constant on the balances of financial instruments, while the actuarial valuations of the post retirement obligation impact has 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.

25 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

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 2022, 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 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 are as follows:

	2022	2021
Post-retirement medical benefits obligation	**28 139**	20 759
	28 139	20 759

The post-retirement medical benefits obligation relates to employees that joined the Group before 2005. This liability relates to the past and certain current employees who are entitled to post-retirement medical aid contribution where they remain in employment with SENTECH until retirement. This is a commitment that applies for medical aid contributions which are adjusted by a factor that is above CPI.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2022

25 CAPITAL MANAGEMENT continued

The core debt components of the Group are as follows:

Key capital structure data:	2022	2021
Shareholder Funds – Equity	**2 714 759**	2 603 986
Earnings before interest, tax and depreciation (EBITDA)	**420 256**	515 501
Interest expense	**142 333**	167 347
– Long-term borrowings (PRMO)	**65**	2 220
– Finance costs (Lease liability)	**139 410**	163 572
– Post-retirement medical	**2 858**	1 555
The Group benchmarks the following capital ratios:	–	–
Debt to Equity ratio		
Target	**Less than 40%**	Less than 40%
Actual	**62.74%**	66.63%
EBITDA to Debt		
Target	**Greater than 3**	Greater than 3
Actual	**0.38**	0.44
EBITDA to interest cover		
Target	**Greater than 10**	Greater than 10
Actual	**2.95**	3.08

27 FOREIGN EXCHANGE GAIN

	GROUP & COMPANY	
Figures in Rand thousand	2022	2021
Foreign exchange gains on interest-bearing lease liabilities	**9 956**	247 567
	9 956	247 567

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 on an arm's length basis 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 2022.

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 2022

28 RELATED PARTIES continued

Figures in Rand thousand	Period of service (months)	Basic salary R'000	Retainer Fees R'000	Performance bonus & allowances R'000	Provident Fund R'000	Medical Aid and other allowances R'000	Meeting Fees R'000	Total R'000
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

Directors' emoluments 2021

Figures in Rand thousand	Period of service (months)	Basic salary R'000	Retainer Fees R'000	Performance bonus and allowances R'000	Provident Fund R'000	Meeting Fees R'000	Medical Aid and allowances R'000	Total R'000
Executive								
M Booi	12	3 020	–	1 048	153	453	–	4 674
SK Mthethwa	1	173	–	–	12	27	–	211
RC Rasikhinya	11	2 200	–	–	–	2	–	2 202
TJ Leshope	12	2 064	–	483	104	310	–	2 960
Non-executive								
SB Malinga	12	–	347	–	–	–	344	691
MET Malaka	12	–	139	–	–	–	518	657
MM Manyama	12	–	139	–	–	–	461	600
PN Sibiya	12	–	139	–	–	–	417	556
MB Tsika	12	–	139	–	–	–	324	463
MS Tonjeni	12	–	139	–	–	–	475	614
MT Diko	11	–	127	–	–	–	296	423
		7 457	1 169	1 531	268	791	2 835	14 051

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2022

28 RELATED PARTIES continued

OTHER KEY MANAGEMENT PERSONNEL

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

Figures in Rand thousand	Position	Period of service (months)	Basic Salary	Performance Bonus and Other Allowances	Provident Fund	Medical Aid and other allowances	Total
2022							
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
2020							
Z Adams	Executive: Legal & Regulatory	12	1 760	340	269	127	2 497
MT Finnis	Executive: Operations	12	1 569	283	240	127	2 220
MM Kgari	Chief Marketing & Sales Officer	12	1 644	288	247	117	2 296
KK Motlhabi	Chief Human Resource Officer	12	1 744	320	263	55	2 383
R Ramlal	Chief Technology and Information Officer	6	784	–	123	64	971
IG Segaloe	Chief Strategy Officer	12	1 746	313	262	127	2 448
			9 247	1 545	1 404	618	12 815

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.

