SENTECH
connecting You

INTEGRATED REPORT 2021

COMPANY INFORMATION

Company registration number: 1990/001791/30

VAT number: 456 013 3813

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Website address: www.sentech.co.za

External auditors: Ngubane and Co.

Bankers: ABSA

Company Secretary: Portia Matsane
Makhotso Chimombe (acting)

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MANUFACTURED CAPITAL
(Refer to Pages 20 and 30)

INTELLECTUAL CAPITAL
(Refer to Pages 20 and 42)

HUMAN CAPITAL
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ABOUT THIS REPORT

Welcome to the Integrated Report of SENTECH for the period ended 31 March 2021. In line with best-practice reporting standards, this is intended to provide stakeholders with a transparent and understandable assessment of SENTECH's strategy, governance, performance, and prospects. The report has been developed in alignment with the International Integrating Reporting <IR> Framework as defined by the International Integrated Reporting Council (IIRC).

Strategically and operationally, SENTECH is committed to applying the principles outlined in the King Report for Corporate Governance™ for South Africa 2016 (King IV). The details of how the Company applied these principles during the reporting period appear in the Corporate Governance section. The Company is also committed to continuously improving the extent and depth of its integrated reporting.

sustainable

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

The report covers SENTECH's business performance for the financial year (FY) ended 31 March 2021. In addition to providing comprehensive reports on financial and operational performance, it focuses on the organisation's corporate governance, socio-economic contribution, environmental management, and its overall commitment to applying the principles outlined in King IV.

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

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 APPROVAL AND STATEMENT OF RESPONSIBILITY

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

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

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

OWNERSHIP

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

MEMORANDUM OF INCORPORATION

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

SHAREHOLDER'S COMPACT

The Shareholder's Compact includes key performance indicators (KPIs) which are revised annually by agreement between the Shareholder Representative and the Board of Directors and serve as the performance monitoring framework for the Company. Performance against the Shareholder Compact for the reporting period is outlined on page 29 of this report as required by Section 55(2) of the PFMA.

EXTERNAL AUDITORS

Ngubane & Co. are the external auditors.

DIRECTORS' INTERESTS

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

PUBLIC-PRIVATE PARTNERSHIPS

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

EVENTS SUBSEQUENT TO THE DATE OF FINANCIAL POSITION

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

GOING CONCERN

The Directors confirm that they are satisfied that the Company has adequate resources to continue business for the financial year beginning 1 April 2021. For this reason, they continue to adopt the going concern basis for preparing the Annual Financial Statements as confirmed in this Statement of Responsibility by the Board.

In our opinion, the annual Integrated Report fairly reflects the operations of SENTECH for the financial year ended 31 March 2021.

Mr Mlamli Booi
Chief Executive Officer

Dr Sandile Malinga
Chairperson of the Board

ABOUT SENTECH AND HOW IT CREATES VALUE

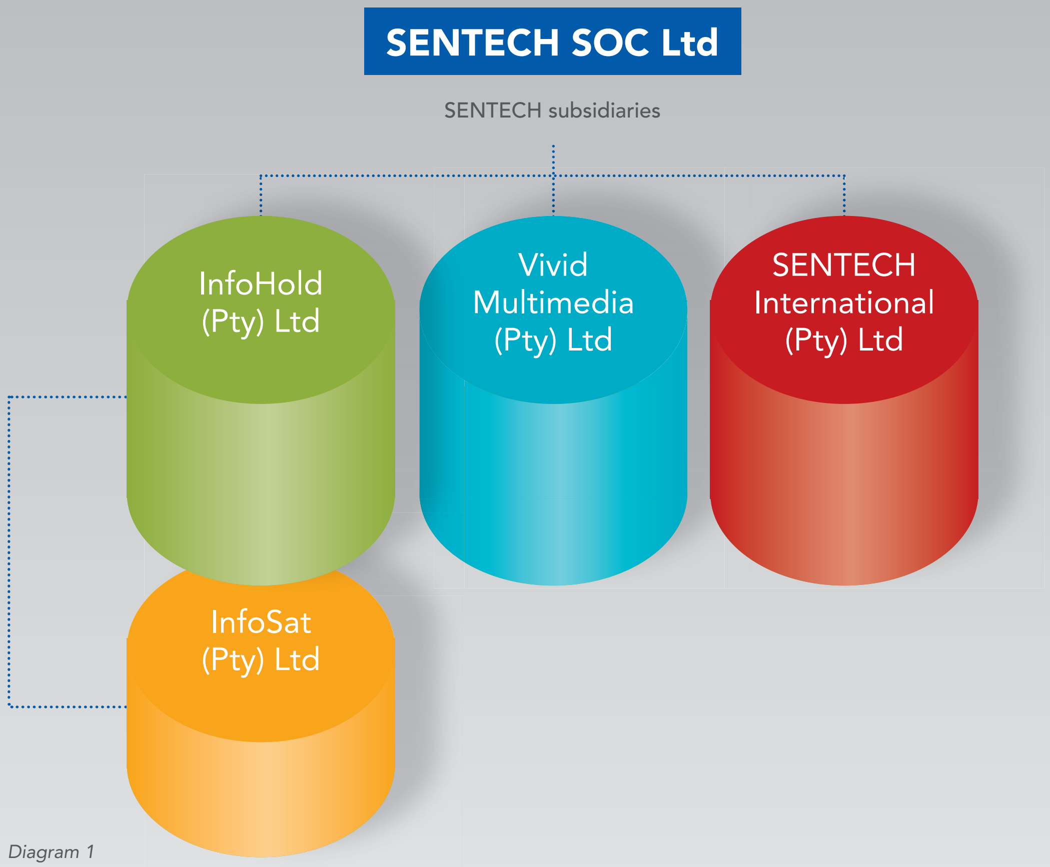


Diagram 1

SENTECH AT A GLANCE

SENTECH is a South African state-owned company (SOC) and the leading provider of electronic communications network services to the country's broadcasting and communications industry.

With the largest terrestrial signal distribution infrastructure for both radio and television, the Company is able to operate as a common carrier, offering wholesale services on an equitable, non-discriminatory, and non-exclusive basis. SENTECH provides broadcast transmission services for all of the South African Broadcasting Corporation's (SABC's) radio and television stations, for the country's commercial radio and television stations, and for 118 community radio stations. Its 181 Digital Terrestrial Television (DTT) sites enable it to provide infrastructure and connectivity to the retail, telecommunications and public sectors.

SENTECH derives its mandate from the SENTECH Act and the Electronic Communications Act (No. 36 of 2005).

Originally the SABC's technical division, SENTECH became a wholly owned subsidiary of the SABC in 1992. In 1996, the SENTECH Act was amended, converting the Company into a separate state-owned entity operating as a common carrier responsible for providing broadcasting signal distribution services to licensed radio and television broadcasters.

As the holder of the country's Individual Electronic Communications Network Services (I-ECNS) and Individual Electronic Communications Services (I-ECS), SENTECH can also provide international voice-based telecommunications and multimedia services.

SENTECH is a Schedule 3B company as per PFMA which makes it a Government Business Enterprise, implying that it operates on a commercial basis and is required to be financially sustainable and self-sufficient.

GROUP STRUCTURE

SENTECH has four operating subsidiaries, as set out in the diagram on page 5. These are all wholly owned – either directly or indirectly – by the Company. There are currently no material account balances or classes of transaction within these entities.

ORGANISATIONAL STRUCTURE

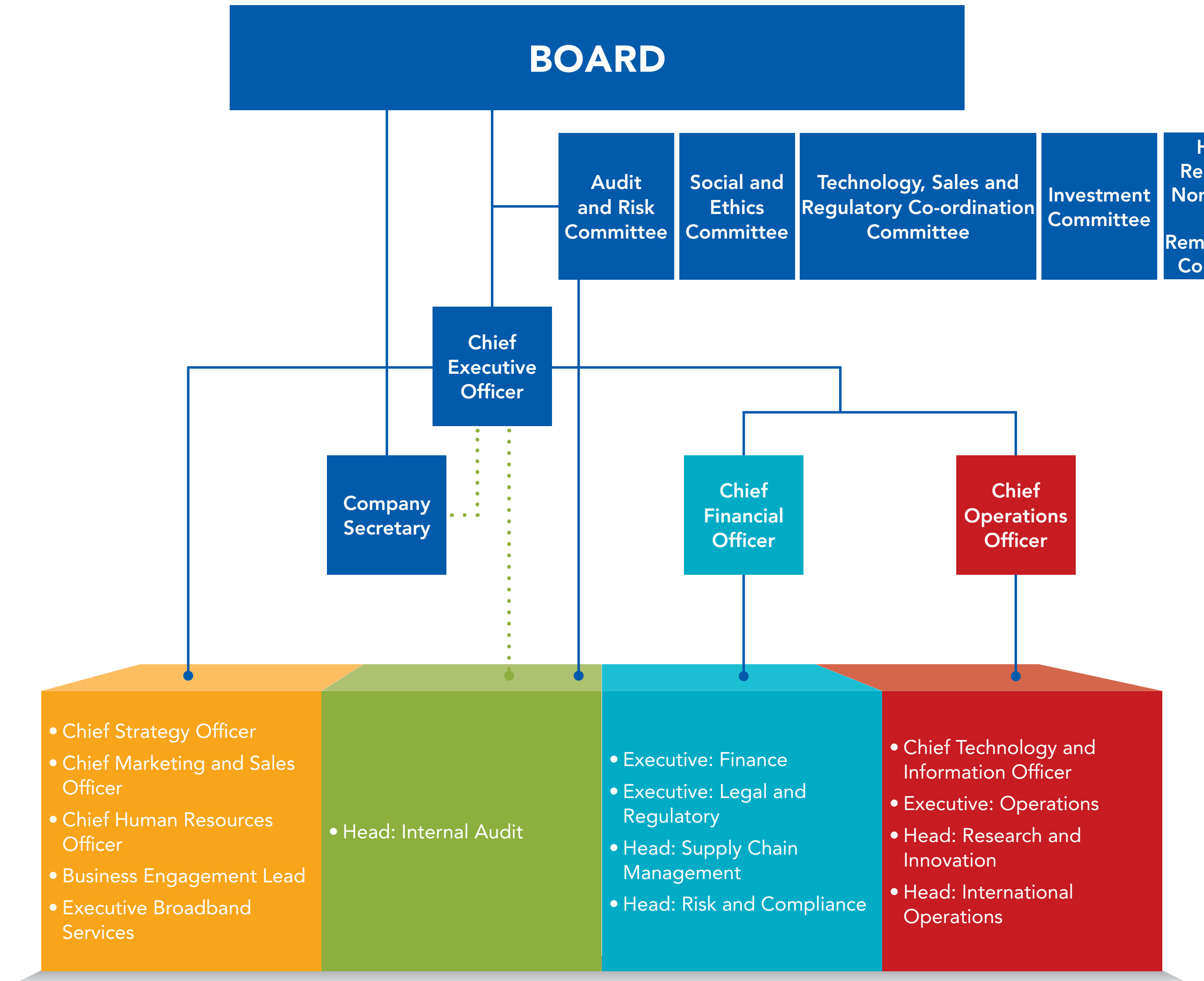


Diagram 2

VALUE OFFERING AND SERVICES

SENTECH offers premium multimedia, connectivity and managed infrastructure services to its customers.

NETWORK COVERAGE

SENTECH's head office, Sender Technology Park (STP), is based in Honeydew, Johannesburg. The Company also has 16 operational centres, regional and local offices and a vast network of terrestrial broadcasting and broadband sites in all nine provinces.

This infrastructure features:

- 100% satellite coverage throughout South Africa and the SADC countries;
- 181 DTT sites providing a footprint coverage to approximately 84% of the national population;
- 192 Frequency Modulation (FM) sites servicing 151 radio broadcasters including 20 public broadcasters, 21 commercial broadcasters and 118 community radio stations;
- 43 Internet connectivity sites for Mpumalanga Department of Finance;
- 133 SA Connect sites; and
- 11 Internet-4-All sites.

VALUE OFFERINGS

Diagram 3

INNOVATIONS

In FY 2020/21, SENTECH enhanced its offerings as part of its continuing effort to create value for its Shareholder, customers and stakeholders. The most recent addition to the product portfolio has been the SENTECH.tv solution.

SENTECH.tv was developed in response to a rapidly growing demand for online services as the Covid-19 pandemic ushered in a new era of remote working and learning. Not only did SENTECH.tv need to be able to support and provide easy access to popular applications such as Zoom, Skype, YouTube, Facebook and Teams, it also had to be able to provide video-on-demand (VoD) and live-streaming services.

All of these capabilities have been combined to establish a white label offering that allows clients to host events online and distribute content for purposes such as learning.

SENTECH will continue to develop and improve the offering to include more solutions in order to provide customers with an extensive value proposition. This will see a consolidation of solutions like playout as well as greater access to cloud hosting.

Using an agile approach, SENTECH also created a showcase called learn.SENTECH.tv as an environment for hosting maths and science lessons, which can be accessed on demand. The product allows for the delivery of live lessons and provides support for interactive questions and answers. The platform was created to enable remote learning during the pandemic.

In addition, SENTECH worked closely with the National Electronic Media Institute of South Africa (Nemisa) to build the nemisatv.co.za platform, which went into a soft launch phase on 31 March 2021. This platform hosts edutainment-related content produced by Nemisa's own multimedia production house and which is available to the public free of charge. It will enable Nemisa to host events like hackathons using the capability for attendees to participate remotely.

Further, the Company worked with the Media Development and Diversity Agency (MDDA) to host the multi-stakeholder Women's Month campaign in July 2020. This involved building a dedicated MDDA website, which allowed attendees to participate in the conference remotely. Speakers and select members joined via Zoom, while the public joined via the website.

On a quite different note, SENTECH worked with the Department of Correctional Services to host a departmental strategy session as well as the 2020 Matric Results announcement. This required a dedicated stream and a direct-to-home (DTH) channel for both events.

The SENTECH.tv offering has generated interest from several customers in government. The Company will continue to enhance the offering and to look into various revenue models. Work is currently underway to establish a panel of service providers in order to diversify the offering.

In addition, SENTECH's planned data centre service will provide dedicated hardware and software that will deliver high performance, high availability, high security and easy-to-use cloud-based and computer platforms. This offering will come with a choice of processor, storage, networking, operating system and purchase model, including a high-quality transport service for live video.

The Company has also extended its high-quality and on-time support and maintenance service to third-party passive and active equipment through its highly experienced technical team. These services are offered to both SENTECH and non-SENTECH facilities leasing customers on both SENTECH-owned and third-party sites.

ORGANISATIONAL IDENTITY

SENTECH is evolving from a broadcasting signal distributor to a full-service digital infrastructure and platform company. This is an appropriate response to the changing business, entertainment and media landscape, technological disruption and the increasing need for connectivity, especially in underserviced areas of South Africa.

VISION

A global leader in digital content delivery

MISSION

Creating smart communities by connecting customers and people through the delivery of content and innovative digital solutions

VALUE PROPOSITION

Keeping our customers connected all the time anywhere

1. Sustainable business growth
2. Enable digitally connected people and communities
3. Achieve excellent customer and stakeholder satisfaction

Diagram 4

Diagram 5

PERFORMANCE AT A GLANCE

PERFORMANCE COMPARED TO PREVIOUS YEAR

REVENUE ▼ R1.4bn	EARNINGS BEFORE INTEREST AND TAX ▼ R253m	NET PROFIT AFTER TAX ▲ R313m

PERFORMANCE AGAINST SET TARGETS

SALES REVENUE ▲ R1.3bn	EBIT ▲ R253m	CUSTOMER SATISFACTION LEVELS ▼ 65%
BRAND EQUITY SCORE ▲ 76%	REPUTATION SCORE ▲ 72%	SOCIO-ECONOMIC TRANSFORMATION SPEND ▲ R106m
PREDETERMINED OBJECTIVES ACHIEVED 82%	RISK MATURITY SCORE OF 4 out of 5	SMME EARLY PAYMENT of 2 days
BROADBAND SITES CONNECTED 99	UNQUALIFIED AUDIT WITH FINDINGS	

▲ *Target achieved*
▼ *Target not achieved*

STRATEGIC OVERVIEW

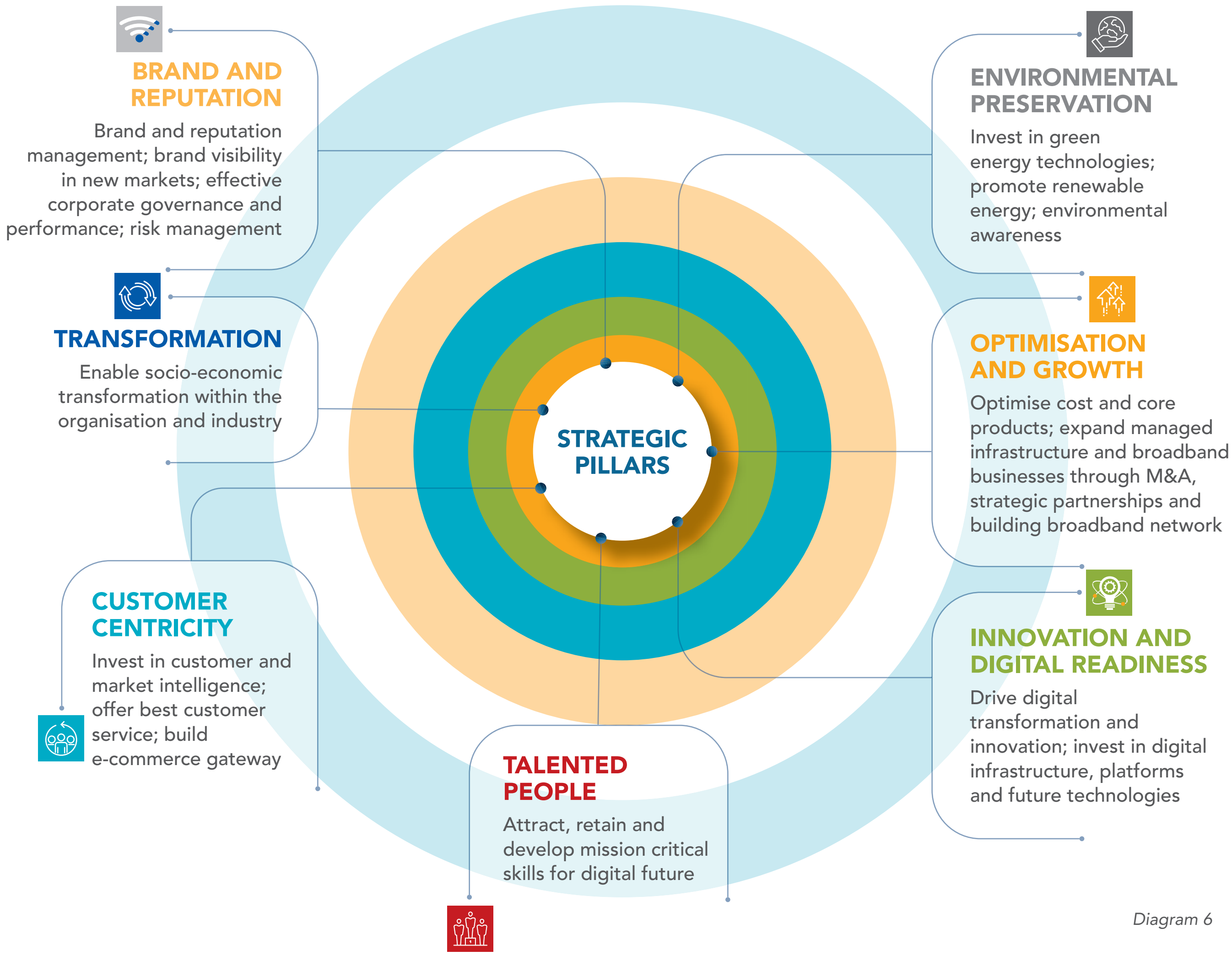


Diagram 6

STRATEGIC PILLARS

SENTECH's strategy is anchored on seven pillars to ensure that its strategic objectives can be achieved throughout the business and that implementation can be monitored effectively.

STRATEGIC JOURNEY: VISION 2025

The SENTECH Strategy and Plan for FY 2024/25 articulates the Company's envisaged journey through three horizons.

Horizon 1, which is defined as a one-year period, is intended to focus on cost optimisation and the development of an innovative learning organisation. **Horizon 2,** a three-year or Medium-Term Expenditure Framework (MTEF) period, takes the Company through to 2024 and will see it transitioning towards offering broadband connectivity services and solutions. **Horizon 3,** which articulates the ultimate vision for 2025, aligns with the Shareholder's strategic goal of being a well-defined and fully operational digital infrastructure and platform company.

SENTECH's strategy is to:

a) optimise existing products for existing customers (core),

b) expand the existing business to include 'new to the company' business (adjacent), and

c) conceptualise and develop products and services for markets that don't yet exist (transformational).

The key objectives and intended outcomes are as follows:

HORIZON 1	VISION 2022: ONE-YEAR HORIZON
OBJECTIVE	Optimising the current core business by reducing operating costs, increasing efficiency, and enhancing the value of current products for existing customers.
OUTCOMES	• Optimised cost structure • Streamlined businesses • Automation and digitalisation • Optimised organisational architecture

HORIZON 2	VISION 2024: THREE-YEAR HORIZON
OBJECTIVE	Expanding the existing business to include 'new to the company' products, services and businesses, thereby creating new forms of potential value for both existing and new customers.
OUTCOME	Viable and growing broadband business

HORIZON 3	VISION 2025: FIVE-YEAR HORIZON
OBJECTIVE	Developing breakthrough solutions to changing needs and requirements that will step-change existing forms of value. These will have the potential to disrupt and replace current products and services and to create new markets that may not currently exist.
OUTCOME	An agile, successful, resilient and intelligent digital infrastructure and platform company that affordably connects people, devices and information everywhere, all of the time.

Table 1


SENTECH

CHAIRPERSON'S STATEMENT

Dr Sandile Malinga
Chairperson of the Board

Our priority in the period ahead is to ensure the sustainability of the Company by diversifying revenues through the development of new businesses, products and markets.

In my statement for the previous period, I reflected on how the Covid-19 pandemic had disrupted personal, business, and social lives. I also concurred with predictions by analysts that it would result in low economic growth, job losses, slow business uptake and muted business confidence. In addition, I commended SENTECH's demonstration of resilience and its good performance in the face of this unprecedented event and within the context of such a difficult macro-economic environment.

It is more than a year since the start of the lockdown and there has been a gradual opening up of some economic activities. Government is also working hard to ensure the rollout of a vaccination programme. That said, the macroenvironment continues to be challenging for most businesses, including SENTECH.

The Company has nevertheless shown continued fortitude and has delivered a positive performance by achieving 82% of its corporate targets for the reporting period, as agreed with the Shareholder. This was done although the Board had to agree to payment holidays for our most distressed customers due to the economic impact of the pandemic.

On behalf of the Board, it is therefore my pleasure to present the SENTECH 2021 Integrated Report to our stakeholders. Once again, it tells the story of how the Company managed to deliver on its strategic objectives while simultaneously managing the impact of the pandemic on its employees. The Board appreciates the way in which management implemented the Business Continuity Management Plan to secure both the business and the safety of its staff. Ten percent of SENTECH's 495 employees contracted the virus and, thankfully, all of them recovered during the FY under review. We unfortunately lost one colleague to Covid-19 during the first quarter of 2021. The remote working policy approved by the Board will continue to ensure safety, productivity, and new ways of working.

CREATING A SUSTAINABLE ENTERPRISE

A very important question to ask ourselves at this turning point is what SENTECH will be like in 2025. Will it survive the effects of the pandemic and the technological disruption that has come about in its wake? This is one of the questions the Board is asking and tackling.

In response, the Board has approved a Corporate Strategy and five-year Strategic Plan that are designed to take SENTECH to the next level and ensure growth and sustainability. Our priority is to ensure that the Company can evolve from its historic focus on being a signal distributor to being a full-service digital infrastructure and platform provider.

With the merger of SENTECH and Broadband Infraco, the Shareholder envisaged the creation of a digital infrastructure company. The Board supports this vision and is committed to turning it into a reality. I, as the Chairperson of the Board, together with the Chief Executive Officer (CEO) and other Board colleagues, also participate in the Joint Oversight Committee established by the Minister of Communications and Digital Technologies to ensure that SOC rationalisation is monitored.

