COGNITION HOLDINGS LIMITED
Incorporated in the Republic of South Africa
(Registration number 1997/010640/06)
Share code: CGN ISIN: ZAE000197042
("Cognition" or "the Group" or "the Company")

REVIEWED PRELIMINARY CONDENSED CONSOLIDATED RESULTS FOR THE YEAR ENDED 30 JUNE 2022

REVIEWED PRELIMINARY CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Figures in Rands	Change	Reviewed as at 30 June 2022	Audited as at 30 June 2021
Assets			
Non-Current Assets			
Property, plant and equipment	-84.77%	2 099 990	13 784 011
Goodwill	-42.78%	55 645 257	97 245 626
Intangible assets	-44.46%	17 287 467	31 128 379
Investment in associates	11.58%	3 121 648	2 797 569
Lease receivable	-100.00%	-	376 514
Deferred tax asset	-25.13%	3 456 899	4 617 192
	-45.57%	**81 611 261**	**149 949 291**
Current Assets			
Inventories	-93.20%	60 493	889 463
Trade and other receivables	11.60%	40 921 145	36 668 816
Lease receivable		117 588	-
Current tax receivable	164.39%	2 258 467	854 207
Cash and cash equivalents	3.72%	113 896 119	109 811 682
	6.09%	**157 253 812**	**148 224 168**
Non-current assets held for sale		**11 880 368**	**-**
Total Assets	-15.91%	**250 745 711**	**298 173 459**
Equity and Liabilities			
Equity			
Stated capital	0.00%	159 420 500	159 420 500
Change in ownership	-52.41%	(6 135 484)	(12 892 945)
Retained income	-80.18%	14 221 402	71 767 336
	-23.27%	167 506 418	218 294 891
Non-controlling interest	7.32%	26 546 243	24 734 559
	-20.15%	**194 052 661**	**243 029 450**
Liabilities			
Non-Current Liabilities			
Deferred tax liability	-67.04%	1 323 431	4 014 757
Cash-settled share-based liability	-100.00%	-	1 675 612
	-76.74%	**1 323 431**	**5 690 369**
Current Liabilities			
Trade and other payables	10.75%	37 923 050	34 240 549
Current tax payable	-85.37%	157 258	1 075 155
Dividend payable	0.00%	232 706	232 706
Third party prize money	22.66%	17 056 605	13 905 230
	11.96%	**55 369 619**	**49 453 640**
Total Liabilities	2.81%	**56 693 050**	**55 144 009**
Total Equity and Liabilities	-15.91%	**250 745 711**	**298 173 459**
Net asset value per share (cents)	-23.26%	73.06	95.21
Net tangible asset value per share (cents)	5.17%	41.25	39.22
Shares in issue	0.00%	229 273 021	229 273 021

REVIEWED PRELIMINARY CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Figures in Rands	Change	Reviewed for the year ended 30 June 2022	Audited for the year ended 30 June 2021
Revenue	4.50%	240 944 048	230 562 531
Cost of services	5.11%	(33 513 992)	(31 883 372)
Gross profit	**4.40%**	**207 430 056**	**198 679 159**
Other operating income	-63.94%	208 931	579 384
Other operating gains / (losses)	-103.97%	(28 184)	709 945
Loss on disposal of subsidiaries		(3 365 837)	-
Modification loss of right-of-use assets	-100.00%	-	(1 712 659)
Allowance for expected credit losses	-82.04%	(38 409)	(213 896)
Other operating expenses	34.79%	(97 657 540)	(72 452 171)
Depreciation and amortisation expense	-25.64%	(9 328 350)	(12 545 036)
Staff costs	5.55%	(97 338 393)	(92 221 390)
Impairment of goodwill	859.79%	(41 600 369)	(4 334 312)
Impairment on intangible assets		(8 222 394)	-
Operating (loss) / profit	**-402.87%**	**(49 940 489)**	**16 489 024**
Investment income	31.33%	3 758 624	2 862 038
Finance costs	-82.91%	(113 457)	(663 926)
Income from equity accounted investments	197.11%	800 920	269 568
(Loss) / profit before taxation	**-339.99%**	**(45 494 402)**	**18 956 704**
Taxation	-100.01%	995	(7 502 359)
Total comprehensive (loss) / income for the year	-497.17%	**(45 493 407)**	**11 454 345**
(Loss) / profit for the year attributable to:			
Owners of the parent	**-2560.79%**	**(50 788 473)**	**2 063 910**
Non-controlling interest	**-43.61%**	**5 295 066**	**9 390 435**
	-497.17%	**(45 493 407)**	**11 454 345**
Basic and diluted (loss) / earnings per share (cents)	**-2561.11%**	(22.15)	0.90
Weighted Average Shares in Issue		229 273 021	229 273 021
Fully Diluted Shares in Issue		229 273 021	229 273 021