28 RELATED PARTIES continued

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:

	GROUP & COMPANY	
Figures in Rand thousand	2022	2021
SABC	**690 723**	705 931
BBI	**8 052**	7 393
DCDT	**(448)**	1 075
USAASA	**7 946**	7 377
	706 272	721 776
Services are rendered at market related rates.		
Purchases of goods and services		
South African Post Office	**312**	371
SABC	**291**	333
SITA	**2 841**	1 609
ICASA	**7 607**	8 233
	11 051	10 546
Transactions with related parties are on an arm's length basis.		
Related party receivables/(payables)		
USAASA	**29 647**	28 587
BBI	**9 033**	8 270
Impairment of related parties	**–**	(360)
South African Broadcasting Corporation	**62 702**	43 379
DCDT	**(515)**	–
	100 867	79 876

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2022

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	**2022**	**2021**
Requested per corporate plan		
– SENTECH funded assets	**386 000**	175 000
– Government grant funded assets	**150 000**	54 000
Approved but not contracted	**455 224**	186 722
Contracted	**80 776**	42 278

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 was one matter at the Labour court and SENTECH is awaiting set down in which there was an award against SENTECH for a specified amount, which has been provided for. The matter is mute and there has been no further action from the applicant to date.

The potential exposure to SENTECH is limited to the provisions applicable in terms of the CCMA processes, and the associated legal fees.

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, No. 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.

	GROUP & COMPANY	
Figures in Rand thousand	**2022**	**2021**
Opening balance	**8 446**	7,761
Less: expenditure reversed	**(8 446)**	–
Add: Expenditure identified in the current year	**2 089**	685
Closing balance	**2 089**	8 446

The expenditure identified in the current year relates to irregular expenditure confirmed by the reporting period ending 31 March 2022, and the matter is still in progress with the police involved. The expenditure carried forward from 2021 financial year was reversed after the Board condoned it at the meeting of 28th April 2022.

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

MATERIAL LOSSES THROUGH FRUITLESS AND WASTEFUL EXPENDITURES

Section 1 of the Public Finance Management Act, No. 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 Postal Services for the year under review:

	GROUP & COMPANY	
Figures in Rand thousand	**2022**	**2021**
Balance at 1 April	**6 002**	204
Less: Expenditure condoned	**–**	–
Add: Losses identified during the year	**92**	5 798
Balance at 31 March	**6 094**	6 002

The nature of these losses is primarily a result of interest charges on services rendered rates accounts, where invoices were received late. Such interest charges have decreased significantly from prior period, and this was due to increased engagements with municipalities and automation of invoices and statements. Other avenues such as paying on average consumption have also been implemented.

32 RECLASSIFICATIONS AND COMPARATIVE FIGURES

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with the current year's financial statements

33 GOING CONCERN

The Accounting Authority has reviewed the financial statements and prepared a cash flow forecast thereon and concluded that the Group and Company have through several austerity measures improved the profitability and cash generating ability to a satisfactory level. The financial statements coupled with the next financial corporate plan is favourable to the Group and Company's ability to generate cash and the cash reserves held in the bank, and the Accounting Authority is satisfied that the Group has access to adequate continued to adopt the going concern basis in preparing the financial statements.

The common carrier status of SENTECH and the current structural arrangements have created an environment in which the broadcasting market is dominated by few players. The majority of SENTECH's revenue is earned from one customer which has experienced cash flow challenges in the past few years. Nevertheless, management is confident that the customer will continue as a going concern on account of its responsibilities in the broader South African broadcasting system and of safeguarding information sovereignty. The broadcasting system's role in the country's developmental state is to mobilise all sectors of society for nation building by providing news and information to help people understand and engage with the world around them. The broadcasting system provides learning to people of all ages, represents and serve South Africa's diverse communities and, in so doing, supports the creative economy and reflects its many dimensions of cultural identity, cultural life, practices and values to the world. Management recognises the risk posed by continued over-reliance on one customer and as such has embarked on a diversification strategy to reduce over-dependency on one customer.

SENTECH's business did not experience a direct impact of the Covid-19 outbreak, although there was some indirect impact. Whilst some entities were severely impacted, the Company business was only affected to the extent that some customers were unable to pay for services rendered. This problem was resolved by payment arrangements with the affected customers to ensure continued existence. All customers have since settled their arrears and are now in good standing to continue operations.