The survival of SENTECH hinges on responding and adapting quickly to the changing business environment by becoming innovative, agile, nimble, and focused on strategy execution. The Company therefore remains committed to implementing its seven Strategic Pillars and to realising its strategic plan.

ENSURING GOOD AND CLEAN CORPORATE GOVERNANCE

Good governance remains the hallmark of SENTECH, the Company received an unqualified with findings audit outcome. This demonstrates that of clean governance, effective risk management and compliance with relevant legislation, regulations and processes remain a cornerstone of SENTECH operations.

The Board has ensured ethical leadership throughout the organisation and general adherence to its ethics and company values.

Our risk maturity has also improved greatly. SENTECH has been independently rated at a maturity level of 4 out of 5. Management has put in place mitigations against strategic risks and the Board is monitoring the implementation of these.

CHANGES TO THE BOARD

During the course of the year, some events necessitated changes to the composition of the Board. One of these was the sad passing of one of our directors, Thandisizwe Madzikane II Diko in February 2021. The Board and staff at SENTECH extend sincere condolences to his family, Amabhaca and society at large.

In the normal course of business, the term of another one of our directors, Tebogo Malaka, came to an end on 31 March 2021. We would like to extend our sincere appreciation to her for her service on the Board and as Chairperson of the HR, Remuneration and Nomination Committee.

A third director, Maureen Manyama, resigned on 30 April 2021, having chaired the Audit and Risk Committee with excellence for a period of just over two years. The Company Secretary, Selaelo Matsane, also resigned on 30 April 2021, having delivered good service to the Board and the Company. And we bid farewell to our Acting Chief Financial Officer (CFO), Rudzani Rasikinya, whose contract ended on 31 March 2021. Her dedication and expertise helped to bridge an important gap and enabled us to complete the external audit process seamlessly.

On a related note, it is my pleasure to welcome three new Board members, Bulelwa Tunyiswa, Mbasa Metuse, and Motse Mfuleni, appointed 20 April 2021. We are looking forward to working with them and to receiving their guidance on strategic direction, oversight, and sustainability.

Finally, the term of office of our CEO, Mlamli Booi, was extended following the expiry of his five-year tenure in October 2020. I wish him all the best in taking the Company forward into a new era.

LOOKING AHEAD

Our priority in the period ahead is to ensure the sustainability of the Company by diversifying revenues through the development of new businesses, products and markets. In line with our Corporate Strategy, this will be achieved by building adjacency business like broadband connectivity and, ultimately, by establishing a digital infrastructure and platform company in order to deliver on the Shareholder's mandate of delivering a digitally connected society. The Board will be providing oversight and support in the implementation of growth initiatives like mergers, acquisitions, strategic partnerships, the building up of a broadband business, the development of new products, the creation of focused business units and the launch of a communications satellite.

APPRECIATION

In closing, I would like to extend my gratitude to my colleagues on the Board for their professionalism and for providing ethical leadership. Similar thanks are due to the executive under the leadership of our CEO. Our thanks for a job well done. Let's do more.

Appreciation is also due to our Minister of Communications and Digital Technologies, the Honourable Stella Ndabeni-Abrahams, for her support and guidance. SENTECH will continue to deliver on the Shareholder mandate even in the face of extreme market volatility.

Malinga

Dr Sandile Malinga
Chairperson of the Board

CHIEF EXECUTIVE OFFICER'S OVERVIEW

Mlamli Booi
Chief Executive Officer

Our transformation pillar aims at empowering communities and enterprises through various initiatives, including preferential procurement, enterprise and supplier development, skills development and corporate social investment.

Just before the beginning of the 2020/21 financial year, the President announced a 21-day lockdown as a measure to curb the then-unknown effects of the evolving Covid-19 pandemic. What we thought would be a three-week lockdown has now lasted for more than a year and restrictions are continuing.

The initial Level 5 lockdown was a strategy to manage the impact of the pandemic while balancing the need to save lives with the need to save livelihoods. This was a difficult task indeed as we witnessed an increase in Covid-19 cases and the untimely loss of lives. At the same time, the economic hardships and job losses that came about as a result of restricted economic activities began to be felt, both at home and around the world. These are the events that defined the context within which SENTECH had to operate during the reporting period.

Most of our customers were affected by the pandemic and sought payment holidays as their advertising revenues plummeted. As a company, we also had to adjust our revenue and profitability forecasts downwards owing to the impact of the pandemic.

Despite these challenges, SENTECH was able to maintain good performance in most areas of the business. EBIT decreased to 2% to R253m as compared to the previous financial year. However, comparison to set targets, EBIT saw a 45% increase against the set target of R137m. Our Sales revenue against target increased by 7% to R1,3bn. Our net profit after tax increased significantly to R312 million boosted largely by foreign exchange gains. Looking at our performance against predetermined objectives as per our Shareholder-approved corporate plan, the Company performed well by achieving 82% of its targets.

PROGRESS IN EXECUTING OUR STRATEGY

During the course of the reporting period, we began the implementation of our five-year Strategic Plan. This is anchored on seven strategic pillars.

STRATEGIC PILLAR 1: OPTIMISATION AND GROWTH

The first pillar aims to secure an optimised cost structure and a sustainable business as the long-term outcomes of various initiatives, both organic and acquisitive. For this period the following initiatives were undertaken:

- The process of cost reduction has started as reflected in our increased profitability.
- We have assessed 30 potential targets for mergers and acquisitions and will continue to prospect for new acquisition targets.
- We are expanding our connected sites for broadband as a way to diversify our business from the core broadcasting signal distribution services.

STRATEGIC PILLAR 2: CUSTOMER CENTRICITY

The second pillar aims to ensure satisfied customers and customer loyalty. This means we have to put our customers at the centre of our business and strategy. With this in mind, we have engaged with our top tier customers in the three portfolios of broadcasting, infrastructure, and connectivity. This engagement has, for instance, resulted in SENTECH responding to pleas for payment holidays for distressed customers affected by the pandemic.

Our customer satisfaction surveys provide us with feedback on how our customers view us and on how we can respond to the challenges they face. Responses from the surveys conducted during the reporting period indicated the following:

- An increase in our overall Net Promoter Score from 6 to 7 out of 10. Our two portfolios, Connectivity and Infrastructure, performed even better with a score of 8 out of 10.
- A decrease in our overall customer satisfaction index from 73% to 65%. Connectivity and Infrastructure nevertheless achieved 78%.

STRATEGIC PILLAR 3: TALENTED PEOPLE

In response to the 4th Industrial Revolution, companies need to ensure that their people possess relevant skills for the digital world. Our third pillar is aimed having the right people in the right place at the right time with the right skills and the right mindset. To achieve this, we have started a process of improving digital and mission-critical skills. We managed to roll out 1 334 training interventions during the reporting period against a target of 1 200. In the area of mission-critical skills, we managed to roll out 20 training programmes against a target of five. To ensure the right fit and talent, we have also begun the process of reviewing our operating model.

STRATEGIC PILLAR 4: INNOVATION AND DIGITAL READINESS

Our fourth strategic pillar aims to ensure that we have the right technology in place to use at the right time. We also aim to produce a focused pipeline of innovative products and platforms that deliver strategic and operational value. During the reporting period, we managed to carry out the following:

- Two 4IR technologies (Data Analytics and AI) were initiated. A platform for a Broadcast Network Intelligent Alarm Prediction system and an Intelligent Learning platform have been completed.
- The soft launch of a customer-hosted platform has been completed for Data Centre services.
- Proof of Concept (PoC) was initiated with a public sector customer for a Voice over Internet Protocol (VoIP) product.

STRATEGIC PILLAR 5: TRANSFORMATION

As a state-owned company, we are committed to assisting Government to address the socio-economic challenges of unemployment, inequality, and poverty. Our transformation pillar aims at empowering communities and enterprises through various initiatives, including preferential procurement, enterprise and supplier development, skills development and corporate social investment. Our transformation success is also reflected in meeting black economic requirements and achieving a B-BBEE Level 1 score, which we aim to maintain.

Our achievement of transformation is a result of:

- preferential procurement spend of R79 million, which benefited Small, Medium & Mico Enterprises (SMMEs), youth, black-owned enterprises with black ownership of 51% or more, and black-owned enterprises with female ownership of 30% or more;
- skills development spend of R21 million;
- enterprise and supplier development spend of R6 million on five SMMEs;
- socio-economic development spend of 1.5% of net profit after tax; and
- early payment for SMMEs, which has improved from 10 days to two days.

STRATEGIC PILLAR 6: ENVIRONMENTAL PRESERVATION

As a good corporate citizen, SENTECH cares about a clean environment. Our sixth pillar is aimed at reducing our carbon footprint. During the reporting period, we managed to convert two of our sites to clean energy, bringing the number of converted sites to four. We aim to convert 10 sites by 2025.

Our energy reduction efforts resulted in a decrease of approximately 9 075 tonnes of carbon dioxide equivalent (tCO_2e) in direct (Scope 1) emissions. A reduction of approximately 1 154 tCO_2e was experienced in indirect emissions.

CHIEF EXECUTIVE OFFICER'S OVERVIEW CONTINUED

STRATEGIC PILLAR 7: BRAND AND REPUTATION

Our SENTECH brand defines who we are and what we stand for. We are therefore committed to enhancing and protecting our brand and our reputation. Through various communication, stakeholder engagement, marketing and governance activities, we consistently build and sustain our brand equity and reputation. We have also maintained good governance of the company. We have received good feedback from our stakeholders on their perception of our brand and reputation.

Our stakeholders have rated us as follows with a score of 75% being a good score:

- Our brand equity score improved from 72% to 76%.
- Our reputation score improved from 65% to 72%.

LOOKING AHEAD

With the easing of lockdown alert levels and the implementation of a national vaccination programme, the economy is expected to begin recovering from the effects of the pandemic, although at a relatively slow pace. This nevertheless presents opportunities for SENTECH to grow its business.

The Board has adopted a three-pronged strategy that looks at three horizons. Horizon 1 will focus on cost optimisation and ensuring that the business survives through efficiency initiatives. Horizon 2 will focus on adjacencies, especially on building a viable broadband connectivity business that will diversify revenues from the traditional signal distributor services. Horizon 3, which encapsulates the five-year strategic plan of Vision 2025, entails building a digital infrastructure and platform company in line with the Shareholder's goal of delivering connectivity to underserviced areas.

SENTECH is on a transformational journey, which involves both optimising its current core business and expanding into adjacencies. Through research and innovation, we are conceptualising and developing new products, services, and businesses for markets that currently do not exist.

This strategic intent has taken external market forces into consideration and aligned our internal capabilities to them, making SENTECH a future-fit organisation. This is as important as ever as we face new market conditions, changing consumer behaviour and increased demand for online streaming services. These digital technologies pose an immediate opportunity for the expansion of the current business from its traditional focus to converged content delivery platforms.

SENTECH also has the opportunity to pursue its broadband business and to emerge as an agile, successful, resilient and intelligent digital infrastructure and platform company of the future. This can only be realised through a concerted focus on customer centricity and innovation, not only as a means to disrupt the status quo but also as a way to open up new markets. This means our strategic execution plan will have to be implemented seamlessly in order to realise and optimise this transformational journey.

APPRECIATION

To conclude, I would like to express my appreciation to the Board for its strategic direction, execution oversight and support. Also, we could not have achieved our targets had it not have been for our executive team and staff at large, who have shown commitment and resilience in the most testing business environment in a generation. A word of appreciation also goes to our valuable stakeholders and customers who continue to support our business.

Mlamli Booi
Chief Executive Officer

OPERATING ENVIRONMENT

COVID-19'S IMPACT ON THE SOUTH AFRICAN ECONOMY

- There has been a slight economy recovery since the easing of lockdown restrictions. The South African economy fell from R782 billion in quarter 1 to R652 billion in the second quarter of 2020 due to the impact of Covid-19 pandemic. However, following easing of lockdown restrictions, the Gross Domestic Product (GDP) recovered to R761 billion in the first quarter (January-March) of 2021. This means that the South African economy grew by 1.4% which translated to an annualised growth rate of 4.6%. (Stats SA).
- The South African unemployment rate, exacerbated by the Covid-19 pandemic, remains a challenge. The official unemployment rate increased by 1.0% from 32.5% in the fourth quarter of 2020 to 32.6% in the first quarter 2021.The expanded definition of unemployment increased to 43.2% in quarter 1 of 2021 (Stats SA).

COVID-19'S IMPACT ON SENTECH SOC LTD

- A lack of economic growth will impact the Company's revenue as some of its major customers will be affected by declining sales revenue and the need to cut costs.
- The fall of the rand against the major currencies has increased the Company's costs of paying its foreign suppliers.
- A rising unemployment rate and increased budget deficit will erode the Government tax base, which may affect Government funding for dual illumination.

OUR STRATEGIC RESPONSE

- Continuing to implement our Business Continuity Management Plan to ensure business continuity and effective Covid-19 response.
- Reviewing our corporate strategy and plan to ensure liquidity and sustainability.
- Engaging with our customers to address their liquidity challenges.
- Implementing remote working policy to ensure productivity and work-life balance.

POLICY AND REGULATORY ENVIRONMENT

- In the FY 2020/21, the Company's business on audio and audio-visual services have been negatively impacted by the introduction of regulatory provisions by the Authority, ICASA, namely, *ICT Covid-19 National Disaster Regulations and The Final Radio Frequency Spectrum Assignment Plan for the Frequency Band 470 to 694 MHz.*
- The temporary licensing of the 700 and 800 MHz bands for terrestrial IMT services has interfered with studio-transmitter-linking services for terrestrial audio and digital terrestrial television services.
- The Authority, ICASA, initiated the licensing process, I-ECNS and Radio Frequency Spectrum Licences, for the WOAN and high-demand spectrum not earmarked for the WOAN through two (2) separate ITAs.
- Contrary to the Policy on *High Demand Spectrum and Policy Direction on the Licensing of a Wireless Open Access Network*, the Competition Commission's *Data Services Market Inquiry: Final Report* and industry submissions on the *Notice on the Licensing Process for International Mobile Telecommunications ("IMT") Spectrum*, the Authority, ICASA, has chosen against simultaneous licensing of high-demand spectrum.
- The litigation on the ITAs has resulted in the rescheduling of the process by ICASA to a date still to be published.
- The President of the Republic has announced the completion of a phased approach to ASO to occur by March 2022.
  The announcement implies SENTECH must complete the restacking process by March 2022 to enable terrestrial IMT services to access 700 and 800 MHz frequencies.
- In the 2021/22 FY SENTECH will be simultaneously undertaking three (3) crucial projects: STB installations and phased-ASO, migrating DTT services to below 694 MHz and migrating STL services from 800 MHz to 2100 Mhz band.
- In response to the ICT Policy White Paper the DCDT published the draft *White Paper On Audio And Audiovisual Content Services Policy Framework* for public comments.

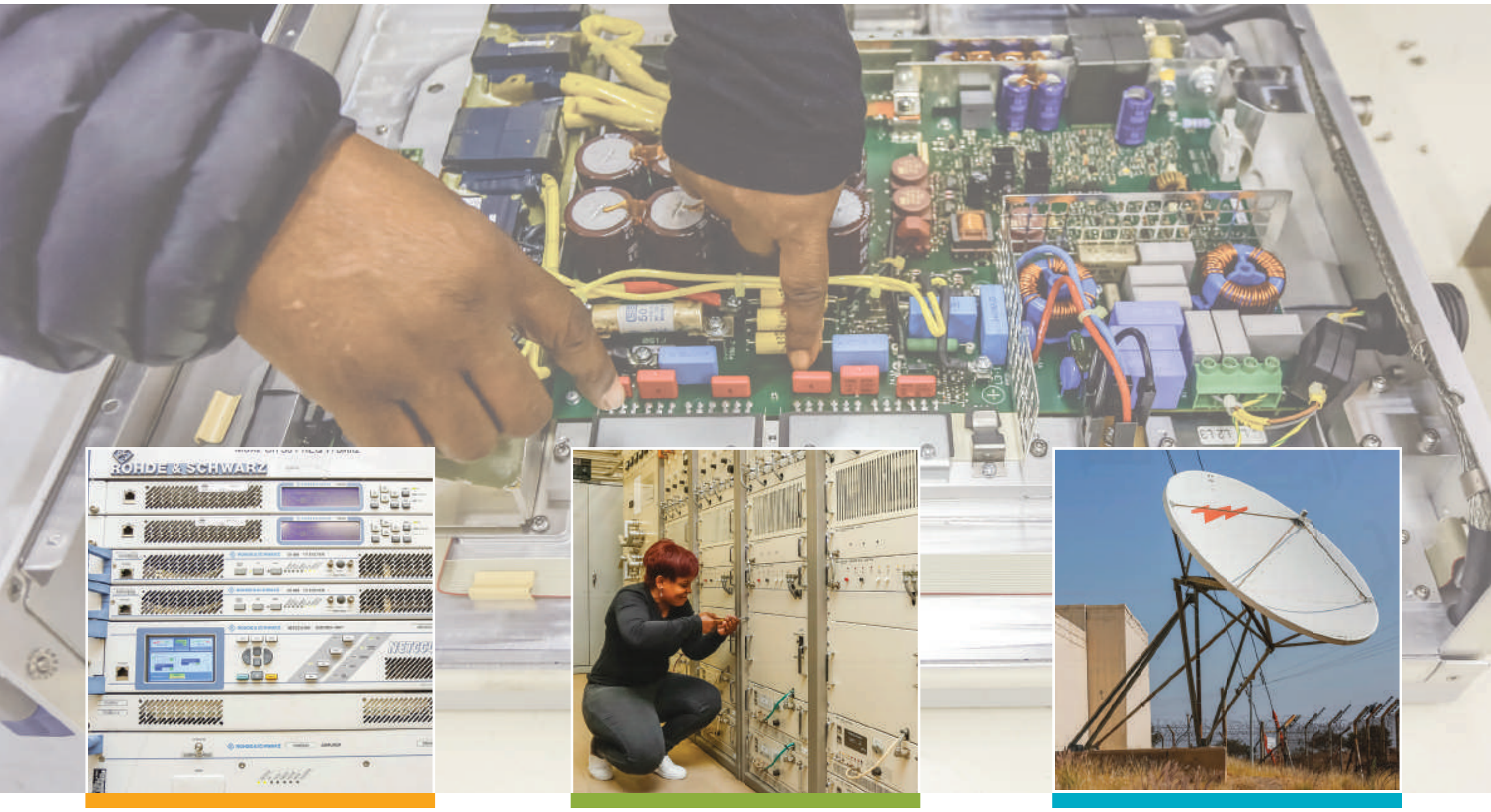
OUR STRATEGIC RESPONSE

- SENTECH is not participating in the ITA process for the high-demand spectrum not earmarked for the WOAN.
- The ITA for WOAN disqualifies the participation of SENTECH because it is a state-owned entity as defined in the PFMA.
- SENTECH, as a member of the DCDT PMO, is actively participating in the management of the phased-ASO approach and migration of DTT services to below 694 MHz.
- SENTECH's submission on the draft *White Paper On Audio And Audiovisual Content Services Policy Framework* concentrated on three (3) issues: protecting the 470 – 694 MHz bands from IMT services, licensing of multiplex operators within the current legislative framework and the importance of 5G technologies such as FeMBMS for the sustainability and relevance of DTT services.

THE CHANGING MEDIA AND ENTERTAINMENT LANDSCAPE

The global entertainment and media industry has experienced steady growth over the past decade, while at the same time experiencing significant disruption as technology has advanced and changed the way in which entertainment and media are consumed. This growth has been fuelled largely by consumers in emerging markets who continue to spend more on both traditional and non-traditional media, creating new market segments such as virtual reality, podcasts and e-sports.

The industry has also been impacted by structural shifts as new digital platforms and distribution models have gained a larger share of overall revenues at the expense of more traditional market players, such as national broadcasters. Covid-19 has been the wild card that has most disrupted entertainment and media (E&M) in 2020. It is projected that the $2.1 trillion global industry will contract by 5.6% in 2020 although spending is anticipated to bounce back sharply in 2021 and post a 2.8% Compound Annual Growth Rate (CAGR) through to 2024. It is however likely to be a K-shaped recovery in which certain sectors recover faster, while others lag.



Going forward, consumers of E&M products and services are likely to be at home, will engage differently with content and will expect and demand more of the overall user experience.

Those sectors that are resilient to the changes and have the necessary agility and capabilities will thrive and be able to capitalise on emerging opportunities.

Successful players will need to be able to meet consumers wherever they may be and match offerings to their most important personal and emotional needs.

BROADBAND CONNECTIVITY

The world's digital connections are about to become broader and faster, providing platforms for different industries to boost productivity, collaborate more effectively and to bring innovations to market faster and with higher degrees of probability of success.

The reality is that computing power, data storage and sensors are all growing more powerful and affordable than ever before, drawing in more market players, customers, technologies and service providers than ever before. Consumer demand for M&E and internet applications will drive most network usage, while connectivity enables business capabilities across the economy in areas such as mobility, healthcare, manufacturing, education and retail. Fulfilling the connectivity potential of these technologies, however, will require huge capital investments in an economic climate where many providers are struggling to meet shareholder demands while simultaneously enhancing their networks through investment.

In the coming decade, a combination of technologies will make important strides forward. Existing connectivity technologies are expanding their reach as networks are built and adoption increases. The 'next generation' of these technologies, with upgraded standards, are also contributing to *advanced connectivity*. For example, existing connectivity technologies continue to proliferate and evolve, from backbone networks to the last mile that meets the end user, as providers upgrade existing 5G infrastructure with low-to-mid-frequency 5G network overlay. This offers up significant improvements in speed and latency, while supporting a higher density of connected devices.

Frontier connectivity like high-band 5G and low-earth-orbit satellite constellations represent a more radical departure promising ultra-fast mobile options. These put the speed, latency and reliability of fibre into the air and expand what mobile devices can do. Low-orbit satellites also have the potential to expand breadth of coverage where the economics of laying fibre and building towers does not work. However, this does require constellations of low-orbit satellites, making financial viability uncertain.

TOWER LANDSCAPE

According to the Towerexchange report 2020, there are about 3.3 million Towerco towers and rooftops worldwide. China Tower Corporation controls close to two thirds of the tower industry with its 1 979 000 towers. About 1.45m towers are on Mobile Network Operator (MNO) balance sheet. Operator-led towercos own about 55.6% of the world's towers. Operator-led towercos are those that are at least 50.01% owned by their parent MNO or MNOs. Independent towercos, those owned by public and private shareholders, have 13.1% market share worldwide.

About 49 123 towers transactions valued at U$6.3 billion were concluded in Sub-Saharan Africa between 2010 and 2020. Nigeria and South Africa are the two countries in Sub-Saharan Africa with the largest number of tower count. Nigeria has 31 570 while South Africa has 30 560. The rest of the selected countries have a tower count between 749 (Namibia) and 8 422 (Tanzania).

SENTECH's 240 sites represents 1% share of the 30 560 towers in South Africa.

OUR STRATEGIC RESPONSE

SENTECH as a niche player has an opportunity to optimise its operations and bring new value-added services.

There is still an opportunity for SENTECH to partner and to look at increasing its portfolio as MNOs unbundle their tower assets and lease back and evolve its core tower services from steel and concrete to signal and services.

BUSINESS MODEL
CREATING SUSTAINABLE VALUE THROUGH THE SIX CAPITALS

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
- Invested capex for infrastructure and technology refreshment
- 240 towers and masts maintained to guarantee uninterrupted service provision
- Offices and buildings
- Data Centre

INTELLECTUAL CAPITAL
- Licences to provide electronic communication networks and communication services
- Partnerships with academia on research and innovation
- SENTECH Brand equity

HUMAN CAPITAL
- A total number of 493 employees embracing the SENTECH WAY culture
- Employee engagement
- Talent management
- Employment equity

(Refer page 31)

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

(Refer to page 34)

NATURAL CAPITAL
- Implementing energy panels
- Building energy supply sites

DRIVING THE MANDATE

SENTECH derives its mandate from legislation, in particular the SENTECH Act and the Electronic Communications Act (No. 26 of 2005).

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

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.

