SENTECH
connecting You

INTEGRATED REPORT 2024

ENABLING CONNECTIVITY AND DIGITAL CONTENT DELIVERY

ABOUT THIS REPORT

Basis for preparation

This report has been prepared in accordance with the following regulations:

- SENTECH Act (No. 63 of 1996), as amended
- Companies Act (No. 71 of 2008), as amended
- Electronic Communications Act (No. 36 of 2005) (ECA)
- King Report for Corporate Governance for South Africa 2016 (King IV)
- Integrated Reporting Framework (<IR> Framework)
- International Financial Reporting Standards (IFRS)
- National Treasury Framework for Managing Programme Performance Information
- Public Finance Management Act (No. 1 of 1999) (PFMA)
- National Treasury Regulations (2005)
- Broad-based Black Economic Empowerment Code
- Protection of Personal Information Act (No. 4 of 2013) and
- ICASA Act 13 of 2000

Scope and boundary

This report covers SENTECH's business performance for the financial year (FY) ended 31 March 2024. 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 dedicated commitment to applying the principles outlined in King IV. It also outlines SENTECH's value creation methodology through its capitals as well as profiling other strategic issues as per SENTECH's corporate plan and strategy.

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

This report is aligned with the requirements of the International Financial Reporting Standards (IFRS) and all material issues have been addressed.

Combined assurance

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

Forward-looking statements

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

Board statement of approval and responsibility

The SENTECH Board of directors is responsible for the preparation of this 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's 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's Representative and the Board of Directors and serve as the performance monitoring framework for the Company. Performance against the Shareholder's Compact for the reporting period is outlined on page 26 of this report as required by Section 55(2) of the PFMA.

External auditors

SNG Grant Thorton Inc. are the external auditors.

Directors' interests

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

Public-private partnerships

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

Events after the date of financial position

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

Dividends

There were no dividends declared in respect of the year ended 31 March 2024.

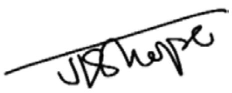
Liquidity and solvency ratios

The liquidity ratio of 3.4 times and solvency ratio of 74% are favourable. This indicates that SENTECH will easily be able to settle its short- and long-term liabilities. These ratios also support the Board's going concern assessment.

Going concern

The Directors confirm they are satisfied that the Company has adequate resources to continue business for the financial year beginning 1 April 2024. 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 2024.



Tebogo Leshope
Acting Chief Executive Officer

Ms Sedzani Mudau
Chairperson of the Board

SENTECH IN BRIEF

Who we are

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

SENTECH has an extensive, strategically positioned infrastructure giving coverage to more than 84% of the South African population. This infrastructure gives SENTECH the ability to offer facility leasing and co-location on our masts, and our site location enables us to provide connectivity and infrastructure services to the retail, telco, and public sectors. We provide broadcast transmission services to all commercial and public broadcasters, including daily service to about 100 community radio stations countrywide.

As holder of both an Individual Electronic Communications Network Services (I-ECNS) licence and an Individual Electronic Communications Services (I-ECS) licence, the Company is positioned to provide voice-based telecommunications, broadband and multimedia services. SENTECH is a Schedule 3B Government enterprise in terms of the PFMA and derives its mandate from legislation, particularly the SENTECH Act and the Electronic Communications Act. The Company is also a B-BBEE Level 2 contributor.

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

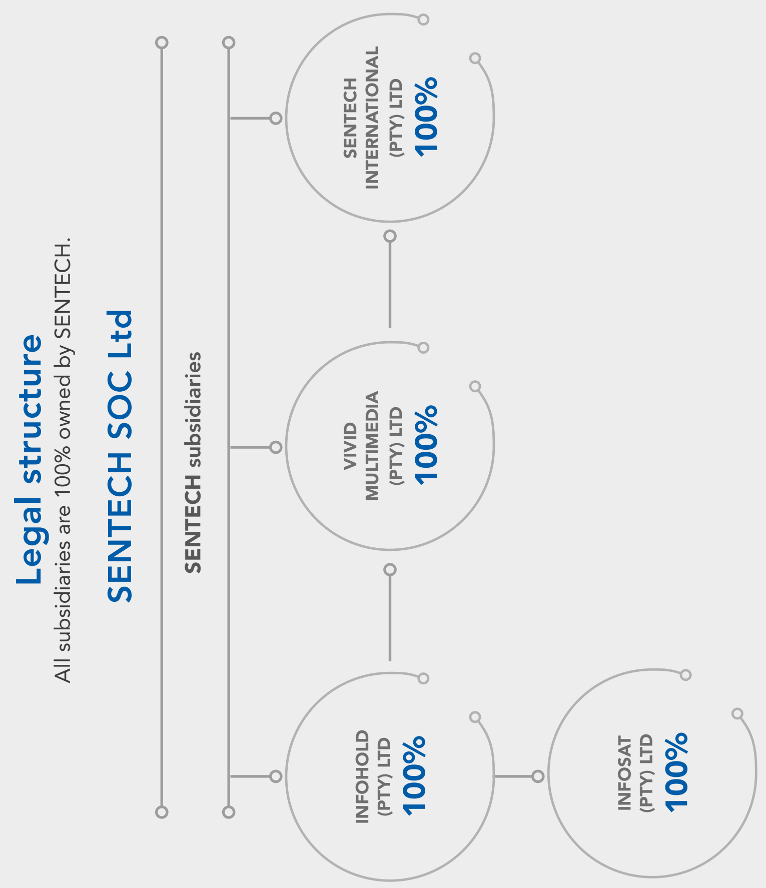
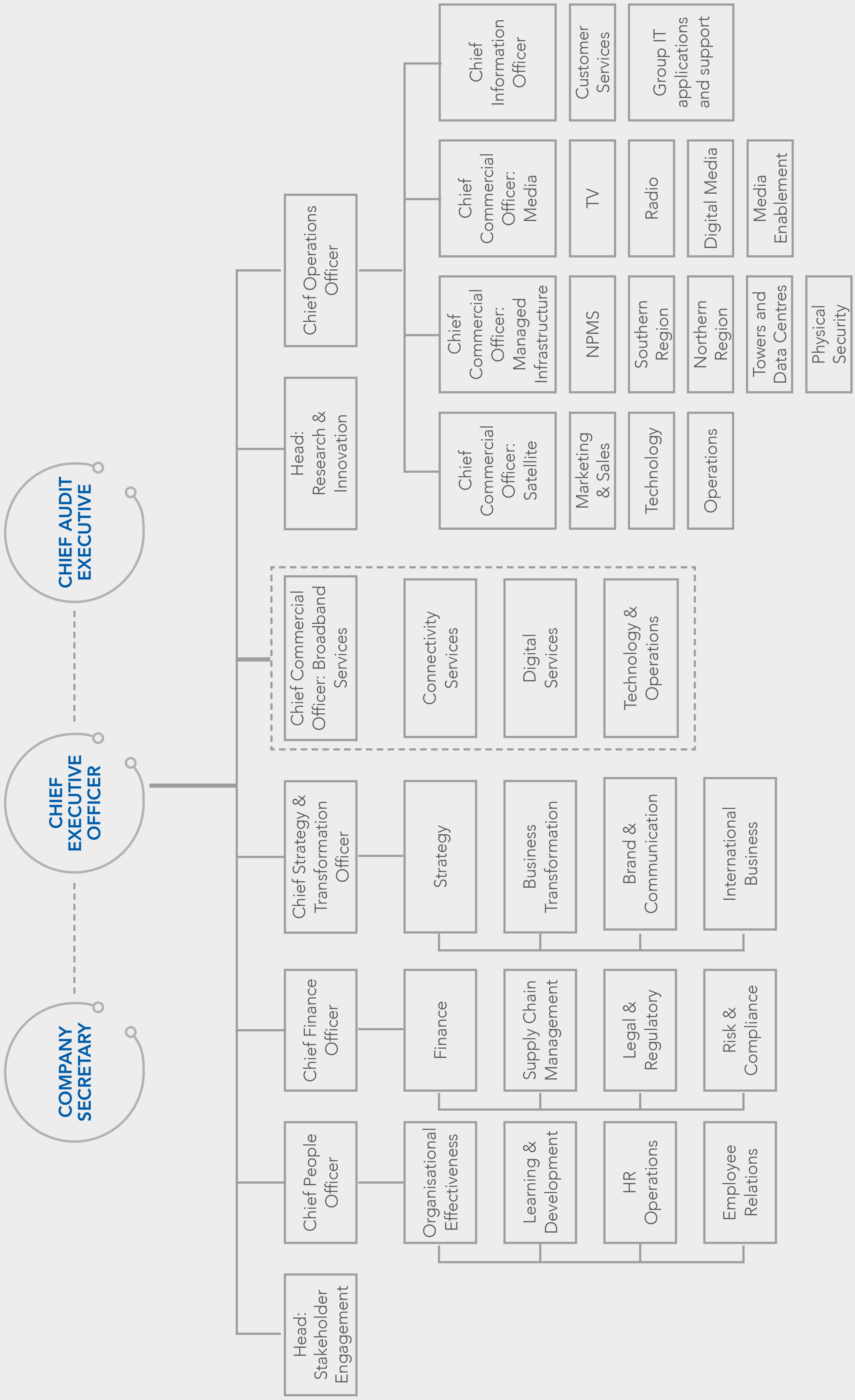


Figure 1 – Our legal structure

Figure 2: Our organisational structure



SENTECH IN BRIEF CONTINUED

Video and audio content distribution

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

Managed infrastructure

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

Broadband

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

Data centre infrastructure provider

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

Satellite services

We provide satellite capacity for broadcasting and broadband connectivity for South Africa and Africa. We are championing the development of the South African-based satellite project.

Network coverage

Our network coverage includes:

- 394 VSAT internet connectivity sites for Government departments and commercial customers;
- 114 SA Connect sites (35 + 20 Phase 1A, 59 Phase 1B);
- 1143 SA Connect sites (Phase 2);
- Satellite coverage for sub-Saharan Africa;
- DTT sites providing a footprint coverage to approximately 84% of the national population;
- 192 Frequency Modulation (FM) sites servicing 151 radiobroadcasters, including 1 public broadcaster (SABC), 21 commercial broadcasters, 4 community television broadcasters and 100 community radio stations; and
- Two 5G trial sites.

Performance snapshot

Total Revenue	Earnings Before Interest and Tax	Net (Loss) After Tax
R1.381bn FY2023: R1.411bn	**(R42 775m)** FY2023: R6 930k	**(R146 822m)** FY2023: (R147 719m)

Performance against predetermined objectives	EBITDA	Audit Outcome
64% FY2023: 87%	**R179m** FY2023: R234m	**Unqualified audit opinion** FY2023: Clean Audit Achieved

Customer Satisfaction Score	Reputation Score	Brand Equity Score
71% FY2023: 76.3%	**71%** FY2023: 76.3%	**81%** FY2023: 85%

Socio-economic Transformation Spend	SMME Early Payments
R365m FY2023: R617m	**14 days** FY2023: 14 days

CHAIRPERSON'S STATEMENT

A priority of the Board is the diversification of our service offering through the development of new businesses, products, and markets.

Sedzani Mudau

As we reflect on the past year, it is evident that SENTECH has remained resolute in its quest to navigate the prevailing tough economic climate and continued to demonstrate resilience, notwithstanding the constrained economic growth that resulted in pedestrian revenue growth.

In response to the challenges posed by the macro-economic climate, the Board approved a Corporate Strategy and Plan to enable SENTECH to chart its path as a state digital infrastructure company. The intent of the strategy is to ensure diversification of service offering into new markets and to realise new revenue growth and sustainability in the future.

To forge its path as a state digital infrastructure, SENTECH implemented its growth strategies, which include new product innovation and solutions, strategic partnerships, pursued acquisitions, and business development into Africa.

SENTECH's ethical leadership continued to underpin its effective governance, risk management, and compliance with relevant legislations, regulations, and policies. The Board is confident that the executive team will continue to drive effective strategy execution, guided by our organisational values.

A priority of the Board is diversification of service offering through the development of new businesses, products, and markets critical for new revenue growth to secure a sustainable future.

In line with this course of action, the organisation implemented a successful roll-out of the SA Connect phase 2, which resulted in 1 143 connected sites. In addition, we made significant strides towards clearing the digital dividend. All broadcast services were migrated to below 694 MHz, thus releasing spectrum for reallocation.

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

In conclusion, we express our thanks to all members of the Board for their professionalism and ethical leadership. We extend a similar vote of thanks to SENTECH's executive management and staff, who have stayed the course and remained committed to achieving the organisation's goals throughout this period. A note of gratitude also goes to SENTECH's various stakeholders, including our customers, suppliers, communities, partners, media, and organised labour. And finally, we extend our great appreciation to the outgoing Minister of Communications and Digital Technologies, the Honourable Mondli Gungubele, for his invaluable support and guidance. We look forward to establishing an equally productive relationship with his successor, the Honourable Solomon Malatsi.

Ms Sedzani Mudau

Chairperson of the Board

OUR BOARD OF DIRECTORS

The Board is made up of both non-executive directors and executive directors, all of whom are appointed by Cabinet through the Minister of Communications and Digital Technologies. Currently the Board comprises seven non-executive directors and three executive directors, the latter being the Chief Executive Officer (CEO), the Chief Operating Officer (COO), and the Acting Chief Financial Officer (CFO).

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

In terms of the SENTECH Act, non-executive directors are appointed by the Minister for a period of not more than three years and are eligible for reappointment for a second term but may not serve for more than two terms consecutively, unless otherwise determined by the Minister through publication of a notice to that effect in the Government Gazette. The term of office for the current Board came to an end on 31 March 2023. The full Board was subsequently reappointed effective 1 April 2024.

SEDZANI MUDAU

Chairperson of the Board

- Appointment: 1 Dec 2021
- Reappointed 1 Dec 2022
- Reappointed 1 April 2023
- Reappointed 1 April 2024

  – MBA
  – CA(SA)
  – BCom (Hons)
  – BCom
  – Senior executive development programme

MAPULENG MOROPA

Chairperson: Technology, Sales, and Regulatory Coordination Committee

- Appointment: 1 Dec 2021
- Reappointed 1 Dec 2022
- Reappointed 1 April 2023
- Reappointed 1 April 2024

  – MBA
  – Programme in Management Development (PMD)
  – BSc Information Technology

VERONICA MOTLOUTSI

Chairperson: Investment Committee

- Appointment: 1 Dec 2021
- Reappointed 1 Dec 2022
- Reappointed 1 April 2023
- Reappointed 1 April 2024

  – MBA
  – PGDip Business Administration
  – MTech Business Administration Systems
  – BTech Information Technology
  – NDip Information Technology

TSHAVHUYO SESANE

Chairperson: Social and Ethics Committee

- Appointment: 1 Dec 2021
- Reappointed 1 Dec 2022
- Reappointed 1 April 2023
- Reappointed 1 April 2024

  – PhD Engineering Management
  – MBA
  – BSc (Hons) Applied Science Industrial Systems
  – PGDip Corporate Law
  – BTech Industrial engineering
  – NDip Industrial Engineering

NKHUMELENI MUDUNUNGU

Non-Executive Director

- Appointment: 1 Dec 2021
- Reappointed 1 Dec 2022
- Reappointed 1 April 2023
- Reappointed 1 April 2024

  – LLB
  – B Juris

MBASA METUSE

Chairperson: Human Resources, Nominations and Remuneration Committee

- Appointed: 20 April 2020 and term ended 31 October 2021.
- Reappointed on 1 Dec 2021
- Reappointed 1 Dec 2022
- Reappointed 1 April 2023
- Reappointed 1 April 2024

  – MBA
  – Master's degree on Social Policy and Development Research Methods
  – PGDip Business Administration
  – BSocSci
  – Project Management Certificate

THEMBA PHIRI

Chairperson: Audit and Risk Committee

- Appointed 1 December 2021
- Reappointed 1 December 2022
- Reappointed 1 April 2023
- Reappointed 1 April 2024

  – Master's degree in Public Administration (Public Policy)
  – PGCert Telecommunications Policy, and Regulation and Management
  – PGCert Broadcasting Policy
  – Leadership and Management Development Programme
  – BTech Public Management specialisation Economics and Public Management
  – NDip Public Administration and Management

EXECUTIVE DIRECTORS

MLAMLI BOOI

Chief Executive Officer

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

  – MSc Electrical Engineering
  – PGDip Project Management
  – CD (SA) and Pr.Eng

TEBOGO LESHOPE

Chief Operating Officer

- Appointed: 1 March 2018 until 28 February 2023.
- Re-appointed: 1 March 2023 until 28 February 2026
- Appointed as Acting CEO from 1 November 2023
- Reappointed 17 January 2024

  – MBA
  – BTech Electrical Engineering
  – NDip Electrical Engineering

RUDZANI RASIKHINYA

Chief Financial Officer

- Appointed 1 November 2022 – 3 months contract.
- Appointed: 1 February 2023 on an 18 months contract

  – CA (SA)
  – Bcom (Hons)
  – HDip Taxation Law

KEY FOCUS AREAS OF THE BOARD

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

After the strategic review, the Board approved several strategic initiatives aimed at growing SENTECH's business.