Management has considered the consequences of Covid-19 and other events and conditions, and it has determined that they do not create a material uncertainty that casts significant doubt upon the SENTECH's ability to continue as a going concern. There will be a focus on strategic initiatives to ensure success, including the reskilling of the workforce for a digitised economy and the consideration of non-traditional collaborations across different groups.

The Company has sufficient cash and unused credit facilities for continued operations in the foreseeable future. Additionally, there are no significant changes in the extent or way the asset is used or is expected to be used, with no impact on service delivery.

Based on the circumstances described above, the financial statements are prepared on the assumption that the entity is a going concern.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2022

34 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.

SENTECH BBI MERGER

The minister announced a merger between SENTECH and Broadband Infraco (BBI) on 3 January 2019. A merger between SENTECH and BBI has the potential to embody competitiveness within the market of core competency, through benefits from economies of scale, increased market share, more efficient resource allocations, larger asset base, increased offering and instantaneously adopted expert knowledge. A joint oversight committee, led by the Minister and comprising the Board Chairperson, Board members, CEOs and executives of both entities met during the year to finalise the terms of reference.

On the 22nd of April 2022, the Minster approved the acquisition of BBI by SENTECH.

REFERENCES

INTERNATIONAL INTEGRATED REPORTING INDEX

IIRC CONTENT ELEMENTS	PAGE	MAJOR REPORT SECTIONS ADDRESSING THE ELEMENTS
Organisational overview and external environment	(p.4)	SENTECH at a glance
	(p.6)	Chairperson's statement
	(p.8)	CEO's overview
	(p.15)	Our operating environment
Governance	(p.38)	SENTECH's value custodians
	(p.42)	Governing effectively
Business model	(p.22)	Our value creation business model
Risks and opportunities	(p.37)	Managing risks and opportunities
Strategy and resource	(p.6)	Strategic overview
Performance	(p.8)	CEO's overview
	(p.18)	COO's review
	(p.26)	Creating stakeholder value
	(p.24)	CFO's statement
	(p.20)	Key performance indicators (KPIs)
	(p.26)	Our value creation capitals
Outlook	(p.6)	Chairperson's statement
	(p.8)	CEO's overview
Basis of preparation and scope	(p.2)	About this report

REFERENCES

DEFINITION OF TERMS

FINANCIAL

Asset turnover (times): Revenue divided by total assets (total assets excluding capital work-in-progress).

Cash interest cover (times): Cash generated from operations after working capital changes, divided by net finance costs (net finance costs include finance costs, finance income and capitalised borrowing costs from the cash flow statement).

Debt (for gearing calculation): Long-term borrowings, short-term borrowings, employee benefits, derivative financial liabilities plus overdraft, less other short-term investments, less derivative financial assets and less cash and cash equivalents.

EBITDA (Profit/(loss): from operations before depreciation, derecognition, amortisation, impairment of assets, dividend received, post-retirement benefit obligation (costs)/income, fair value adjustments, income/(loss) from associates and net finance costs.

EBITDA margin: EBITDA expressed as a percentage of revenue.

Equity: Issued capital and reserves. Gearing Debt expressed as a percentage of the sum of debt and Shareholder's equity.

Headline earnings: As defined in Circular 2/2013, issued by the South African Institute of Chartered Accountants, all items of a capital nature are separated from earnings (by headline earnings).

Operating profit: Profit/(loss) from operations after depreciation, derecognition and amortisation but before impairment of assets, dividends received, postretirement benefit obligation (expense)/income, fair value adjustments, income/(loss) from associates and net finance costs.

Operating profit margin: Operating profit expressed as a percentage of revenue. Return on total average assets Operating profit expressed as a percentage of total average assets (total average assets exclude capital work-in-progress).

Total assets: Non-current and current assets.

Total average assets: Total assets, where average is equal to the total assets at the beginning of the reporting year, plus total assets at the end of the reporting year, divided by two. Total debt Non-current and current liabilities.

CAPITALS

Financial capital: The pool of funds that is: i) available to an organisation for use in the production of goods or the provision of services; and ii) obtained through financing, such as debt, equity or grants, or generated through operations or investment.