PURSUING STRATEGIC PILLARS AND SDG TARGETS

SUPPORTING THE NATIONAL DEVELOPMENT PLAN

SENTECH invests in growing its six capital inputs to secure long-term sustainable value throughout the organisation. The Company operates and maintains network availability for its broadcasting and broadband customers on a 24/7 basis to guarantee connectivity.

SENTECH's revenue is derived from offering signal distribution to broadcasters, facilities leasing to telecommunications operators, and connectivity solutions to both the private and public sectors. It reinvests its financial capital in order to expand its business portfolios through both organic opportunities and acquisitions. To contain costs, especially those relating to satellite usage, energy and staff, the Company practices various cost optimisation measures.

CONTENT & MULTIMEDIA
Television, Radio,
On-demand media

MANAGED INFRASTRUCTURE SERVICES
Facilities leasing (collocation)
third-party facility management
Managed network services

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

OPTIMISATION & GROWTH

INNOVATION & DIGITAL READINESS

CUSTOMER CENTRICITY

TALENTED PEOPLE

TRANSFORMATION

ENVIRONMENTAL PRESERVATION

BRAND & REPUTATION

TOWARD THE BROADER UN SDGs

TO CREATE AND DELIVER SUSTAINABLE VALUE

FINANCIAL CAPITAL
- Sales revenue: R1.3 billion
- EBIT of R251 million
- Net profit after tax increased to R312 million
- Staff costs reduced to 30% of total expenditure
- Dual illumination funding secured to lessen the impact of analogue switch-off

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

INTELLECTUAL CAPITAL
- Legal licence to operate our network
- Deployment of 5G trials notes completed
- Trusted brand

HUMAN CAPITAL
- R468 million paid in salaries and benefits
- Employee engagement level of 50%, leaves room for improvement
- Digital skills training implemented to ensure future skills

SOCIAL & RELATIONSHIP CAPITAL
- Supported three Enterprises and Suppliers. Awaiting B-BBEE results.
- Touched lives of surrounding communities where SENTECH sites are located
- Preferential Procurement spend of R179 374 207,42
- University collaboration initiatives resulted in improved academic performance
- Contribution to Solidarity Fund and other initiatives to ease the Covid-19 pandemic's impact on vulnerable individuals and communities

NATURAL CAPITAL
- Decrease of approximately 9075 tCO_2e in direct (scope1) emissions
- A reduction of approximately 1154 tCO_2e was experienced in indirect emissions

MANAGING STRATEGIC RISKS FOR VALUE CREATION

RISK MANAGEMENT STRATEGY AND PHILOSOPHY

An effective risk management process is critical if SENTECH is to achieve its strategic and operational goals, particularly in the current environment of uncertainty and change. The Company recognises that risk is intrinsic to the business, but also that there is a balance to be struck between managing risk and exploiting opportunities. Appropriate responses to identified risks include acceptance, avoidance, transfer, and mitigation. Each of these needs to be informed by SENTECH's risk appetite and tolerance levels.

The Enterprise Risk Management Strategy is intended to ensure that the Company maintains sound risk management practices which support the implementation of the overall organisational strategy.

The Board is accountable for risk management and for the achievement of corporate objectives. Oversight of risk management has been delegated to the Board's Audit and Risk Committee, while responsibility for the implementation and monitoring of risks has been delegated through the Audit and Risk Committee to management. In line with the Risk Management Strategy, all risk management activities are monitored by the Board through its committees on a quarterly basis.

The corporate risk management process continues to be effectively embedded in the Company, and robust discussion on risk, risk mitigation and risk appetite occurs at both the operational, Board and divisional leadership team levels. The 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 Company and damaging its reputation.

MANAGEMENT OF TOP STRATEGIC RISKS

The top strategic risks to the Company have been identified and assigned to three categories, which are managed using a defined risk management framework. Specifically, a total of 15 strategic risks were identified at the beginning of the financial year, of which five were rated as being residually high at the end of the year. Additional risks and opportunities are constantly being identified and monitored.

FRAUD PREVENTION AND RISKS

In line with the requirements of the PFMA, 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 has also been conducted to ensure that all fraud risks have been identified and are being managed in line with the organisation's zero-tolerance approach to fraud and corruption, as specified in the Risk Appetite Statement. A total of 14 fraud risks have been identified, of which two are rated as residually high. During the reporting period, seven fraud incidents were reported and investigated. Four of the investigations were closed when it was determined that no fraud had been committed. The other three cases are still under investigation.

Diagram 7

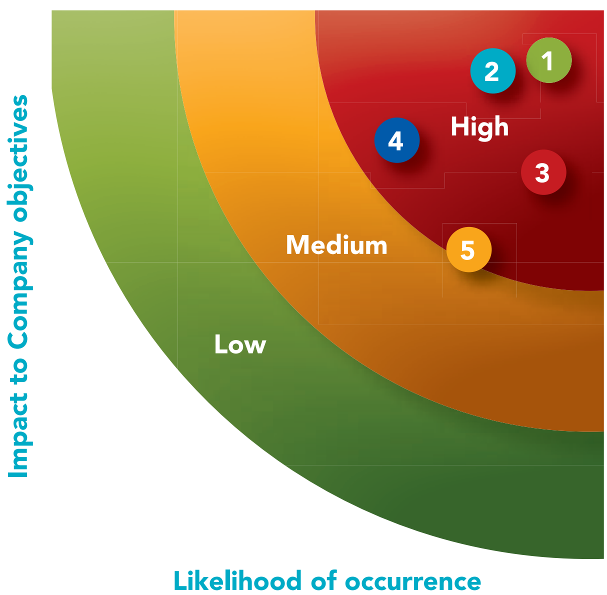


Diagram 8

TOP 5 RISKS AND CURRENT CONTROLS

STRATEGIC GOALS AND OBJECTIVES	#	RISK DESCRIPTIONS	CURRENT CONTROLS MITIGATION AND OPPORTUNITIES
SUSTAINABLE GROWTH	1	**INADEQUATE BROADBAND MARKET PENETRATION** SENTECH needs to diversify the revenues received from broadcasting and has strategies and resources in place to enter the broadband market. This is, however, a highly competitive environment and the target market is currently being impacted by the declining economy, resulting in a very long sales cycle.	Inorganic growth strategies are being implemented to accelerate entry into and participation in the broadband market. The process is, however, extremely long for a public entity owing to regulatory requirements. The current operating model is being reviewed to improve processes and to better position SENTECH for participation in the highly competitive broadband market.
OPTIMISED COST STRUCTURE	2	**THREATS TO FINANCIAL SUSTAINABILITY** Financial risks include increases in operating costs (including employee and energy costs), volatility in the financial markets and a declining broadcasting market, all of which are factors that are impacting SENTECH's sustainability. Most of these costs are fixed and they are increasing at a rate higher than revenues.	Cost reduction strategies have been implemented and alternative energy sources have been identified to reduce the cost of energy. Forward contracts are standard practice for foreign currency-dominated supplies in order to control the risk of exchange rate volatility. The product portfolio is being diversified to offset declining revenues from the broadcasting market.
SUSTAINABLE GROWTH	3	**DECLINING REVENUES FROM EXISTING BUSINESS** Spurred on by new technologies, the broadcasting market is declining and this is having a direct impact on SENTECH. Most of the Company's revenues are generated from broadcasting and the decline in this market is affecting both revenues and growth plans.	Revenue diversification initiatives are underway to substitute declining revenues from broadcasting. Wherever possible, cost-reduction strategies have been implemented to increase profitability and secure sustainability.
WEIGHTED AVERAGE NETWORK AVAILABILITY	4	**CYBER ATTACKS** Cyber attacks are on the increase around the world and every organisation is exposed to this risk. SENTECH could be exposed to a cyber attack if there are vulnerabilities in its systems.	There is a cyber-security strategy and plan in place and both systems and networks are constantly monitored. Systems are also being upgraded to make them more resistant to cyber attacks.
WEIGHTED AVERAGE NETWORK AVAILABILITY	5	**SERVICE DISRUPTIONS DUE TO INFRASTRUCTURE DEGENERATION AND COVID-19** The risk of service disruptions is mainly due to SENTECH's ageing analogue infrastructure and the delays in the ASO. The risk of disruption due to Covid-19 is being well managed, but the situation remains uncertain.	Technologies are constantly maintained and are being replaced wherever applicable. The switch-off of the analogue system has started in Free State and is due to be completed within the first half of the current year. This will reduce the risks associated with obsolete infrastructure. ASO does, however, introduce new risks and these need to be managed.

Table 2

CHIEF FINANCIAL OFFICER'S STATEMENT

Komathie Govender
Chief Financial Officer

SENTECH managed to improve its cash flow position during the reporting period, closing the year with a cash balance of R2 billion, an increase in R483 million from the previous period. As mentioned, this was largely due to the implementation of rigorous collection measures and the settlement of outstanding debt, but was also due to grant funding received for government-funded projects.

The 2021 financial year brought many unforeseen challenges. The most significant of these were the various levels of lockdown implemented in response to the Covid-19 pandemic, which impacted on operations, costs, earnings, and cash flow significantly. SENTECH also had to face serious foreign exchange risk arising from financial transactions denominated in foreign currencies. The South African Rand lost 25% of its value owing to the pandemic, resulting in a marked increase in operational costs, especially during the first quarter.

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

The revenues achieved during the period were largely due to the close collaboration undertaken with customers in order to determine mutually beneficial payment arrangements. The Company nevertheless experienced a loss of revenue in the managed infrastructure and connectivity businesses resulting from cancellations due to the pandemic. Total revenue was also lower than in the previous period due to once-off revenue of R42 million from smart cards being recorded in that period.

SENTECH's core operations nevertheless generated positive cash flows and the Company maintained profitability. Most notably, the balance sheet improved considerably, with cash reserves being close to R2 billion by year-end. Accounts receivable also improved as a result of the settlement of long-outstanding debts following a concerted debt collection effort.

Performance in the current year was further impacted by the effects of the IFRS 16 Lease Accounting implemented in the previous period. As of 31 March 2021, the Lease Liability was R1.22 billion compared to the prior amount of R1.56 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. The unrealised foreign exchange gain is recorded under profit and loss at an amount of R248 million (2020: R315 million loss).

At the end of March 2021, SENTECH had achieved an EBIT margin of 18% and had sufficient cash reserves to meet its 2022 capital projects requirements. The analogue switch-off (ASO) process, which commenced in March 2021, is expected to be complete by May 2022.

Figures in Rand thousand	Year Ended 31 March 2021	Year Ended 31 March 2020	Year Ended 31 March 2019
Turnover	**1 442 237**	1 480 928	1 399 127
Normalised EBIT (excluding shortfall in dual illumination funding)	**252 751**	261 208	154 650
EBIT	**252 751**	261 208	154 650
EBIT margin%	**18%**	18%	11%
Net Profit/(Loss)	**313 323**	(72 368)	201 330
Statement of Profit or Loss and other Comprehensive Income	**308 193**	(59 150)	308 463
Cash generated from operations	**565 593**	441 854	74 974
Acquisition of Property, Plant and Equipment and Intangible assets	**(70 742)**	(72 922)	(78 537)
Government grants received	**230 113**	218 203	177 305
Cash balances	**1 999 780**	1 516 393	1 112 407
Total equity	**2 603 986**	2 295 793	2 332 051
Return on Equity	**12%**	(3%)	9%

Table 3

PROFITABILITY AND RETURNS

SENTECH managed to improve its cash flow position during the reporting period, closing the year with a cash balance R2 billion, an increase in R483 million from the previous period. As mentioned, this was largely due to the implementation of rigorous collection measures and the settlement of outstanding debt, but was also due to grant funding received for government-funded projects.

The Company has actively monitored its investment in the DTT migration project and this infrastructure has entered the commercialisation phase. When dual illumination ceases, the existing technologically impaired analogue network will be switched off.

Owing to the implementation of IFRS16, the lease liability of R1.22 billion (2020: R1.56 billion) was offset by a corresponding asset of R1.1 billion (2020: R1.2 billion). Taking this into account, the debt level realised was within the Company's target of 40:60 (debt:equity) and gearing limits are on a par with industry peers. In order to achieve its strategic objectives, SENTECH continues to focus on robust risk management and compliance with all applicable laws and regulations. The Company's risk philosophy and tolerance levels were considered in all business decisions taken during the reporting period.

As of 31 March 2021, SENTECH was solvent in that assets exceeded liabilities. It was also liquid in that there were adequate cash reserves to sustain operations until March 2022. This assertion was made after having tested various scenarios and having taken the relief measures being offered to customers into consideration.

Management is confident that the business will continue as a going concern after having successfully managed its way through the first and second waves of the pandemic. Further, while the pandemic has brought many business challenges, is has also presented 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 the Company's ability to maintain a profit and has contributed to the strength of the balance sheet.

SENTECH continues to work closely with each customer to structure payment arrangements. As debtors pose a significant risk to the business, these measures are intended to retain customers and secure the Company's sustainability.

OUTLOOK

Uncertainty related to the pandemic continues to be a key risk factor, as do adverse economic conditions, both locally and internationally.

With this in mind, SENTECH will continue to review costs on an ongoing basis while always delivering quality services to its customers. The Company will also negotiate with key suppliers to secure terms and conditions that are favourable to both parties. Finally, it will continue to build on its current revenue streams and diversify into new revenue streams through strategic partnerships and acquisitions.

Komathie Govender

Chief Financial Officer (Acting)

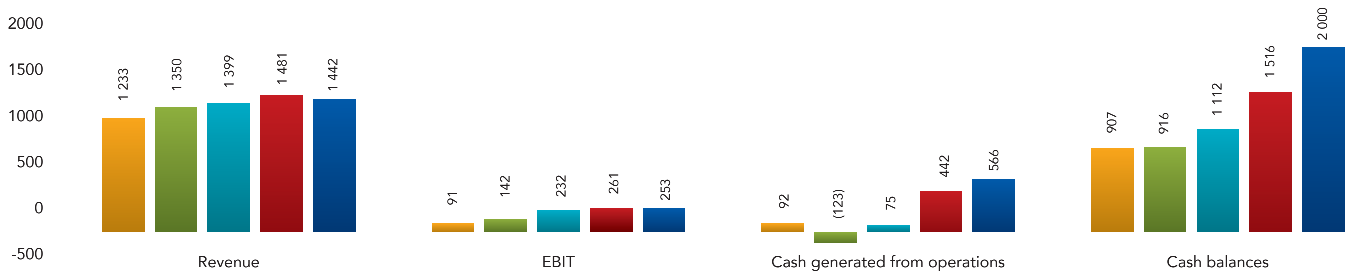
CHIEF FINANCIAL OFFICER’S STATEMENT CONTINUED

FINANCIAL TRENDS

FINANCIAL TRENDS ANALYSIS

This five-year trend analysis summarises the Company’s performance from FY 2016/17 to FY 2020/21. The graphs below give an analysis of metrics such as revenue, EBIT, assets, liabilities, total asset value and cash flow.

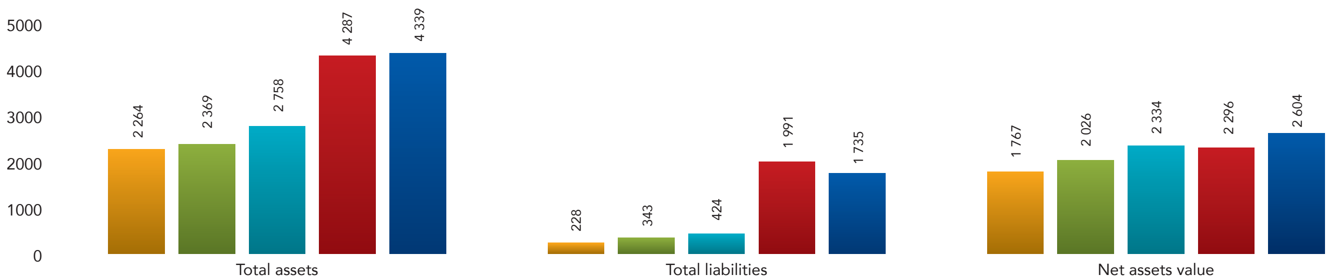
TREND ANALYSIS (R’000)



Graph 1 2017 2018 2019 2020 2021

In accordance with the cost containment plan, MTEF expenditure growth over the MTEF are largely based on forecasted CPI, except for contractual obligations specific items.

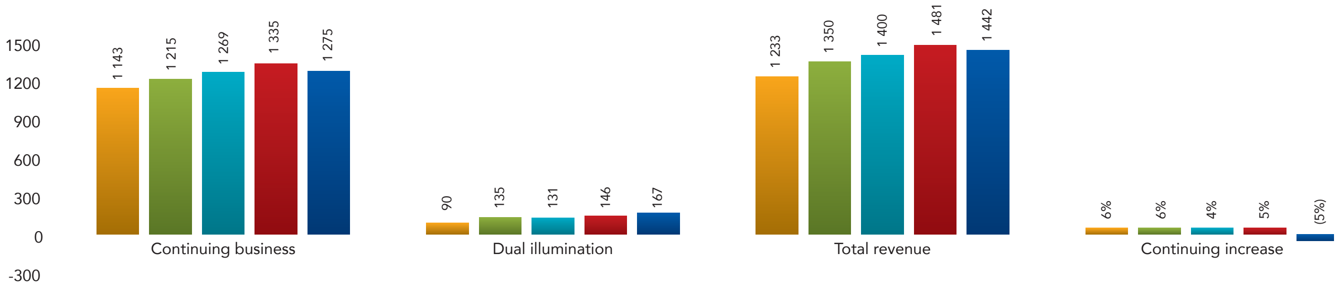
TREND ANALYSIS



Graph 2 2017 2018 2019 2020 2021

Fixed assets movement is mainly in respect of assets depreciation and amortisation for the period. Current assets, Cash and Cash equivalents increased owing to interest received on invested funds and customer collections. Trade and other receivables reduced because of customer payment holiday arrangements resulting from Covid-19 and community broadcasters not paying on time, which led to an increase in provision for bad debts.

AMOUNT (R’ML)



Graph 3 2017 2018 2019 2020 2021

The graphs above illustrate trend analysis over a five-year period for varied measures from the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position and Cash Flow Statement.

CHIEF OPERATIONS OFFICER'S REVIEW

Tebogo Leshope
Chief Operations Officer

REVIEW OF THE REPORTING PERIOD

The 2020/21 financial year brought with it both challenges and opportunities for businesses around the world. Most notably, the information and communication technology (ICT) sector gained greater strategic importance as individuals and companies found themselves having to adapt to an entirely new way of working as a result of the Covid-19 pandemic. As ICT services became a more critical economic enabler than ever, SENTECH was faced with the dual challenge of having to navigate through the storm itself and of having to secure services continuity for its clients and the country as a whole.

Prior to the pandemic, the year's operational objectives had been defined as growing the business, securing sustainability, creating new value for customers, enhancing operational efficiency, and improving working conditions, all of which are essential to secure long-term sustainability.

With the advent of Covid-19, we found ourselves having to rapidly embed new products and services to ensure continuity in a new remote-working and e-commerce environment. Guided by our focus on maximising the use of new technologies, we began by leveraging off our research, development, and innovation (RDI) capabilities to create the SENTECH.tv platform. This enabled customers to engage remotely while working under Level 5 and Level 4 lockdown restrictions.

Owing to the introduction of new products and services like these, revenue from the service products portfolio grew by 7% above target for the year, driven mainly by the direct-to-home (DTH) and television business portfolios. Despite the many unforeseen operational challenges we had to face, we were able to expand our infrastructure by adding an additional 31 broadband sites, taking the total number of broadband sites to 133. The media and connectivity core services platforms were also successfully managed, delivering a 99.89% network availability. Most importantly, SENTECH maintained a solid information technology and control environment throughout the year.

To secure the Company's long-term sustainability, we are consistently improving on our operating model in order to create a stable platform for both current and future products and services. As part of this effort, we continue to optimise our use of satellite resources, energy, and travel, with the result that we achieved a 6% gain in productivity for the year. Our smart energy strategy, combined with the introduction of energy-efficient technologies and the addition of two new hybrid energy plants, enabled us to improve energy efficiency by 12.46%.

We also made good progress on a number of environmental compliance and working conditions projects throughout the organisation.

Two green energy sites were deployed in KwaZulu-Natal during the course of the year and we are continuing to expand our green energy programme to other core infrastructure sites. Our workforce safety level improved too, with safety performance moving from 0.0252% of incidents per hours worked in FY 2019 to 0.1465% of incidents per hours worked in FY 2020, well below the best-practice standard of 1%. This was largely due to our on-going safety awareness campaigns and zero-tolerance approach to unsafe practices.

Although loadshedding continued to be a major operational challenge, we made significant progress on reducing our carbon emissions, despite having to resort to generator power during periods of loadshedding. As the CEO has mentioned in his report, our energy reduction efforts resulted in a decrease of approximately 9 075 tCO_2e in direct (Scope1) emissions and a reduction of approximately 1 154 tCO_2e in indirect emissions.

LOOKING AHEAD

The quantum technology shift that is currently reconfiguring the way we live, and work means that businesses across the board need to remain both agile and efficient in order to secure their market share and to be future fit. SENTECH's technology strategy takes all of the realities and challenges of the evolving socio-economic environment into account.

As users want – and need – to be connected anywhere, at any time, and using any device, SENTECH will be focusing heavily on expanding its mobile and broadband services. As they are also demanding technological efficiencies, putting pressure on traditional media and older platforms, our focus on digital migration is as strong as ever.

Our aim is therefore to conclude the migration of television, introduce digital radio, expand our offerings through OTT services, develop a South African-based satellite, and expand broadband coverage around the country.

Tebogo Leshope
Chief Operations Officer

PERFORMANCE AGAINST KPIs

▲ Target achieved ▼ Target not achieved

PERFORMANCE AGAINST KEY PERFORMANCE INDICATORS (KPIS) IN THE 2021 CORPORATE PLAN

A total of 11 KPIs were set out on the 2020/21 Corporate Plan. The table below gives details of performance against each target:

STRATEGIC PILLAR	OUTCOME INDICATOR	ANNUAL TARGET	ACTUAL PERFORMANCE	STATUS	VARIATION EXPLANATION
OPTIMISATION AND GROWTH	Sales revenue (R)	R1 185 billion	R1 275 billion	▲	Business revenue-positive performance was bolstered by TV and DTH portfolios which were above budget at 11% and 21% respectively.
	Earnings before interest and tax (R)	R137 million	R253 million	▲	The result of revenues being above budget by R116 million and underspending on operational expenditure by R42 million.
	Developed blueprint for the New Broadband Network Company (NBNC)	Strategy Document for New Broadband Network Company (NBNC)	Corporate strategy developed for the NBNC	▲	Follow-through and collaboration with relevant stakeholders to speed up execution resulted in this target being achieved.
INNOVATION AND DIGITAL READINESS	Number of 4IR projects initiated	Two 4IR technologies initiated (Data Analytics and AI)	Two 4IR technologies (Data Analytics and AI) have been initiated	▲	Improved planning and better collaboration have resulted in the attainment of this KPI.
	Number of digital products launched for commercial customers	Two digital products launched for commercial customers	Data Centre services and VoIP product completed and demonstrated for potential customers	▲	Renewed focus on execution has made it possible to achieve this target.
CUSTOMER CENTRICITY	Percentage customer satisfaction levels	Customer satisfaction levels of baseline +5%	Customer satisfaction levels at 65%	▼	Broadcast segment scored lowest and an action plan will be developed to improve overall score.
	Percentage weighted average network availability (WANA) based on product revenues	99.80% Weighted average network availability (WANA) based on product revenues	99.89% WANA achieved	▲	Better network management has led to attainment of this target.
TALENTED PEOPLE	Percentage of planned skills training interventions implemented	85% of planned skills training interventions implemented	95.6% of planned skills training interventions implemented	▲	Better planning and execution resulted in the overall positive outcome.
TRANSFORMATION	Percentage of allocated budget spent on Enterprise and Supplier Development (ESD)	100% of allocated budget spent on ESD	100% allocated budget spend on ESD achieved	▲	Improved internal collaboration and support has resulted in this KPI being achieved.
ENVIRONMENTAL PRESERVATION	Number of sites converted to green energy supply	Two sites converted to green energy supply	Two sites converted to green energy supply	▲	Renewed focus on execution has made it possible to achieve this target.
BRAND & REPUTATION	Clean audit achieved	Clean audit achieved	Unqualified with findings	▼	Clean audit outcome not achieved and management will implement a plan to strengthen internal controls and clear identified audit findings.