The proposed acquisition of BBI by SENTECH, business development, and long-term sustainability are standing items on the Board's agenda.

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

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

ACTIVITIES OF THE BOARD

Quarter 1 2023 April – June	Matter

- Considered the first quarter Business Performance Report
- Considered the DCDT strategic priorities
- Considered the first quarter Progress Report on Risk Management
- Considered the Financial Analysis on Dual Illumination
- Considered the Integrated Report and Annual Financial Statements for FY 2022/23
- Considered the external auditors' Management Report
- Considered the appointment of external auditors
- Reviewed the Supply Chain Management Policy
- Considered the Draft Notice for the Annual General Meeting
- Considered the update on FICA compliance of 91 fund managers
- Considered the Broadcasting Digital Migration (BDM) update report
- Considered the Stakeholder's Engagement Report
- Considered the Organisational Design Framework – Macro Structural Design
- Considered the Discretionary Performance Incentive
- Considered the Board remuneration benchmark
- Considered the cost-to-company Conversion Project
- Considered the Voluntary Separation Programme (VSP) update
- Considered the first quarter Investment Committee Report
- Reviewed the Board Charter
- Reviewed the Shareholder's Compact

Quarter 2 2023 July – September	Matter

- Considered the second quarter Progress Report on Risk Management
- Considered the Fraud Prevention Policy Review
- Considered the Whistleblowing Policy Review
- Considered the SABC Tariffs and Related Matters update
- Considered the appointment of a service provider, on a once-off contract agreement, to supply DTH set-top boxes and DTH satellite dish installation material and related services (packaging warehousing & logistics) for USAASA
- Considered the SENTECH CGICT Policy Framework
- Considered the SENTECH CGICT Charter
- Considered the BDM Update
- Considered the Discretionary Performance Incentive
- Considered the second quarter Investment Committee Report

Quarter 3 2023 October – December	Matter

- Considered the appointment of service providers for the supply and support of alternative ethernet switches for a period of three years
- Considered the appointment of a service provider for planning and deployment of a Point-to-multipoint (PTMP) network for SA Connect Phase 2
- Considered the Shareholder's Compact 2023/24 Review
- Considered the Annual Corporate Calendar for FY2024/25
- Reviewed the FY2024/25 – 2026/27 Draft Corporate Plan
- Reviewed the FY2023/24 third quarter Business Performance Report
- Considered the FY2023/24 third quarter Risk Management Report
- Considered the Condonation of Irregular Expenditure
- Considered the BDM Plan and STB Installations Progress Report
- Considered the Satellite Business Plan
- Considered the report on SA Connect
- Considered the Stakeholder's Engagement Report
- Considered third quarter Investment Committee Report

Quarter 4 2024 January – March	Matter

- Reviewed the FY2023/24 fourth quarter Business Performance Report
- Considered the FY2024/25 – 2026/27 Draft Corporate Plan
- Considered FY 2023/24 fourth quarter Business Performance Report
- Considered FY 2024/25 Risk Management Plan
- Considered FY 2024/25 Strategic Risk Register
- Considered the Risk Appetite and Tolerance Policy
- Considered the Asset Management Policy
- Considered Bad Debt Write-Off
- Considered a SA Connect update
- Considered BDM Plan and STB Installations Progress Report
- Considered the Stakeholder's Engagement Report
- Considered the Leave Policy
- Considered the Organisational Design Analysis
- Considered the fourth quarter Investment Committee Report

Other Governance matters are covered in detail from Page 52 of this report.

OUR EXECUTIVE TEAM

TEBOGO LESHOPE

Acting Chief Executive Officer

- Appointed: 1 March 2018
- Re-appointed: 1 March 2023
- Appointed as Acting CEO from 1 November 2023
- Reappointed as Acting CEO 17 January 2024
  - MBA
  - BTech Electrical Engineering
  - NDip Electrical Engineering

RUDZANI RASIKHINYA

Chief Financial Officer

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

FLENK MNISI

Acting Chief Operating Officer

- Appointed: 1 February 2022
- Appointed as Acting COO 1 November 2023
  - MBA
  - PGDip: Management Practice
  - BTech (Business Administration)
  - NDip Electrical Engineering
  - Cert: Executive Leadership Programme

KERENG MOTLHABI

Chief Human Resources Officer

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

ITUMELENG SEGALOE

Chief Strategy Officer

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

MMAPULA KGARI

Acting Executive Broadband

- Appointed: 12 June 2017
  - MBL
  - BCom Economics

MARLON FINNIS

Executive: Operations

- Appointed: 1 July 2018

  – MBL
  – BTech Electrical Engineering

MABEL MANYERE

Acting Executive: Finance

- Appointed: 1 June 2020

  – MBL
  – MA
  – B. Acc (Hons),
  – CIMA Adv Dip

ZUNAID ADAMS

Executive: Legal & Regulatory

- Appointed: 7 August 1995

  – BA
  – BProc
  – Admitted Attorney
  – Advance Personnel Management Dip

KOPANO THAGE

Acting: Chief Marketing and Sales Officer

- Appointed: 18 June 2019

  – MBA
  – BSc Computer Science

ADV MAKHOTSO CHIMOMBE

Acting Company Secretary

- Appointed: 21 November 2023

  – LLB

EPHENIA MOTLHAMME

Company Secretary

- Appointed 1 December 2022
- Resigned November 2023

  – LLB
  – Admitted Attorney
  – MAP Global Executive Programme

MLAMLI BOOI

Chief Executive Officer

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

  – MSc Electrical Engineering
  – Bsc Electrical Engineering
  – PGDip Project Management
  – CD (SA) and Pr.Eng

CHIEF EXECUTIVE OFFICER'S OVERVIEW

We are accelerating our revenue diversification strategy through the establishment of alternative business lines focusing on broadband, managed infrastructure and satellite business units.

Tebogo Leshope

SENTECH remained steadfast in delivering on its mandate and showed unparalleled resilience in the face of economic challenges and the evolving market. The Company has geared itself to leverage the current economic recovery phase, which includes a high demand for broadband connectivity and data services, generated by an increase in online consumption. However, the organisation has also noted how online consumption has negatively impacted advertising revenues for traditional radio and television customers, in turn impacting the organisation's continuing media business revenues.

The media sector was under tremendous pressure during the year under review, with total broadcasting revenues declining by 14,43%. This reality, combined with the proliferation of online media, negatively affected our customers, leading to readjustment of service scope on terrestrial media platforms. Noting this, we are accelerating our revenue diversification strategy through the establishment of alternative business lines focusing on broadband, managed infrastructure and satellite business units.

During the year, we developed the SA Connect model and commenced the rollout of connectivity across provinces. By the end of the year, we had connected a total of 1 490 sites in the Eastern Cape, Limpopo, Mpumalanga, and Northern Cape.

Our customer value proposition is to provide reliable access to content and connectivity, and this we did, achieving 99,80% network availability across our platforms. Continuous engagement with our customers and effective network operations are our commitment to building customer centricity.

In response to the changing technological landscape, SENTECH set out to be an innovative and data-driven organisation, developing four innovative initiatives geared towards new revenue generation and operation efficiency.

For the year under review, the organisation achieved a revenue of R1.38 billion, with improved net profit after tax (NPAT), mainly due to the sustainability measures we established.

Our workforce skilling strategy focused extensively on digital skills. To this effect, we rolled out 581 digital training interventions against a set target of 520 for the year. To ensure a future-fit organisation and the right-fit talent, we have also begun the process of reviewing our organisational development model.

As a state-owned company, we are committed to addressing the triple challenges of unemployment, inequality, and poverty. The Company continued to drive socio-economic transformation by supporting small enterprises, communities, and employees through procurement, skills development (SD), and corporate social investment. Our successful transformation path regressed on some of the B-BBEE elements owing to cost containment measures, meaning we achieved a B-BBEE Level 2 rating. However, notable progress towards achieving and retaining the desired Level 1 rating will become apparent as SENTECH's profitability improves. As a good corporate citizen, SENTECH cares about a clean environment, and continued to convert 24 targeted sites to green energy supply with the objective of 100% conversion by 2025.

SENTECH is committed to effective and good governance. One of the measures of good governance for public sector entities is the achievement of a clean audit. In FY2023/24, the organisation realised an unqualified audit opinion. To restore the organisation to its clean audit track record, management will enhance internal controls and continue upholding good governance and ethical leadership standards.

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

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

Tebogo Leshope
Acting Chief Executive Officer

OUR VALUE CREATION STRATEGY

SENTECH is driven by a clear vision and mission rooted in its purpose to provide universal connectivity.

OUR PURPOSE

Universal Connectivity for digital inclusion

OUR VISION

African leader in digital infrastructure enabling connectivity

OUR MISSION

To provide **reliable infrastructure** that **connects people** and technology to enable smart environments and foster digital inclusion

Figure 3 – Our organisational identity

STRATEGIC GOALS

Our three strategic goals reflect our ambition to be a dynamic and valuable force in established and emerging markets.

Strategic Goal 1 – **Growing and diversifying revenue streams**

- Crafting enhanced value propositions that resonate with both existing and untapped markets
- Expanding our service portfolio into new markets
- Strengthening our core and expanding into adjacent domains

Strategic Goal 2 – **Optimised and reliable infrastructure platforms**

- Enhancing our current infrastructure, ensuring optimal efficiency and performance
- Leveraging our infrastructure to create new avenues of value
- Developing cutting-edge infrastructure to support both existing and future platforms

Strategic Goal 3 – **A sustainable and relevant business delivering value**

- Fostering self-sufficiency
- Contributing to overall economic growth by generating dividends for the government
- Being a good corporate citizen – engaging in initiatives that positively impact communities and the environment

Figure 4 – Our strategic goals

STRATEGIC PILLARS

Our strategy rests on seven pillars that seek to create an enabling environment for the successful execution of our strategy.

Digital Infrastructure

Strategic placement and deployment of digital infrastructure and technologies, ensuring their accessibility and usability when needed

Customer Centricity

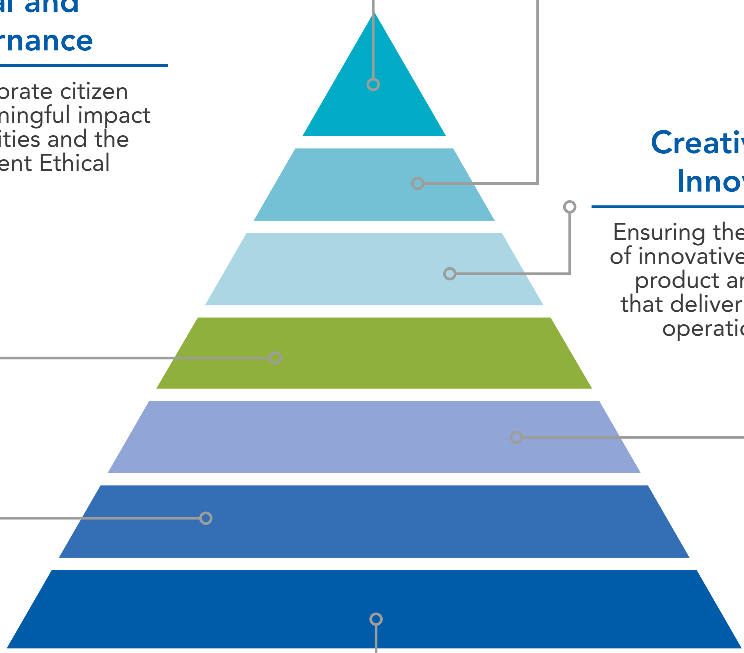
Delivering superior customer and user experience on all platforms

Environmental Social and Governance

Good corporate citizen creating meaningful impact in communities and the environment Ethical

Creativity and Innovation

Ensuring the development of innovative, cutting-edge product and platforms that deliver strategic and operational value



Future Fit Organisation

Adapting and evolving to meet future challenges through capable people and agile processes, leverage technology and data-driven insights

Financial Sustainability

Ensuring the enduring operation of a financially sound and sustainable organisation to enhance shareholder value

Partnerships and stakeholders

Building collaborative relationships to enhance mutual benefit and deliver value

OUR OPERATING ENVIRONMENT

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

Legal and regulatory environment

SENTECH's obligations

The Independent Communications Authority of South Africa (ICASA) (the "Authority") gazetted the final and official SENTECH obligations on 25 March 2022. These obligations require SENTECH to implement LANs for 63 CET college sites, consisting of 9 CET college head offices and 54 CLCs, as allocated and updated by the Authority in conjunction with DHET, over a period of three years to be completed by March 2025. Implementation of the gazetted obligations have commenced and SENTECH is working towards the obligations set out by the Regulator.

Discussion Document on Signal Distribution Services Market Inquiry

The Authority published a notice in Government Gazette No. 49049 on 28 July 2023 – as well as the request for additional information published on the Authority's website on the same date – which form part of the Signal Distribution Services Market Inquiry (the "Inquiry") conducted by the Authority in terms of section 4B of the Independent Communications Authority of South Africa Act (Act No. 13 of 2000) (the "ICASA Act"), which commenced on 17 September 2021. On 07 September 2023 SENTECH sent a letter to ICASA disputing the validity of 'further engagements' in terms of section 4C(6) of the ICASA Act and also challenging the scope of the new questionnaire. On 2 February 2024 ICASA published the third iteration of the signal distribution inquiry: Supplementary Discussion Document on Signal Distribution Services Market Inquiry. The due date for submissions is 09 April 2024.