REVIEWED PRELIMINARY CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Figures in Rands	Stated capital	Equity due to change in ownership	Retained income	Total Equity attributable to holders of the group	Non-controlling interest	Total Equity
Balance at 1 July 2020	**159 420 500**	**(12 892 945)**	**69 703 426**	**216 230 981**	**17 891 269**	**234 122 250**
Profit for the year	-	-	**2 063 910**	**2 063 910**	**9 390 435**	**11 454 345**
Dividends	-	-	-	-	**(2 547 145)**	**(2 547 145)**
Balance at 1 July 2021	**159 420 500**	**(12 892 945)**	**71 767 336**	**218 294 891**	**24 734 559**	**243 029 450**
Loss for the year	-	-	**(50 788 473)**	**(50 788 473)**	**5 295 066**	**(45 493 407)**
Disposal of subsidiaries	-	**6 757 461**	**(6 757 461)**	-	-	-
Dividends	-	-	-	-	**(3 483 382)**	**(3 483 382)**
Balance at 30 June 2022	**159 420 500**	**(6 135 484)**	**14 221 402**	**167 506 418**	**26 546 243**	**194 052 661**

REVIEWED PRELIMINARY CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Figures in Rands	Change	Reviewed for the year ended 30 June 2022	Audited for the year ended 30 June 2021
Cash flows from operating activities			
Cash generated from operations	-66.9%	15 457 125	46 647 360
Interest income	31.3%	3 758 624	2 862 038
Finance costs	-82.9%	(113 457)	(663 926)
Tax paid	-53.4%	(5 177 062)	(11 102 536)
Net cash from operating activities	**-63.11%**	**13 925 230**	**37 742 936**
Cash flows from investing activities			
Purchase of property, plant and equipment	60.7%	(1 554 339)	(967 091)
Sale of property, plant and equipment	-98.6%	29 002	2 075 615
Disposal of business		(2 816 262)	-
Purchase of intangible assets	-63.4%	(2 751 579)	(7 521 663)
Sale of intangible assets	-100.0%	-	208 784
Loans receivable	-168.8%	258 926	(376 514)
Dividend from associate		476 841	-
Net cash from investing activities	**-3.40%**	**(6 357 411)**	**(6 580 869)**
Cash flows from financing activities			
Dividends paid	36.8%	(3 483 382)	(2 547 145)
Lease liability - Capital portion paid	-100.0%	-	(4 507 819)
Net cash from financing activities	**-50.63%**	**(3 483 382)**	**(7 054 964)**
Total cash and cash equivalents movement for the year	-83.1%	**4 084 437**	**24 107 103**
Cash and cash equivalents at the beginning of the year	28.1%	109 811 682	85 704 579
Total cash and cash equivalents at end of the year	**3.72%**	**113 896 119**	**109 811 682**

NOTES TO THE REVIEWED PRELIMINARY CONDENSED CONSOLIDATED FINANCIAL RESULTS

1. BASIS OF PREPARATION

The reviewed preliminary condensed consolidated financial statements have been prepared on the historical cost basis and conform to International Financial Reporting Standards ("IFRS") and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council. The accounting policies applied in the preparation of these reviewed preliminary condensed consolidated financial results, which are based on reasonable judgements and estimates, are in accordance with IFRS, and are consistent with those applied in the Group annual financial statements for the year ended 30 June 2021. These reviewed preliminary condensed consolidated financial statements set out in this report have been prepared in terms of IAS 34 – Interim Financial Reporting, the Companies Act, 2008 (Act 71 of 2008), as amended ("Companies Act"), and the Listings Requirements of the Johannesburg Stock Exchange

These reviewed preliminary condensed consolidated financial statements were prepared under the supervision of the Financial Director, Pieter Scholtz CA(SA).