Table 4

SUSTAINING VALUE THROUGH THE SIX CAPITALS

FINANCIAL CAPITAL

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

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

As part of the national government imperative to move to digital platform, SENTECH commenced with the analogue switch-off (ASO) in March 2021. The costs for the ASO are recouped from the dual illumination grant funding that is received from the executive authority.

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 2021, SENTECH had a cash balance of R1.7 billion which will be used to diversify its product and services. In so doing, SENTECH has set five-year targets of R1.8 billion for revenue and R180 million for EBIT and reduction of staff costs to 30% of total expenditure. For the 2022 financial year, SENTECH has projected revenue at an amount of R1.257 billion and R154 million EBIT.

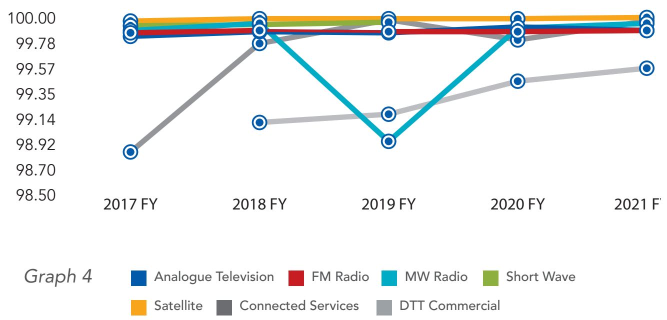
MANUFACTURED CAPITAL

NETWORK PERFORMANCE

Network infrastructure management, which involves the competent operation and maintenance of technical and civil infrastructure for all of SENTECH's high sites, its teleport in Honeydew and its broadband network, plays an important role in providing customer assurance and network reliability. In addition to maintenance activities, the timeous updating of ageing infrastructure ensures a high level of customer assurance and service quality.

SENTECH's capital investments in recent years, primarily for technology enhancements and continuity of business operations, have yielded positive results in overall network availability figures. This investment has been mainly in the replacement of ageing back-up power supply systems and FM transmitters, and in the optimisation of the DTT network. 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 99.89% weighted network availability during the past MTEF period across all platforms, as indicated in the table below:



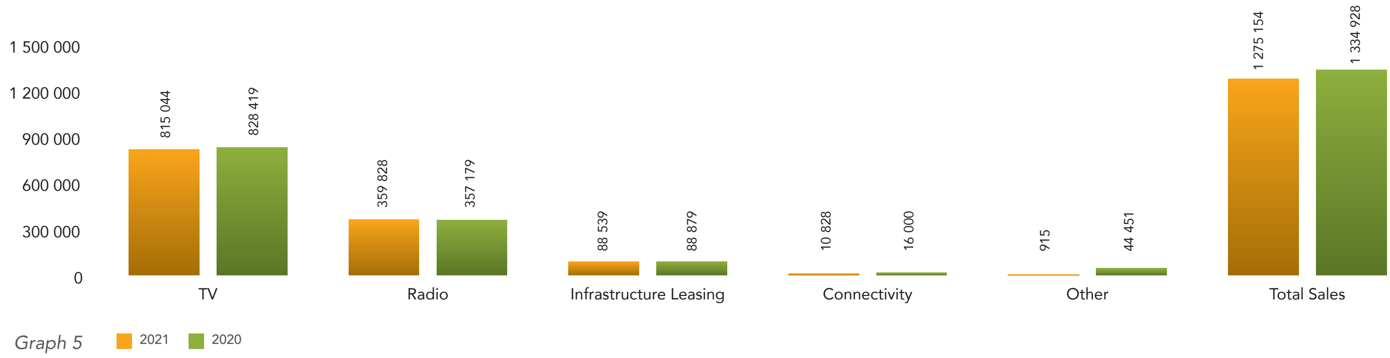
Graph 4

PRODUCT PERFORMANCE

SENTECH creates value by providing reliable network and transmission of television and radio signal to its customers. The Company continues to keep on air its public, commercial and community broadcasters. In addition, the Company provides strategic, national, secure and reliable tower and mast space to connect devices and equipment for our telecommunications operators. However, revenue from several customers was affected by Covid-19 and this had a negative impact on SENTECH's sales and product performance.

Total sales performance decreased by half a percentage compared to the previous year. Radio and TV (including DTH) sales were up by less than 1%. Infrastructure-leasing sales remained relatively unchanged from the previous year as the market contracted, owing to customer reduction of rental space and the impact of Covid-19. Connectivity services dipped by 47% owing to non-renewal of contracts, delays in signing off on new sites and restrictions to complete construction due to the Level 5 lockdown. Other services include ad hoc requests which are not normally budgeted for. In the previous financial year, these services services were boosted by the provision of once-off DTH smart cards which generated R42 million.

SALES PERFORMANCE PER PRODUCT, YOY, (R'000)



Graph 5

The Company will continue to increase it manufactured capital in order to serve its customers and improve service provision and reliability. Thirty-seven broadband installations were concluded during the course of the year, bringing the total number of connections to 96 sites. Income for 20 of these new sites will be realised in FY 2021/22.

HUMAN CAPITAL

The dramatic events of the past year have created the need for organisations to be able to change at a rapid pace. On a global scale, there has been a dramatic shift in ways of working. This means that the human resources function needs to be able to deliver cutting-edge programmes that will enable businesses to be sustainable and to grow by building mission-critical skills, strengthening leadership capabilities and improving the overall employee experience.

The greatest challenge in human resources management today is to harness the ability to change and innovate as a sustainable capability within the organisation and to create an enabling organisational culture that encourages innovation, entrepreneurship and excellence

TALENT MANAGEMENT

SENTECH is committed to being an employer of choice. The Company has an integrated approach to strengthening the employee engagement experience and to attracting, developing and retaining future-fit talent. During the course of the reporting period, training was delivered across all management levels to enhance motivation, excellence and innovation. Strategic partnerships with academic institutions have also been established to strengthen the pipeline of digital, leadership and engineering skills.

LEARNING AND DEVELOPMENT

Within a constantly changing operating environment, learning and development is more critical than ever. Throughout the year, staff benefited from a range of in-house and external learning and development opportunities, including programmes focused on digital transformation, business agility and leadership skills. The aim of these programmes was to enhance both employee engagement and performance.

The target for the year was an employee participation level of 85%. This was significantly exceeded, with the final engagement level being 111% due to some employees engaging in more than one programme. In total, 1 334 skills and training interventions were delivered, with an amount of R21 million being spent. Of this, R21 million was spent on staff members from historically disadvantaged groups.

SENTECH's strategic partnerships with academic institutions are crucial to fostering a learning and development culture, as well as to fostering a future-fit talent pipeline. The Company awarded bursaries to 11 external students to the value of R4.5 million, which covered tuition, project work and research. SENTECH also placed 27 students on the internship programme with an overall spend of R1.1 million.

A further R2.1 million was spent on internal staff bursaries to enable employees to maximise their potential and get the most out of their careers.

The total skills development (SD) expenditure constituted 6% of payroll expenditure, broken down as follows:

Functional level	Training expenditure (R'000)	Training expenditure as a percentage of payroll %	Number of training interventions
Top management	213	0.06	45
Senior management	1 349	0.43	71
Professional	2 391	0.77	151
Skilled	2 667	0.86	295
Semi-skilled	1 723	0.56	438
Unskilled	901	0.29	334
Total	9 244	2.97	1 334

Table 5

Type of development	Spend (R'000)	Employment equity expenditure (R'000)
University collaboration	4 200	4 200
Internships	1 098	1 098
Staff training	9 244	9 141
Staff bursaries	2 160	2 040
Leadership development	3 800	3 720
Membership, travel, and accommodation	817	767
Total	21 319	20 966

Table 6

SENTECH's remuneration and recognition policy is an integral part of the Company's performance management system and plays a critical role in the successful delivery of its strategic objectives. A short-term incentive scheme is linked to the individual's performance contribution and organisational performance.

CULTURAL CHANGE

As part of creating a winning culture, SENTECH has launched an employee recognition programme to ignite an innovative and entrepreneurial culture. This is an important way of celebrating successes and motivating and rewarding employees for their contribution to the business.

OCCUPATIONAL HEALTH AND SAFETY

SENTECH always strives to have zero injuries or fatalities in the workplace. The Company's goal is to minimise risk, eliminate incidents, manage environmental impacts responsibly and support excellence in operations and business performance. Total Recordable Injury Rate (TRIR) levels are closely monitored and measured using an internationally accepted safety performance measuring tool.

SENTECH has managed to keep TRIR levels below the acceptable limit of 1% of work hours per month through awareness programmes and training. The total recordable injury rate for the reporting period was 0.58% of work hours per month.

EMPLOYMENT EQUITY

SENTECH is committed to embracing a culture of inclusion that, among other initiatives, involves empowering women to increase their level of representation in senior positions and creating an environment that is conducive to advancing people with disabilities. The Company's objective is to achieve equal representation across all levels through a robust plan that promotes equity in the workplace, equal opportunities in employment, skills development, and equitable representation in all occupational levels in the organisation.

As at 31 March 2021, SENTECH had 493 permanent employees, as set out in the table below. Current employment equity statistics show that 88% of the staff complement is black and 34% is female. At top management level, 100% of staff are black and 38% are female. At senior management level, 88% are black and 47% are female, while at middle management and specialist level, 82% are black and 33% female. People with disabilities make up 1.2% of the staff complement.

EMPLOYMENT EQUITY REPORT 2020/21

Occupational levels	Male					Female					Total
	African	Coloured	Indian	White	Employees with disabilities	African	Coloured	Indian	White	Employees with disabilities	
Top management											
Current	3	1	1	0	0	3	0	0	0	0	**8**
Senior management											
Current	8	0	0	1	0	7	0	0	1	0	**17**
Professionally qualified and experienced specialised and middle management											
Current	42	5	2	12	0	21	2	1	4	1	**89**
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents											
Current	120	12	9	33	3	99	3	3	5	0	**284**
Semi-skilled staff working within a discretionary decision-making context											
Current	19	1	0	0	0	20	5	2	3	2	**50**
Unskilled staff and staff working within a defined decision-making context											
Current	36	6	0	0	0	3	0	0	0	0	**45**
Total permanent	228	25	12	46	3	153	10	6	13	3	**493**

Table 7

REMUNERATION BY SALARY BAND

As of 31 March 2021, the average total remuneration cost per employee was R726 451.72, with top management accounting for 5% of payroll.

Level	Personnel remuneration (R'000)	Total personnel cost %	No. of employees	Average personnel remuneration per employee (R'000)
Top management	18 168	5	8	2 271
Senior management	23 467	7	17	1 380
Professionally qualified	98 170	27	89	1 103
Skilled	183 402	51	284	646
Semi-skilled	20 250	6	50	405
Unskilled	14 683	4	45	326
Total	358 141	100	493	726

Table 8

EMPLOYMENT PROFILE

The table below sets out SENTECH's employment profile as of 31 March 2021. The Company had 52 vacancies for the FY 2020/21 and 16 positions were identified as critical. Two appointments were made on a three-year fixed-term period owing to a moratorium being placed on recruitment.

Salary band	Employment at beginning of period	Appointments	Terminations	Employment at end of period
Top management	10	0	2	8
Senior management	18	1	2	17
Professionally qualified	92	0	3	89
Skilled	290	1	7	284
Semi-skilled	51	0	1	50
Unskilled	45	0	0	45
Total	506	2	15	493

Table 9

REASONS FOR LEAVING

SENTECH's turnover rate for FY 2020/21 was 3.04%, comprising 47% voluntary terminations (resignations and abscondments) and 53% involuntary terminations (retirements, dismissals, and deaths).

Category	Number	Percentage of total number of staff
Death	4	27%
Resignation	7	47%
Dismissal	0	0%
Abscondment	0	0%
Retirement	4	27%
Total	15	100%

Table 10

EMPLOYEE RELATIONS

SENTECH is committed to building a sustainable relationship with its staff and their labour representatives. A healthy partnership between management, employees and unions is crucial for the achievement of the Company's strategic objectives.

SENTECH will always endeavour to ensure effective and accessible communication between employees, management, and labour. Employee Relations continuously engages with organised labour and management to ensure the consistent application of legislation, policies, rules and regulations within the workplace.

SOCIAL AND RELATIONSHIP CAPITAL

CREATING STAKEHOLDER VALUE

SENTECH is founded on the principle of shared value and uses its capital inputs to create and secure that value. Effective stakeholder engagement is an essential part of this process and it is through consistent engagement with stakeholders that the Company builds mutual trust, legitimacy, and healthy relationships.

COVID-19

Proactive engagement has never been more critical than it is now, with both individuals and businesses having been adversely affected by the protracted Covid-19 lockdown.

In order to understand the impact of the pandemic on its stakeholders, SENTECH conducted two internal surveys and one external survey during the course of the reporting period. The first internal survey was used to identify the kind of support needed by employees working under lockdown conditions, and helped the Company to improve both technical support and communication. By the time the second survey was conducted, the positive impact of these measures was clear.

The more recent external survey showed that business has dropped off for most of the Company's suppliers and that they need to remain functional and visible in order to remain viable.

STAKEHOLDER SURVEYS

SENTECH also completed its annual brand and reputation survey during this period and the results showed a 4% increase in brand equity, up from 72% to 76%, which is slightly higher than the required 75% threshold. The reputation score of 72% is still lightly below the 75% threshold, but it is nevertheless a 7% improvement on the score of 65% achieved in the previous year.

For the second consecutive year, SENTECH made use of the Repudometer and Brandudometer tools for survey assessments.

STAKEHOLDER UNIVERSE

SENTECH engages with its stakeholders to ensure that everyone affected by the Company is aware of and supports its goals. It also uses surveys to canvas opinions, statements and views. The objective of this practice is to understand stakeholders better, to respond to their feedback and to actively engage them in the process of executing the Company's strategy.

SENTECH's Stakeholder Engagement Strategy is the basis on which the Company identifies, prioritises and engages its stakeholders in three key areas: impact and influence; likelihood and influence; and legitimacy.

Using stakeholder mapping, SENTECH has identified the following groups as material stakeholders:

- Customers
- Employees
- Shareholder
- Government
- Organised labour
- Regulator and industry bodies
- Suppliers
- Media
- Communities of operations
- Partners
- Citizens

ADDRESSING KEY STAKEHOLDER CONCERNS

The table below is not a comprehensive list of SENTECH's engagements with stakeholders, but is a reflection of core engagements on key issues and concerns.

CUSTOMERS — INTEREST: HIGH-QUALITY, LOW-COST SERVICES

KEY CONCERNS AND EXPECTATIONS	ENGAGEMENT	OUTCOMES ACHIEVED
Service availability challenges due to third-party services such as electricity and linking	• Although SENTECH is not contractually liable, the Company engaged the third-party service providers through their escalation matrix and therefore notified customers of the impact of availability challenges and worked to expedite service recovery. This effort included engagement with executives when there were delays. • Regular meetings were held regionally with power utility and a telecommunications service provider to discuss the challenges experienced, especially in Eastern Cape and North West.	• SENTECH is still experiencing challenges with electricity availability in the Eastern Cape and communications network availability in North West. Engagements continue to take place to improve performance in these areas.
DTT migration	• Operations meetings were held regularly with a customer, eTV, Multichoice, and commercial and community radio stations.	• A customer transmitter audit has been concluded. • ASO is currently in progress in Free State with five sites switched off. • The Theunissen site has not been switched off because it caters for half of Free State and the SABC wanted buy-in from the municipality before doing so. • DTT transmitter at Williston terminated owing to interference in the core of the Square Kilometre Array (SKA).
Relationship owner: **Chief Marketing and Sales | Executive: Operations | Chief Technology and Information Officer**		

Table 11

SUSTAINING VALUE THROUGH THE SIX CAPITALS CONTINUED

EMPLOYEES INTEREST: JOB SECURITY

KEY CONCERNS AND EXPECTATIONS	ENGAGEMENT	OUTCOMES ACHIEVED
Covid-19 support	• The CEO reported back to staff twice a week and held online monthly staff engagements. • A psychologist was brought in to assist with staff engagements, including one-on-one counselling sessions with those directed affected by Covid-19. • An online meeting was held with the executives to solicit inputs for the development of the Remote Working Policy.	• Survey results from the middle of the year compared to those from the end of the year showed an improvement in communication and support received by staff. • The Remote Working Policy was recommended by the HRNRC and submitted for Board approval.
SENTECH Broadband Infraco (BBI) merger	• Staff were informed that the merger was still a work in progress and that no job losses are envisaged at this point.	• Staff continue to ask about the merger, but this is still in progress.
Relationship owner: **Chief Human Resources Officer | Chief Strategy Officer | CEO**		

Table 12

SHAREHOLDER INTEREST: SENTECH'S SUSTAINABILITY

KEY CONCERNS AND EXPECTATIONS	ENGAGEMENT	OUTCOMES ACHIEVED
A smooth and viable merger between SENTECH and BBI	• An e-mail communication was distributed to agree on the terms of reference for the merger strategy. • 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.	• The terms of reference were finalised and SENTECH submitted a draft rationalisation strategy in March.
DTT installation progress	• Engagements were made at district and local municipal level in Free State. • Engagements were made at provincial government level in Limpopo. • Engagements were made at provincial government level in Northern Cape. • Engagements were made at provincial government level in North West.	• The DTT migration programme was introduced to the relevant provincial administrations. • SENTECH's localisation initiatives were introduced to the local municipalities and ward councillors.
Relationship owner **Chief Strategy Officer | Directors**		

Table 13

GOVERNMENT/ PARLIAMENT

INTEREST: SENTECH'S SUPPORT FOR COMMUNITY DEVELOPMENT AND SUSTAINABILITY

KEY CONCERNS AND EXPECTATIONS	ENGAGEMENT	OUTCOMES ACHIEVED
Signal distribution costs	• SENTECH presented a breakdown of its signal distribution costs to the Portfolio Committee on Communication. The Company showed how satellite costs, which are charged in USD, and other external costs outside of SENTECH's control contribute to tariffs.	• SENTECH's tariff-setting methodology was clarified and understood by the Committee.
Relationship owner: Chief Strategy Officer | Company Secretariat | Directors		

Table 14

ORGANISED LABOUR

INTEREST: EMPLOYEE INTERESTS

KEY CONCERNS AND EXPECTATIONS	ENGAGEMENT	OUTCOMES ACHIEVED
Wage negotiations	• Wage negotiations for FY 2020/21 were held virtually.	• Negotiations were not concluded owing to the moratorium on public sector wage increases.
Review of agency shop and recognition agreements	• A written communication was sent to inform the union about the labour court judgement and to terminate the agency shop agreement.	• Termination of the agreement came into effect on 28 May 2020.
Relationship owner: Chief Human Resources Officer		

Table 15

REGULATORS & OTHER ENTITIES

INTEREST: COMPLIANCE AND FAIR TRADE

KEY CONCERNS AND EXPECTATIONS	ENGAGEMENT	OUTCOMES ACHIEVED
Increased incidents of interference with audio and audio-visual services due to the temporary deployment of terrestrial IMT services in the 700 and 800 MHz bands	• An official compliant was submitted to ICASA. • There was direct engagement with the interfering entities. • A letter was sent to ICASA outlining SENTECH's disagreement regarding the migration schedule for studio-transmitter links (STLs).	• The majority of issues were resolved during direct engagement with interfering parties. • With respect to STLs, the Authority has refused to intervene, claiming the services should have migrated some time ago and, to date, has not responded to the SENTECH letter on STLs.
Non-compliance with Covid-19 National Disaster ICT regulations.	• Informal discussions on non-compliance with some of the ICT Regulations was addressed with ICASA. • A formal submission objecting to the extension of the use of 700 and 800 MHz by terrestrial IMT services beyond May 2021 was made to the Authority.	• The Authority is currently considering industry submissions made on the extension of the ICT Regulations beyond May 2021.
The final RFSAP Regulations for the frequency band 470 To 694 MHz	• A letter outlining the procedural challenges and mistakes in the RFSAP Regulations was sent to ICASA. • A Joint Special Advisory Group (JSAG) technical committee sent a report outlining issues with the RFSAP Regulations through JSAG.	• To date, the Authority has failed to respond to the original and follow-up letters from SENTECH. • The Authority has also failed to respond to the issues raised through JSAG by the broadcasting industry.
Lack of Regulations for DTT services migrating, restacking process, to below 694 MHz	• The SENTECH letter on RFSAP Regulations raised the restacking issue.	• To date, the Authority has failed to the respond to the SENTECH letter.
Relationship owner **Executive Legal**		

Table 16

SUPPLIERS — INTEREST: SERVICE OFFERING OPPORTUNITIES

KEY CONCERNS AND EXPECTATIONS	ENGAGEMENT	OUTCOMES ACHIEVED
Intent to blacklist suppliers because of their link to state employees doing business with the government or SENTECH	• Letters were sent to the relevant suppliers informing them of the intent to blacklist them.	• The process is still underway as suppliers have been given time to make representations as to why SENTECH should not proceed with blacklisting.
Relationship owner: **Head: Supply Chain Management | Executive Legal**		

Table 17

MEDIA — INTEREST: PUBLIC INTEREST

KEY CONCERNS AND EXPECTATIONS	ENGAGEMENT	OUTCOMES ACHIEVED
Insufficient communication and information about SENTECH	• A survey was conducted to establish stakeholder views of SENTECH and to ascertain how the media would like SENTECH to communicate with them.	• SENTECH responded to all media queries. • SENTECH is developing a plan for proactive media engagement and communication plan
Relationship owner: **Chief Strategy Officer**		

Table 18

CREATING SOCIO-ECONOMIC VALUE THROUGH TRANSFORMATION

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

Throughout the year, the Company provided financial and non-financial support to both start-ups and established SMMEs to enable them to become more competitive and to secure long-term sustainability. Five entrepreneurs received financial grants to the total value of R5 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, however, given them better competitive advantage and the capacity to increase their participation in a range of market opportunities.

Capital investment was ring-fenced for specific deliverables and each business was encouraged to create new jobs as part of its growth and development efforts. Non-financial support took the form of early payments, which benefitted the recipients by securing a healthy cash flow. The Company also provided advice and mentorship to enable them to secure legal compliance, good record-keeping, transparency and accountability.

THE BENEFITS OF A LEVEL 1 B-BBEE RATING

A Level 1 B-BBEE rating enhances SENTECH's ability to participate in tenders, indicates a strong commitment to transformation, and supports the brand's image and equity.

A Company's B-BBEE status is evaluated using four criteria: management control, SD, ESD and preferential procurement.

	COMPANY SCORE				
Element	FY 2019/20	FY 2018/19	FY 2017/18	FY 2016/17	Target score
Management and control	14.71	16.59	16.38	15.44	20.00
Skills development	19.46	17.06	18.23	17.59	30.00
Enterprise and supplier development	55.36	53.16	49.02	40.48	59.00
Socio-economic development	12.00	11.55	12.00	12.00	12.00
OVERALL SCORE	101.53	98.36	95.64	85.51	121.00
LEVEL CONTRIBUTOR	ONE	TWO	TWO	FOUR	

Table 19

MANAGEMENT CONTROL

SENTECH is committed to the implementation of a three-year employment equity plan aimed at achieving its transformation objectives and maintaining its B-BBEE Level 1 rating. Programmes are in place to drive transformation at all levels of the business.

The Company's employment equity profile for black people, women and people living with disabilities is as follows:

44%	Female in top management
47%	Female in senior management
31%	Black female in middle management
34%	Total percentage of black women
37%	Total percentage of women
1.2%	Percentage of people with disabilities

Table 20

During the reporting period, the staff complement included six people living with disabilities (1.2% of the workforce). The Company committed to meeting a target of 2% during the course of 2021.