Next Generation Radio Frequency Spectrum for Economic Development

On 8 September 2022, the Minister of Communications and Digital Technologies published the Draft Next Generation Radio Frequency Spectrum for Economic Development. The final policy/directions are expected to be published in FY2024/25. SENTECH has made submission on the following issues impacting the Company:

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

Analogue switch-off

The Minister of Communications and Digital Technologies gazetted a notice on 15 June 2023 announcing the date for final switch-off of the terrestrial television analogue services and the end of dual illumination. The Gazette set-out a two-step approach to analogue switch-off in South Africa. On 31 July 2023, all analogue services where successfully terminated, and the final site celebrations was held at the Sentech Stellenbosch site. This is a significant milestone for the year as this process released the high demand spectrum. It is important to note that the coexistence between analogue and digital services below 694 MHz does not enable SENTECH to comply with Annexure J of the Terrestrial Broadcasting Frequency Plan (2013). The schedule and process to comply with the notice were discussed and agreed to at the ICASA Joint Spectrum Advisory Group (JSAG). On 31 December 2024, the SENTECH network will present a variation of Annexure J of the Terrestrial Broadcasting Frequency Plan (2013).

Impact of loadshedding on the telecommunications, broadcasting, and postal sectors

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

On 28 March 2023, the Department of Communications and Digital Technologies published policy directions, in terms of which ICASA is required, amongst other things, to: (a) consult with operators on what constitutes critical infrastructure, and (b) consult with operators on regulatory obligations that could be relaxed for the purposes of giving effect to the objectives set out in the Disaster Management Regulations.

On 5 February 2024, a submission on behalf of SENTECH was made to ICASA concerning the Notice of inquiry on the effects of load-shedding in the electronic communications, broadcasting and postal sectors published on 1 December 2023 under notice no. 49795. It is expected that after reviewing submissions, the Authority will make recommendations to the Minister regarding its findings, thereby enabling the Minister to consult with his counterpart regarding possible exemptions from loadshedding. The policy directions enjoin ICASA to consider the degree to which compliance with regulatory obligations is dependent upon consistent supply of electricity and to lay down measures to deal with direct or indirect impact of the disaster, or measures to prevent escalation of the electricity supply constraints, or reduction of its impact.

OUR ENVIRONMENTAL, SOCIAL, AND GOVERNANCE STRATEGY

Our environmental, social, and governance (ESG) strategy is embedded in the organisation's Corporate Strategy of positioning SENTECH as a sustainable digital infrastructure company. The strategy is underpinned by the Company's strategic goals and strategic pillars. Reporting targets are linked to the United Nations Sustainable Development Goals (SDGs) framework.

Why ESG matters to SENTECH

Adherence to responsible and sustainable environmental, societal and governance principles results in the following benefits for SENTECH:

- The ability to identify and manage risks and opportunities related to environmental and social impact.
- Great potential to build brand reputation, trust and transparency.
- Better strategies and impact in the industry flowing from good reporting data.
- Capture of market opportunities by making use of renewable energy and by associating with brands that comply with sustainability standards.
- Full compliance with regulatory requirements and industry standards allows us to stand tall in the industry.

ESG objectives

By practising sound corporate stewardship of sustainable ESG factors, SENTECH aims to:

- reduce its carbon footprint;
- become a trusted and empowering brand; and
- achieve effective corporate governance.

Contribution to sustainable development goals

SENTECH's sustainable approach supports the United Nations' 17 Sustainable Development Goals (SDGs):

The following goals are directly related to SENTECH's sustainability initiatives:

GOAL	INITIATIVES
4 QUALITY EDUCATION	• Investing in skills development • Collaborating with tertiary institutions to advance research and education in science and technology • Bursaries for staff to further their studies • Supporting schools by providing necessary learning equipment
5 GENDER EQUALITY	• Committing to gender equality at work • Promoting women in management • Equal pay for equal work
7 AFFORDABLE AND CLEAN ENERGY	• Investing in renewable energy to reduce carbon footprint and costs
8 DECENT WORK AND ECONOMIC GROWTH	• Aiming to be an employer of choice by affording quality and meaningful work • Committing to black economic empowerment
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	• Investing in digital infrastructure to enable connectivity and content delivery • Innovating solutions and products
11 SUSTAINABLE CITI AND COMMUNITIES	• Partnering to build and support smart communities and villages
13 CLIMATE ACTION	• Ensuring and transitioning to environmentally friendly technologies and practices • Reducing wastage, water usage, energy use
3 GOOD HEALTH AND WELL-BEING	• Ensuring employees' physical and mental well-being through ICAS programme • Maintaining low total recordable injury at work through a health and safety programme

Figure 6: UN Sustainable Development Goals applicable to SENTECH

ESG pillars

Environmental pillar

The environmental strategy ensures efficient energy, water use and waste management. The unpredictability of loadshedding makes overall management of carbon emission difficult but the increased number of solar plants and the plan to remove our entire head office (Sender Technology Park) off the grid will result in a net reduction in Scope 1 and Scope 2 emissions.

SENTECH uses hazardous equipment, components and substances in the operation and maintenance of signal distribution equipment, broadband equipment and support equipment such as diesel generators and air conditioning systems. Some of the existing SENTECH infrastructures are located in nature reserves, national parks and farms, and at times close to monument sites. Thus SENTECH endeavours to aspire to the highest level of environmental consciousness to preserve the environment.

In accordance with prevailing environmental management regulations and legislations of South Africa, SENTECH developed and approved the Environmental Impact Management Policy and continues to implement this policy and align its operations to ensure preservation of the environment. The environmental preservation objectives are to reduce SENTECH's carbon footprint, reduce water wastage, manage waste removal effectively, and inculcate a culture of sustainable awareness.

Renewable energy implementation	Outcomes
• Installation of solar plants on 13 sites as part of the MTEF target of 40 sites • STP off the grid – Upgrade of current solar plant to cater for full load and battery back up	• Reduction in energy bill at the identified sites of approximately 30% • Reduction in overall carbon footprint especially Scope 1 (Generators) by 5% and Scope 2 (KWH Reduction) emissions by 10%
Waste management	**Outcomes**
• Asset disposal in line with policy requirements • Removal of waste and junk when needed and in the proper manner • Disposal of hazardous waste in the most hygienic manner • Recycling of e-waste (electronic equipment)	• Cleaner and hygienic workplace • Paperless office
Water usage	**Outcomes**
Augmentation of water supply at STP by utilising borehole water to supplement municipal water for ablution facilities and irrigation	Reduction in overall municipal water usage at STP

Table 1 – Our environmental preservation objectives

The environmental report is detailed under Natural capital from page 49.

Social pillar

The social objective of SENTECH is to be a trusted and empowering brand for its stakeholders and for the public. The strategies employed include socio-economic transformation, people transformation and perception management.

Socio-economic transformation	Outcomes
Broad-Based Black Economic Empowerment	Highest B-BBEE Level score BBEE compliance
• Management control	
• Skills development	
• Enterprise and supplier development	
• Socio-economic development	
• Corporate Social Investment	Allocated budget spend on CSI

Table 2 – Our social transformation objectives

The B-BBEE report is detailed under Social and Relationship capital from page 46.

People	Outcomes
Diversity and inclusion	• Female representation 50% • People with disabilities (1.4%)
Health and safety	Total Recordable Injury Rate (TRIR) of less than 1%
Learning and development	Skills development spend of 3% - 6% of payroll
Labour relations	Healthy relations (rating of 3 out 5)
Employee engagement	• Employee engagement index of 60% and above • Climate score of 60% or above

Table 3 – Our people transformation objectives

The People report is outlined under Human capital from page 41.

Perception	Outcomes
Brand	Brand score of 75% and above
Reputation	Reputation score of 72% and above
Stakeholder engagement	Stakeholder rating of 3 and above (5 scale)

Table 4 – Our perception objectives

The Perception report is detailed under Intellectual capital and Social and Relationship capital on pages 38 and 44 respectively.

Governance pillar

The governance objective is to ensure effective corporate governance and business ethics. The achievement of excellent performance, clean audit, zero tolerance for fraud and corruption are our main strategies to achieve effective corporate governance.

Corporate governance	Outcomes
External audit	Clean audit
Performance	80 – 100% achievement of KPIs
Board composition	Balanced skill and diversity
Business ethics	**Outcomes**
Level of fraud and corruption tolerance	Zero tolerance
Compliance	**Outcomes**
Level of compliance	Fully compliant
King IV	**Outcomes**
Level of adherence to King IV principles	Fully adhere
Procurement	**Outcomes**
Supply chain compliance	Fully compliant

Table 5 – Our governance objectives

The Governance report is detailed from page 52.

OUR VALUE CREATION PERFORMANCE

PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

A total of 11 KPIs were set out in the FY2023/24 revised Corporate Plan. The table below gives details of performance against each target:

Strategic Pillars	Outcomes Indicators	KPI	FY2023/24 Annual Targets
	Number of customers onboarded on digital platform	1	Cloud platform implemented for two customers
	Number of broadband sites connected	2	800 broadband sites connected (cumulative)
	Number of analogue sites switched off	3	Analogue Switch Off concluded
	Innovation initiatives implemented for revenue growth and operational efficiency	4	4 innovation initiatives
	Customer satisfaction score (%)	5	80% Customer satisfaction score
	Weighted average network availability (%)	6	99.80% Weighted average network availability
	Percentage of planned sites installed with green energy supply	7	60% of planned sites installed with green energy supply (cumulative)
	New Revenue Growth (%)	8	34.3% new revenue growth achieved [R491m]
	EBITDA	9	EBITDA of R376m achieved
	Percentage of digital training planned intervention implemented	10	100% of digital training planned intervention implemented.
	Clean audit achieved	11	Clean audit achieved

Table 6 – Our performance against our KPIs

Achieved Not achieved

Annual Actual Performance	Variation Explanation
Two customers onboarded onto the Cloud platform.	N/A
1 490 broadband sites connected including SA Connect sites	N/A
Switched off all transmitters with frequencies above 694MHz and retuned transmitter to clear spectrum for IMT. Six (6) additional transmitters for ETV was terminated.	N/A
4 innovative initiatives have been developed and handed over.	N/A
Annual survey conducted and 71% customer satisfaction score achieved	Only two complaints were received relating to value for money, and service excellence. The results are within the telco benchmark around 75%
99.80% Weighted average network availability	N/A
60% of planned sites installed with green energy supply (cumulative)	N/A
9% new revenue growth (cumulative) [R43m]	The SA Connect Model affected the revenue planning assumptions. Delays related to the STB project also affected the new revenue. However, both the SA Connect revenue and the STB project will be realised in the FY2024/25
EBITDA of R179m (cumulative)	Operating expenses were R136m above budget owing to additional bad debt provision of R55m for non-paying customers, and dual illumination and STB installation costs that were not provided for in the budget
111.73% of digital training planned intervention implemented	N/A
Unqualified audit opinion	Management to put a plan in place to enhance internal controls

OUR VALUE CREATION BUSINESS MODEL

Driving the mandate

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

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

CAPITAL INPUTS

FINANCIAL CAPITAL

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

(Refer to CFO report)

MANUFACTURED CAPITAL

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

(Refer to Operations review)

INTELLECTUAL CAPITAL

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

HUMAN CAPITAL

- A total number of 419 employees
- Employee engagement
- Talent management
- Employment equity

(Refer to Human capital section)

SOCIAL AND RELATIONSHIP CAPITAL

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

(Refer to Socio-economic and stakeholder section)

NATURAL CAPITAL

- Implementing energy panels
- Building energy supply sites

(Refer to operations review)

THROUGH A STRATEGIC

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

PURSUING STRATEGIC PILLARS AND SDG TARGETS

TO CREATE AND DELIVER SUSTAINABLE VALUE

VALUE OFFERING

CONTENT & MULTIMEDIA
Television, Radio, On-demand media

TOWERS
Facilities leasing (co-location)

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

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

FINANCIAL CAPITAL

- Revenue: R1,380 billion

MANUFACTURED CAPITAL

- Net promoter score at 19
- Weighted average network availability maintained at 99.80%
- Digital products ready for commercialisation

INTELLECTUAL CAPITAL

- Licences to operate our network
- Brand equity score at 81%
- Reputation score at 70%

HUMAN CAPITAL

- R426 848 million paid in salaries and benefits
- R14.86 million was spent on skills development, of which R14.68 million was spent on historically disadvantaged groups

SOCIAL AND RELATIONSHIP CAPITAL

- B-BBEE Level 2
- Touched lives of surrounding communities where our sites are located
- University collaboration initiatives resulted in improved academic performance
- Supported innovative enterprises with R3 million

NATURAL CAPITAL

- Sixty percent of the planned 40 sites was converted into green energy supply.

OUR CAPITALS

Financial capital

SENTECH defines its financial capital as the funds available for deployment into existing business and new business opportunities.

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

To maintain a healthy balance sheet, SENTECH monitors its key financial ratios of liquidity and solvency as well as other key ratios that 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 the amount is liquid and accessible.

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

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

Preservation and growth of financial capital is key to sustainability, with a focused effort on possible mergers and acquisitions and strategic alliances. As at 31 March 2024, SENTECH had a cash balance of R630 million, 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, R458,476 million for EBITDA, and reduction of staff costs to 30% of total expenditure.

CHIEF FINANCIAL OFFICER'S STATEMENT

Notwithstanding economic hardship, ingenious investment decisions yielded positive returns on invested funds, with R124 million interest income for the year.

Rudzani Rasikhinya
Chief Financial Officer

Despite the many challenges faced in FY2023/24, SENTECH has successfully navigated through the changing economic conditions, displaying resilience and commitment in delivering on key business targets.

It was predicted that the fallout from the chaos caused by the COVID-19 pandemic would be low economic growth, job losses, slow business uptake and muted business confidence. Added to that instability, is the impact of loadshedding and the explosion of technological advances. Nevertheless, the Company has shown continued fortitude and positivity through these years. Regardless of the economic hardships, ingenious investment decisions yielded positive returns on invested funds, with R124 million interest income achieved for the year.

The 2024 financial year was difficult with continued revenue decline in the media business following the analogue switch off (ASO). Total revenues declined by 2%, with corresponding costs increasing well above inflation. The revenue decline was partly influenced by the once-off revenue in the preceding year. SENTECH also incurred losses of R146 million on the back of the challenging economic conditions characterised by inflation, geopolitical unrest, and recession.

The Company implemented cost containment measures, among others, voluntary severance package (VSP), cost to company (CTC) remuneration structure and converted 12 sites to solar energy. These measures will have medium- to long-term impact to the bottom line.

The debtors' book increased from R664 million in the FY2022/23 to R1.2 billion owing to non-payment by some customers. The expected credit losses also increased significantly to R218 million as compared to R145 million in the prior year. The reason for the steep rise is mainly due to non-payment by some customers, which increased the credit risk associated with the debt, as at 31 March 2024. However, steps to rectify this risk are being made with negotiations underway with a major customer over payment arrangements.

The decrease of R122 million in non-current assets was caused by the reduced Right-of-Use Assets depreciation for the year. The incurred loss decreased the Shareholder value by 6% (R147 million).

Furthermore, cash balances (cash and cash equivalents and financial assets at cost and fair value) decreased by 28% (R431 million), 2024: R1.083 billion (2023: R1.514 billion) owing to non-payment by customers, even though negated by the SA Connect inflow as funded by the fiscus through the Shareholder. The dual illumination funding was not yet received by 31 March 2024, while the incremental costs were already incurred during the year. The National Treasury and DCDT approved the transfer of the funds from Universal Services Access Fund (USAF) administered by USASA. Certain cash and cash equivalents were reclassified as financial assets at amortised costs or fair value in order to comply with IAS 8. This necessitated the disclosure of three sets of Statement of Financial Position.

The continued loadshedding has had the negative impact of increasing the general cost of operations. Cost escalations have endured as a continuing challenge and will be monitored accordingly to ensure liquidity and sustainability.