2. DISPOSAL OF SUBSIDIARIES

During the year under review, the Group disposed of its interest in the BMi Sport Group. The COVID 19 pandemic's impact on the Sport Sponsorship industry over the past two years has resulted in the BMi Sport Group being under severe financial distress and consuming its built-up accumulated reserves.

Accordingly, the Group sold its interest in the BMi Sport Group to the management effective 1 October 2022 for minimal consideration and with adequate resources to ensure that the Sport Group can deliver on all its contractual and staff obligation.

In addition to the above the Group sold its interest in UniID to an external party for a minimal consideration with the condition that should the UniID become profitable it will repay the initial investment made by the Group.

Group

Reviewed for the year ended 30 June 2022

	BMi Sport Group	**UniID**	**Total**
Fixed Assets	91 465	-	91 465
Intangible Assets	305 655	-	305 655
Deferred Tax	1 160 534	-	1 160 534
Trade and other Receivables	442 816	155 120	597 936
Cash and Cash Equivalents	2 816 262	-	2 816 262
Trade and other payables	(1 606 014)	-	(1 606 014)
Total identifiable asset value	3 210 717	155 120	3 365 837
Consideration received	-	-	-
(Loss) on disposal of subsidiaries	**(3 210 717)**	**(155 120)**	**(3 365 837)**

3. NON-CURRENT ASSETS HELD FOR SALE

The Group has decided to sell its Office Building as it no longer requires the office accommodation and hosting infrastructure within the premises. The property is actively being marketed and it is expected to be sold within the next year of operations. The value of the asset is accounted for at a carrying value of R11 880 638 which is lower than the fair value off the asset less cost incurred to sell the asset.

NOTES TO THE REVIEWED PRELIMINARY CONDENSED CONSOLIDATED FINANCIAL RESULTS

4. IMPAIRMENT OF INTANGIBLE ASSETS

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

Reviewed for the year ended 30 June 2022

	Cost	Impairment	Carrying value
ACDP, UnilD and Related systems	5 701 236	(5 701 236)	-
Bespoke Research capturing and data software	2 521 158	(2 521 158)	-
	8,222,394	**(8 222 394)**	**-**

5. GOODWILL

Figures in Rands	Reviewed as at 30 June 2022	Audited as at 30 June 2021
Goodwill at cost	109 846 963	125 688 759
Accumulated impairment	(54 201 706)	(28 443 133)
Carrying Value	55 645 257	97 245 626

Reconciliation of Goodwill - Reviewed as at 30 June 2022

Figures in Rands	Opening Balance	Impairment loss	Total
Goodwill - BMi Sport Group	-	-	-
Goodwill - BMi Research	1 888 394	-	1 888 394
Goodwill - Private Property	95 357 232	(41 600 369)	53 756 863
	97 245 626	(41 600 369)	55 645 257

Reconciliation of Goodwill - Audited as at 30 June 2021

Figures in Rands	Opening Balance	Impairment loss	Total
Goodwill - BMi Sport Group	1 032 975	(1 032 975)	-
Goodwill - BMi Research	5 189 731	(3 301 337)	1 888 394
Goodwill - Private Property	95 357 232	-	95 357 232
	101 579 938	(4 334 312)	97 245 626

For the purpose of annual impairment testing, the goodwill was allocated to the related Cash Generating Unit that gave rise to the goodwill.

NOTES TO THE REVIEWED PRELIMINARY CONDENSED CONSOLIDATED FINANCIAL RESULTS

BMi Research

BMi Research's goodwill is tested for impairment by determining the current value of the future projected cashflow for 5 years including the calculation of a terminal value after the period using an average growth and terminal growth rate of 4.5% (2021: 4.5%). Measures put in place by management in previous years has resulted in BMi Research being able to grow its revenue during the past year while maintaining a reasonable operating cost structure. Management maintains that the sustainable growth rate of the business will remain at 4.5% (2021: 4.5%).

The recoverable amount of the cash generating unit was calculated to be R28 895 691 (2021: R17 782 029) which relates to a goodwill value of R1 888 395 (2021: R 1 888 395). If the future growth rate is increased by 1% then the value of the asset value calculated will be R33 967 352 (2021: R22 817 318). If the future growth rate is decreased by 1% then the value of the asset value calculated will be R24 213 947 (2021: R13 005 108). The cashflow projections are in line with the normal rates achieved by the asset in the past. BMi Research is reported within the Knowledge Creation and Management Segment.