The table below gives details of the Company'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	4	1	2	0	7 (100%)	7
Black female executive management	3	0	1	0	4 (57%)	4 (57%)
Black senior management	15	0	0	2	15 (88.23%)	17
Senior female black management	7	0	0	1	7 (47%)	8 (47%)
Black middle management	64	7	3	17	74 (81%)	91
Female middle management	20	2	1	4	23 (31%)	27 (30%)
Black people living with disabilities'	4	0	0	2	4	6 (1.2%)
Black women living with disabilities	2	0	0	1	2	3

Table 21

SKILLS DEVELOPMENT

SENTECH provides a range of training and development programmes for employees, interns and graduates. These are implemented through:

- the Training and Development Plan, which is aligned with the Company's strategic objectives;
- learnership and graduate programmes aimed at providing on-the-job experience for unemployed people;
- the absorption of interns and graduates, wherever possible; and
- enhancing the prospect of external employment for interns and graduates when retention is not possible.

During the reporting period, 1 334 training and development interventions were implemented, 91.2% of which were for black employees, 37% for women and 1.6% for people living with disabilities. The university collaboration and internship programmes are also progressing well. Eleven students are currently beneficiaries of the university collaboration programme, 27 interns are participants in the internship programme, and 119 staff bursaries were awarded for the 2020 academic year.

The skills development spend for the period was 27.5% of the allocated skills development budget.

ENTERPRISE AND SUPPLIER DEVELOPMENT (ESD)

The ESD value creation chain is as follows:

Inputs	Activities	Expected outputs	Anticipated outcomes	Actual outcomes
ESD spend (R5 million)	Identify and select enterprises and suppliers. Provide advance support. Provide monitoring and evaluation.	Three enterprises and suppliers supported.	Contribution to B-BBEE score of Level 1 or Level 2. Revenue impact for beneficiaries.	The Company is still in the process of its B-BBEE verification. Four SMMEs supported (three enterprises, of which one was a female youth enterprise, and one supplier).

Table 22

PREFERENTIAL PROCUREMENT

A key supply chain management objective is to increase transformation while also diversifying the SENTECH supplier base. The table below outlines progress against procurement targets:

Target (%)	Designated group	Total awards	Achieved (R'000)	Achieved %
75%	Black-owned enterprises with a 51% or more black ownership	R61 583 399.21	41 474	67.35%
40%	Black-owned enterprises with a 30% or more female black ownership		31 175	50.62%
30%	SMMEs		49 597	80.54%
10%	Youth		11 483	18.65%
2%	Other designated groups		924	1.50%

Table 23

SOCIO-ECONOMIC DEVELOPMENT

SENTECH provided a customer with the facility necessary to host their disaster recovery (DR) centre during the critical period of Level 5 Covid-19 lockdown. SENTECH's NASREC Data Centre, which is one of the Company's platinum sites, was identified as the most suitable to host a customer for an unspecified period of time. The site features national key point (NKP) infrastructure and has a high level of security, full power, network connectivity redundancy, network monitoring and several automatic functions, such as power and network connectivity switchover capabilities.

This site was used to support the said customer at a critical time and to keep both local and international communities informed of the latest Covid-19 developments in South Africa. Statistics and critical educational messages were distributed through the radio and television channels of the national broadcaster. In this way, national and international audiences were kept up to date without any disruption in transmission.

The customer reaches over 50 million households in South Africa through its media platforms. These were able to deliver Covid-19 updates globally and without fail. SENTECH commends the national broadcaster on ably keeping up with top international broadcasting houses during such a challenging year.

This support, which was delivered without charge, had an estimated financial value of R5 million.

CORPORATE SOCIAL INVESTMENT

SENTECH remains committed to its corporate social investment strategy and continues to support its implementation as follows:

Initiative	Input	Activity	Partner	Outcomes
Connectivity solutions	R1.4 million	Connectivity infrastructure rollout to 20 sites	Current panel of suppliers	Schools identified and the process of installation at initial stage.
Covid-19 food parcels	R100 000	Identify beneficiaries Disburse food parcels	Internal	Beneficiaries identified and food parcels distributed.

Table 24

INTELLECTUAL CAPITAL

TECHNOLOGY

The past few years SENTECH established a research and innovation capacity to serve as a catalyst to drive growth, efficiencies and technology advancement. The agenda of the research and agenda has been anchored around the future networks, future of broadcasting, cloud, Internet-of-Things and data analytics and machine learning.

In the year under review strides have been made to enabling 5G capability for high-speed fixed wireless broadband, stimulating interest in cloud computing and in data analytics and artificial intelligence. SENTECH's interest in 5G is not to compete with mobile operators, but to complement their networks and to build private networks for government initiatives and for industrial and manufacturing use cases. SENTECH has been able to establish a test bed for 5G completed end-to-end tests with an operator for enablement of 5G products offering in the context of the multi-operator core networks (MOCN) infrastructure sharing. We conducted several live pilots and demonstrations with government departments and industries in mining, such as Anglo-American, manufacturing, and gated communities. SENTECH is now ready to offer 5G services and is waiting for ICASA's decision on unused spectrum outside high demand bands for the purpose of this initiative.

As far as data-driven business and machine learning capacity, SENTECH has completed a technology demonstrator intelligent predictive network alarm system. We have also completed development of an intelligent learning platform, integrated with our cloud based over-the-top (OTT) infrastructure, to create value-add to digital broadcast offerings.

SENTECH has put in place a five-year roadmap which include localisation of 5G technology, and addressing fourth industrial revolution (4IR) issues such as in agriculture, human settlement, health and education.

As part of the five-year roadmap we are establishing centres of excellence in institutes of higher learning to expand capacity for research and innovation and to address skills development in the country.

LICENCES

LICENCES ISSUED TO SENTECH

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 license.

VALUE OF LICENCES TO SENTECH

The licences are the heartbeat of the Company as SENTECH is unable to carry on its business activities without valid licences. The licences are issued for a period of twenty (20) years each providing SENTECH, as a licensee, with certainty and assurance of business continuity. SENTECH licences enable the Company to establish various revenue streams in keeping with the everchanging technological environment wherein the Company operates.

VALUE OF LICENCES TO CUSTOMERS AND STAKEHOLDERS

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

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

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 continually improving its compliance with environmental management legislation, regulations and standards.

The Company has implemented various initiatives to enhance its natural capital, including:

- environmental preservation initiatives; and
- policies and procedures aimed at lowering carbon emissions.

Some of SENTECH's 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 harmful to the environment. As its infrastructure is frequently close to animals, natural vegetation and both surface and underground water supplies, SENTECH must act responsibly in order to minimise the impact of its operations on the environment and ensure that this is preserved for present and future generations.

In accordance with the National Environmental Management Act (No. 107 of 1998), SENTECH has an Environmental Impact Management Policy in place. This provides a framework within which to gradually reduce the Company's carbon footprint, promote good environmental hygiene and consistently improve waste management practices.

It 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.

SENTECH's internal environmental management processes include:

- waste management;
- technology disposal management;
- hazardous chemicals management; and
- compliance with all environmental impact assessment (EIA) requirements.

SENTECH consistently strives to improve its environmental management practices and the Company 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 that there is a progressive reduction in the country's carbon footprint. The Carbon Tax Act (No 15 of 2019) requires all businesses to report on their carbon emissions and to reduce them in a responsible and innovative way. The Act also allows government to levy a tax on greenhouse gas (GHG) emissions. 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, SENTECH has established a number of key research projects aimed at identifying and implementing energy-efficient technology and green energy solutions.

During the reporting period the Company successfully converted two of its high-energy-usage sites to solar energy. This is just one aspect of a long-term plan to convert all offices and high-energy-usage sites to green energy.

Since 2019, SENTECH has recorded a decrease of approximately 9 075 tons of CO_2 in direct (Scope 1) emissions. These are generated by three sources: the combustion of diesel in the standby generators used to generate electricity during loadshedding or when the electricity supply is compromised for any other reason; the use of refrigeration gases in air conditioning systems; and the fuel used in Company-owned vehicles.

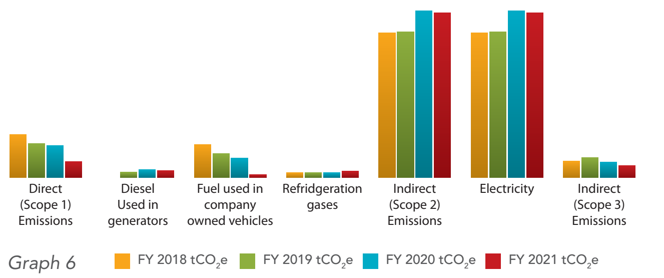
During the reporting period, the decrease in direct emissions was partly due to greater stability in the national electricity supply during the various Covid-19 lockdowns and a reduced need to run standby generators. Restrictions on movement, especially during the Level 5 and Level 4 lockdowns, also meant that staff needed to travel less for business purposes.

SENTECH's accountability for indirect (Scope 2) emissions is associated with the consumption of electricity from the national grid. This is the greatest source of the Company's GHG emissions.

During the reporting period, less energy was consumed in SENTECH's offices owing to the Covid-19 restrictions, which resulted in a slight reduction in indirect emissions. The introduction of a solar power plant at the Company's head office also contributed to the reduction in indirect emissions, which were reduced by a total of 1 154 tons of CO_2.

The following table gives a summary of emission trends over a period of four years from 2018 to 2021:

SENTECH CARBON EMISSION TRENDS



Graph 6

SENTECH'S VALUE CUSTODIANS

BOARD OF DIRECTORS

The Board is made up of both non-executive directors and executive directors who are appointed by Cabinet. There are currently seven non-executive directors and two executive directors, namely the Chief Executive Officer (CEO) and the Chief Operating Officer (COO). The Chief Financial Officer (CFO) position is vacant and there is currently an acting CFO.

DR SANDILE MALINGA
Non-executive director and Chairperson
PhD (Physics), MBA
Appointed: 1 April 2018
Appointed Chairperson:
4 February 2020

MLAMLI BOOI
Chief Executive Officer
MSc (Electrical Engineering),
Pr.Eng, CD(SA)
Appointed Chief Executive Officer on the 15 October 2015. Tenure extended for 3 years from 15 October 2020 to 16 October 2023

TEBOGO LESHOPE
Chief Operating Officer
NDip (Electrical Engineering)
BTech (Electrical Engineering), MBA
Appointed: 1 March 2018

KOMATHIE GOVENDER
Chief Financial Officer
CA (SA)
Appointed as acting Chief Financial Officer on the 1 April 2021

MALANDE TONJENI
Non-executive director
CA (SA)
Appointed: 4 February 2020

PRECIOUS SIBIYA
Non-executive director
CA (SA)
Appointed: 1 November 2018

MXOLISI TSIKA
Non-executive director
M Phil, LLB, B Juris
Appointed: 4 February 2020

MBASA METUSE
Non-executive director
MA (Social Policy and Development Research Methods)
Post Graduate Diploma in Business Administration
BA (Social Science)
Certificate (Project Management)
Appointed: 20 April 2021

BULELWA TUNYISWA
Non-executive director
MA (Public Administration)
Higher Diploma (Education)
Advanced Certificate (Governance and Public Leadership)
Appointed: 20 April 2021

MOTSE MFULENI
Non-executive director
Appointed: 20 April 2021

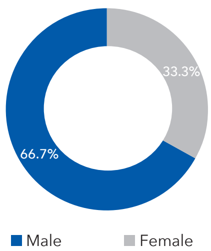
RUDZANI RASIKHINYA
Chief Financial Officer
CA (SA)
Appointed as acting
Chief Financial Officer on 1 May 2020
Contract ended 31 March 2021

MAUREEN MANYAMA
Non-executive director
CA (SA), MBA
Appointed: 1 November 2018
Resigned effective 30 April 2021

TEBOGO MALAKA
Non-executive director
MBA, BA (Social Science)
Appointed: 1 April 2018.
Term ended on 31 March 2021

KING MADZIKANE II THANDISIZWE DIKO
Non-executive Director
MA (Development Communication),
BA (Social Science)
Appointed: 4 February 2020.
Passed away on 21 February 2021

BOARD COMPOSITION



Graph 7

EXECUTIVE MANAGEMENT

According to the SENTECH Act executive directors should comprise the Chief Executive Officer, Chief Financial Officer and Chief Operations Officer. The executive directors are appointed on a five-year fixed term. It is the Minister's prerogative to extend executive directors' tenure.

SENTECH aims to have a gender-equitable board and, at present, 33% of Board members are female. The term of one female Board member came to an end during the reporting period, while a second resigned, so female representation is currently lower than it was during the previous period.

MLAMLI BOOI
(CEO)
MSc (Electrical Engineering), Pr.Eng, CD(SA)
Appointed Chief Executive Officer on the 15 October 2015. Tenure extended for 3 years 15 October 2020 to 16 October 2023

KOMATHIE GOVENDER
Acting Chief Financial Officer
CA (SA)
Appointed: 1 April 2021

TEBOGO LESHOPE
Chief Operating Officer and Executive Director
MBA, B Tech (Electrical Engineering), NDip (Electrical Engineering)
Appointed: 1 March 2018

KERENG MOTLHABI
Chief Human Resources Officer (CHRO)
BCom (Hons), Industrial Psychology
Appointed: 1 August 2016

ITUMELENG SEGALOE
Chief Strategy Officer (CSO)
MBA, B Admin (Hons), BA (Psych)
Appointed: 1 May 2016

MMAPULA KGARI
Chief Marketing and Sales Officer (CMSO)
MBL, BCom (Economics)
Appointed: 12 June 2017
Acting Executive Broadband

MARLON FINNIS
Executive: Operations
MBL, BTech (Electrical Engineering)
Appointed: 1 July 2018

ZUNAID ADAMS
Executive: Legal & Regulatory
BProc
Appointed: 7 August 1995

KOPANO THAGE
Acting: Chief Marketing and Sales Officer
MBA, BSc Computer Science
Appointed: 18 June 2019

MABEL MANYERE
Acting Executive: Finance
MBL, B. Acc (Hns), CIMA Adv Dip MA
Appointed: 1 June 2020

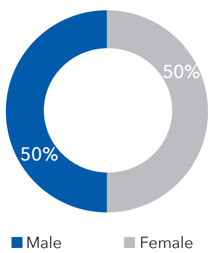
ADV. MAKHOTSO CHIMOMBE
Acting: Company Secretary
LLB
Appointed: 1 May 2021

RUDZANI RASIKHINYA
Chief Financial Officer
CA (SA)
Appointed as acting Chief Financial Officer on 1 May 2020
Contract ended 31 March 2021

ADV. SELAELO MATSANE
Company Secretary
LLB, B.Luris
Appointed: 1 November 2018
* Resigned effective 30 April 2021

RASHIKA RAMLAL
Chief Technology and Information Officer
MBA (Strategy & Finance), BSc IT, International Dip Business Admin
Appointed: 5 July 2018
* Resigned effective 30 September 2020

EXECUTIVE MANAGEMENT



Graph 8

CORPORATE GOVERNANCE

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

Good corporate governance is an expression of the Company's 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.

SENTECH consistently reviews its governance practices and processes to ensure that it always acts in the best interests of its stakeholders. The Board is ultimately accountable and bears full responsibility for the performance and affairs of the Company, as well as for ensuring that it adheres to the highest standards of ethical behaviour. It is satisfied that there is a good balance of skills, experience, and independence among its members and that this enables them to make a valuable contribution to SENTECH's business.

BOARD OF DIRECTORS

Directors have a fiscal and fiduciary responsibility to the Company, both under common law and in terms of the PFMA and the Companies Act. The Board is directly accountable to Government, which is the sole shareholder and which is represented by the Minister of Communications and Digital Technologies. Directors are also responsible, within the parameters of corporate law and legislation, to all other stakeholders. They are required to exercise due care, skill and good faith in the performance of their duties.

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.

In compliance with the SENTECH Act, the Board should consist of three executive directors and at least four non-executive directors, all appointed by the Minister. Non-executive directors are appointed for a period of three years, while executive directors are appointed for a period of five years.

The current Board is led by an independent non-executive director and the majority of members are independent non-executive directors. The CEO, CFO and COO are the required 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.

KEY FOCUS AREAS

The Board recognises that the management of any business is fundamentally about managing risks. It therefore performed an extensive review of risks related to sustainability during the period, which necessitated a review of the corporate strategy. It is confident that subsequent amendments made to the strategy support long-term sustainability. This will remain a key focus area going forward.

Further, SENTECH's risk management processes are informed by its Risk Management Framework and Policy, which was also reviewed during the reporting period.

Key responsibilities of the members of the Board are:

CHAIRPERSON

- Sets the agenda for Board meetings and is responsible for ensuring that there is sufficient time available for all items to be fully discussed.
- Encourages open and honest debate among all Board members.
- Leads and manages the dynamics of the Board, providing direction and focus.
- Ensures that the Board sets the business strategy for the Company and assists in monitoring the implementation process.
- Serves as the primary interface with stakeholders on behalf of the Board.
- Leads the Board and ensures its effectiveness.

NON-EXECUTIVE DIRECTORS

- Bring unique perspectives to the Board to facilitate constructive debates on issues and proposals.
- Contribute business acumen, independent judgment and experience on issues such as strategy, ethical leadership, governance, transformation and performance management.
- Monitor executive performance and the implementation of strategy against defined goals.
- Ensure the effectiveness of internal controls and the integrity of financial reporting.
- Have unrestricted access to the Company's information, documents, records and property in the interests of fulfilling their responsibilities.

EXECUTIVE DIRECTORS

CEO	*CFO*	*COO*
Carries ultimate responsibility for all management functions.	Leads and manages the Company's finance function.	Leads and manages the Company's technology and operations.
Carries responsibility for managing and leading the Company within the framework of authority delegated by the Board.	Provides the Board with updates on the Company's financial performance.	Provides the Board with updates on the implementation of technology strategy and on operational performance.
Carries responsibility for ensuring that the Board receives information that is accurate, timely and clear to enable the Directors to perform their duties effectively.		

Table 25

COMPANY SECRETARY

Carries responsibility for the flow of information to the Board and its committees and for ensuring compliance with Board procedures.

Carries responsibility for recording the minutes of all Board and Committee meetings and for accurately reflecting the nature of deliberations and of decisions taken.

Ensures that the Board complies with all relevant legal requirements.

Provides guidance to the Board in discharging its fiduciary duties.

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:

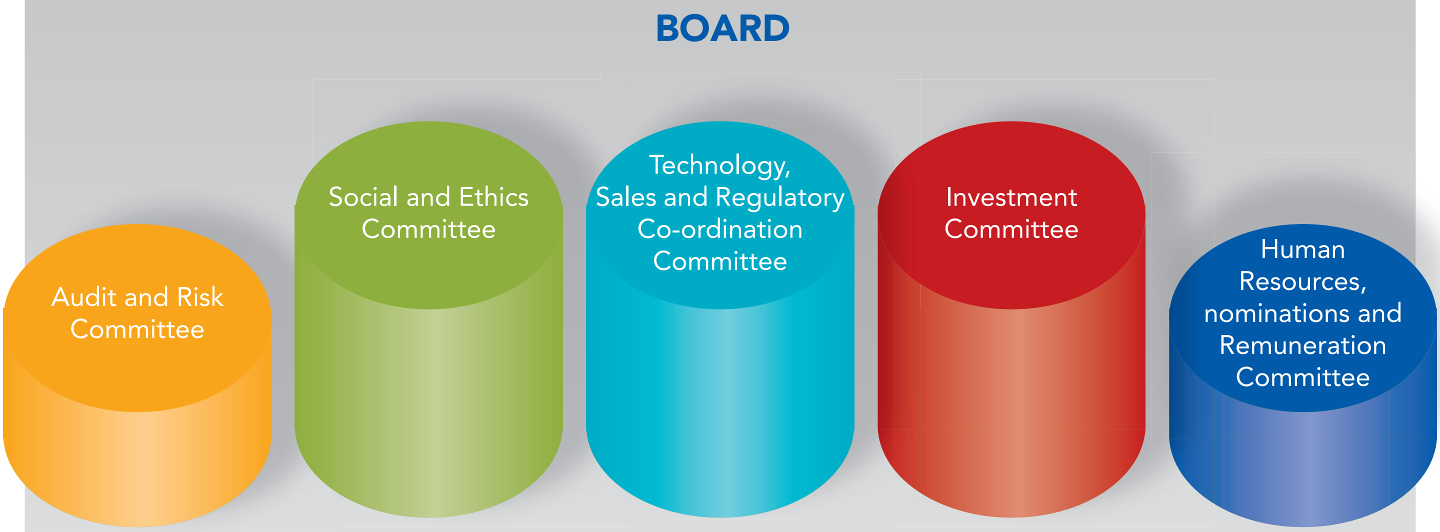


Diagram 9

BOARD CONTINUITY PROGRAMME

The Board Continuity Programme addresses the skills, experience, and other qualities required for the effective functioning of the Board. It also sets out the procedures for the induction and ongoing training of directors, as well as for 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 not conducted during FY 2020/21. An independently facilitated self-appraisal process dealing with individual directors, the performance of the Board as a whole and the performance of the Audit and Risk Committee will be conducted during FY 2021/22.

The appraisal will be aligned to the principles of King IV and will focus on the following areas:

- 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 course of the year, the Company reviewed its Compliance Policy and Framework, as well as legal and regulatory developments. Compliance reports were submitted to the Audit and Risk Committee and the Social and Ethics Committee. Compliance monitoring reviews were undertaken in selected divisions to assess whether business activities were being conducted in compliance with relevant regulatory requirements, internal policies and procedures.

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 protection of value in all areas of the business. The Board is satisfied with the way in which the principles outlined in King IV were applied during the reporting period.

ETHICS

In terms of King IV, the Board is responsible for defining the Company's ethical framework and has delegated oversight of this to the Social and Ethics Committee. The Code of Business Conduct and Ethics Policy was reviewed during the course of the year. This articulates the standards of behaviour expected from directors, employees and service providers.

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

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 Board has satisfied itself that all the non-executive directors meet the necessary criteria for independence outlined in the Independence of Directors Policy.

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 the 2020/21 financial year, the following changes to the composition of the Board took place:

- Madzikane II Thandisizwe Diko passed away on 21 February 2021.
- Tebogo Elizabeth Malaka's term of office as a Board Member ended on 31 March 2021.

The Board held one strategic planning session during this period, as well as five scheduled and seven special meetings, as set out in table below:

Name of Member	29 April 2020	5 June 2020	30 July 2020	17 Aug 2020 **	25 Aug 2020 **	23 Sept 2020 **	29 Oct 2020	16 Nov 2020 **	10 Dec 2020 **	15 Dec 2020 **	28 Jan 2021	26 Feb 2021	15 March 2021
Dr S Malinga (Chairperson)	√	X	√	√	√	√	√	√	√	√	√	√	√
Ms T Malaka	√	√	√	√	√	√	√	√	√	√	√	√	√
Ms M Manyama	√	√	√	√	X	√	X	√	√	√	√	√	√
Ms P Sibiya	√	√	√	√	√	√	√	√	√	√	√	√	√
Ms M Tonjeni	√	√	√	√	√	√	√	√	√	√	√	√	√
Mr M Tsika	√	√	√	√	X	√	√	√	√	√	√	√	√
King M Diko	√	√	X	X	√	√	√	√	√	√	√	N/A	N/A
Mr M Booi	√	√	√	√	√	√	√	√	√	√	√	√	√
Mr S Mthethwa	√	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mr T Leshope	√	√	√	√	√	√	√	√	√	√	√	X	√
Ms R Rasikhinya	N/A	√	√	√	√	√	√	√	√	√	√	√	√

Table 26

X Apology

√ Present (either in person or via teleconference)

*** Special meeting*

N/A Not Applicable

The meeting of 17 August 2020 was a continuation meeting of 30 July meeting.

The meetings of 25 August 2020 and 23 September 2020 were arranged to discuss Sentech's biggest service provider's contract.

The meetings of 16 November 2020, 10 December 2020 and 15 December 2020 dealt with the biggest customer's transmission agreement/sustainability options and the biggest supplier's contract.