The solvency ratio increased from 66% to 74%, mainly due to the decrease in the net asset value of R147 million and a slight increase in total liabilities of R96.5 million. The fluctuations in foreign currency to rand ratio played a role in variances for the solvency ratio owing to the application of IFRS 16, where the foreign denominated liabilities are valued at year end using the spot rate on 31 March 2024. The spot rate on 31 March 2023 was R17.8909:$1 whereas the 2024 spot rate was R19.1590:$1, an increase of 7% year-on-year.

Despite the setbacks of FR2023/24, SENTECH is set for an uptick in economic growth in the coming financial year.

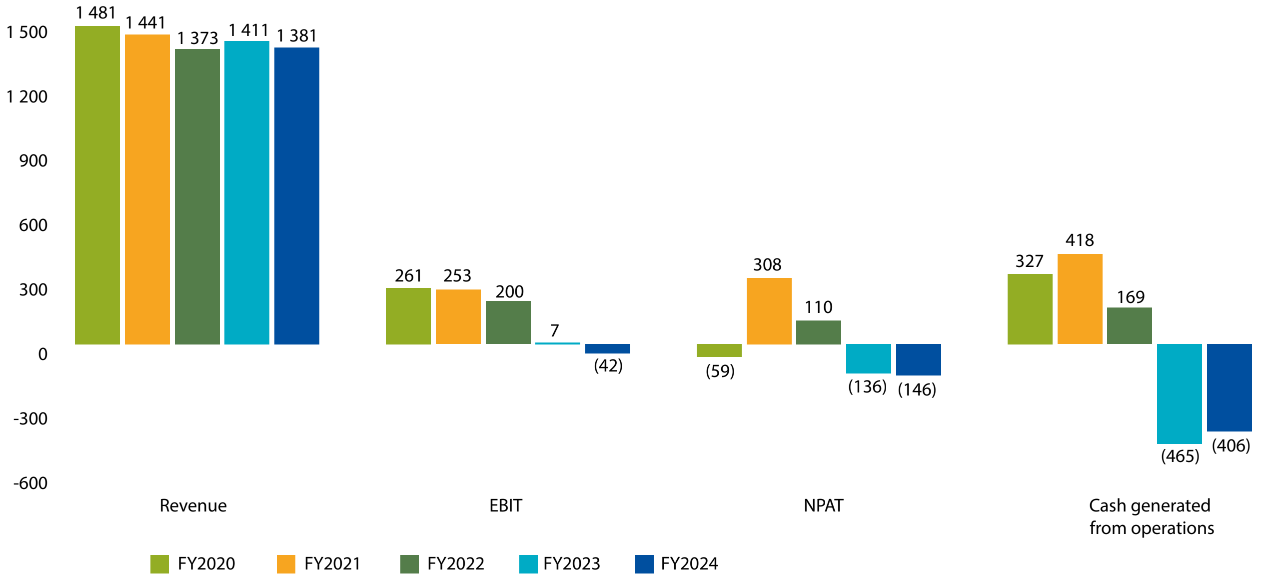
The organisation will continue to diversify its service offerings and take advantage of the opportunities freed up by the ASO as they come on stream. The Company will continue to focus on robust risk and cost management, rationalise its business model and cost structure to realise cost savings, and implement various austerity measures to ensure a healthy balance sheet.

The following are the key financial metrics reported in the FY2024 as compared to FY 2023:

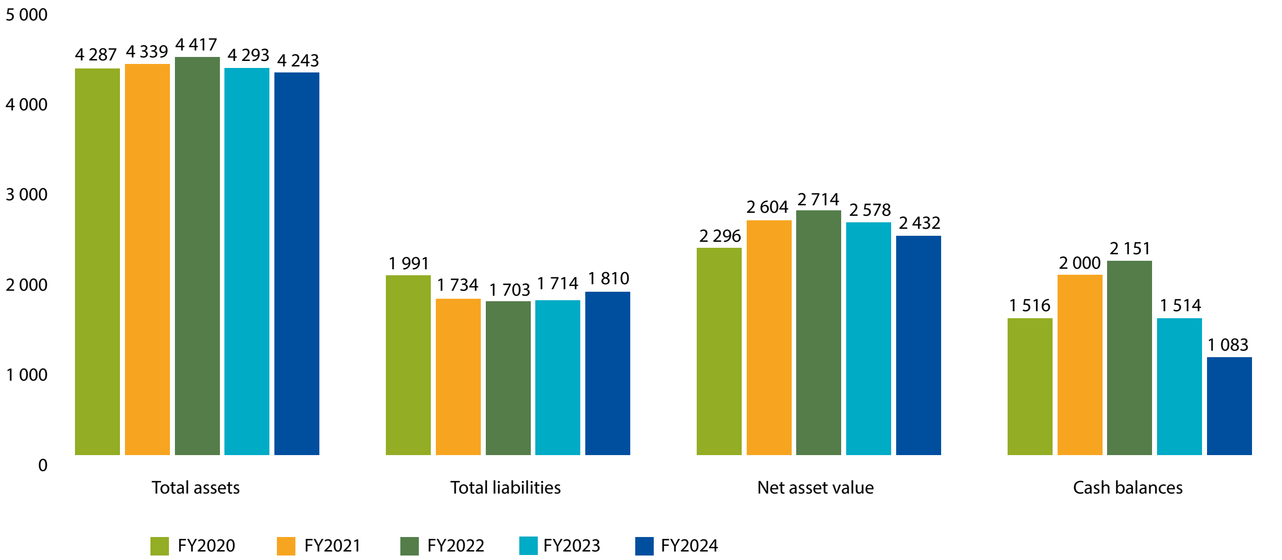
Financial metrics (R'000)	FY2024	FY2023	Variance
Revenue	**1 381 113**	1 411 904	(30 791)
EBIT	**(42 775)**	6 930	(49 705)
Loss after tax	**(146 822)**	(147 719)	897
Non-current assets	**1 879 300**	2 002 071	(122 771)
Net asset value	**2 432 600**	2 578 843	(146 243)
Total liabilities	**1 810 861**	1 714 301	96 560
Liquidity ratio	**3 times**	4 times	
Solvency ratio	**74%**	66%	

Trend analysis of the company for the past five years is summarised below:

Financial performance



Financial position



Rudzani Rasikhinya CA (SA)
Chief Financial Officer

OUR CAPITALS CONTINUED

Manufactured capital

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

Network performance

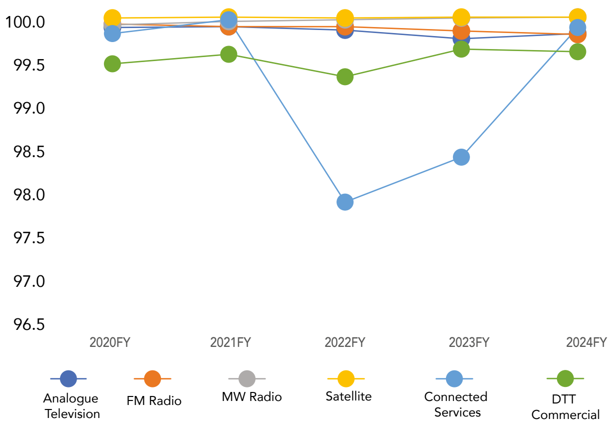
Services assurance and network infrastructure management require integration of technology, people, and service management processes. This is achieved through deployment of efficient and reliable technology solutions that are managed by a competent and skilled workforce. The effectiveness of the Company's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

We design our systems to deliver on the SLAs and requirements of our customers for our towers, media, broadband, satellite, and datacentre services. Notwithstanding SLA obligations, SENTECH has a stretch KPI target of 99.80% availability, which exceeds the individual SLA's across all commercial platforms. To ensure infrastructure longevity and highest level of service availability, we refresh our technology platform on an ongoing basis, and for the year under review a weighted network availability of 99.80% was achieved.

SENTECH's capital investment in recent years, primarily for technology enhancements and continuity of business operations, has yielded positive results in overall service continuity for its customers. This investment included the replacement of ageing back-up power supply systems, head-end upgrades, and the updating and improving of network monitoring. During this period, the high demand spectrum (above 700Mhz) was vacated and the digital dividend released.

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

FY2020 to FY2024 Network performance



Our reported Net Promoter Score (NPS) of 2 indicates a positive perception among customers, signifying their satisfaction with our services. However, to provide deeper insights, it would be beneficial to benchmark this score against industry standards for context. Moreover, the increase in our customer satisfaction score to 71% underscores our continuous efforts to strengthen SENTECH's commitment and continuous improvement in the market.

The above details showcase the significant achievements and strategic initiatives undertaken by SENTECH to drive business growth, foster customer engagement, and support digital transformation objectives. However, to ensure a comprehensive assessment, it is imperative to validate these performance indicators against predefined KPIs and benchmark them against industry standards for a more nuanced evaluation of our effectiveness in meeting commitments outlined in the annual business plan.

PRODUCT PERFORMANCE

Media business unit	The Media Business Division's performance in FY2023/2024 exceeded targets by an impressive 16%. This exceptional performance can be attributed to the continued service from analogue transmitters and the successful conversion of pipeline opportunities. Additionally, our strategic collaboration with set-top box manufacturers to ensure the availability of Freevision DTH decoders in the market has played a pivotal role in facilitating the transition to digital television. Notably, the introduction of FreevisionPlay, our video streaming platform, at AfricaCom 2023 underscores our proactive approach to engaging content partners and preparing for the public launch of an OTT platform, aligning seamlessly with consumer trends towards digital media consumption.
Digital migration implementation	SENTECH's unwavering commitment to digital migration is evident through the significant progress made in the BDM project, which led to spectrum clearing above 694MHz. This milestone not only supports the DCDT's objectives but also contributes to national goals, particularly in providing improved broadband services. Such initiatives are in perfect alignment with Sustainable Development Goal 10 (Reduced Inequalities), showcasing our dedication to creating a digitally inclusive society.
Towers business unit	Managed infrastructure services met expectations against the FY2023/2024 planned target of R79m.
Broadband connectivity services	The number of connected sites in FY2023/24 stood at 1 490 and included some of the most rural parts of the country where terrestrial network does not exist. The SA Connect phase 2 roll-out resulted in 1 143 connected sites, empowered five SMMEs, and created 75 jobs.
Data centre services	SENTECH's NASREC datacentre has the capability to provide co-location services. Upgrading of this datacentre from Tier 2 to Tier 3 is at 50% implementation, which will enable the centre to provide hosting services. It is expected that these hosting services will soon be ready for commercialisation.
Customer care digital channels	The successful implementation of an Omnichannel system reflects SENTECH's commitment to enhancing customer experience and accessibility. By operating a call centre throughout the year and integrating various communication channels such as WhatsApp Messaging, Facebook Messenger, Webchat, Text messaging, Email, Voice telephony, and Chatbot services, we demonstrate responsiveness to evolving customer preferences and technological advancements. This approach ensures that our customers can engage with us seamlessly across multiple platforms, resulting in enhanced satisfaction and loyalty.
Property portfolio	We have identified potential property assets for optimisation and the portfolio is being re-evaluated to make use of some of its non-productive assets, which include unutilised office buildings and land. The lease of the SENTECH towers and space on our commercial sites continue to contribute toward our revenue. As we develop value-added services for the managed infrastructure portfolio, we are rebundling our service structure to offer a greater mix of complementary services.

Table 8 – Our product performance

CHIEF OPERATIONS OFFICER'S REVIEW

The successful clearing of the digital dividend is expected to stimulate innovation, support the growth of digital industries, and improve the delivery of public services through enhanced digital connectivity.

Flenk Mnisi

The 2023/24 financial period was characterised by sluggish economic growth, primarily due to continued global supply chain challenges and energy supply constraints, coupled with high interest rates and rising commodity prices.

We continued with our efforts to implement our digital transformation initiatives across all our platforms. During the year under review, significant progress was made towards clearing the digital dividend. In South Africa, this involves the process of repurposing spectrum bands, traditionally used for broadcasting, for mobile broadband and other telecommunications services. All broadcast services were migrated to below 694 MHz, thus effectively releasing spectrum above 694 MHz for reallocation.

This initiative is aimed at enhancing digital connectivity, reducing the digital divide, and improving access to digital services across the country. This reallocation is crucial for expanding 4G and 5G services, which can lead to improved internet speeds and broader coverage, particularly in rural and underserved areas. By enhancing mobile broadband infrastructure, South Africa aims to bridge the digital divide, providing more equitable access to digital technologies and services. The successful clearing of the digital dividend is expected to stimulate innovation, support the growth of digital industries, and improve the delivery of public services through enhanced digital connectivity.

The future of broadcasting is changing drastically toward online and more efficient alternatives of reaching audiences. During the period under review, we continued with further development of the OTT platform, and we continue to work with broadcasters to finalise the digital radio network trial in Gauteng.

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

Looking ahead

The South African economy is slowly recovering from the tough period caused by the COVID pandemic, and this creates a growth paradigm opportunity for SENTECH. Our business and technology strategies take the realities and challenges of the evolving socio-economic environment into account. In the next term, we look forward to concluding the BDM process, evolving new media platforms, and expanding our broadband coverage across the country.

Flenk Mnisi
Acting Chief Operations Officer

OUR CAPITALS CONTINUED

Intellectual capital

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

SENTECH has a number of trademarks and intellectual properties (IP) registered in its name to ensure protection and compliance of its registered IPs.

During the past five years, SENTECH has begun implementing a trajectory to transform its business to address broader tele- and information communications needs, greater capacity and new market segments. In the year under review, SENTECH began productisation of Cloud offerings and the establishment of the SENTECH Academy for Emerging Technologies and Innovation. SENTECH also completed its prototype total experience (TX) platform, which is being designed to enable public engagement.

Licences

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

Value of licences to SENTECH

The licences are of utmost strategic value to the Company, as SENTECH operates in a highly regulated environment. The licences are issued for a period of 20 years each, providing SENTECH with certainty and assurance of business continuity. The licences were issued to SENTECH in 2009 and will become due for renewal in 2029. SENTECH licences enable the company to establish various revenue streams in keeping with the everchanging technological environment within which the Company operates.

Value of licences to customers and stakeholders

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

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

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

Brand value and reputation

SENTECH regards its trusted brand and reputation as key to enhancing its value creation. Through branding activation, media monitoring, and effective governance, the Company strives to enhance its brand equity and safeguard its reputation. Although there has been a decrease in the Company's internal targets for both brand equity and reputation scores, its brand equity score exceeded the 76% benchmark..

2023 SCORES

OVERALL REPUTATION 71%

EXTERNAL BRAND EQUITY SCORE 85%

2024 SCORES

70% — 1% POINT DECREASE

81% — 4% POINT DECREASE

EXTERNAL RESULTS

Human capital

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

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

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

The various interventions we use to support the implementation of our human capital strategy are set out below.

Talent management

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

Learning and development

Learning and development continued to play an integral part in enabling business growth and performance during the reporting period. Specific focus areas were digital transformation, business orientation, and leadership development, all of which are aimed at enhancing business performance. The business training target of 918 training interventions for the year was achieved and slightly exceeded. In total, 1221 training interventions were delivered and an amount of R14.86 million was spent on skills development, of which R14.68 million was spent on historically disadvantaged groups.

Strategic partnerships with academic institutions are essential to fostering a learning and development culture. As part of 4IR, SENTECH has set up a research and innovation collaboration network with eight universities and awarded between them an amount of R5.5 million. In addition, we had the pleasure of working with 35 interns during the year. The internship programme is aimed at providing students with experiential training through structured workplace exposure and specialised training. The total spend for the internship programme was R1.8 million.