Human capital: People's competencies, capabilities and experience, and their motivations to innovate.

Intellectual capital: Organisational, knowledge-based intangibles, including: i) intellectual property, such as patents, copyrights, software, rights and licenses ii) tacit knowledge, systems, procedures and protocols.

Manufactured capital: Manufactured physical objects (as distinct from natural physical objects) that are available to an organisation for use in the production of goods or the provision of services.

Natural capital: All renewable and non-renewable environmental resources and processes that provide goods or services that support the past, current or future prosperity of an organisation.

Social and relationship capital: The institutions and the relationships within and between communities, groups of stakeholders and other networks, and the ability to share information to enhance individual and collective well-being.

COMMUNICATION LICENCES AS PER ECA

Electronic communications: The emission, transmission or reception of information, including without limitation, voice, sound, data, text, video, animation, visual images, moving images and pictures, signals or a combination thereof by means of magnetism, radio or other electromagnetic waves, optical, electromagnetic systems or any agency of a like nature, whether with or without the aid of tangible conduct, but does not include content service.

Electronic Communications Network: Any system of electronic communications facilities (excluding subscriber equipment), including without limitation:

(a) satellite systems;
(b) fixed systems (circuit- and packet-switched);
(c) mobile systems;
(d) fibre optic cables (undersea and land-based);
(e) electricity cable systems (to the extent used for electronic communications services); and
(f) other transmission systems used for conveyance of electronic communications.

Electronic communications network service: A service whereby a person makes available an electronic communications network, whether by sale, lease or otherwise:

(a) for that person's own use for the provision of an electronic communications service or broadcasting service;
(b) to another person for that other person's use in the provision of an electronic communications service or broadcasting service; or
(c) for resale to an electronic communications service licensee, broadcasting service licensee or any other service contemplated by this Act,

and "network services" is construed accordingly.

Electronic Communications Network Service Licensee: a person to whom an electronic communications network service licence has been granted in terms of Section 5(2) or 5(4).

Electronic communications service: any service provided to the public, sections of the public, the State, or the subscribers to such service, which consists wholly or mainly of the conveyance by any means of electronic communications over an electronic communications network, but excludes broadcasting services.

Electronic communications service licensee: A person whom an electronic communications services licence has been granted in terms of Section 5(2) or 5(4).

ABBREVIATIONS AND ACRONYMS

AGM	Annual General Meeting
AI	Artificial Intelligence
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
CCMA	The Commission for Conciliation, Mediation and Arbitration
CEO	Chief Executive Officer
CFO	Chief Financial Officer
COO	Chief Operations Officer
CPI	Consumer Price Index
CSI	Corporate Social Investment
DCDT	Department of Communications and Digital Technologies
DTT	Digital Terrestrial Television
DTH	Direct-to-home
DTPS	Department of Telecommunications and Postal Services
EBIT	Earnings Before Interest and Tax
ESD	Enterprise and Supplier Development
EXCO	Executive Committee
FM	Frequency Modulation
FY	Financial Year
GHG	Greenhouse Gases
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IC	Investment Committee
IFRS	International Financial Reporting Standards
ICASA	Independent Communications Authority of South Africa
ICT	Information and Communications Technology
I-ECS	Individual Electronic Communications Service
IIRC	International Integrated Reporting Council (IIRC)
KPI	Key Performance Indicator
MHz	Megahertz
MIS	Managed Infrastructure Services
MOI	Memorandum of Incorporation
MTEF	Medium Term Expenditure Framework
MW	Medium Wave
OTT	Over-The-Top
PFMA	Public Finance Management Act, Act No. 1 of 1999
SABC	South African Broadcasting Corporation
SD	Skills Development
SDIC	Sate Digital Infrastructure Company
SEC	Social and Ethics Committee
SOC	State Owned Company
SMME	Small Medium Micro Enterprises
TRIR	Total Recordable Incident Rate
USAASA	Universal Service and Access Agency of South Africa
VAT	Value-Added Tax
VSAT	Very Small Aperture Terminal

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ISBN: 978-0-621-50468-2
RP number: RP196/2022