COMPARISON OF ATTENDANCE AT BOARD MEETINGS VERSUS PREVIOUS FINANCIAL YEARS

	2017/18 Meetings		2018/19 Meetings		2019/20 Meetings		2020/21 Meetings	
Board Members	No.	%	No.	%	No.	%	No.	%
Dr S Malinga	N/A		7 out of 8	88	7 out of 7	100	12 out of 13	92
Ms T Malaka	N/A		7 out of 8	88	6 out of 7	86	13 out of 13	100
Ms M Manyama	N/A		1 out of 2	50	5 out of 7	71	11 out of 13	85
Ms P Sibiya	N/A		2 out of 2	100	5 out of 6	83	13 out of 13	100
Ms M Tonjeni	N/A		N/A		1 out of 1	100	13 out of 13	100
Mr M Tsika	N/A		N/A		1 out of 1	100	12 out of 13	92
King M II Diko	N/A		N/A		1 out of 1	100	9 out of 13	69
Mr M Booi	13 out of 14	93	8 out of 8	100	6 out of 6	100	13 out of 13	100
Mr S Mthethwa	11 out of 13	85	7 out of 8	88	6 out of 6	100	N/A	
Mr T Leshope	7 out of 8	86	8 out of 8	100	6 out of 6	100	12 out of 13	92

Table 27

Month	Matter
April 2020	• Reviewed the Investment Committee Charter. • Reviewed the FY 2019/20 Fourth Quarter Business Performance Report. • Reviewed the FY 2019/20 Fourth Quarter Risk Management Report. • Reviewed the FY 2019/20 Draft Annual Financial Statements. • Assessed the FY 2019/20 Covid-19 Management Report. • Assessed the draft employment contract for the CFO and recruitment timelines. • Reviewed a report dealing with a visit to SENTECH by the Minister of Communications.
June 2020	• Reviewed the draft Integrated Report and Annual Financial Statements (AFS). • Reviewed proposed discounts for the customer noting the impact of payment holiday requests due to Covid-19.
July 2020	• Reviewed the Corporate Plan for FY 2020/21 to FY 2024/25. • Reviewed the Board Charter and the FY 2020/21 annual work plan. • Reviewed the Charters of the Board Committees. • Reviewed an implementation plan for a new broadband network company. • Reviewed the External Audit Report and management letter points for FY 2019/20. • Reviewed the FY 2020/21 First Quarter Sustainability Plan Implementation Report. • Reviewed the FY 2020/21 First Quarter Marketing and Sales Strategy Implementation Report
October 2020	• Reviewed business performance. • Reviewed the Accounts Payable Policy. • Reviewed the Asset Management Policy. • Reviewed the Sustainability Report. • Review of SENTECH's sustainability report • FY 2020/21 Performance Balance Scorecard: CEO • National Treasury – Application for Condonation of Irregular Expenditure
January 2021	• Reviewed the FY 2020/21 Third Quarter Business Performance Report. • Reviewed the Draft Shareholder's Compact for FY 2021/22. • Reviewed business performance. • Reviewed and confirmed the proposed Annual Meeting Calendar for FY 2021/22. • Reviewed the FY 2020/21 Third Quarter Business Performance Report. • Reviewed the Corporate Plan for FY 2021/22 to FY 2024/25. • Reviewed the FY 2020/21 Third Quarter Sustainability Plan Implementation Report. • Reviewed the FY 2020/21 Third Quarter Stakeholders Engagement Report.
February 2021	• Reviewed the Draft Shareholder Compact for FY 2020/22. • Reviewed the Corporate Plan for FY 2021/22 to FY 2023/24 and the annual Performance Plan for FY 2021/22.
March 2021	• Approved Application for deviation from normal procurement procedure for the procurement of 36MHz Ku-Band satellite capacity from Intelsat for a period of one (1) year. The extension period was required to conclude the tender process and migrate VSAT services to a new satellite transponder.

Table 28

ACTIVITIES OF THE BOARD COMMITTEES

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

The TSRC Committee's Charter was reviewed on 30 July 2020 and amendments were made to allow for the inclusion of Executive Broadband as one of the invitees to Committee meetings. A clause relating to the required approval of round robin resolutions by 70% of members was deleted. A proposed clause allowing for the inclusion of broadband as one of the areas to be addressed in the quarterly reports was submitted. The Committee also considered, amongst other matters, activities pertaining to sales and business development.

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

COMPOSITION AND NUMBER OF MEETINGS

During the reporting period, the TSRC Committee comprised the following members and held five meetings, which included two special meetings:

	1 April 2020 to 31 March 2021				
Member	**16 Apr 2020**	**17 Jul 2020**	**16 Oct 2020**	****30 Nov 2021**	****18 Jan 2021**
P Sibiya (Chairperson)	√	√	√	√	√
S Malinga	√	√	√	√	√
M Diko	√	√	√	√	√
M Tonjeni	√	√	√	√	√

X Apology
√ Present (in person or via teleconference)
*** Special meeting*

Table 29

Matter	Outcome
Ageing infrastructure	The lack of funding for dual illumination (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 FY 2020/21. 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 to 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.

Table 30

KEY MATTERS

In FY 2021/22, the Committee will monitor revenue diversification, the development of new products and services and the Company's inorganic growth efforts.

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 the Company's 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 that the Committee be established 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).

The IC Charter was approved by the Board on 30 July 2020. Amongst other matters, the Committee reviewed the Mergers, Acquisitions and Partnerships Policy and Strategy, the Business Case for SOC Rationalisation, and the quarterly Mergers and Acquisitions Investment Progress Report.

The Committee's mandate is to consider and provide direction and assurance on strategic considerations and risks in respect of proposed investments, disinvestments, mergers, and acquisitions prior to approval by the Board.

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 proposed acquisition of the target company and the risk associated with it. • Considered the draft business case for SOC rationalisation.

Table 31

COMPOSITION AND NUMBER OF MEETINGS

During the reporting period, the Committee comprised the following members and held four scheduled meetings and two special meetings:

	1 April 2020 to 31 March 2021					
Member	**22 Apr 2020**	**22 Jul 2020**	**23 Oct 2020**	****3 Nov 2021**	****1 Dec 2021**	**20 Jan 2021**
M Tonjeni (Chairperson)	√	√	√	√	√	√
M Manyama	√	√	√	√	√	√
P Sibiya	√	√	√	√	√	√
M Tsika	x	√	√	√	√	√

X Apology

√ Present (in person or via teleconference)

*** Special meeting*

Table 32

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 attended Committee meetings by invitation.

Matter	Outcome
• Proposed acquisition of Media Technology Company	• The Committee urged the executive to consider alternative ways of acquiring, developing, and using the technology offered as part of the deal and of developing SENTECH's overall revenue stream. Therefore the acquisition was not approved.
• SOC rationalisation	• The Committee deliberated on and provided input on the draft Business Case for SOC Rationalisation.
• Review of the Mergers, Acquisitions and Partnerships Policy and Strategy	• The policy document outlined the strategy to be followed in order to acquire and merge with businesses where there is a strategic fit with SENTECH. The Committee reviewed the strategy, specifically as it related to five-year analyses, the African M&A environment, and the enhanced SWOT analysis. The strategy was then aligned to the FY 2021/22 – FY 2024/25 Corporate Plan, while the implementation plan was adjusted to reflect realistic timelines for the achievement of targets.

Table 33

In FY 2021/22, 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 various human resources policies. • Reviewed reports on the management of significant risks related to the mandate of the Committee. • Considered and recommended the FY 2020/21 Corporate Scorecard.

Table 34

Member	16 Apr 2020 **	17 June 2020 **	16 July 2020	15 Sept 2020**	15 Oct 2020	19 Jan 2021
T Malaka (Chairperson)	√	√	√	√	√	√
M Tsika	√	x	√	N/A	√	√
M Diko	√	x	√	N/A	√	√
S Malinga	√	√	√	√	√	√

X Apology

√ Present (in person or via teleconference)

*** Special Meeting*

Table 35

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. The evaluation for FY 2019/20 was not conducted owing to a delay in initiating the SCM process to appoint a service provider.

SOCIAL AND ETHICS COMMITTEE (SEC)

The Social and Ethics Committee complies is responsible for ensuring that SENTECH makes a meaningful contribution to social development in South Africa and that the Company complies with its values in everything it does.

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.

Table 36

COMPOSITION AND NUMBER OF MEETINGS

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

	1 April 2020 – 31 March 2021			
Member	17 April 2020	16 July-2020	15 October 2020	19 January 2021
M Diko (Chairperson)	√	√	√	√
T Malaka	√	√	√	√
M Manyama	√	√	√	√
M Tsika	√	√	√	√

X Apology

√ Present (in person or via teleconference)

*** Special Meeting*

Table 37

AUDIT AND RISK COMMITTEE (ARC)

As required by the PFMA, the report on the 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 pays attention to key accounting issues and audit matters. Its role is to ensure the proactive management of all categories of risk and to play an essential role in ensuring the integrity and transparency of SENTECH's corporate reporting.

ARC CHARTER

The Committee confirms that it has complied with its Charter and other statutory obligations during the reporting period. The ARC Charter is continuously reviewed in line with changes in legislation, business circumstances and corporate governance principles. A review in accordance with King IV and current best 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 in charge 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- 31 March 2021							
Name of member	**21-Apr 20***	**24 Apr 20***	**24 Jun 20**	**21 Jul 20**	**03 Aug 20**	**20 Oct 20***	**27 Jan 21***	**17 Feb 21***
M Manyama (Chairperson)	√	√	√	√	√	√	√	√
T Malaka	√	X	√	√	√	√	√	√
M Tonjeni	√	√	√	√	√	√	√	√
P Sibiya	√	√	√	√	√	√	√	√

X Apology

√ Present in person and or via teleconference

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

Table 39

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, 2020/21, the ARC:

- considered the 2019/20 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 2019/20 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 2021, 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;
- reviewed a report from the external auditor concerning the effectiveness of the Company's internal control environment and ICT governance;
- considered the 2020/21 Procurement Plan;
- recommended the appointment of external auditors to the Shareholder; and
- noted progress reports on the 2019/20 Management Letter Points.

AUDITOR'S REPORT

We have reviewed the public entity's implementation plan for audit issues raised in the prior year and we are satisfied that the matters have been adequately resolved except for the following:

- Non declaration of interest by supplier controlled by employees in the public service
- Expired lease agreement

The Audit Committee concurs and accepts the conclusions of the external auditor on the Annual Financial Statements and is of the opinion that the audited Annual Financial Statements be accepted and read together with the report of the auditor.

INTERNAL AUDIT

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

With respect to the ARC's evaluation of the adequacy and effectiveness of internal controls, the ARC receives regular reports from the Head: Internal Audit. The ARC assesses the effectiveness of the internal audit function and approves the Annual and Three-Year Rolling Internal Audit Plan.

During the 2020/21 financial year, the ARC:

- approved the 2020/21 Internal Audit Plan and Three-Year Rolling Plan;
- reviewed and approved the Internal Audit Charter;
- considered Internal Audit Quarterly Reports relating to the effectiveness of the Company's internal control environment, systems and processes together with the adequacy and appropriateness of the related Management Corrective Action Plans;
- considered the effectiveness of the internal audit function;
- reviewed the internal audit resources to ensure that internal audit is able to discharge its functions;
- considered Hotline reports and the progress in addressing reported incidents; and
- 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.

Having considered, analysed, reviewed, and debated information provided by management and Internal Audit and the external auditors, the ARC concluded that the internal controls have been 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. The Committee receives regular reports on issues in the Company's Risk Register and regular reports on compliance matters from the Compliance and Risk functions. The ARC has been involved in various key risk areas and has 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 recommended the following for approval by the Board:

- Risk Management Reporting Framework;
- Risk Management Plan;
- Combined Assurance Plan; 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 the 2020/21 financial year, 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 followed and assurances obtained, the ARC believes that the significant internal financial controls were partially effective due to the areas of control weaknesses identified and there is room for improvements, which have been articulated in an action plan to address these.

REGULATORY COMPLIANCE

The ARC complied with all applicable company regulatory compliance risk register 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 upon processes followed and assurance obtained, the finance function was effective throughout the year, however, only partially effective at the year-end due to changes in personnel, and there is room for improvement.

FINANCIAL STATEMENTS

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

OTHER MATTERS

During the 2020/201 financial year, 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.

COMBINED ASSURANCE

SENTECH's Combined Assurance Model is an essential and fundamental tool, which the Audit and Risk Committee and the Board rely upon when forming their views on the adequacy of risk management and internal control within the Company. The ARC is responsible for overseeing the effectiveness of the Combined Assurance Plan, which is documented in accordance with the Combined Assurance Framework. This, in turn, is aligned to King IV and covers strategic and significant risks as well as other material matters.

The development of and reporting on the Combined Assurance Plan is performed by Internal Audit. The Combined Assurance Model recognises three levels of assurance as set out in the diagram below. The model is used by ARC to identify potential duplication or gaps in assurance and for the development of plans to address these.

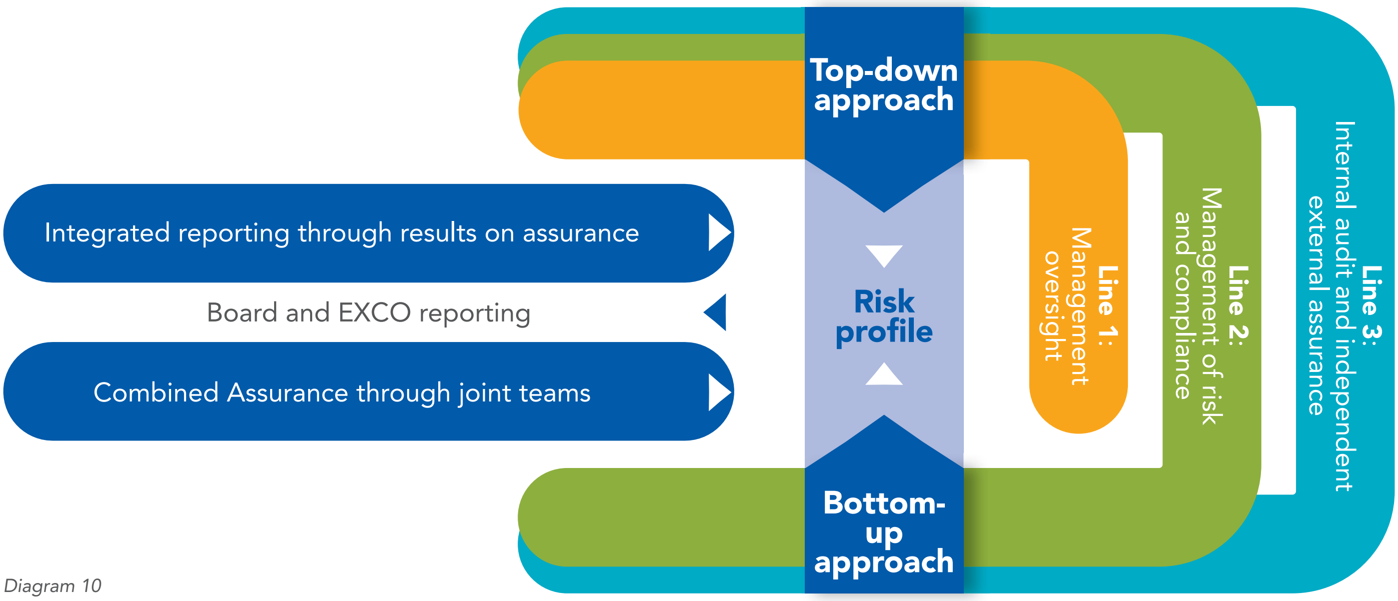


Diagram 10

STATEMENT OF THE COMPANY SECRETARY

I certify that SENTECH SOC Limited has filed all its returns and notices for the year ended 31 March 2021, as are required of a public company in terms of Section 88(2) (e) of the Companies Act, No. 71 of 2008, and that such returns and notices are, to the best of my knowledge and belief, true, correct and up to date.

Advocate Makhotso Chimombe
Acting Company Secretary


SENTEC

FINANCIAL INFORMATION

Contents

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 for the year ended 31 March 2021. This report and the Annual Financial Statements comply with the requirements of the PFMA, SENTECH Act and the Companies Act. 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 2020/21 Shareholder Compact is outlined on page 29 of this report as required by Section 55(2) of the PFMA.

EXTERNAL AUDITORS

Ngubane and Co are 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.

PUBLIC-PRIVATE PARTNERSHIPS

The Company did not enter any public-private partnerships during the 2020/21 financial year.

ANNUAL FINANCIAL STATEMENTS

The Group Financial Statements comprise of consolidated Annual Financial Statements of four subsidiaries (Infohold, Infosat, Vivid Multimedia and SENTECH International) that are wholly owned by SENTECH. 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) is 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.

SOLVENCY RATIOS

The Liquidity Ratio of 4 times and Solvency Ratio of 67% 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

There were no adjusting events identified subsequent to the date of financial positions, however there was one non-adjusting event that SENTECH became aware that a major customer lodged a complaint with the ICASA and the Competition Commission with regards to the SENTECH tariff. SENTECH is committed to the principles of co-operation and transparency in attending to this complaint.

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.

Dr Sandile Bethuel Malinga
Chairperson of the Board
29 July 2021

BOARD'S RESPONSIBILITIES AND APPROVAL

The Group and Company's Board is responsible for the preparation and fair presentation of the Group and Company's Annual Financial Statement and the Annual Financial Statements of SENTECH, compromising the statements of financial position at 31 March 2021, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the 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 is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to 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 Auditor is responsible for reporting on whether the Group's Financial Statements and Company's Financial Statements are fairly presented in accordance with the applicable reporting framework.

Approval of the Group Annual Financial Statements and Company Annual Financial Statements.

The Group Annual Financial Statements and Annual Financial Statement of SENTECH, as identified in the first paragraph were approved by the Board on 29 July 2021 and are signed on its behalf by:

Mr Mlamli Booi
Chief Executive Officer
Date: 29 July 2021

Dr Sandile Bethuel Malinga
Chairperson of the Board
Date: 29 July 2021


Scientific

INDEPENDENT AUDITOR'S REPORT TO PARLIAMENT AND THE SHAREHOLDERS 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 Limited and its subsidiaries (the Group) set out on pages 70 to 109, which comprise the consolidated and separate statement of financial position as at 31 March 2021, the consolidated and separate statement of profit or loss and other comprehensive income, statement of changes in equity, and the cash flow statement 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 SENTECH SOC Limited (the Group) as at 31 March 2021, and its financial performance and cash flows statement for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and the Companies Act of South Africa, 2008 (Act No. 71 of 2008) (the Companies Act).

BASIS FOR OPINION

3. We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the consolidated and separate financial statements section of our report.
4. We are independent of the Group 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 Annual Financial Statements, which indicated that majority of the public entity's revenue is earned from one customer this indicates presence of sustainability risk due to lack of diversification.

EMPHASIS OF MATTERS

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

EXPECTED CREDIT LOSSES – TRADE DEBTORS

9. We draw attention to Note 9 in the consolidated and separate Annual Financial Statements, expected credit losses of R74 804 000 was raised on the trade debtor's 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 AND BROADBAND INFRACO

10. We draw attention to Note 34 to the consolidated and separate Annual Financial Statements which states that the Minister has announced a merger between SENTECH and Broadband Infraco (BBI). On 30 June 2021, the Minister advised SENTECH to commence with the merger process by invoking the provisions of Section 113 of the Companies Act as long as the solvency and liquidity requirements of the two entities are satisfied in accordance with Section 4 of the Companies Act.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED AND SEPARATE 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 PFMA and 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.

NGUBANE (JOHANNESBURG) INC. Reg. No. 2010/016757/21 | Woodmead Estate Office Park, Building 13, Ground Floor, 1 Woodmead Dr, Woodmead Sandton 2191 | PO Box 8468, Halfway House, Midrand, 1685 | Tel: +27 11 254 0800 | Fax: +27 11 805 0168 | Email: jhb@ngubane.co.za | www.ngubane.co.za
Directors: TB Nkomozephi • 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 SHAREHOLDERS ON SENTECH SOC LIMITED

CONTINUED

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 strategic 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 objective presented in the Group's annual performance report for the year ended 31 March 2021:

Strategic objective	Pages in the annual performance report
Customer-centricity	29

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. We did not identify any material findings on the usefulness and reliability of the reported performance information for this strategic objective:
    - Customer- centricity

REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

INTRODUCTION AND SCOPE

20. 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.
21. The material findings on compliance with specific matters in key legislation are as follows:

EXPENDITURE MANAGEMENT

22. Effective steps were not taken to prevent fruitless and wasteful expenditure amounting to R5 796 000, as disclosed in Note 31 to the Annual Financial Statements, as required by Section 51(1)(b)(ii) of the PFMA. The majority of the fruitless and wasteful expenditure was caused by non-cancellation of unused services and SARS interest and penalties on input VAT claimed.

ANNUAL FINANCIAL STATEMENTS AND ANNUAL REPORT

23. The consolidated and separate 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, Trade and other receivables, Revenue and Operating expenses, Income tax, Current tax liability and Deferred tax liability identified by the auditors in the submitted financial statement were corrected, resulting in the financial statements receiving an unqualified audit opinion.

OTHER INFORMATION

24. 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 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.
25. Our opinion on the consolidated and separate 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.
26. 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.
27. We have nothing to report in this regard.

INTERNAL CONTROL DEFICIENCIES

28. 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 compliance with legislation included in this report.
29. Management did not design and implement sufficient internal controls to ensure adherence to the internal policies and procedures and for purposes of taking corrective action.
30. Management did not exercise adequately oversight responsibility over the preparation of the consolidated and separate financial statements and compliance with laws and regulations. This was evidenced by the material misstatements in the financial statements and non-compliance with laws and regulations noted throughout the audit process.

OTHER REPORTS

31. We draw attention to the following engagements conducted by various parties which had, or could have, an impact on the matters reported in the Group'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.

AUDIT-RELATED SERVICES

32. Agreed upon procedures engagements were performed to review the conversion adjustments from International Financial Reporting Standards (IFRS) to Generally Recognised Accounting Practice (GRAP) on the Treasury pack to ensure conversion adjustments are captured correctly for consolidation purposes. No material misstatements were identified. The report covered the period ending 31 March 2021.
33. Agreed upon procedures on General Licence 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 2020.

AUDITOR TENURE

34. In terms of the IRBA rule published in Government Gazette Number 39475 dated 4 December 2015. We report that Ngubane and Company (Johannesburg) has been the auditor of SENTECH SOC Limited for three years.

Ngubane & Co.