With the aim of enabling employees to maximise their potential and get the most out of their careers, we spent nearly R860 000 on internal staff bursaries for the 2023/24 academic year. The total SD expenditure constituted 3.17% of the payroll expenditure. The training expenditure is set out in Table 9.

Skills development	Budget (R'000)	Actual spend (R'000)	EE spend (R'000)
University collaboration	6 500 000	5 500 000	5 500 000
Internships	1 300 000	1 835 000	1 835 000
Staff training	5 800 000	3 832 493	3 730 493
Staff bursaries	900 000	860 577	810 577
Memberships, travel & accommodation	769 000	2 832 963	2 804 163
Total	R15 269 000	R14 861 034	R14 680 234

Table 9 – Overall training costs

OUR CAPITALS CONTINUED

Rewards and recognition

Reward and recognition of achievement play an integral role in the successful delivery of our strategic objectives. Our remuneration policy supports our performance-driven culture. SENTECH has recently converted to a cost-to-company remuneration structure to provide employees with more choice around the application of their remuneration, align itself to market practices and improve internal equity.

SENTECH has a short-term incentive scheme – is linked to both the individual's performance contribution and the organisational performance – to achieve sustainable business performance. During FY2023/24, discretionary incentives were paid at both management and bargaining levels.

Culture change

In building a high-performance organisation, we continue to create a value-driven culture in which employees find alignment between their personal values and organisational values, creating a motivated and engaged staff. We continue to align to the values of the (I-CAARE) framework to remind ourselves of our purpose, behaviours, and ways of work that enable us to achieve our strategic objectives.

Occupational health and safety

We continue to strive for zero fatalities, injuries, or occupational diseases in the workplace. Our goal is to eliminate incidents, minimise risk, manage environmental impacts as reasonably as practicable, and enable excellence in operations and business performance. Our total recordable injury rate (TRIR) is closely monitored for the limit of 1% of overall staff headcount and measured by using it as a safety performance measuring tool.

The formula is calculated on the number of recordable injuries multiplied by 200 000 as a constant number and divided by the number of work hours accumulated per month to financial year end.

SENTECH has managed to keep the TRIR levels below the limit of 1% through awareness programmes, training, medical surveillance, project safety and/or contractor management, and risk assessment. The TRIR for FY2023/24 was 0.0601% – well below the 1% limit.

Employment equity

SENTECH is dedicated to upholding an inclusive culture that enables the advancement of women in technical and senior roles and promoting opportunities for staff with disabilities. Through a solid plan that supports equality in the workplace, equal employment opportunities, skills development, and equitable representation at all occupational levels, our goal is ultimately to achieve equal representation across all levels within the organisation.

As at 31 March 2024, we had 419 permanent employees, as set out in Table 10. The current employment equity statistics reflect that 91% of staff in the organisation are black and 38% are female. At top management level, 100% are black and 33% female. In addition, 92% of senior management are black and 42% are black female, while 84% of specialists and middle management levels are black and 35% black female. Our people-with-disability rate is 1.43% of the total staff complement.

Employment Equity Report 2022/2023

	Male					Female					
Occupational Levels	African	Coloured	Indian	White	Employee with disability	African	Coloured	Indian	White	Employee with disability	Total
Top management											
Current	2	1	1	0	0	2	0	0	0	0	6
Senior management											
Current	7	0	0	1	0	5	0	0	0	0	13
Professionally qualified and experienced specialists and Mid-management											
Current	36	3	1	8	0	20	2	0	4	1	74
Skilled technical & academically qualified workers, Junior management, Supervisors, Foremen and Superintendents											
Current	103	12	8	20	3	88	2	2	3	0	238
Semi-skilled & discretionary decision making											
Current	14	1	0	0	0	20	5	1	3	2	44
Unskilled & defined decision making											
Current	35	6	0	0	0	3	0	0	0	0	44
Total permanent	197	23	10	29	3	138	9	3	10	3	419

Table 10 – Employment equity profile

Personnel remuneration by salary band

For the reporting period, the average personnel remuneration total cost per each of SENTECH's 419 permanent employees was R899 959.95, of which top management accounts for 4.17%. Staff remuneration for the reporting period is set out in Table 11.

Level	Personnel remuneration (R'000)	Percentage of total personnel cost	Number of employees	Average remuneration per employee (R'000)
Executive management	R15 721	4,17%	6	R2 620
Senior management	R27 703	6,02%	13	R1 746
Professional	R100 370	26,62%	74	R1 356
Skilled	R194 769	51,65%	238	R818
Semi-skilled	R24 062	6,38%	44	R546
Unskilled	R19 456	5,16%	45	R442
Total	R377 083	100,00%	419	R 899

Table 11 – Total cost of active and permanent employees, excluding terminated & temporary and variable costs, as at 31 March 2024. Variable costs include post-retirement obligations, overtime, standby allowance, leave pay provision, acting allowances, long service awards and STI payments.

OUR CAPITALS CONTINUED

Employment and vacancies

Table 12 compares SENTECH's employee turnover and the recruitment profile for the reporting period with that of the previous financial year.

Programme	Number of employees beginning (FY2022/23)	Approved posts	Posts planned to be filled	Number of employee end (FY2023/24)	Vacancies	Vacancies planned to be filled	Vacancy rate on planned posts
Executive management	7	11	10	6	4	3	27%
Senior management	15	23	21	13	7	5	22%
Professionals	77	121	117	74	38	25	21%
Skilled technical and academically qualified	255	300	295	238	30	10	3%
Semi-skilled	45	57	51	44	10	5	9%
Unskilled	45	52	45	44	7	5	10%
Total	444	564	539	419	96	53	9%

Table 12 – Employee turnover and recruitment profile

Employment change

Table 13 sets out SENTECH's employment profile as of 31 March 2024. We had 53 planned vacancies out of a total of 96 vacancies for the reporting period. There were no permanent appointments during the period owing to the moratorium on recruitment.

Salary band	Employment at start of period	Appointments	Terminations	Internal appointments	Employment at end of period
Executive management	7	0	1	0	6
Senior management	15	0	2	0	13
Professionals	77	2	5	0	74
Skilled	255	0	17	0	238
Semi-skilled	45	0	1	0	44
Unskilled	45	0	1	0	44
Total	444	2	27	0	419

Table 13 – Employment statistics

Reasons for employees leaving

SENTECH's staff turnover rate for FY2023/24 was 6,44%, comprising 19% voluntary exits and 81% mandated terminations, including retirements, dismissals, and deaths.

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

Table 14 – Reasons for employees leaving

Employee relations

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

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

OUR CAPITALS CONTINUED

Social and relationship capital

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

Engaging our key stakeholders

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

Table 15 – Stakeholder engagement

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

Creating value through broad-based economic empowerment

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

Throughout the year, the Company provided financial and non-financial support to both start-ups and established SMMEs to enable them to become more competitive and to secure long-term sustainability. Two SMMEs received financial grants to the total value of R3 million. Both beneficiary businesses are currently sustainable, have advanced supply capabilities, and are not solely dependent on external funding.

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

	Company score		
B-BBEE Elements	**FY2022/23**	**FY2023/24**	**Target Score**
Management and control	17.59	**TBC**	20.00
Skills development	17.23	**TBC**	30.00
Preferential procurement	56.78	**TBC**	59.00
Socio-economic development	9.11	**TBC**	12.00
Overall score	100.72	**TBC**	112.00
Level contributor	TWO	**TBC**	ONE

Table 16 – B-BBEE Score

At the time of publication the B-BBEE results were not concluded.

Management control

At SENTECH, we are committed to the implementation of a three-year employment equity plan aimed at achieving our transformation objectives and on improving on our B-BBEE Level 2 rating. Programmes are in place to drive transformation at all levels of the business. Of note is that the number of employees living with disabilities during the reporting period was 1.4% (6), but we are committed to meeting the target of 2% (10) once the moratorium on recruitment has been lifted.

Figure 10 below highlights the employment equity status of women at SENTECH.

Percentage of Women Representation in the company, 31 March 2024

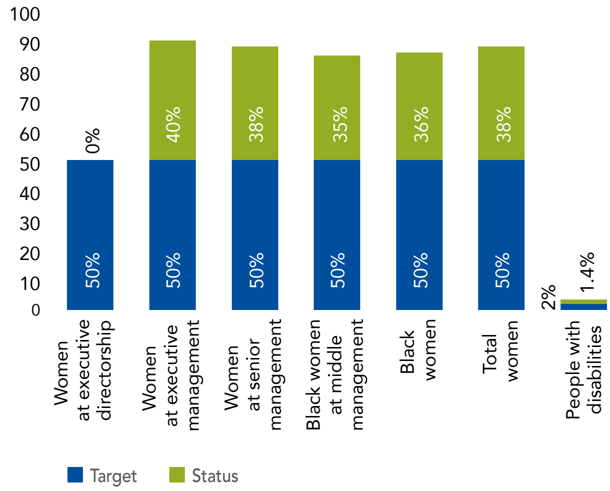


Figure 10 – Percentage of Female Employees

Women representation is currently at 38% of which 36% is black. While the Company is committed to achieving a 50% representation of women as part of the three-year EE plan, it must be noted that the employment moratorium and an increased number of female resignations has affected the achievement of this target. The current employment equity statistics reflect that 91% of employees in the organisation are black.

Table 17 below gives details of SENTECH's overall employment equity status.

Levels	A	C	I	W	Total Black	Total
Black Executive Directors	2	0	0	0	2	2
Black Female Executive Directors	0	0	0	0	0	0
Black Executive Management	3	1	1	0	5 (100%)	5
Black Female Executive Management	2	0	0	0	2 (100%)	2
Black Senior Management	12	0	0	1	12 (92%)	13
Black Senior Female Management	6	0	0	0	6 (100%)	6
Black Middle Management	56	5	1	12	62 (84%)	74
Female Middle Management	20	2	0	4	22 (85%)	26
Black People Living with Disabilities	4	0	0	2	4	6 (1.4%)
Black Women Living with Disabilities	2	0	0	1	2	3

Table 17 – Employment equity status

Skills development

SENTECH provides training and development programmes for employees, interns, and graduates. During the reporting period, 1221 interventions were implemented, of which 96.64% were for black employees, 38.16% for women and 0.65% for people living with disabilities.

The university collaboration project and SENTECH's internship programme are in progress, with partnerships established with eight universities and 35 interns are progressing well with their internship programme. The internship programme will conclude on 30 June 2024.

Twenty-six staff bursaries were awarded for the 2023 academic year and 17 bursaries for the 2024 academic year. The skills development spend achieved for the period was 3.17% of payroll.

Preferential procurement

SENTECH continues to advance its transformation agenda by supporting companies owned by black people and other designated groups as proposed in the B-BBEE Act.

The statistics below show how the procurement spend of R507 780 000 for the year was distributed. At least R439 820 000 was awarded to enterprises with at least 51% black ownership or more. This means 86.62% of the total projects awarded were allocated to black-owned companies.

Another notable achievement is that a total of R435 590 000 (85.78%) was apportioned to SMMEs and R204 540 000 (40.28%) was apportioned to female-owned enterprises, thereby exceeding the targets set. SENTECH will continue to focus on youth-owned enterprises and those owned by people with disabilities to improve spend in these categories.

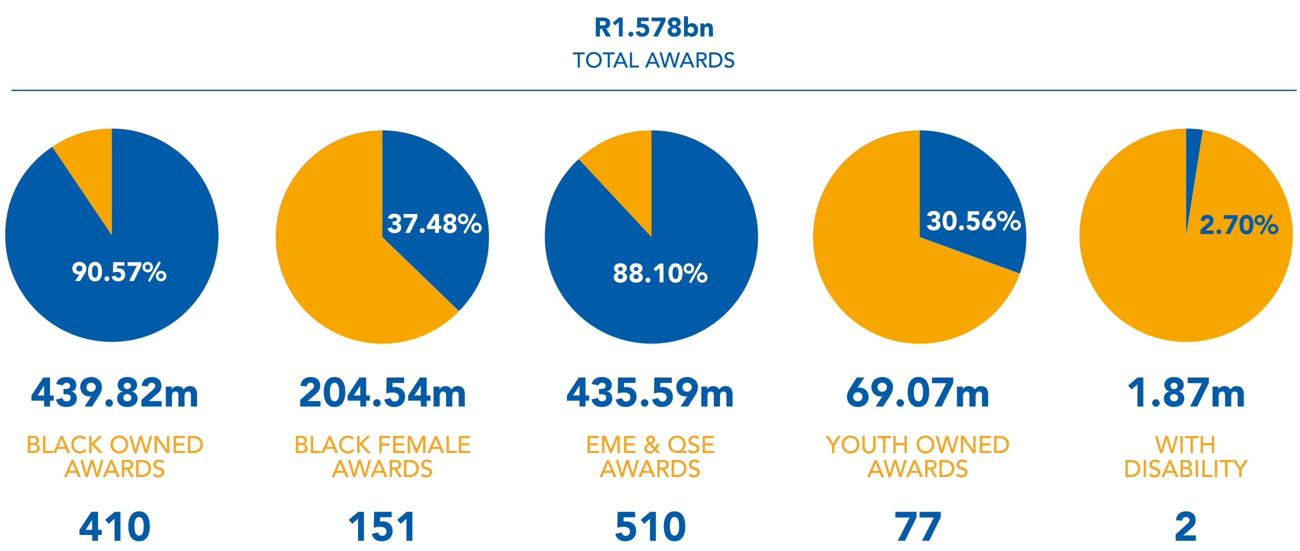


Figure 11 – Supply preferential FY2023/24 targets

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

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

OUR CAPITALS CONTINUED

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

Enterprise and supplier development (ESD)

SENTECH awarded R3 898 420 (98%) of the R4 million ESD allocated budget as financial support to two SMMEs, one receiving R2 million and the other R1 898 420.

The first beneficiary developed a revolutionary navigation tool for Africa that provides a user-friendly and robust application. Navigating in peri-urban and rural communities is a significant challenge, resulting in a lack of efficient service delivery, as existing navigation systems often fail to accurately pinpoint rural locations for government and corporate integration.

The platform caters specifically for Africa's diverse needs, offering offline navigation, localised points of interest, and safety features to enhance the overall user experience. The innovation involves integration of different technologies, such as artificial intelligence (AI) and machine learning (ML), while its advancement in geospatial technology balances precision and flexibility in both urban and rural settings. This ability particularly addresses our SA Connect initiatives.

In addition, the SMME contributed to job creation, particularly for the youth in peri-urban and urban areas. By actively participating in this project, the youth will gain valuable skills and employment opportunities.

The second beneficiary developed an SMME Digital Marketing tool kit. The innovative toolkit will help bridge the current issues that SMMEs encounter: loss of work for at least two per day hours due to loadshedding, connectivity issues and profit losses. The toolkit includes elements that every business needs: from a laptop/tablet loaded with marketing apps that simplify navigation to apps required to brand and market a business; its UPS solar box allows the business to stay connected during power outages; a card machine ensures that the business has different ways of accepting payments; and a router for internet connection means the business can run efficiently.

Continuous engagement

One of our past beneficiaries trained 50 participants on animation. During the monitoring process, the beneficiary reported that 48 talented students completed their journey in digital arts and entrepreneurship. This presents a talent pool, with a competitive advantage, as potential entrepreneurs within the greater ICT sector.

Socio-economic development

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

- SENTECH donated connectivity to an innovation centre, where rural South African youth is upskilled in ICT. A total of 41 graduates were honoured, the majority of whom are unemployed women. The facility has offered specific career pathways that will foster economic empowerment and digital connectivity in rural communities.
- In support of the DCDT, SENTECH donated 200 scientific calculators and sanitary towels to a deserving school.
- SENTECH hosted the Chairperson's charity golf day in September 2023; two NGOs benefited from the proceeds.