The pre-tax discount rate of 29.93% (2021: 25.60%) used reflects the appropriate costs of capital and risks associated with the asset. If the discount rate is increased by 1% then the value of the asset value calculated will be R28 599 991 (2021: R17 575 433). If the discount rate is decreased by 1% then the value of the asset value calculated will be R29 202 629 (2021: R18 125 646).

Private Property South Africa

The goodwill relating to Private Property is tested for impairment by determining the current value of the future projected cashflow for 5 years including the calculation of a terminal value after the period using an average growth rate of 5.5% (2021: 5.5%) and terminal growth rate of 4.5% (2021: 4.5%) and a pre-tax discount rate of 24.19% (2021: 22.38%).

To ensure long term sustainability and ensure that PPSA positions itself as a world class property marketing platform, the company has elected to reinvest most of the cash that it generates through operations, back into its core systems and processes. Due to this, the cash flows used in the calculation of the company's goodwill have significantly reduced when compared to previous periods and as such management evaluated goodwill for impairment not just at year end but also at 31 December 2021 where the recoverable amount of the cash generating unit was calculate to be R86 001 190 for the 50.01% of the shares held in the company. This resulted in the impairment of goodwill of R41 855 152 million. Subsequent to this impairment the business has been improving its cash generation and at 30 June 2022 the recoverable amount of the cash generating unit was calculated to be R100 936 618 (2021: R144 269 985) for the 50.01% of the shares held by the Group. At the calculated value, goodwill to the value of R53 756 863 (2021: R95 357 232) does not need to be impaired.

If the future growth rate is increased by 1% then the value of the asset value calculated will be R120 135 857 (2021: R162 193 589). If the future growth rate is decreased by 1% then the value of the asset value calculated will be R83 634 752 (2021 R126 940 433).

The pre-tax discount rate of 24.19% (2021: 22.38%) used reflects the appropriate costs of capital and risks associated with the asset. If the discount rate is increased by 1% then the value of the asset value calculated will be R85 608 939 (2021: R140 149 686). If the discount rate is decreased by 1% then the value of the asset value calculated will be R116 752 545 (2021: R148 589 755).

NOTES TO THE REVIEWED PRELIMINARY CONDENSED CONSOLIDATED FINANCIAL RESULTS

6. EARNINGS PER SHARE

Figures in Rands	Reviewed for the year ended 30 June 2022	Audited for the year ended 30 June 2021
The calculation of earnings per share and fully diluted earnings per share is based on a loss of R50 788 473 attributable to equity holders of the parent (2021: profit of R2 063 910) and a weighted average of 229 273 021 (2021: 229 273 021) ordinary shares in issue during the year.	(22.15)	0.90
The calculation of headline earnings per share is based on profits of R1 064 590 attributable to equity holders of the parent (2021: R6 937 769) and a weighted average of 229 273 021 (2021: 229 273 021) ordinary shares in issue during the year	0.46	3.03

Reconciliation between earnings and headline earnings	Reviewed for the year ended 30 June 2022		Audited for the year ended 30 June 2021	
	Gross	Net	Gross	Net
Profit attributable to ordinary shareholders of parent	-	(50 788 473)	-	2 063 910
Profit on disposal of property, plant and equipment	(26 654)	(19 191)	749 371	539 547
Impairment of goodwill	41 600 369	41 600 369	4 334 312	4 334 312
Loss on disposal of business	3 365 837	3 365 837	-	-
Impairment of intangible assets	8 222 394	6 906 048	-	-
		1 064 590		6 937 769

NOTES TO THE REVIEWED PRELIMINARY CONDENSED CONSOLIDATED FINANCIAL RESULTS

7. Cash generated from operations

Figures in Rands	Reviewed for the year ended 30 June 2022	Audited for the year ended 30 June 2021
(Loss) profit before taxation	(45 494 402)	18 956 704
Adjustments for:		
Depreciation and Amortisation	9 328 350	12 545 036
Profit on disposal of property, plant and equipment	(26 654)	(749 371)
Loss on disposal of business	3 365 837	-
Income from equity accounted investments	(800 920)	(269 568)
Interest income	(3 758 624)	(2 862 038)
Finance cost	113 457	663 926
Impairment of goodwill	41 600 369	4 334 312
Impairment of intangible assets	8 222 394	-
Modification loss on right-of-use asset	-	1 712 659
Cash-settled share-based payment	(1 675 612)	666 206
Changes in working capital		
Inventory	828 970	(889 463)
Trade and other receivables	(4 850 265)	4 688 425
Trade and other payables	5 452 849	3 631 116
Third party prize money	3 151 375	4 219 416
	15 457 124	**46 647 360**