Ngubane and company (Jhb) Inc.
Joyce Mgiba
Director
Registered Auditor

31 July 2021

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2021

		GROUP & COMPANY	
Figures in Rand thousand	Note	**2021**	**2020**
ASSETS			
Non-Current Assets			
Property Plant and Equipment	6A	**1 051 178**	1 107 129
Intangible assets	6B	**19 650**	20 824
Deferred tax	13	**–**	37 504
Right-of-Use assets	6C	**1 063 355**	1 206 104
		2 134 183	2 371 561
Current Assets			
Inventories	8	**58 524**	54 693
Current tax receivable	14	**9 127**	953
Trade and other receivables	9	**137 359**	343 255
Cash and cash equivalents	10	**1 999 780**	1 516 393
		2 204 790	1 915 294
Total Assets		**4 338 973**	4 286 855
EQUITY			
Share capital	11	**(75 892)**	(75 892)
Reserves		**(776 015)**	(776 015)
Accumulated profit		**(1 752 079)**	(1 443 886)
		(2 603 986)	(2 295 793)
LIABILITIES			
Non-current liabilities			
Employee Benefits	12	**(20 759)**	(11 434)
Deferred tax	13	**(14 491)**	–
Lease Liability	6C	**(1 140 170)**	(1 466 693)
		(1 175 420)	(1 478 127)
Current liabilities			
Current tax payable	14	**–**	(4 518)
Trade and other payables	15	**(164 974)**	(136 927)
Current portion of lease liability	6C	**(76 086)**	(111 301)
Deferred income	16	**(286 307)**	(214 189)
Provisions	17	**(32 200)**	(46 000)
		(559 567)	(512 935)
Total liabilities		**(1 734 987)**	(1 991 062)
Total Equity and Liabilities		**(4 338 973)**	(4 286 855)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2021

		GROUP & COMPANY	
Figures in Rand thousand	Note	**2021**	**2020**
Revenue	18	**1 442 237**	1 480 928
Depreciation and amortisation	19	**(262 750)**	(233 491)
Lease expenses	19	**(8 060)**	(31 883)
Direct expenses	19	**(241 259)**	(267 606)
Operating expenses	19	**(249 780)**	(223 043)
Employee costs	20	**(427 703)**	(463 757)
Other Income		**66**	60
Operating Profit		**252 751**	261 208
Finance income	21	**66 528**	83 603
Finance costs	22	**(167 347)**	(161 426)
Foreign Exchange gain/(loss)*		**247 567**	(314 502)
Profit/(Loss) Before Taxation		**399 499**	(131 117)
Taxation	23	**(86 176)**	58 749
Net Profit/(Loss)		**313 323**	(72 368)
Remeasurement of defined benefit		**(7 125)**	18 358
Income tax		**1 995**	(5 140)
Total Comprehensive Income/(Loss)		**308 193**	(59 150)

* *Foreign exchange gain/(loss) arose as a result of remeasurement of Lease liability at year in terms of IAS 21 – The effects of changes in foreign exchange rate for the leases denominated in US Dollars.*

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2021

Figures in Rand thousand	Share capital	Share premium	Total share capital	Revaluation reserve	Other NDR	Non Distributable reserves	Retained income	Total equity
Group and Company								
Balance at 1 April 2019	**2**	**75 890**	**75 892**	**422 148**	**88 614**	**776 015**	**1 482 144**	**2 334 051**
Loss for the year							(72 370)	(72 370)
Other comprehensive income	–	–	–	–	–	–	13 218	13 218
Total comprehensive income for the year	–	–	–	–	–	–	(59 150)	(59 150)
Impact of change in accounting policy	–	–	–	–	–	–	20 894	20 894
Balance at 31 March 2020	**2**	**75 890**	**75 892**	**422 148**	**88 614**	**776 015**	**1 443 886**	**2 295 792**
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**	**75 892**	**422 148**	**88 614**	**776 015**	**1 752 079**	**2 603 986**

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2021

		GROUP & COMPANY	
Figures in Rand thousand	Note	**2021**	**2020**
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	24	**565 593**	441 854
Interest received	21	**54 460**	65 296
Dividends received	21	**12 068**	18 307
Interest paid	22	**(165 791)**	(158 594)
Tax Paid	25	**(48 519)**	(39 413)
Net cash from operating activities		**417 811**	327 450
CASH FLOW FROM INVESTING ACTIVITIES			
Investment in capital assets		**(70 742)**	(72 922)
Proceeds from disposal of capital assets		**57**	-
Net cash used in investing activities		**(70 685)**	(72 922)
CASH FLOW FROM FINANCING ACTIVITIES			
Grant received	16	**230 113**	218 203
Lease payments		**(106 877)**	(84 879)
Interest on government grant		**13 024**	16 134
Net cash from financing activities		**136 261**	149 458
Total cash movement for the year		**483 387**	403 986
Cash at the beginning of the year	10	**1 516 393**	1 112 407
Cash at the end of the year		**1 999 780**	1 516 393

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 2021 comprise of the Company and its subsidiaries (together referred to as the "Group" and individually as the "Group entities"). The Group and Company primarily are involved in signal distribution and has transmission stations across the country and provides broadcasting services.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1. 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 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 2022 to ensure that IFRS can still be appropriately applied.

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 2021. The financial statements presented represent both the Company and Group financial statements as all subsidiaries are dormant.

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 AND COMPARABILITY

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. The nature and effect of new standards and interpretations are discussed in note 2.18.

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.

PROPERTY, PLANT AND EQUIPMENT

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

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

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

IMPAIRMENT OF ASSETS

The Group and Company test whether assets have suffered any impairment, in accordance with the accounting policy stated in note 3.7. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. The Group and Company do not use fair value because in terms of the policy assets cannot be sold in the marketplace but should rather be scrapped. Estimates are based on management's interpretation of market forecasts and objective valuator.

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

AGENCY-PRINCIPAL RELATIONSHIP

The entity has applied the principles of IFRS 15.B34 to B37 in assessing the certain business relationship in assessing control in revenue recognition. Terms and conditions of certain contracts were assessed to confirm if the following control assessment criteria lies with the entity:

- The primarily responsible for fulfilling the promise to provide the specified good or service;
- The inventory risk before the specified good or service has been transferred to a customer; and
- The discretion in establishing the price for the specified good or service lies with the entity.

DEFERRED TAX

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.

DEFINED BENEFIT FUNDS

Experienced and qualified actuaries determine the value of defined benefit funds' assets and liabilities.

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

- Notes 2.5 and 6 – valuation of property, plant and equipment;
- Notes 2.10 and 12 – measurement of employee benefits;
- Notes 2.15 and 13 – utilisation of tax losses;
- Notes 2.11 and 31 – provisions and contingencies; and
- Notes 2.1 and 9 – Expected credit losses on financial assets
- Notes 34 – Going concern and Covid-19
- Notes 2.7 and 6C – Leases

2.2. 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 an available-for-sale financial asset depending on the level of influence retained.

2.3. 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.

2.4. 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.

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

The Group and Company subsequently measure its financial assets at amortised cost. Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The Group and Company apply the simplified approach in measuring the expected credit losses. The simplified approach requires that an allowance at an amount equal to lifetime expected credit losses be recognised on trade receivables or contract assets that result from transactions that are within the scope of IFRS 15 that do not contain a significant financing component. The Group and Company's payment terms require the customers to make payment for services rendered within a period that ranges from seven days to 30 days from the date of invoice.

Customers are classified into categories based on ageing and the customer's profile. Each category is rated on the following criteria:

- Default history – whether the customer has defaulted in the past and any remedies applied when the default occurred;
- Renegotiated terms – Whether the customers have renegotiated terms in the past and whether they have adhered to the terms of the renegotiated terms;
- Strength of shareholder – Whether the shareholder or concerned stakeholder is willing and able to assist a customer in times of distress; and
- The future viability of the business – Whether the customer is facing any disruptions in its business model due to many factors such as technological advancements, introduction of new suppliers, changes in customer's preferences, changing business environment, responses to changes.

Consideration of the above factors results in the rebutting of the presumption that there is a significant increase in credit risk when payments are more than 30 days past due and that default does not occur later than when a financial asset is 90 days past due. The Group and Company conclude that a financial asset is in default when the counterparty is unlikely to pay its obligations.

The expected credit losses are then calculated as the weighted average score multiplied by the probability default for the range that the weighted average score falls into.

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. A financial asset is credit-impaired if there is observable evidence of the following:

- Significant financial difficulty of the customer
- Failure to honour the renegotiated terms
- The client's unwillingness and inability to restructure terms with management
- Prolonged periods of default
- Inability of shareholder to provide financial relief
- Concerns on the future viability of the business

The expected credit losses balance that relates to Financial Assets that become credit impaired are then reclassified from expected credit losses to actual impairment as when the debt is written off.

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.

2.4 FINANCIAL INSTRUMENTS continued

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

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

SUBSEQUENT MEASUREMENT

Amortised cost

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

Share capital

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

Incremental costs

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

2.5. 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. Land and buildings are carried at revalued amounts less subsequent accumulated depreciation (see below) and impairment losses. 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.

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 lease. Land is not depreciated.

2.5 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.

2.6. INTANGIBLE ASSETS

RECOGNITION AND MEASUREMENT

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

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

The amortisation period and amortisation method of intangible assets other than goodwill are reviewed at least at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

Costs directly attributable to the development of computer software are capitalised as intangible assets only when technical feasibility of the project is demonstrated, SENTECH has an intention and ability to complete and use the software and the costs can be measured reliably. Such costs include purchases of materials and services and payroll-related costs of employees directly involved in the project. Research costs are recognised as an expense when incurred.

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

SUBSEQUENT COSTS

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

AMORTISATION

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

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

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

Item	Average useful life
Computer Software and Licences	
Computer Software and Licences	Systematic basis over their useful lives

2.7. 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 into 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.

On the statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been separated into non-current liability for the portion older than 1 year and trade and other payables for the 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.

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.

2.8. 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.

2.9. 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.

2.10. 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 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.

2.11. PROVISIONS AND CONTINGENCIES PROVISIONS

Provisions are recognised if, as a result of 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.

2.12. REVENUE AND OTHER INCOME

The entity recognises revenue 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 when the Group and Company have delivered products to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery does not occur until the products have been delivered to the specified location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group and Company have objective evidence that all criteria for acceptance has been satisfied.

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

RENDERING OF SERVICES

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

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

AGENCY-PRINCIPAL RELATIONSHIP

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

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

OTHER INCOME

Other income is recognised on an accrual basis. Other income received may include profit on asset disposal, insurance income or other receipts not in the ordinary course of business.

2.13. 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.

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

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.

2.15. 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.

2.16. FOREIGN CURRENCY GAINS AND LOSSES

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

2.17. 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.

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.

2.18. 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.

2.19. 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 is able to 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.

2.20. 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, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

2.21. 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 with the exception of 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 with the exception of 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.

2.22. STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE AS AT 1 JANUARY 2020

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:

IAS 1 amendments on classification	On 23 January 2020, the IASB issued "Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)" providing a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.

3. CRITICAL ACCOUNTING ESTIMATES, JUDGEMENTS AND KEY ASSUMPTIONS

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.

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

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 takes into account any market-based evidence regarding the value of the land or buildings as at the date of the valuation. Should market based evidence not exist the depreciated replacement cost method will be used. The depreciated replacement cost method uses the replacement cost of the asset at the date of valuation and a depreciation factor is applied to arrive at the depreciated revalued cost. The comparable sales method of valuation is used, where relevant, to determine the market value of the property. This method entails the identification, analysis and application of recent comparable sales involving physical and legally similar properties in the general proximity of the subject property, to enable to 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 is the estimation of useful lives is equal to their economic lives.

IMPAIRMENT OF ASSETS

The Group tests whether assets have suffered any impairment, in accordance with the accounting policy stated in note 2.9. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. Estimates are based on management's interpretation of market forecasts and objective valuator.

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

The Group recognises 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 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 in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the reporting date could be impacted.

DEFINED BENEFIT FUNDS

Experienced and qualified actuaries determine the value of defined benefit funds' assets and liabilities.

6A. PROPERTY, PLANT AND EQUIPMENT

Figures in Rand thousand

Group and Company	2021 Cost or revaluation	2021 Accumulated depreciation	2021 Carrying value	2020 Cost or revaluation	2020 Accumulated depreciation	2020 Carrying value
Buildings	**718 608**	**(224 731)**	**493 877**	706 679	(175 229)	531 450
Land	**154 511**	**–**	**154 511**	154 511	–	154 511
Motor vehicles	**48 275**	**(26 652)**	**21 624**	43 521	(21 323)	22 198
Computer, technical and office equipment	**873 621**	**(646 129)**	**227 492**	858 794	(586 674)	272 120
Capital Work in Progress	**153 674**	**–**	**153 674**	126 850	–	126 850
Total	**1 948 688**	**(897 511)**	**1 051 178**	1 890 355	(783 226)	1 107 129

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT – 2021

	Opening balance	Additions	Retirement	Transfers	Depreciation	Total
Buildings	**531 450**	**–**	**–**	**13 069**	**(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**
	1 107 129	**66 065**	**2 161**	**–**	**(124 189)**	**1 051 178**

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT – 2020

	Opening balance	Additions	Retirement	Transfers	Depreciation	Total
Buildings	543 595	–	(496)	42 984	(54 633)	531 462
Land	154 511	–	–	–	–	154 511
Motor vehicles	24 516	–	–	683	(3 000)	22 186
Computer, technical and office equipment	277 902	370	(3 856)	26 377	(28 674)	272 120
Capital work in progress	135 795	72 470	(11 372)	(70 044)	–	126 850
	1 136 319	72 840	(15 723)	–	(86 307)	1 107 129

The last revaluation was performed by an external party in 2019, as the policy indicates that it is performed every three years the next valuation will be in 2022. The revaluation surplus/deficit, net of the applicable deferred tax, was credited or debited to the revaluation reserve in the shareholders' equity. The details of land and buildings can be accessed at our offices.

If land and buildings were stated at the historical cost basis, the amounts would be as follows:

Group and Company	2021	2020	2019
Cost	**435 970**	435 970	392 985
Accumulated depreciation and impairment losses	**(272 260)**	(256 250)	(217 010)
Carrying value	**163 710**	179 720	175 975

Change in Estimate	R
Increase in operating expense in statement of profits and loss	18 508
Decrease in assets in statement of financial position	(18 508)

6B. INTANGIBLE ASSETS

Group and Company	2021 Cost	2021 Accumulated amortisation	2021 Carrying value	2020 Cost	2020 Accumulated amortisation	2020 Carrying value
Computer software and licences	**44 081**	**(24 431)**	**19 650**	39 642	(18 817)	20 824
Total	**44 081**	**(24 831)**	**19 650**	39 642	(18 817)	20 824

RECONCILIATION OF INTANGIBLE ASSETS – 2021

	Opening balance	Additions	Transfers	Amortisation	Total
Computer software and licences	**20 824**	**4 439**	**–**	**(5 614)**	**19 650**
	20 824	**4 439**	**–**	**(5 614)**	**19 650**

RECONCILIATION OF INTANGIBLE ASSETS – 2020

	Opening balance	Additions	Transfers	Amortisation	Total
Computer software and licences	**25 513**	**82**	**–**	**(4 770)**	**20 824**
	25 513	**82**	**–**	**(4 770)**	**20 824**

6C. LEASES

Group and Company	2021 Cost	2021 Accumulated depreciation	2021 Carrying value	2020 Cost	2020 Accumulated depreciation	2020 Carrying value
Buildings	**7 605**	**(3 406)**	**4 199**	7 624	(1 883)	5 741
Land	**12 255**	**(3 716)**	**8 539**	10 602	(2 018)	8 584
Computer, technical and office equipment	**1 320 261**	**(269 644)**	**1 050 617**	1 330 291	(138 512)	1 191 779
Total	**1 340 121**	**(276 765)**	**1 063 355**	1 348 517	(142 413)	1 206 104

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT – 2021

	Opening balance	Additions	*Other adjustments	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**	**–**	**(10 884)**	**–**	**(130 278)**	**1 050 617**
	1 206 104	**76**	**(9 861)**	**–**	**(132 964)**	**1 063 355**

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT – 2020

	Opening balance	Additions	Other adjustments	Retirement	Depreciation	Closing Balance
Buildings	–	7 624	–	–	(1 883)	5 741
Land	–	10 602	–	–	(2 018)	8 584
Computer, technical and office equipment	–	1 330 291	–	–	(138 512)	1 191 779
	–	1 348 517	–	–	(142 413)	1 206 104

* *Other adjustments due to correction of lease escalation % identified in current year.*

6C. LEASES continued

	2021	2020
Lease liability included in the statement of financial position at 31 March	**(1 216 256)**	(1 577 994)
Current	**(76 086)**	(111 301)
Non-Current	**(1 140 170)**	(1 466 693)
Maturity analysis – contractual undiscounted cash flows		
Within one year	**211 720**	280 550
One to five years	**846 878**	1 021 660
More than five years	**917 452**	1 362 213
Total undiscounted lease liabilities at 31 March	**1 976 050**	2 664 403
Unearned interest	**835 880**	1 086 409
Amounts recognised in profit or loss		
Depreciation	**132 964**	142 413
Interest expense on lease liability	**163 367**	158 554
Amounts recognised in cash flow statement		
Total cash outflow for leases	**(106 877)**	(84 879)

* *The spot rate of R14.8738 was used to translate the foreign currency denominated future cash flows.*

7. INVESTMENTS IN SUBSIDIARIES

Name of company	% holding 2021	% holding 2020	Carrying amount 2021	Carrying amount 2020
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	**100.00%**	100.00 %	**–**	–
			–	–

The subsidiaries above are unlisted and registered in South Africa.

SENTECH holds 100% of Infohold (Pty) Limited, Vivid Multimedia (Pty) Limited and SENTECH International (Pty) Limited.

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.

8. INVENTORIES

	Group and Company	
Figures in Rand thousand	**2021**	2020
Inventories	**64 648**	70 280
Inventories (write-downs)	**(6 124)**	(15 587)
	58 524	54 693

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 related to a smart city business line that had been discontinued some years back.

	2021	2020
Balance at the beginning of the year	**(15 587)**	(7 900)
(Increase)/Decrease of impairment loss recognised	**6 000**	(7 686)
	(9 586)	(15 587)
Written off	**3 462**	–
	(6 124)	(15 587)

9. TRADE AND OTHER RECEIVABLES

	Group and Company	
Figures in Rand thousand	**2021**	2020
Trade receivables	**179 435**	367 061
Less: expected credit losses	**(74 804)**	(56 159)
Net trade receivables	**104 631**	310 902
Other receivables	**6 643**	9 362
Deposits	**13 423**	13 289
Loans and receivables	**124 698**	333 553
Prepayments	**12 661**	9 702
Total trade and other receivables	**137 359**	343 255

Receivables from related parties for both Group and Company included in trade and other receivables amounts to R66 million (2020: R251 million).

Trade and other receivables include amounts owing from Community Radio Broadcasters of R73 million (2020: R63 million).

Other receivables relate to payments in advance to suppliers, and payroll advances to staff members.

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	**(56 159)**	(44 845)
(Increase)/Decrease of expected credit losses recognised	**(21 704)**	(11 314)
	(77 863)	(56 160)
Bad Debt Written Off	**3 059**	–
	(74 804)	(56 159)

The ageing of trade receivables at the reporting date was:

	Group and Company	
	2021	**2020**
Not past due date	**21 697**	8 683
Past due 30 days	**47 943**	80 750
Past due 60 days	**6 946**	5 312
Past due 90 days and more	**102 849**	272 315
Net loans and receivables	**179 435**	367 061

9. TRADE AND OTHER RECEIVABLES continued

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

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

	Total	> 90 Days	60 Days	30 Days	Current
2020					
Trade Receivables	367 061	271 700	5 312	81 588	8 461
Less: expected credit losses	(56 159)	(52 034)	(1 583)	(1 612)	(930)
Net trade receivables	310 902	220 281	3 729	79 976	7 753

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 and Company do not hold any collateral as security.

10. CASH AND CASH EQUIVALENTS

	Group and Company	
Figures in Rand thousand	**2021**	**2020**
Unrestricted cash		
– Own cash	**1 713 445**	1 302 204
Restricted cash	**286 335**	214 189
	1 999 780	1 516 393

OWN CASH

Own cash relates to cash generated from SENTECH's operations. These funds are invested in approved financial institutions in South Africa in line with PFMA guidelines. Investment vehicles used include money market accounts, fixed deposits, call accounts and notice accounts.

RESTRICTED CASH-GOVERNMENT GRANTS CASH

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

PROJECTS

	Group and Company	
Figures in Rand thousand	**2021**	**2020**
Digital Terrestrial Transmission and Dual Illumination	**286 335**	214 189

11. SHARE CAPITAL AND PREMIUM

Figures in Rand thousand	Group and Company 2021	Group and Company 2020
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

12. EMPLOYEE BENEFITS

The employee benefits relate to post-retirement medical benefit plan and are made up as follows:		
Carrying value		
Present value of the defined benefit		
Obligation – partially or wholly funded	**(49 430)**	(32 494)
Fair value of plan assets	**28 671**	21 060
	(20 759)	(11 434)
This is a stable growth fund that consists of equities, bonds, cash and international investments with normal market risk exposure. The fund is managed by reputable asset managers.		
PLAN ASSETS COMPRISE:		
Cash and Cash Equivalents	**2 781**	2 043
Equity Securities	**15 798**	11 604
Bonds	**3 154**	2 317
Foreign Investments	**4 530**	3 327
Annuity	**2 408**	1 769
	28 671	21 060

Reconciliation Figures in Rand thousand	Accrued Liability 2021	Accrued Liability 2020	Plan Assets 2021	Plan Assets 2020
Opening Balance as at 31 March	**32 494**	38 248	**(21 060)**	(12 264)
Interest Cost on Defined Benefit Obligation	**18 307**	15 320	**(16 752)**	(12 488)
Current Service Cost (includes Interest to Year End)	**645**	976	**–**	–
Expected Return on Plan Assets	**–**	–	**–**	–
Expected Employer Benefit Payments	**(7 693)**	(7 300)	**7 693**	7 300
Expected Benefit Payments from Plan Assets	**–**	–	**–**	–
Actuarial Loss due to changes in Withdrawal Assumptions	**–**	–	**–**	–
Expected Closing Balance as at 31 March	**43 753**	47 244	**(30 119)**	(17 452)
Risk Transfer Arrangement (Annuity Purchase)	**–**	–	**–**	–
Adjusted Expected Closing Balance as at 31 March	**43 753**	47 244	**(30 119)**	(17 452)
Past Service Cost	**–**	–	**–**	–
Actuarial (Gain)/Loss	**5 677**	(14 750)	**1 448**	(3 608)
Actual Closing Balance as at 31 March	**49 430**	32 494	**(28 671)**	(21 060)

12. EMPLOYEE BENEFITS continued

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

The net unexpected actuarial gain of R7.125 million arose as a result of a combination of the following factors:

Item	Unexpected gain/(loss) R'million
Change in Plan Assets	(4.332)
Change in Real Discount Rate	(3.468)
Higher than Expected Healthcare Cost Inflation including Changes in Members' Benefit Options	0.341
Unexpected Changes in Membership	0.334
Total	7.125

- Lower than expected returns on plan assets from 31 December 2020 to 31 March 2021 resulted in an unexpected loss of R4.332 million.
- An unexpected loss of R3.468 million arose as a result of a decrease in the net discount rate, i.e. an decrease in the difference between the discount rate and the healthcare cost inflation assumption, from 3.74% per annum to 3.07% per annum. This change was necessitated by an increase in real bond yields.
- An actual weighted average contribution increases of 5.60% was higher than the expected increase of 9.50%. This resulted in an unexpected gain of R0.341 million.
- An unexpected gain of R0.334 million arose as a result of differences between actual and expected membership changes.

PRINCIPAL ACTUARIAL ASSUMPTIONS USED

	2021	2020
Discount rate	**14.3%**	13.6%
Annual increase in health care costs	**10.9%**	9.5%
Expected retirement age	**63 years**	63 years

Sensitivity analysis

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**
2020			
Change in liability	**Base**	**-1% (1 year younger)**	**1% (1 year older)**
CPI & Medical Health Inflation	**9.10% & 13.6%**	**15 688**	**36 686**
Discount rate	**13.60%**	**30 155**	**21 492**
Expected retirement age	**63 years**	**26 660**	**24 100**
Change in current service and interest cost	**9.10% & 13.6%**	**2 629**	**5 823**

HISTORICAL INFORMATION

Figures in Rand thousand	2021	2020	2019
Retirement medical aid benefits			
Present value of the obligation	**20 759**	11 434	25 984
Defined Benefit Liability	**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.

13. DEFERRED TAX

	Group and Company	
	2021	**2020**
Deferred tax Asset/(Liability)	**(14 491)**	37 504
Movement in temporary differences		
At beginning of year	**37 504**	(70 785)
Recognised in profit and loss	**(53 990)**	113 429
Recognised in other comprehensive income	**1 995**	(5 140)
	(14 491)	37 504

Deferred tax liabilities are attributed to the following:

	PPE	Prepayments	Employee benefits	Total
Balance at 31 March 2019	(114 545)	(2 772)	–	(117 317)
Recognised in profit and loss	(332 302)	55	–	(332 247)
Recognised in other comprehensive income	–	–	5 140	5 140
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	**(398 358)**	**(4 018)**	**(1 995)**	**(399 382)**

Deferred tax assets are attributed to the following:

	Provisions	Unearned income and Deposits	Leases	Total
Balance at 31 March 2019	44 334	2 193	–	46 532
Recognised in profit and loss	(5 452)	4 151	441 838	440 537
Recognised in other comprehensive income	(5 140)	–	–	(5 140)
Correction of prior period error	–	–	–	–
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**

14. CURRENT TAX RECEIVABLE/(PAYABLES)

	Group and Company	
Figures in Rand thousand	**2021**	**2020**
South African Revenue Services	**9 127**	953
South African Revenue Services payable	**–**	(4 518)
Total (payable)/receivable	**9 127**	(3 565)

15. TRADE AND OTHER PAYABLES

Figures in Rand thousand	Group and Company 2021	2020
Trade payables	**35 941**	32 796
Accrued expenses*	**78 523**	57 739
Financial liabilities	**114 464**	90 535
Customer deposits	**2 137**	2 030
Unearned Income	**834**	4 654
VAT	**7 852**	7 562
Leave pay accrual	**39 687**	32 145
	164 974	136 927

* *Accrued expenses comprise of 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.