Natural capital

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

Environmental preservation

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

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

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

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

Lowering carbon emissions

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

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

Over the MTEF period 2022 – 2025 SENTECH committed to convert 40 sites to green energy. During the reporting period, we successfully converted 12 of our sites and offices to solar energy. This increased the overall sites converted to 24 out of a targeted 40 sites with the remainder to be concluded during the coming financial year. This is just one aspect of a long-term plan to convert the energy supply to offices and high-usage sites from mains to green energy, which has proven to be a highly successful way of reducing the Company's carbon footprint. The analogue switch off further reduced the overall electrical demand, thus reducing the impact of Indirect Scope 2 emissions. Waste management and other factors resulted in Indirect Scope 3 emissions being further reduced, thanks to the hybrid working environment and reduction in fuel and energy-related emissions not included in Scope 1 and Scope 2.

The graph below reflects the impact of the above-mentioned activities. An overall reduction of 6% in the carbon emissions from 83648 tCO_2e to 78346 tCO_2e was achieved in FY2023/2024.

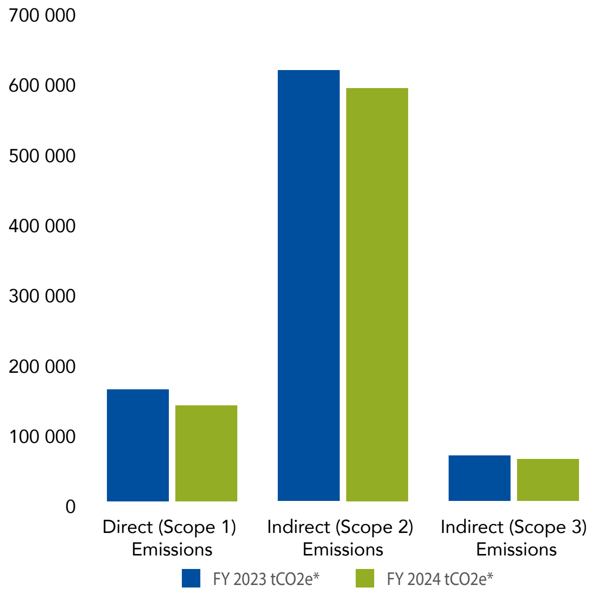


Figure 12 – SENTECH's carbon emission trends

SUSTAINING VALUE BY MANAGING RISKS AND OPPORTUNITIES

Enterprise risk management strategy and philosophy

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

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

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

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

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

In FY2023/24, at the beginning of the reporting period, 11 top strategic risks to the organisation were identified. These risks were aligned to the organisational strategic pillars, outcomes, and key performance indicators set for the financial year. It is noted that management has adequately managed and implemented the mitigation actions to minimise the risk exposure, with exception of strategic risks 3 and 5, which retained high residual ranking at year end.

Fraud prevention and risks

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

A fraud risk assessment was conducted at the beginning of the financial year and 10 risks were identified and assessed. By year end, all fraud risks were adequately managed by management and the residual risk rankings were significantly reduced.

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

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

The table below indicates the status update of strategic risks at year end:

Strategic pillars	Strategic risks for FY2023/24	Overall status of the residual ranking at the beginning of the year	Overall status of the residual ranking at year end
Digital infrastructure	1. Inadequate growth of the broadband and connectivity business	High	Medium
Innovation and Data-driven	2. Slow progress towards creating innovations for digital transformation, revenue streams, customer experience and operation efficiency.	High	Medium
Financial outcome	3. Slow revenue growth	High	High
Transformation and environmental	4. Failure to realise the objectives of the envisaged Digital infrastructure company.	High	Not Applicable (KPI approved to be removed from the Corporate Plan)
Financial outcome	5. Threat to financial sustainability (Unsustainable cost of operations that may result in insolvency)	High	High
Engaged and talented people	6. Inability to attract, develop and retain mission critical skills	High	Low
Digital infrastructure	7. Inability to deploy targeted sites and digital infrastructure timeously	High	Not Applicable (KPI approved to be removed from the Corporate Plan)
Customer centricity	8. Loss of current customers and inability to acquire new customers	Medium	Medium
Transformation and environmental	9. Non achievement of clean audit	Medium	Low
	10. Failure to complete the conversions to solar solutions on time	High	Low
Digital infrastructure	11. Cyber attack	High	Medium

Table 18 – Strategic risks status

CORPORATE GOVERNANCE

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

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

Board of directors' report

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

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

Continuity programme

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

Appraisal

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

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

Approach to compliance

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

Ethics

King IV defines corporate governance as 'the exercise of ethical and effective leadership by the governing body' and is aimed at achieving an ethical culture, good performance, effective control, and legitimacy. The Board is responsible for defining the Company's ethical framework and has delegated oversight of this to the Social and Ethics Committee. The Code of Business Conduct and the Ethics Policy were reviewed during the year. The policy articulates the standards of behaviour expected from directors, employees, and service providers.

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

Compliance with King IV

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

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

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

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

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

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

Independence of directors

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

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

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

Composition and number of meetings

During FY2023/24, changes were made to the composition of the Board by the appointment of the following non-executive directors:

- Ms S Mudau
- Ms V Motloutsi
- Mr T Phiri
- Mr M Metuse
- Dr T Sesane
- Adv N Mudunungu
- Ms M Moropa
- Mr K Pillay (Resigned)
- Mr L Keyise (Resigned)

CORPORATE GOVERNANCE CONTINUED

Attendance at meetings

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

Name of member	26 Apr 2023	26 May 2023	28 Jun 2023**	28Jul 2022	2 Aug 2023**	25 Aug 2023**	27 Oct 2023	16 Nov 2023**	7 Dec 2023 (strategy session)	14 Dec 2023**	26 Jan 2024	27 Feb 2024	29 Feb 2024**	30 Mar 2024**
Ms S Mudau (Chairperson)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Ms V Motloutsi	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	×	✓
Mr T Phiri	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr M Metuse	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Dr T Sesane	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Adv N Mudunungu	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Ms M Moropa	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr T Leshope	✓	✓	✓	✓	×	✓	✓	✓	✓	✓	✓	✓	n/a	✓
Mr F Mnisi	n/a	n/a	n/a	n/a	n/a	n/a	✓	✓	✓	×	✓	✓	n/a	✓
Ms R Rasikhinya	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	n/a	✓
Mr K Pillay	✓	✓	✓	✓	✓	✓	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Mr L Keyise	✓	✓	✓	✓	✓	✓	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Mr Booi	✓	✓	✓	✓	✓	✓	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Table 19 – Board attendance at meetings

× *Apology/recused from a meeting*

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

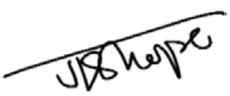
** *Special meeting*

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

Comparison of attendance at Board meetings in FY2023/24 versus FY2022/23:

Board Members	2022/23 Meetings Number	2022/23 Meetings %	2023/24 Meetings Number	2023/24 Meetings %
Ms S Mudau	15/15	100	**14/14**	**100**
Ms V Motloutsi	15/15	100	**13/14**	**93**
Mr T Phiri	15/15	100	**14/14**	**100**
Mr M Metuse	15/15	100	**14/14**	**100**
Dr T Sesane	15/15	100	**14/14**	**100**
Adv N Mudunungu	15/15	100	**13/14**	**93**
Ms M Moropa	15/15	100	**14/14**	**100**
Mr M Booi	14/15	93	**6/6**	**100**
Mr T Leshope	14/15	93	**12/13**	**92**
Ms R Rasikhinya	5/5	100	**13/13**	**100**
Mr L Keyise	n/a	n/a	**6/6**	**100**
Mr K Pillay	n/a	n/a	**6/6**	**100**
Mr Flenk Mnisi	n/a	n/a	**6/7**	**85**

Table 20 – Comparison of Board attendance at meetings



Mr Tebogo Leshope
Acting Chief Executive Officer

Ms Sedzani Mudau
Board Chairperson

Board committee structure

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:

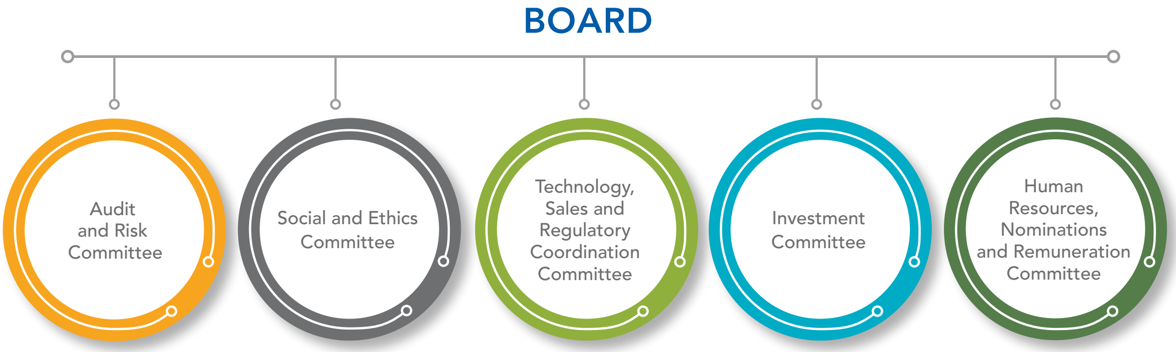


Figure 13 – The Board and its Committees

Committee reports

Technology, sales, and regulatory co-ordination committee (TSRC)

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

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

Table 21 – TSRC mandate and action

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

Member	20 Apr 2023	14 Jul 2023	13 Oct 2023	16 Jan 2024
Ms M Moropa (Chairperson)	✓	✓	✓	✓
Dr T Sesane	✓	✓	✓	✓
Mr T Phiri	✓	✓	✓	✓
Ms V Motloutsi	✓	✓	✓	✓
Mr K Pillay	n/a	n/a	n/a	n/a

Table 22 – TSRC members' attendance at meetings

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

CORPORATE GOVERNANCE CONTINUED

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

Key matters are set out below:

Matter	Outcome
BDM and set-top box installations	The FM Transmitter tender is a framework that enables SENTECH to acquire equipment as and when required. However, SENTECH is currently managing supply from within its own inventory and the cancellation of this tender has not affected service delivery. The STB tender was re-advertised and awarded to bidders on 26 January 2024. The appointed suppliers have committed to deliver during quarter 1. This supply will enable delivery of STBs well ahead of the 31 December 2024 ASO deadline.
Impact of proposed changes in the regulatory environment	SENTECH participated in the public consultation process related to the Electronic Communication Amendment Bill
Financial sustainability	Revenue diversification and the development of new products is being pursued.

Table 23 – TSRC key matters and outcomes

In FY2024/25, the Committee will continue to monitor revenue diversification, the development of new products and services, and the Company's inorganic growth efforts.

Investment committee (IC)

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

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

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

Table 24 – IC mandate and action

During the reporting period, the IC comprised the following members and held four meetings:

Member	21 Apr 2023	18 Jul 2023	17 Jan 2023	17 Jan 2024
Ms V Motloutsi (Chairperson)	✓	✓	✓	✓
Mr T Sesane	✓	✓	✓	✓
Adv N Mudunungu	✓	✓	✓	✓
Mr K Pillay	✓	✓	✓	✓

Table 25 – IC members' attendance at meetings

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

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

Key Matters

Matter	Outcome
SOC rationalisation	The Committee considered quarterly Investment Committee Reports that addressed SOC Rationalisation , including the SENTECH Acquisition of Broadband Infraco (BBI) and target acquisition update. In addition the Committee considered the BBI Due diligence Report, the BBI Turnaround Plan and Sales of Shares Agreement
Review of the Mergers, Acquisitions and Partnerships Policy and Strategy	The policy document outlined the strategy to be followed in acquiring and merging with businesses where there is a strategic fit with SENTECH. The strategy was then aligned to the FY2023/24 – FY2024/25 Corporate Plan
Investment Committee Charter and Mandate	The Committee reviewed the Committee Charter and considered the Investment Mandate

Table 26 – IC key matters and outcomes

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

Human Resources, Nominations, and Remuneration Committee (HRNRC)

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

The HRNRC is responsible for the appraisal of the Board.

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

Table 27 – HRNRC mandate and action

CORPORATE GOVERNANCE CONTINUED

During the reporting period, the HRNRC comprised the following members and held three regular meetings and one special meeting:

Member	12 Apr 2023	20 Apr 2023**	12 Oct 2023	18 Jan 2024
Mr M Metuse (Chairperson)	✓	✓	✓	✓
Ms V Motloutsi	✓	✓	✓	✓
Ms S Mudau	✓	✓	✓	✓

Table 28 – HRNRC members' attendance at meetings

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

The CEO, COO, CFO, Chief Human Resources officer and the Executive directors attend meetings by permanent invitation.

Social and Ethics Committee (SEC)

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

Mandate	Action
• Overseeing SENTECH's reputation management and stakeholder relationships • Ensuring compliance with the Constitution, the country's legislative framework, best-practice standards of governance, and the Company's Code of Conduct and policies • Reviewing the Code of Conduct and ethics policies and procedures to ensure that they address key social and ethical risks to the Company • Reviewing the implementation of risk management in human resources, ethics, compliance, governance, and stakeholder relations	• Reviewed SENTECH's Sustainability Strategy and Plan • Monitored progress on the implementation of the People Transformation Strategy • Monitored progress made on B-BBEE • Monitored progress on the implementation of the Marketing and Sales Strategy • Reviewed the Stakeholder Engagement Strategy and received reports on the implementation of the strategy • Considered quarterly Ethics Report • 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 2023/24 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 29 – SEC mandate and actions

King IV Application

In terms of the King Report on Corporate Governance organisation are required to "apply and explain" compliance to the King IV Report. The approach was introduced to encourage companies to take a more proactive approach to corporate governance. SENTECH was fully compliant with all principles, with the exception of principles 7 and 10 and where there was partial compliance.

Principle 7

The Board has an appropriate balance of skills experience, diversity and independence to appropriately discharge its responsibilities. However, the Board Evaluation Report highlighted that certain Committees required additional skills and experience.

Recommendation

A Board and Committee Implementation Plan was prepared and submitted to the Board for consideration. The Implementation Plans seeks to address the concerns raised in the Board and Committee Evaluation Report.

Principle 10

- Currently the organisation has an Acting CEO, as the appointment of the CEO has not been finalised.
- SENTECH has a succession plan in place, but had to suspend it due to the moratorium.
- SENTECH's Delegation of Authority ("DoA") was last approved 29 April 2021.
- SENTECH has an Acting Company Secretary. The process of appointing a Company Secretary has not been finalised.

Recommendations

- SENTECH awaits feedback from the Minister regarding the appointment of the CEO.
- Once the OD has been implemented, the succession management process will commence.
- The DoA (last approved on 29 April 2021) needs to be reviewed in terms of the Policy on Policies (after a period of three years unless where there are compelling reasons for review).
- The Company Secretary position was advertised in the *Sunday Times* newspaper on 24 March 2024 and closed on 12 April 2024. The recruitment process will be finalised in three months. The Acting Company Secretary's contract has been extended from 1 May 2024 to 30 September 2024.