8. TAX PAID

Figures in Rands	Reviewed for the year ended 30 June 2022	Audited for the year ended 30 June 2021
Balance at the beginning of year	(220 948)	(816 998)
Current tax for the year	(2 854 905)	(10 506 486)
Balance at end of the year	(2 101 209)	220 948
	(5 177 062)	**(11 102 536)**

NOTES TO THE REVIEWED PRELIMINARY CONDENSED CONSOLIDATED FINANCIAL RESULTS

9. Disaggregation of revenue

The Group derives revenue from offering multiple services to customers.

Revenue from contracts with customers is recognised when control of a service is transferred to the customer for an amount which reflects the consideration to which the Group expects to be entitled in exchange for the service. All invoices are due and payable within 30 days of presentation of invoice up to 60 days except for a single multinational that has arranged longer payment terms. The Group has therefore elected to apply the practical expedient as there are no significant financing components.

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

- Online Platform Services
- Research Services
- Communication Service Revenue
- Campaign service development
- Supplementary Services

The Group does not encounter any revenue reversal due to returns, refunds, rebates and other similar obligations.

An analysis of the Group's revenue streams is as follows:

Revenue stream	Performance obligation	Timing measurement	Judgement
Online Platform Services	The Group has various platforms that are used by its clients to enhance and promote their service to a large consumer base.	Access to the online platform is based on a monthly fee that is recognised by the Group over time on a straight-line basis. Platform services are invoiced on a prepaid basis or within the month that the service is rendered. Transaction-based services that are offered on the online platform are recognised when the transaction takes place at a point in time and invoiced when the service is rendered or within the month that the service is rendered.	Platform service delivery is largely automated as is the related billing. Judgement is therefore not required to estimate the amount or timing of the revenue recognised.
Research Services	Qualitive and quantitative research services.	Continued data collection, collation and research analytics into monthly reports are recognised over time and invoiced in the month that the service is rendered.	No judgement is required with regards to the timing and amount of ongoing data collection, collation and research analytics services.

Revenue stream	Performance obligation	Timing measurement	Judgement
		Where a research project spans more than one month, revenue is recognised upon achievement of the benchmarks set within the project. Depending on the agreement, a percentage of the invoicing takes place upon commissioning of the project and the remaining balance as the benchmarks are achieved. All invoicing that has not been recognised as yet is recognised and disclosed as an amount received in advance within trade and other payables.	Management applies judgement to estimate benchmarks as follows: Work completed compared to the estimated work required to complete the service. The cost incurred at a period end compared the total estimated cost to complete the service. This is applied on an individual project basis.
Communication Service Revenue	Provision of communication services such as SMS, USSD, IVR, WhatsApp, App push and Fax services to users.	Revenue is recognised at a point in time when the transaction takes place. Invoicing takes place within the same month as the service was rendered.	No judgement is required with regard to the timing and amount as these services are automated.
Campaign service development	This represents fees for setting up and managing digital services used for business and marketing purposes.	The setup of a service is recognised at the point in time when the service is provisioned and is invoiced within the same month. Revenue related to the management of services is invoiced within the month that the recognition takes place and is recognised by the Group over time.	Management applies judgement to determine if the service is setup and provisioned. No judgement involved with regards to the timing and amount of management fees.
Supplementary Services	Other revenue earned by the group on services that are supplementary to the services above.	Other revenue relates to the sale of supplementary services that are recognised at a point in time.	No judgement is required relating to the timing and amount of supplementary services.