16. DEFERRED INCOME

Figures in Rand thousand	Group and Company 2021	2020
Analysis of movements in deferred income		
Opening balance	**214 189**	130 368
Net funding received (see below)	**230 113**	218 203
Acquisition of property, plant and equipment	**(290)**	–
Net interest capitalised	**9 378**	11 618
Interest received from government grant funds	**13 025**	16 136
Taxation paid on interest	**(3 647)**	(4 518)
Utilisation	**(167 083)**	(146 000)
Dual illumination cost/revenue	**(167 083)**	(146 000)
Closing balance	**286 307**	214 189
Net funding received		
Government grants received	**264 630**	250 934
Deemed VAT (15%)	**(34 517)**	(32 731)
	230 113	218 203

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.

17. PROVISIONS

Figures in Rand thousand	2021	2020
Reconciliation of provisions		
Opening balance	**46 000**	46 228
Additions	**32 200**	46 000
Utilised during the year	**(46 000)**	(46 228)
Legal and other provisions	**32 200**	46 000

The Accounting Authority has raised provisions that are likely to be incurred. The analysis of the provisions is as above.

Figures in Rand thousand	2021	2020
Analysis of provisions		
Performance bonus	**32 200**	46 000
	32 200	46 000

18. REVENUE

	Group and Company	
Figures in Rand thousand	**2021**	**2020**
Services rendered		
Terrestrial television services	**650 243**	673 308
Terrestrial FM radio services	**347 990**	344 159
Terrestrial MW radio services	**11 838**	13 020
Satellite direct-to-home	**160 029**	149 077
Business television	**4 772**	6 034
Connectivity	**10 828**	16 000
Dual illumination grant income	**167 083**	146 000
International business	**(576)**	2 352
Other	**1 491**	24
	1 353 698	1 349 974
Revenue from Rental Income comprises of the following:		
Facility rentals	**88 539**	88 879
Revenue from Sale of goods comprises of the following:		
Vivid	**–**	75
DTH Smart cards	**–**	42 000
Total Revenue	**1 442 237**	1 480 928

19. EXPENSES

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

	Group and Company	
Figures in Rand thousand	**2021**	**2020**
Employee costs (note 20)	**427 703**	463 757
Depreciation, amortisation and impairments*	**262 750**	233 491
Operating lease expense – satellite rental**	**8 060**	31 883
Direct expenses	**241 259**	267 606
Operating expenses	**249 779**	223 043
	1 189 551	1 219 780
Direct Expenses		
Maintenance costs	**17 279**	62 360
Energy costs	**160 564**	140 961
Transmitter Tubes	**234**	411
Support Equipment	**3 854**	4 622
Other Direct Expenses	**59 328**	58 252
	241 259	267 606

Operating expenses is made up of the following:

OTHER OPERATING EXPENSES

	Group and Company	
Figures in Rand thousand	**2021**	**2020**
Operating lease expenses		
Premises	**12 032**	14 298
Other	**1 978**	2 229
Auditors' remuneration		
– Current year audit fees	**231**	4 743
Legal and consulting fees	**14 507**	25 721
Transport costs	**16 532**	22 640
Loss on impairment or disposal of property, plant, and equipment	**971**	4 363
Other Operating Expenses	**82 982**	49 476
Total Operating expenses	**129 233**	123 470

ADMINISTRATION EXPENSES

	Group and Company	
Figures in Rand thousand	**2021**	**2020**
Licences	**7 740**	7 987
– Spectrum	**1 200**	1 200
– ECNS/ECS	**6 540**	6 787
– Other	**–**	–
Other administration expenses	**98 982**	75 050
Total Administration expenses	**106 722**	83 037
Selling expenses		
CSI, Advertising and other selling expenses	**13 824**	16 537

20. EMPLOYEE COST

	Group and Company	
Figures in Rand thousand	**2021**	**2020**
Salaries and Wages	**337 326**	375 055
Medical aid contributions – current employees	**48 647**	46 409
Medical aid contributions – post-retirement obligations, excluding interest	**4 216**	4 837
Statutory charges	**925**	942
Pension costs – defined contribution plan	**36 588**	36 515
	427 703	463 757
Number of persons employed		
Total number of employees at year-end (excluding temporary staff)	**493**	508

21. FINANCE INCOME

	Group and Company	
Figures in Rand thousand	**2021**	**2020**
Dividend revenue		
Sanlam Collective Investments Dividends	**12 068**	18 307
Interest revenue		
Bank	**54 460**	44 425
Overdue accounts	**–**	20 871
	66 528	83 603

22. FINANCE COSTS

	Group and Company	
Figures in Rand thousand	**2021**	**2020**
Recognised in profit and loss		
Lease interest	**163 572**	158 554
Other financial interest		
Other	**2 220**	40
Post-retirement medical interest	**1 555**	2 832
	167 347	161 426

23. TAXATION

Figures in Rand thousand	Group and Company 2021	2020
Major components of the tax expense		
Current		
Local income tax – current period	**37 829**	49 751
Local income tax – prior period adjustment	**–**	4 307
Tax recovered from grant funds	**(3 647)**	(4 518)
	34 181	49 540
Deferred – IFRS – Debit/(Credit)		
Current year Deferred tax	**51 995**	(72 902)
Prior period Deferred tax adjustment	**–**	(35 387)
	51 995	(108 289)
	86 175	(58 749)
Deferred tax – OCI		
Actuarial gains/(losses)	**1 995**	(5 140)

RECONCILIATION OF THE TAX EXPENSE

Reconciliation between applicable tax rate and average effective tax rate.

Figures in Rand thousand	Group and Company 2021	2020
Applicable tax rate	**28.00%**	28.00%
Expenses not deductible	**(10.34%)**	(0.16%)
Previous year over provision	**0.00%**	(5.19%)
Current tax prior period error	**0.00%**	1.90%
Deferred tax prior period error	**0.00%**	25.30%
Dividend income exempt	**(3.02%)**	3.91%
Capitalised income	**(0.73%)**	(3.45%)
Depreciation of buildings and grant assets	**7.96%**	(7.28%)
Deferred tax out of balance due to temporary differences not adjusted for in income tax return	**(1.78%)**	1.69%
	21.55%	44.72%

24. CASH GENERATED FROM OPERATIONS

	Group and Company	
Figures in Rand thousand	**2021**	**2020**
Operating profit	**252 751**	261 208
Adjustments for:		
Depreciation and amortisation	**262 750**	233 491
Loss on disposals of property, plant and equipment	**–**	15 723
DTT Dual illumination	**(167 083)**	(146 000)
Net impairments and movements in credit loss allowances	**–**	-
Post-retirement medical aid benefit obligation	**645**	976
repayment of loans to subsidiary	**–**	–
(Decrease)/increase in provisions	**(13 800)**	(228)
Other non-cash items	**217**	(146)
Cash generated from operations before working capital changes	**335 481**	365 024
Changes in working capital	**230 113**	76 830
Inventories	**(3 830)**	11 741
Trade and other receivables	**205 896**	57 502
Trade and other payables	**28 047**	7 587
Cash generated from operations	**565 593**	441 854

25. TAX PAID

	Group and Company	
Figures in Rand thousand	**2021**	**2020**
Balance at beginning of the year	**(953)**	16 188
Adjustment SARS	**(4 518)**	(9 260)
Current tax for the year recognised in profit or loss	**(39 475)**	(52 399)
Tax recovered from grant funds	**3 647**	4 518
Less Balance at end of the year	**(9 127)**	(953)
	(48 519)	(39 413)

26. FINANCIAL INSTRUMENTS

FINANCIAL INSTRUMENTS CATEGORIES

	Group and Company	
Figures in Rand thousand	Amortised cost	Fair value through profit and loss
2021		
Cash and cash equivalents	**1 999 780**	**–**
Trade and other receivables	**124 698**	**–**
Trade and other payables	**114 464**	**–**
2020		
Cash and cash equivalents	1 516 393	–
Trade and other receivables	333 553	–
Trade and other payables	90 535	–

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 and Company	
Figures in Rand thousand	2021	2020
Cash and cash equivalents	**1 999 780**	1 516 393
Trade and other receivables	**124 698**	333 553
	2 124 478	1 849 946
The maximum exposure for loans and receivables at the reporting date by geographic region was:		
Domestic	**121 969**	330 824
Foreign	**2 729**	2 729
	124 698	333 553

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.

EXPOSURE TO LIQUIDITY RISK

Financial liabilities at year-end were as follows:

Trade and other payables	**114 464**	90 535
Lease liability	**1 216 256**	1 577 994
Carrying amount	**1 330 720**	1 668 529

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	**114 464**	90 535
Lease liability	**211 720**	280 530
2 – 50 years		
Lease liability	**1 764 330**	2 383 873
Total contractual cash flows	**2 090 514**	2 754 938

26. FINANCIAL INSTRUMENTS continued

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

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
2021				
GBP	**–**	**–**	**9**	**84**
EUR	**–**	**–**	**71**	**71**
USD	**145**	**–**	**1 558**	**1 913**
2020				
GBP	75	–	604	679
EUR	–	–	1	1
USD	249	147	664	1060

The following significant exchange rates were applied during the year:

	Average rate		Reporting date spot rate	
	2021	2020	2021	2020
GBP/ZAR	**21.50**	19.10	**20.51**	22.28
EUR/ZAR	**19.17**	16.74	**17.51**	19.70
USD/ZAR	**16.11**	14.96	**14.87**	17.94
CHF/ZAR	**18.64**	15.88	**16.42**	19.61
SEK/ZAR	**1.93**	1.62	**1.77**	1.86
JPY/ZAR	**0.16**	0.14	**0.14**	0.17

SENSITIVITY ANALYSIS

The rand has weakened significantly against major currencies, with an average weakening of 10% from the beginning of the year. Therefore, a 10 percent weakening 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.

	2021	2020
GBP/ZAR	**11**	809
EUR/ZAR	**83**	1
USD/ZAR	**1 958**	1 220

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 and Company	
Figures in Rand thousand	2021	2020
Variable rate instruments		
Government grants cash and cash equivalents	**286 335**	214 189
Own cash and cash equivalents	**1 713 445**	1 302 204
	1 999 780	1 516 393

26. FINANCIAL INSTRUMENTS continued

SENSITIVITY ANALYSIS

Since the beginning of the year the interest rate has decreased by 300 basis points with more decreases expected in the future albeit small. Therefore, a further decrease of 100 basis points in interest rates would have increased or decreased profit or loss by R3m (2020: R15m) 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 calculated based on discounted expected future principal and interest cash flows.

Trade and other receivables/payables including group balances

For receivables/payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value. All other receivables/payables are discounted to determine the fair value.

NON-DERIVATIVE FINANCIAL ASSETS AND LIABILITIES

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

INTEREST RATES USED FOR DETERMINING FAIR VALUE

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

FAIR VALUE HIERARCHY

On 31 March 2021, 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).

27. FINANCIAL RISK MANAGEMENT

CREDIT RISK

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

TRADE AND OTHER RECEIVABLES

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

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

CASH AND CASH EQUIVALENTS

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

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

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.

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.

27. FINANCIAL RISK MANAGEMENT continued

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 ensure that it maintains healthy capital ratios in order to support its core business and social mandate, while maximising stakeholder value.

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:

	2021	2020
Post-retirement medical benefits obligation	**20 759**	11 434
	20 759	11 434

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.

	2021	2020
Shareholder Funds – Equity	**2 603 986**	2 295 576
Earnings before interest, tax and depreciation (EBITDA)	**515 501**	494 699
Interest expense	**167 347**	161 426
– Long-term borrowings (PRMO)	**2 220**	40
– Finance costs (Lease liability)	**163 572**	158 554
– Post-retirement medical	**1 555**	2 832
The Group benchmarks the following capital ratios:		
Debt to Equity ratio		
Target	**Less than 40%**	Less than 40%
Actual	**45.14%**	62.89%
EBITDA to Debt		
Target	**Greater than 3**	Greater than 3
Actual	**0.44**	0.33
EBITDA to interest cover		
Target	**Greater than 10**	Greater than 10
Actual	**3.08**	3.06

28. RELATED PARTIES

Related party transactions occurred between SENTECH and the SABC, BBI, USAASA, DOCDT, SAPO, SITA and ICASA.

All transactions with government departments were on an arm's length and therefore these are considered to be 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 year-ended 31 March 2021 and 31 March 2020.

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.

KEY MANAGEMENT COMPENSATION

Directors' emoluments 2021

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								
M Booi	**12**	**3 020**	**–**	**1 048**	**153**	**453**	**–**	**4 674**
SK Mthethwa	**1**	**173**	**–**	**–**	**12**	**27**	**–**	**211**
TJ leshope	**12**	**2 064**	**–**	**483**	**104**	**310**	**–**	**2 960**
RC Rasikhinya	**11**	**2 200**	**–**	**–**	**–**	**2**	**–**	**2 202**
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**

Directors' emoluments 2020

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	Meeting Fees R'000	Medical Aid & allowances R'000	Total R'000
Executive								
M Booi	12	2 987	0	0	428	0	194	3 609
SK Mthethwa	12	2 048	0	0	294	0	130	2 472
TJ Leshope	12	2 003	0	0	287	0	88	2 378
Non-executive								
AM Mello	3	0	87	0	0	40	0	127
L Mtimde	8	0	93	0	0	119	0	212
RJ Huntley	3	0	36	0	0	0	0	36
SB Malinga	12	0	173	0	0	205	0	378
MET Malaka	12	0	139	0	0	226	0	365
MM Manyama	12	0	139	0	0	153	0	292
PN Sibiya	12	0	139	0	0	146	0	285
MB Tsika	2	0	23	0	0	26	0	49
MS Tonjeni	2	0	23	0	0	23	0	46
MT Diko	2	0	23	0	0	23	0	46
		7 038	875	0	1 009	961	412	10 294

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
2021							
Z Adams	Executive: Legal & Regulatory	**12**	**1 760**	**340**	**269**	**127**	**2 497**
KK Motlhabi	Chief Human Resources Officer	**12**	**1 744**	**320**	**263**	**55**	**2 383**
IG Segaloe	Chief Strategy Officer	**12**	**1 746**	**313**	**262**	**127**	**2 448**
MM Kgari	Chief Marketing & Sales Officer	**12**	**1 644**	**288**	**247**	**117**	**2 296**
R Ramlal	Chief Technology Officer*	**6**	**784**	**–**	**123**	**64**	**971**
MT Finnis	Executive: Operations	**12**	**1 569**	**283**	**240**	**127**	**2 220**
			9 247	**1 545**	**1 404**	**618**	**12 815**

**Resigned in September 2020*

Figures in Rand thousand	Position	Period of service (months)	Basic Salary	Performance Bonus and Other Allowances	Provident Fund	Medical Aid and other allowances	Total
2020							
Z Adams	Executive: Legal & Regulatory	12	1 740	–	250	126	2 116
KK Motlhabi	Chief Human Resources Officer	12	1 725	–	247	53	2 025
NO Nekhavhambe	Executive: Finance	8	1 198	–	172	84	1 454
IG Segaloe	Chief Strategy Officer	12	1 727	–	248	120	2 095
MM Kgari	Chief Marketing & Sales Officer	12	1 626	–	233	110	1 969
R Ramlal	Chief Technology and Information Officer	12	1 552	–	223	120	1 895
MT Finnis	Executive: Operations	12	1 552	–	223	120	1 895
			11 120	–	1 596	733	13 449

TRANSACTIONS AND BALANCES WITH RELATED ENTITIES

Government grants

Various transactions were entered into with The Department of Communications and Digital Technologies 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 other related movements have been disclosed in note 14. Entities controlled by The Department of Telecommunications and Postal Services.

The Group and Company are controlled by The Government of South Africa which owns 100% of the Company's shares through The Department of Communications and Digital Technologies.

28. RELATED PARTIES continued

The following transactions occurred with entities controlled by the Department of Communications and Digital Technologies during the year:

SALE OF GOODS AND SERVICES

	Group and Company	
Figures in Rand thousand	**2021**	**2020**
SABC	**705 931**	744 580
BBI	**7 393**	2 937
DOCDT	**1 075**	–
USAASA	**7 377**	42 000
	721 776	789 517
Services are rendered at market related rates.		
Purchases of goods and services		
South African Post Office	**371**	–
SABC	**333**	–
SITA	**1 609**	–
ICASA	**8 233**	7 987
	10 546	7 987
Related party receivables		
USAASA	**14 318**	–
BBI	**8 270**	1 965
Impairment of related assets	**(360)**	(85)
South African Broadcasting Corporation	**43 379**	248 691
DOCDT	**–**	99
	65 607	250 571

An impairment allowance of R350 000 relating to related parties was made for doubtful debts.

29. COMMITMENTS

CAPITAL COMMITMENTS

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

	Group and Company	
Figures in Rand thousand	**2021**	**2020**
Requested per corporate plan		
– SENTECH funded assets	**175 000**	150 000
– Government grant funded assets	**54 000**	52 000
Approved but not contracted	**186 723**	121 236
Contracted	**42 277**	80 764

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 a matter relating to a previous employee claiming unfair labour practice and two previous employees claiming unfair dismissal by SENTECH. The unfair dismissal matters have been part-heard at The Commission for Conciliation, Mediation and Arbitration (CCMA). The unfair labour practice matter is at arbitration level, awaiting review at the Labour Court. The Company have strong prospects in the unfair dismissal case at the CCMA and the legal opinion sought for the Labour Court review indicate that there are also prospects of success. At reporting date, an estimate cannot be determined.

The potential exposure to SENTECH is limited to the provisions applicable in terms of the CCMA processes.

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

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 and Company	
Figures in Rand thousand	2021	2020
Opening balance	**7 761**	7 761
Less: expenditure condoned	**–**	–
Add: Expenditure identified in the current year	**685**	–
Less: Expenditure removed by the Board	**–**	–
Closing balance	**8 446**	7 761

The expenditure identified in the current year relates to non-compliance with internal policies and processes confirmed by the reporting period ending 31 March 2021. The application for condonation will be submitted to the National Treasury.

MATERIAL LOSSES THROUGH FRUITLESS AND WASTEFUL EXPENDITURES

Section 1 of the Public Finance Management Act, Act No. 1 of 1999, as amended, defines fruitless and wasteful expenditure 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 and Company	
Figures in Rand thousand	2021	2020
Balance at 1 April	**204**	164
Less: Expenditure condoned	**–**	–
Add: Losses identified during the year	**5 798**	40
Balance at 31 March	**6 002**	204

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 will have also been implemented. In the current year, interest and penalties were levied following an audit by SARS on VAT returns assessed.

32. 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. The Company has an approved borrowing limit of R3m.

33. GOING CONCERN

The Accounting Authority has reviewed the financial statements and prepared a cash flow forecast therein, and concluded that the Group and Company has, 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 cash resources to continue in its operational existence for the foreseeable future and is a going concern, and has continued to adopt the going concern basis in preparing the financial statements.

The common carrier status of SENTECH and the current structural arrangements has 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 South African broadcasting system realm and safeguarding information sovereignty. The broadcasting system's role in the country's

33. GOING CONCERN continued

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, represent, and serve South Africa's diverse communities and, in so doing, support the creative economy, and reflect its many dimensions of cultural identity, cultural life, and cultural 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.

Management admits that the Covid-19 pandemic presented extraordinary business challenges that potentially impacts on the going concern assumptions. The pandemic has also afforded the business an opportunity to scrutinise our existing business operations and its inefficiencies. Various mechanisms were employed to deal with the impact of Covid-19 including cost containment measures on energy costs, maintenance, travel costs, employment costs and consulting costs. The reassessment of these costs has resulted in SENTETCH being able to maintain a profit and thus contributing to the strength of the statement of financial position. The cost savings also ensure that cash is retained in the business which could be invested for better returns. Debtors pose a significant risk to the business and the risk has become pronounced with Covid-19. The risk was mitigated by providing payment relief by restructuring the debt for customers amounting to R251 million. This ensured customer retention and customer sustainability, thus contributing to SENTECH's sustainability, and 98% (R247 million) of the restructured debt was settled by the end of the financial year.

Despite the challenges, the Covid-19 pandemic has been an essential reminder of how interconnected societies are and has brought to light the importance of multistakeholder collaboration and the need for systemic resilience. Going forward, systemic cooperation will be key for our business to regain the capacity to operate, and management will cooperate with customers to restructure payment terms when they are in financial distress, to help improve their chances of fulfilling obligations and staying in business.

While it is difficult to know what will happen next, we have drawn on the lessons of the past few years and see them as opportunities for improvement. We will work on responding to the current crisis while simultaneously building to thrive in a new reality that focuses on agility, digitisation, and multistakeholder collaboration. There will be a focus on strategies to ensure success encompassing the reskilling of the workforce for a digitised economy and considering non-traditional collaborations across different groups.

Considering the aforesaid, and further interventions that are to be implemented, management is confident that the business will continue as a going concern.

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 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. 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 30 June 2021, the Minister advised SENTECH to commence with the merger process by invoking the provisions of Section 113 of the Companies Act as long as the solvency and liquidity requirements of the two entities are satisfied in accordance with Section 4 of the Companies Act. SENTECH and BBI are also required to conclude a co-operation agreement if the provisions of Section 113 are met.

34. EVENTS AFTER THE REPORTING PERIOD

The Accounting Authority is not aware of any other matters or circumstances arising since the end of the financial year that would impact on the reported results. On the 26 of May 2021 a non-adjusting event was identified when SENTECH became aware that a major customer lodged a complaint with ICASA and the Competition Commission with regards to the SENTECH tariff. SENTECH is committed to the principles of co-operation and transparency in attending to this complaint. The financial impact cannot be estimated at reporting date.

The Group and Company are in good financial position to withstand the crisis of the Covid-19 virus and can continue its operations for the foreseeable future.

35. 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.

REFERENCES

INTERNATIONAL INTEGRATED REPORTING INDEX

IIRC content elements		Major report sections addressing the elements
Organisational overview and external environment	(p.4)	About SENTECH and how it creates value
	(p.12)	Chairperson's statement
	(p.18)	Operating environment
Governance	(p.46)	SENTECH's value custodians
	(p.48)	Corporate governance
Business model	(p.20)	Business model
Risks and opportunities	(p.22)	Managing strategic risks for value creation
Strategy and resource allocation	(p.9)	Strategic overview
Performance	(p.14)	CEO's overview
	(p.34)	Creating stakeholder value
	(p.24)	CFO's statement
	(p.26)	Financial trends
	(p.28)	COO's review
	(p.29)	Performance against key performance indicators (KPIs)
	(p.30)	Sustaining value through the Six Capitals
Outlook	(p.12)	Chairperson's statement
	(p.14)	CEO's overview
Basis of preparation and presentation	(p.2)	About this report

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 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

4IR	Fourth Industrial Revolution
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
DTH	Direct-to-home
DTT	Digital Terrestrial Television
DR	Disaster Recovery
DTPS	Department of Telecommunications and Postal Services
EBIT	Earnings Before Interest and Tax
ECA	Electronic Communications Act, Act No. 36 of 2005
EIA	Environmental Impact Assessment
E&M	Entertainment and Media
ESD	Enterprise and Supplier Development
EXCO	Executive Committee
FM	Frequency Modulation
FY	Financial Year
GRAP	Generally Recognised Accounting Practice
GHG	Greenhouse Gases
HR	Human Resources
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IC	Investment Committee
IFRS	International Financial Reporting Standards
ICASA	Independent Communications Authority of South Africa
ICT	Information and Communications Technology
I-ECNS	Individual Electronic Communications Network Service
I-ECS	Individual Electronic Communications Service
KPI	Key Performance Indicator
LTE	Long-Term Evolution
MHz	Megahertz
MIS	Managed Infrastructure Services
MOI	Memorandum of Incorporation
MTEF	Medium Term Expenditure Framework
MW	Medium Wave
Nemisa	National Electronic Media Institute of South Africa
OAG	Office of the Accountant-General
OTT	Over-The-Top
PFMA	Public Finance Management Act, Act No. 1 of 1999
PMO	Project Management Office
RFSAP	Radio Frequency Spectrum Assignment Plans
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
UN SDGs	United Nations Sustainable Development Goals
USAASA	Universal Service and Access Agency of South Africa
VAT	Value-Added Tax
VOIP	Voice Over Internet Protocol
VSAT	Very Small Aperture Terminal
WANA	Weighted Average Network Availability
WOAN	Wholesale Open Access Network

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