During the reporting period, the SEC comprised the following members and held four meetings:

Member	12 Apr 2023	13 July 2023	12 Oct 2023	15 Jan 2024
Dr T Sesane (Chairperson)	✓	✓	✓	✓
Ms S Mudau	✓	✓	✓	✓
Adv N Mudunungu	✓	✓	✓	✓
Mr K Pillay	n/a	✓	n/a	n/a

Table 30 – SEC members' attendance at meetings

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

Audit and Risk Committee (ARC)

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

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

ARC Charter

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

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

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

CORPORATE GOVERNANCE CONTINUED

During the reporting period, the ARC comprised the following members and held four meetings and three special meetings:

Member	6 Apr 2023**	24 Apr 2023	19 May 2023**	24 Jul 2023	26 Jul 2023**	18 Oct 2023	18 Jan 2024	26 Feb 2024**
Mr T Phiri (Chairperson)	✓	✓	✓	✓	✓	✓	✓	✓
Ms M Moropa	✓	✓	✓	✓	✓	✓	✓	✓
Mr M Metuse	✓	✓	✓	✓	✓	✓	✓	n/a

Table 31 – ARC members' attendance at meetings

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

External audit

Mandate	Action
• The ARC is responsible for recommending the appointment of and overseeing the activities of the external auditors	• Considered the 2023/24 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 2022/23 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 2024, 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 IFRS and found those to be appropriate • Considered the 2023/24 Procurement Plan • Noted progress reports on the 2023/23 Management Letter Points

Table 32 – ARC mandate and actions regarding the external audit

Internal audit

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

Mandate	Action
• The ARC receives regular reports from the Head: Internal Audit and is tasked with assessing the internal audit function and approving the Annual Audit Plan	• Approved the 2023/24 Internal Audit Plan and rolling three-year plan • Reviewed and approved the Internal Audit Charter • Considered Internal Audit Quarterly Reports relating to the effectiveness of the Company's internal control environment, systems, and processes together with the adequacy and appropriateness of the related Management Corrective Action Plans • Considered the effectiveness of the internal audit function • Reviewed the internal audit resources to ensure that Internal Audit is able to discharge its functions • Considered Hotline reports and the progress in addressing reported incidents

Table 33 – ARC Internal Audit mandate and actions

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

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

Financial reporting

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

Risk management

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

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

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

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

The Committee also approved the following:

- Risk Management Plan; and
- Combined Assurance Plan.

The Committee recommended the following to the Board for approval:

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

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

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

Internal financial control

During FY2023/24, the ARC:

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

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

Other matters

During FY2023/24, the ARC:

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

CORPORATE GOVERNANCE CONTINUED

National Treasury Instruction on Fruitless, Wasteful and Irregular Expenditure

The National Treasury requires that SENTECH as a Schedule 3B entity, should provide a detailed account of any instances of Fruitless, Wasteful and Irregular Expenditure of in accordance with section 1 of the PFMA (1999).

The below table details losses through criminal conduct, irregular, fruitless and wasteful expenditures that which was made in vain and would have been avoided had reasonable care been exercised during FY2023/24:

Irregular expenditure	19 203	12 603
Fruitless and wasteful expenditure	940	231
Closing balance	20 143	12 834

Irregular:

a) Reconciliation of irregular expenditure

Opening balance	12 603	2 089
Add: Irregular expenditure confirmed	7 427	10 514
Less: Irregular expenditure condoned	–	–
Less: Irregular expenditure not condoned and removed	(827)	–
Less: Irregular expenditure recoverable	–	–
Less: Irregular expenditure not recovered and written off	–	–
Closing balance	19 203	12 603

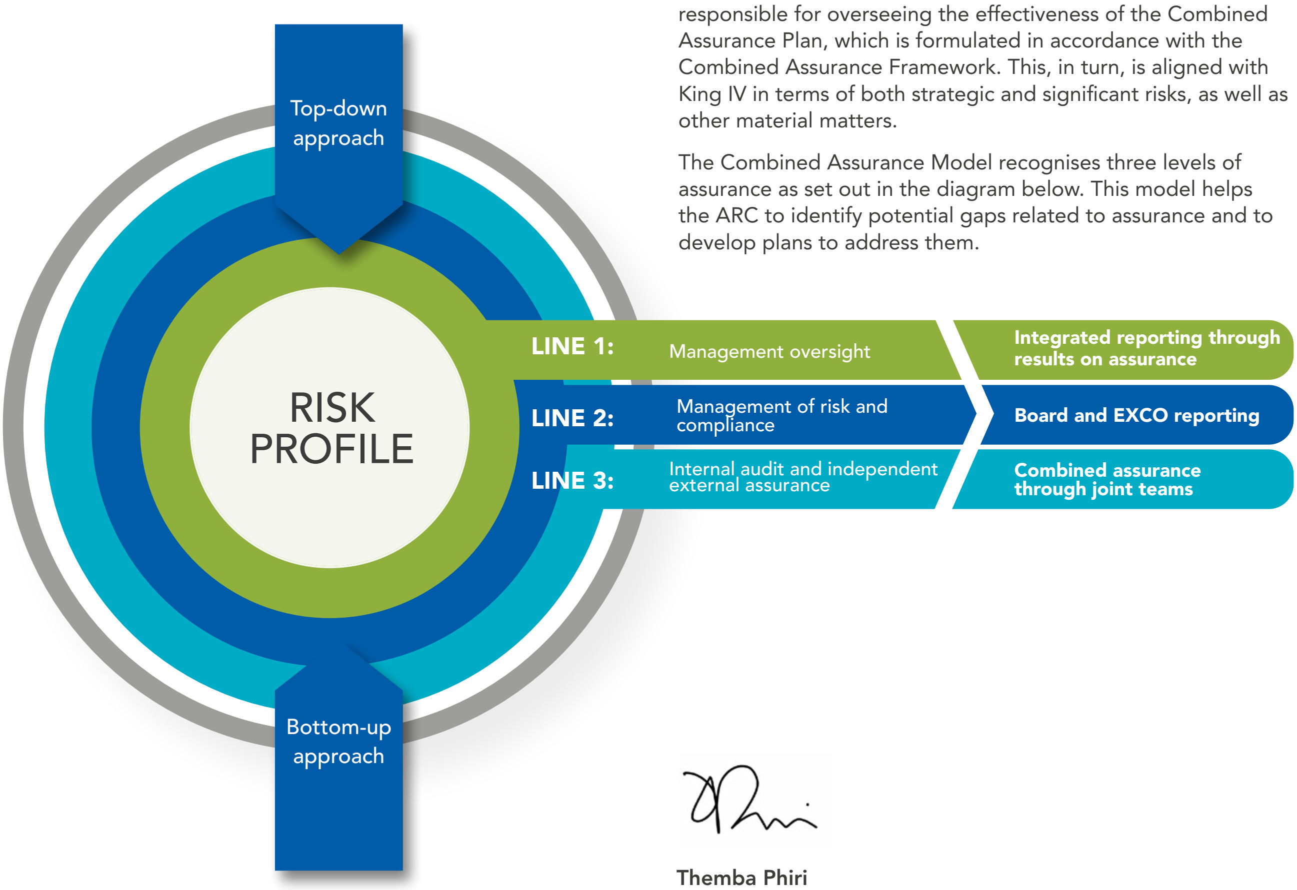


Figure 14 – SENTECH's Combined assurance model

Fruitless and wasteful:

a) Reconciliation of fruitless and wasteful expenditure

Opening balance	231	6 094
Add: Fruitless and wasteful expenditure confirmed	1 014	139
Less: Fruitless and wasteful expenditure not recoverable and written off	(305)	(6 002)
Less: Fruitless and wasteful expenditure recoverable	–	–
Closing balance	940	231

Regulatory compliance

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

Finance function

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

Combined assurance

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

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

Themba Phiri
Chairperson of the Audit and Risk Committee

STATEMENT OF THE COMPANY SECRETARY

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

Ms M Chimombe
Acting Company Secretary

BOARD STATEMENT OF APPROVAL AND RESPONSIBILITY

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

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

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

Ownership

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

Memorandum of incorporation

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

Shareholder's Compact

The Shareholder's Compact includes key performance indicators (KPIs) which are revised annually by agreement between the Shareholder Representative and the Board of Directors and serve as the performance monitoring framework for the Company. Performance against the Shareholder's Compact for the reporting period is outlined on pages 53 of this report as required by Section 55(2) of the PFMA.

External auditors

SizweNtsalubaGobodo Grant Thornton Inc.

Directors' interests

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

Public-private partnerships

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

Events after the date of financial position

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

Going concern

The Directors confirm that they are satisfied that the Company has adequate resources to continue business for the financial year beginning 1 April 2024. 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 2024.

Tebogo Leshope	**Ms Sedzani Mudau**
Acting Chief Executive Officer	*Chairperson of the Board*

GROUP FINANCIAL INFORMATION

DIRECTORS' RESPONSIBILITIES AND APPROVAL

The Group and Company's Board is responsible for the preparation and fair presentation of the Group and Company's Annual Financial Statement and the Annual Financial Statements of SENTECH SOC Limited, comprising the statements of financial position at 31 March 2024, and the statements of comprehensive income, changes in equity and cash flows for the period then ended, and the notes to the Annual financial statements, which include a summary of material accounting policies and other explanatory notes, in accordance with IFRS(R) Accounting Standards (IFRS) and the requirements of the Companies Act and the PFMA of South Africa. In addition, the Group and Company's Board is responsible for preparing the Board's Report.

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

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

The Group Annual Financial Statements and Annual Financial Statement of SENTECH SOC Limited starting from page 80 to page 132, as identified in the first paragraph were approved by the Board on 31 July 2024.

Signed on behalf of the Board of directors by:

SF Mudau
(Independent non-executive director & Chairperson)
Date

T Leshope
(Executive director & Acting Chief Executive Officer)
Date

COMPANY SECRETARY'S CERTIFICATION

I certify, in accordance with section 88(2)(e) of the Companies Act of South Africa, that for the year ended 31 March 2024, the Company has lodged with the Companies and Intellectual Property Commission (CIPC) all returns, and notices required in terms of the Companies Act, 71 of 2008 as amended.

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

Makhotso Chimombe
Acting Company Secretary

BOARD OF DIRECTORS' REPORT

The directors have pleasure in submitting their report on the Group and Company financial statements of SENTECH SOC Ltd for the year ended 31 March 2024. The Board is the Accounting Authority in terms of Section 49(2) (a) of the PFMA.

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.

NATURE OF BUSINESS

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

There have been no material changes to the nature of the company's business from the prior year.

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

SHARE CAPITAL

There have been no changes to the authorised or issued share capital during the year under review.

DIVIDENDS

There were no dividends declared in respect of the year ended 31 March 2024 as well as the prior year.

CHANGES IN THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

Board of directors

L Keyise and K Pillay were appointed as directors in the current financial year effective from April 2023; both non-executive directors resigned as directors effective from 1 October 2023.

The employment contract for Mr M Booi as an executive director and Chief Executive Officer came to an end in October 2023.

Executive management

Mr T Leshope (Chief Operating Officer) was appointed as the Acting Chief Executive Officer from October 2023; whilst Mr F Mnisi (Acting Chief Information Officer) was appointed as the Acting Chief Operating Officer. Ms N Ogoh was appointed as the Acting Chief Information Officer.

Ms E Motlhamme resigned as the Company secretary during the year and Ms M Chimombe was appointed as the acting company secretary.

DIRECTORS' INTERESTS

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

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.

SHAREHOLDER'S COMPACT

The Shareholder's Compact includes KPIs that are revised annually by agreement between the Shareholder Representative and the Board of directors and serves as the performance monitoring framework for the Company.

Performance against the 2023/24 Shareholder's Compact is outlined on page 26 of this report as required by Section 55(2) of the PFMA.

BORROWING POWERS

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 and prior year.

PUBLIC-PRIVATE PARTNERSHIPS

The Company did not enter any public-private partnerships during the 2023/24 financial year.

EVENTS AFTER THE REPORTING PERIOD

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

GOING CONCERN

The Group and Company financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The directors believe that the Company has adequate financial resources to continue in operation for the foreseeable future and accordingly the Group and Company financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the Company is in a sound financial position to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. Refer to note 38 for the going concern assessment.

LIQUIDITY AND SOLVENCY

The liquidity ratio of 3.4 times and the solvency ratio of 74% 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.

LITIGATION STATEMENT

The Company becomes involved from time to time in various claims and lawsuits incidental to the ordinary course of business. The company is not currently involved in any such claims or lawsuits, which individually or in the aggregate, are expected to have a material adverse effect on the business or its assets.

EXTERNAL AUDITORS

SizweNtsalubaGobodo Grant Thornton Inc. were appointed as external auditors for the Group and Company for the 2024 financial year.

ANNUAL FINANCIAL STATEMENTS

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

BASIS FOR PRESENTATION

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

The accounting policies applied during the year ended 31 March 2024 are in all material respects consistent with those applied in the Annual Financial Statements for the year ended 31 March 2023, as no material changes in accounting policies were effected in this financial year.

IFRS ACCOUNTING STANDARDS

The application of IFRS Accounting Standards is contrary to Treasury Regulation 28 which requires that the Standards of Generally Recognised Accountability Practice (GRAP) be used. The National Treasury approved a departure from Treasury Regulation 28.1.6, pending a review of GRAP by the Office of the Accountant General (OAG) and Accounting Standards Board (ASB). This approval is issued in terms of Section 79 of the PFMA and remains in effect in the current financial year. 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 financial results of the Group and Company are fully disclosed on page 80 to 132.

The Group and Company financial statements set out on page 80, which have been prepared on the going concern basis, were approved by the board on 31 July 2024, and were signed on its behalf by:

Approval of Group and Company Financial Statements

SF Mudau
(Independent non-executive director and Chairperson)
Chairperson

Wednesday, 31 July 2024

INDEPENDENT AUDITOR'S REPORT

SNG Grant Thornton

Independent auditor's report to Parliament on Sentech SOC Limited

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of Sentech SOC Limited and its subsidiaries (the group) set out on pages 80 to 132, which comprise the consolidated and separate statement of financial position as at 31 March 2024, consolidated and separate statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended, as well as notes to the consolidated and separate financial statements, including material accounting policy information.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the financial position of the group as at 31 March 2024 and their financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Companies Act No.71 of 2008 (Companies Act of South Africa).

Basis for opinion

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.

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

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

SNG Grant Thornton

Material uncertainty relating to Financial Sustainability

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

We draw attention to note 38 in the consolidated and separate financial statements, which indicated that majority of the public entity's revenue is earned from one customer who experienced cash flow challenges in the current financial year. This indicates presence of material uncertainty relating to sustainability risk due to lack of diversification. Management has indicated the plans to mitigate the risk.

Emphasis of matter

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

Expected Credit Losses

As disclosed in note 7 to the consolidated and separate financial statements, a material impairment of R218.4 million (2023: R145.6 million) was incurred as a result of provision for credit losses on trade receivables.

Re-statement of comparative figures

As disclosed in notes 8, 9 and 10 to the consolidated and separate financial statements, the comparative figures for 2023 were re-stated as a result of a classification error in the consolidated and separate financial statements for the year ended 31 March 2024.

PFMA Compliance and Reporting Framework

On 23 December 2022, the National Treasury issued Instruction Note 4 of 2022-23, which came into effect on 3 January 2023, in terms of section 76(1)(b), (e) and (f), 2(e) and (4)(a) and (c) of the PFMA. The instruction note deals with the PFMA compliance and reporting framework and addresses, among others, the disclosure of unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure. Irregular expenditure and fruitless and wasteful expenditure incurred in prior financial years and not yet addressed no longer need to be disclosed in the disclosure notes to the annual financial statements. Only the current year and prior year figures are disclosed in note 36 to the financial statements of Sentech SOC Ltd. Movements in respect of irregular expenditure and fruitless and wasteful expenditure also no longer need to be disclosed in the notes to the annual financial statements. The disclosure of these movements (e.g. condoned, recoverable, removed, written off, under assessment, under determination and under investigation) is now included as part of the other information in the annual report of the auditee. We do not express an opinion on the disclosure of irregular expenditure and fruitless and wasteful expenditure in the annual report.