NOTES TO THE REVIEWED PRELIMINARY CONDENSED CONSOLIDATED FINANCIAL RESULTS

Figures in Rands	Reviewed for the year ended 30 June 2022	Audited for the year ended 30 June 2021
Revenue from contract with customers		
Rendering of services	384 277 167	386 411 691
Less: Agency Revenue	(143 333 119)	(155 849 160)
	240 944 048	230 562 531
The group disaggregates revenue from customers as follows:		
Rendering of services		
Africa revenue	23 580	719 962
South Africa revenue	240 920 468	229 842 569
	240 944 048	230 562 531
Over Time		
Online Platform Services	149 259 843	140 993 018
Research Services	40 260 030	37 097 414
Campaign Services	12 740 766	11 136 119
	202 260 639	189 226 551
At a point in time		
Online Platform Services	13 168 213	14 340 806
Communication Services	10 537 105	10 874 449
Campaign Services	12 978 182	14 042 840
Supplementary Services	1 999 909	2 077 885
	38 683 409	41 335 980
Total revenue from contract with customers	**240 944 048**	**230 562 531**

Agency revenue

The Group offers services that are classified as agency revenue in terms of IFRS 15 and as such, the Group discloses these services separately in the Statement of Profit or Loss and other Comprehensive income for enhanced disclosure purposes. Online platform services, research services and certain supplementary services are accounted for in the Knowledge Management segment with the remaining revenue accounted for in the Active Data Exchange Services segment.

10. Segmental reporting

Segment reporting

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

Active Data Exchange Services - a unified messaging system that integrates and delivers a suite of messaging services through a single hosted platform.

Knowledge Creation and Management - Building permission-based marketing strategies to enhance singular customer profiles, with deep granularity in line with privacy legislation. This segment uses technology to establish a "new asset class" by collecting data, adding content and meaning to create information and providing insights, inferences and experiences to culminate in knowledge.

All of the Company's assets are located in South Africa.

The CODM reviews the income and expense items on a Group basis and not per individual segment. All assets and liabilities are reviewed on a Group basis by the CODM.

Both segments share the use of the Group's assets and liabilities as well as the same operating environment and therefore the Group is not in a position to report on the assets and liabilities of each segment nor analyse the operating expenditure separately. Although the service runs in Africa, the service is set-up and operated predominantly in South Africa.

Figures in Rands		Reviewed for the year ended 30 June 2022	Audited for the year ended 30 June 2021
Gross Revenue			
Active Data Exchange Services	12.15%	43,990,023	39,223,047
Knowledge Creation and Management	-1.99%	340,287,144	347,188,644
	-0.55%	384,277,167	386,411,691
Revenue generated as agency services			
Active Data Exchange Services	173.90%	(5,735,800)	(2,094,153)
Knowledge Creation and Management	-10.51%	(137,597,319)	(153,755,007)
	-8.03%	(143,333,119)	(155,849,160)
Revenue			
Active Data Exchange Services	3.03%	38,254,223	37,128,894
Knowledge Creation and Management	4.79%	202,689,825	193,433,637
	4.50%	240,944,048	230,562,531
Cost of sales			
Active Data Exchange Services	12.54%	(11,101,849)	(9,864,693)
Knowledge Creation and Management	1.79%	(22,412,143)	(22,018,679)
	5.11%	(33,513,992)	(31,883,372)
Gross Profit			
Active Data Exchange Services	-0.41%	27,152,374	27,264,201
Knowledge Creation and Management	5.17%	180,277,682	171,414,958
	4.40%	**207,430,056**	**198,679,159**

COMMENTARY

The board of directors of Cognition ("the Board") presents the results for the financial year ended 30 June 2022.

The Group benefited from improved market conditions within the second half of the year under review with revenue increasing by 4.5% from R230 million to R241 million for the year, as compared to the reported interim results that reflected a decline in revenue as compared to the previous interim result period.

Revenue from Active Data Exchange Services increased by 3% from R37.1 million to R38.2 million although Gross Profit remained stable at R27.2 million. The segment was still impacted by pandemic-related market conditions within the first half of the year. The Knowledge Creation and Management revenue segment revenue increased by 4.79% from R193,4 million to R202,6 million with a Gross Profit increase of 5.17% from R171,4 million to R180.2 million. Channel Incentive Services is part of this division and was severely hampered by restrictions imposed on it by some retail channels, however the decline in Channel Incentives Services was offset by improved sales within the Research Assets that is also part of this segment.

Private Property operates in an ever-changing digital landscape. The Private Property board approved an investment budget to support the Company's mid to long term strategy at the beginning of this financial year. This investment budget required the Company to upgrade its technology and solidify its brand within the market. As disclosed in note 2 above, the Group evaluated the goodwill associated with the asset which resulted in an impairment charge of R41.6 million.

The Group engaged in a re-evaluation process of its strategic growth prospects. It decided to no longer pursue some interests which has resulted in it having to impair some intangible assets that were not yet available for use and do not form part of the Group's strategic focus areas. This has resulted in the Group impairing R8.2 million of intangible assets in the period. Further to this, the Group disposed of its interest in the BMi Sport Group and UNiID resulting in a loss on disposal of R3.4 million.

The Group's operating expenses increased by 34.79% from R72.4 million to R97.6 million. This increase is due to the substantial reinvestment that Private Property made into its platform in the past year and its increased marketing spend. Staff costs increased from R92.2 million to R97.4 million due to an increased staff count.

The net result of the above is that the Group is reporting a significant loss before taxation of R49.9 million and a comprehensive loss of R45.5 million although the bulk of this loss relates to impairment charges. The Group's Earnings Before Interest Tax Amortisation as well as impairment charges were R9.2 million compared to R33.3 million in the previous year.

Statement of Financial Position

The Group continues to maintain a prudent approach regarding the use and allocation of its resources and continues to maintain a healthy financial position with very limited long-term debt and a healthy cash balance.

The Group's cash resources increased from R109.8 million in the previous financial year to R113.9 million, an increase of 3.72%. The Group generated R14 million net cash from operating activities in the past year down from R37.7 million in the prior year which is due to the increased spend by Private Property on its technology platform.

The Group's Trade and Other Receivables increased to R40.9 million from R36.7 million with an increase in Trade and Other Payables from R34.3 million to R37.9 million thereby maintaining the Group's working capital ratios.

Equity Movements

During the year, the Group did not declare a dividend.

As at 30 June 2022, the Company did not hold any treasury shares.

Going Concern

The Board has formally considered the going concern assertion for the year going forward by evaluating the Groups forecasts and cash requirements and is of the opinion that it is appropriate.

COMMENTARY

OPERATIONAL PERFORMANCE

Although the Cognition business is still not yet in the position that we would like, we have managed to perform several of the tasks set out at the end of the first half, which have all contributed to improved overall performance. As a result, as a business, we are firmly positioned to focus on core activities and to continue enhancing the future of the Company.

Revenue and profits remain under pressure and are well below pre-Covid levels, caused by the reduced Fax2Email revenue which has basically reduced to zero and a reduction in Channel Incentives that is operating in a very competitive market,. However, management has identified critical facets within the Group, and the focus has been to grow these parts of the business, with an intense focus on customer engagement and collaboration with group companies.

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

Recognising its customers' ever-changing digital landscape and needs, the Private Property Management Team continues interrogating its priorities and business imperatives. In addition to the approved investment budget at the beginning of this financial year, the Board has resolved to commit more significant investment in future growth prospects and its long-term upstream and downstream markets serviced by its web-based platform. This will require an allocation of considerable additional resources in upgrading its technology and solidifying its brand in the market while sacrificing short-term profits in favour of mid to long-term customer and revenue growth over the next three years.

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

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

The remainder of the Group's research assets (BMi Research, Livingfacts and Adcheck) have performed well and have exceeded revenue and profit forecasts as expected, turning the business into a profitable position. If we remove the impairment of the intangible asset, the Company has performed ahead of pre-Covid numbers. The diverse strategic and bespoke research and analytics solutions remain an essential part of the business and necessary for future growth. Looking into the new financial year, management has structured the business for growth by ensuring the team is focused on delivering exceptional insights to our customers and collaborating with group companies. In addition, a dedicated team has been selected to look for further research opportunities and to continue to automate processes to improve efficiencies.

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

As mentioned in our Half Year Report, FoneWorx urgently required a rejuvenation. We are pleased to report that the team members have pulled together and made significant strides in the correct direction. The realignment of costs and the introduction of new products has made this process possible, and from February to June, the company has remained profitable. Based on our positive pipeline, this trend is likely to continue for the new financial year. The first set of products to be released ranges from a series of gamification products, with enhancement on our WhatsApp offering, plus enhanced Instagram services and the like. In addition, we have acquired new technical skills and believe we will be well set in this area for the latest financial year. Albeit small wins, they have been welcomed by our clients. We now look forward to ongoing development in this space.

In addition to the above, the IT and Development departments have standardised across a sustainable development stack, allowing for ready recruitment and department growth in the future. We believe these improvements and new products will allow for increased revenue opportunities with minimal effect on additional development capacity. Over the next financial year, our focus areas will continue adding more products and enhancing existing ones, making them more efficient and relative. As a result, we are now better positioned to adapt as technologies, markets and trends change rapidly.

COMMENTARY

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

Unfortunately, this sector continues to feel the strain of the move by networks to consolidate the incentive programmes with a single service provider. That said, the onboarding of several smaller brands has subsequently subsidised some of the lost revenues. The non-network-related incentive business continues to do well, with small gains achieved during the period. We remain optimistic that our turnkey solution to incentivise staff or agents via our platform will continue to grow.

Prospects

Albeit early days in the turnaround plan at Cognition Holdings, the general confidence continues to improve within the business with a clear sense of direction. Management is still focused on the several key initiatives previously identified, which will continue to strengthen the core of the Company and drive revenue and profit growth. As presented in the interim report, these include, but are not limited to, the following:

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

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

REVIEW OPINION

The Group's auditor, BDO South Africa Inc., has reviewed the preliminary condensed consolidated results for the year ended 30 June 2022 and expressed an unmodified review conclusion thereon. A copy of the auditor's review report together with a copy of the financial information identified in the auditor's report are available for inspection at the Company's registered office.

The auditor's report does not necessarily report on all of the information contained in this announcement/ financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement, they should obtain a copy of the auditor's report, together with the accompanying financial information, from Cognition's registered office during office hours.

CORPORATE GOVERNANCE

The Board recognises the need to conduct the affairs of the Group with integrity and in compliance with the principles of the King Report on Governance Principles of South Africa ("King IV report"). Throughout the year under review, the Group has complied with the principles as set out in the King IV report.

DIRECTOR CHANGES

During the year under review the following director changes took place.

Trever Ahier resigned as a director on 5 August 2021 and Marc du Plessis on 2 September 2021 and they were replaced by Miles Crisp and Servaas de Kock.

At the Annual General Meeting the terms of appointment of Roger Pitt, Gaurang Mooney and Ashvin Mancha came to an end. Steve Naudé was elected as a Board Member at the meeting.

On 10 December 2021, Mark Smith stepped down as Chief Executive Officer of the Group and resigned as a Board member on 20 January 2022. Rob Fedder was appointed as acting Chief Executive Officer on 1 0 December 2021 and was appointed as a Board member with effect from 4 March 2022.

COMMENTARY

EVENTS AFTER REPORTING PERIOD

On 12 August 2022, the company has entered into separate agreements constituting one indivisible transaction, with BetterHome Group Limited ("BetterHome'), ooba Proprietary Limited ("ooba") and Fledge Capital Proprietary Limited ("Fledge") (collectively, "the Purchasers") in terms of which it will, subject inter alia to certain conditions precedent dispose of its 50,01% interest in Private Property for an amount of R150 million. The effective date of the disposal is expected to be on or around 16 November 2022.

The directors are not aware of any other material events which occurred after the reporting date and the date of this report.

ANNUAL REPORT

Shareholders are advised that the Annual Report will be available on the Company's website at www.cgn.co.za and will be distributed to shareholders on or about Friday, 30 September 2022.

Dividend Declaration

The Board, together with management, is committed to unlocking shareholder value, however taking into consideration the Group's results, the strategic realignment of the business and the disposal of Private Property that will only be concluded in the next few months, the Board resolved that it will be prudent not to declare a dividend for the financial year ended 30 June 2022.

For and on behalf of the Board

Paul Jenkins
Chairman

Rob Fedder
Chief Executive Officer

Pieter Scholtz
Financial Director

Johannesburg

2 September 2022

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Directors: Paul Jenkins#* - Chairman, Rob Fedder – CEO, Pieter Scholtz - Financial Director, Graham Groenewaldt – Sales Director, Miles Crisp#*, Dennis Lupambo#*, Steve Naudé#*, Amasi Mwela#, Servaas de Kock#

Non-executive
* Independent

Company Secretary: **Felicia van der Merwe CA(SA)**

Auditor: **BDO South Africa Incorporated**

Transfer Secretaries: **Computershare Investor Services Proprietary Limited**

Sponsor: **AcaciaCap Advisors Proprietary Limited**

COGNITION HOLDINGS LTD