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Responsibilities of the accounting authority for the consolidated and separate financial statements

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

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

Responsibilities of the auditor for the audit of the consolidated and separate financial statements

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.

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

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

We selected the following objectives presented in the annual performance report for the year ended 31 March 2024 for auditing. We selected objectives that measure the entity's performance on its primary mandated functions and that are of significant national, community or public interest.

Strategic Objectives/Pillars	Page numbers	Purpose
Digital infrastructure	19	Increased access to secure Digital Infrastructure and Services
Innovation and data driven	19	Digitally Transformed Society and Economy
Customer centricity	19	Increased access to secure Digital Infrastructure and Services

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

We performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the entity's mandate and the achievement of its planned objectives.
- the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and that we can confirm the methods and processes to be used for measuring achievements.
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated.
- the indicators and targets reported on in the annual performance report are the same as what was committed to in the approved initial or revised planning documents.
- the reported performance information is presented in the annual performance report in the prescribed manner.
- there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.
- all the indicators relevant for measuring Sentech's performance against its primary mandated and prioritised functions and planned objectives are included.

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

We did not identify any material findings on the reported performance information of the selected subject matters.

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Report on compliance with legislation

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

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

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

The material findings on compliance with the selected legislative requirements presented per compliance theme, are as follows:

Annual financial statements and annual report

The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records, as required by section 55(1) (a) and (b) of the PFMA. Material misstatements of Trade and other receivables and Taxation in the submitted financial statements were corrected, and supporting records that could be provided resulted in the financial statements receiving an unqualified opinion.

Other information in the annual report

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. 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 on in this auditor's report.

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

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

Victor Sekese [Chief Executive]

A comprehensive list of all
Directors is available at the company offices or registered office.

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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.

We have nothing to report in this regard.

Internal control deficiencies

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

We did not identify any significant deficiencies in internal control.

Other reports

We draw attention to the following engagements conducted by various parties. 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.

Agreed upon procedures engagements were performed to review the conversion adjustments from IFRS Accounting Standards (IFRS) to Generally Recognized Accounting Practice (GRAP) on the Treasury pack to ensure conversion adjustments are captured correctly for consolidation purposes. No material misstatements were identified. The report covered the period ending 31 March 2024.

Auditor tenure

In terms of the IRBA rule published in Government Gazette No. 39475 dated 4 December 2015, we report that SNG Grant Thornton has been the auditor of Sentech SOC Ltd for 1 year.

Willem van Niekerk
SizweNtsalubaGobodo Grant Thornton Incorporated
Director
Registered Auditor

31 July 2024

Summit Place Office Park, Building 4
221 Garsfontein Road
Menlyn, Pretoria
Gauteng

SNG Grant Thornton

Annexure to the auditor's report

The annexure includes the following:

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

Auditor's responsibility for the audit

Professional judgement and professional scepticism

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

Financial Statements

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

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

SNG Grant Thornton

statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Communication with those charged with governance

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

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

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Compliance with legislation – selected legislative requirements

1. The selected legislative requirements are as follows:

Legislation	Sections or regulations
Selected legislation and regulations	**Consolidated firm level requirements**
Public Finance Management Act No.1 of 1999 (PFMA)	Section 51(1)(a)(iii); 51(1)(a)(iv); 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii) Section 54(2)(c'); 54(2)(d) Section 55(1)(a); 55(1)(b); 55(1)(c)(i) Section 56 Section 57(b)
Treasury Regulations for departments, trading entities, constitutional institutions and public entities (TR)	Treasury Regulation 29.1.1; 29.1.1(a); 29.1.1(c); 29.2.1; 29.2.2; 29.3.1 Treasury Regulation 31.1.2(c') Treasury Regulation 31.2.5; 31.2.7(a) Treasury Regulation 33.1.1; 33.1.3
Companies Act No.71 of 2008	Section 45(2); 45(3)(a)(ii); 45(3)(b)(i); 45(3)(b)(ii); 45(4) Section 46(1)(a); 46(1)(b); 46(1)(c) Section 112(2)(a); Section 129(7)
Prevention and Combating of Corrupt Activities Act No.12 of 2004 (PRECCA)	Section 29 Section 34(1)
Construction Industry Development Board Act No.38 of 2000 (CIDB)	Section 18(1)
CIDB Regulations	CIDB regulation 17; 25(1); 25 (5) & 25(7A)
Preferential Procurement Policy Framework Act	Section 1(i); 2.1(a); 2.1(b); 2.1(f)
Preferential Procurement Regulations, 2017	Paragraph 4.1; 4.2 Paragraph 5.1; 5.3; 5.6; 5.7 Paragraph 6.1; 6.2; 6.3; 6.5; 6.6; 6.8 Paragraph 7.1; 7.2; 7.3; 7.5; 7.6; 7.8 Paragraph 8.2; 8.5 Paragraph 9.1; 9.2 Paragraph 10.1; 10.2 Paragraph 11.1; 11.2 Paragraph 12.1 and 12.2
Preferential Procurement Regulations 2022	Paragraph 3.1

Legislation	Sections or regulations
	Paragraph 4.1; 4.2; 4.3; 4.4 Paragraph 5.1; 5.2; 5.3; 5.4
National Treasury SCM Instruction Note 03 2021/22	Paragraph 4.1; 4.2; 4.2 (b); 4.3; 4.4;4.4(a); 4.4 (c)-(d); 4.6 Paragraph 5.4 and Paragraph 7.2; 7.6
National Treasury Instruction No.1 of 2015/16	Paragraph 3.1; 4.1; 4.2
National Treasury SCM Instruction note 2 of 2021-22	Paragraph 3.2.1; 3.2.2; 3.2.4(a) and (b) ; 3.3.1; 3.2.2 Paragraph 4.1
PFMA SCM Instruction 04 of 2022/23	Paragraph 4(1); 4(2); 4(4)
National Treasury SCM Instruction 4A of 2016/17	Paragraph 6
National Treasury SCM Instruction Note 03 2019/20	Paragraph Par 5.5.1(iv); 5.5.1(x)
National Treasury SCM Instruction Note 11 2020/21	Paragraph 3.1; 3.4 (a); 3.4(b); 3.9: 6.1;6.2;6.7
PFMA SCM instruction 08 of 2022/23	Paragraph 3.2 Paragraph 4.3.2; 4.3.3
Competition Act	Section 4(1)(b)(ii)
National Treasury instruction note 4 of 2015/16	Paragraph 3.4
Second amendment of National Treasury Instruction note 05 of 2020/21	Paragraph 4.8; 4.9; 5.1; 5.3
Erratum National Treasury Instruction 5 of 202/21	Paragraph 1
Erratum National Treasury Instruction 5 of 2020-21	Paragraph 2
Practice note 7 of 2009-10	Paragraph 4.1.2
Practice note 11 of 2008/9	Paragraph 3.1 Paragraph 3.1 (b)
NT instruction note 1 of 2021-22	Paragraph 4.1

Victor Sekese [Chief Executive]

A comprehensive list of all
Directors is available at the company offices or registered office.

GROUP AND COMPANY ANNUAL FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2024

Figures in Rand thousand	Notes	2024	2023* Restated	2022* Restated
ASSETS				
Non-current assets				
Property, plant and equipment	2(A)	**998 925**	1 005 816	**1 019 066**
Intangible assets	2(B)	**16 331**	19 591	**17 372**
Right-of-use assets	2(C)	**736 690**	852 467	**977 478**
Deferred tax	4	**127 354**	124 197	**10 954**
		1 879 300	2 002 071	**2 024 870**
Current assets				
Inventories	5	**77 547**	74 295	**64 779**
Tax receivable	6	**4 912**	38 736	**2 961**
Trade and other receivables	7	**1 197 737**	664 999	**174 056**
Financial assets at fair value through profit or loss	8	**452 976**	996 842	**1 198 561**
Financial assets at amortised cost	9	**–**	246 520	**285 503**
Cash and cash equivalents	10	**630 989**	269 681	**667 152**
		2 364 161	2 291 073	**2 393 012**
Total assets		**4 243 461**	4 293 144	**4 417 882**
EQUITY AND LIABILITIES				
Liabilities				
Share capital	11	**75 892**	75 892	**75 892**
Reserves		**770 134**	770 134	**770 134**
Accumulated profit		**1 586 574**	1 732 817	**1 868 733**
Total equity		**2 432 600**	2 578 843	**2 714 759**
Liabilities				
Non-current liabilities				
Employee benefits	12	**18 401**	16 353	**28 139**
Non-current portion of lease liability	2(C)	**1 101 802**	1 158 456	**1 063 734**
		1 120 203	1 174 809	**1 091 873**
Current liabilities				
Trade and other payables	13	**126 071**	181 356	**165 057**
Current portion of lease liability	2(C)	**147 997**	128 417	**94 165**
Deferred income	14	**416 590**	229 719	**307 966**
Provisions		**–**	–	**44 060**
		690 658	**539 492**	**611 248**
Total liabilities		**1 810 861**	**1 714 301**	**1 703 121**
Total equity and liabilities		**4 243 461**	**4 293 144**	**4 417 880**

* *The Annual Financial Statements have been restated; refer to note 8, 9 and 10 for the detailed disclosure.*

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2024

Figures in Rand thousand	Notes	2024	2023
Revenue	16	**1 381 113**	1 411 904
Other income	17	**9**	180
Direct expenses	19	**(294 787)**	(382 635)
Movement in expected credit losses	18	**(122 177)**	(59 654)
Employee costs	18	**(485 168)**	(435 967)
Leases and other rental expenses	18	**(23 812)**	(17 215)
Depreciation, amortisation and impairment expenses	18	**(222 739)**	(227 932)
Operating expenses	20	**(275 214)**	(281 751)
Operating profit/(loss) – EBIT	18	**(42 775)**	6 930
Investment income	26	**124 383**	103 673
Finance costs	27	**(155 458)**	(155 935)
Other gains/(losses)	23	**(88 080)**	(230 059)
Loss before taxation		**(161 930)**	(275 391)
Taxation	28	**15 108**	127 672
Net loss after tax		**(146 822)**	(147 719)
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Remeasurement of defined benefit asset		**794**	16 168
Income tax		**(214)**	(4 365)
Total items that will not be reclassified to profit or loss		**580**	11 803
Other comprehensive income for the year net of taxation	30	**580**	11 803
Total comprehensive loss for the year		**(146 242)**	(135 916)

GROUP AND COMPANY ANNUAL FINANCIAL STATEMENTS
continued

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2024

Figures in Rand thousand	Share capital	Share premium	Total share capital	Revaluation reserve	Other NDR	Total reserves	Accumulated Profit	Total equity
Balance at 1 April 2022	2	75 890	75 892	681 520	88 614	770 134	1 868 733	2 714 759
Loss for the year	–	–	–	–	–	–	(147 719)	(147 719)
Other comprehensive income	–	–	–	–	–	–	11 803	11 803
Total comprehensive Loss for the year	–	–	–	–	–	–	(135 916)	(135 916)
Balance at 1 April 2023	2	75 890	75 892	681 520	88 614	770 134	1 732 816	2 578 842
Loss for the year	–	–	–	–	–	–	(146 822)	(146 822)
Other comprehensive income	–	–	–	–	–	–	580	580
Total comprehensive Loss for the year	–	–	–	–	–	–	(146 242)	(146 242)
Balance at 31 March 2024	2	75 890	75 892	681 520	88 614	770 134	1 586 574	2 432 600
Note(s)	11	11	11	11.2	11.2			

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2024

		GROUP & COMPANY	
Figures in Rand thousand	Notes	2024	2023* Restated
CASH FLOW FROM OPERATING ACTIVITIES			
Cash used in operations	31	(369 596)	(375 560)
Interest received	26	67 053	78 263
Dividends received	26	15 549	15 101
Interest paid	27	(153 316)	(152 516)
Tax (paid) received	29	33 824	(30 515)
Net cash (used in)/from operating activities		(406 486)	(465 227)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment	2(A)	(94 600)	(90 757)
Proceeds from disposal of assets	2(A)&24	438	2 584
Purchases of intangible assets	2(B)	–	(2 596)
Cash receipts on withdrawal of financial assets (at amortised cost)	9	246 520	38 983
Cash receipts on withdrawal of financial assets (at fair value through profit or loss)	8&9	544 517	201 719
Net cash (used in)/from investing activities		696 875	149 933
CASH FLOWS FROM FINANCING ACTIVITIES			
Grant received	14	171 521	–
Lease liability repayments	2(C)	(130 843)	(102 601)
Interest received on government grants	14	28 634	17 794
Net cash from financing activities		69 312	(84 807)
Total cash movement for the year		359 701	(400 101)
Cash and cash equivalents at the beginning of the year		269 681	667 152
Gain on foreign exchange on cash and cash equivalents		1 607	2 630
Cash and cash equivalents at the end of the year	10	630 989	269 681

* *The cash and cash equivalents for the prior year have been restated, refer to note 8, 9 and 10 for the detailed disclosure on the restatement.*

ACCOUNTING POLICIES

GENERAL INFORMATION

SENTECH SOC Ltd (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 2024 comprise of the Company and its subsidiaries (together referred to as the "Group" and individually as the "Group entities"). The Group primarily is involved in signal distribution and has transmission stations across the country and provides broadcasting services.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The material accounting policies applied in the preparation of these Group and Company financial statements are set out below.

1.1 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 2024. The financial statements presented represent both the Company and Group financial statements as all subsidiaries are dormant.

1.2 BASIS OF PREPARATION

STATEMENT OF COMPLIANCE

The Group and Company financial statements have been prepared in accordance with IFRS Accounting Standards and its interpretations adopted by the International Accounting Standards Board (IASB), the Companies Act, No. 71 of 2008, as amended, and materially in terms of the Public Finance Management Act, (No. 1 of 1999, as amended by Act 29 of 1999).

The Group and Company continue to apply IFRS Accounting Standards 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 Accounting Standards is the most appropriate reporting framework to be applied. The conclusion will be re assessed in 2025 to ensure that IFRS Accounting Standards can still be appropriately applied.

BASIS FOR MEASUREMENT

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

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

FUNCTIONAL CURRENCY

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

CHANGES IN ACCOUNTING POLICIES

The Group and Company have consistently applied the accounting policies to all periods presented in these consolidated financial statements except for new or revised statements and interpretations implemented during the year disclosed in note 2.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

1.2 BASIS OF PREPARATION continued

USE OF ESTIMATES AND JUDGEMENTS

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

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

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

Property, plant and equipment

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

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

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

Impairment of assets

The Group and Company tests whether assets have suffered any impairment, in accordance with the accounting policy stated in note 1.10. The recoverable amounts of cash-generating units have been determined based on the higher of an asset's fair value less costs of disposal and its value in use. The Group and Company does not use fair value because in terms of the policy assets cannot be sold in the marketplace but should rather be scrapped.

Deferred tax asset and unused tax losses

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

Lease classification and incremental borrowing rate

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

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

The incremental borrowing rate used to value lease contracts is derived from the prevailing prime lending rate and risk premium specific to SENTECH.

ACCOUNTING POLICIES continued

Defined benefit funds

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

The calculation is performed annually using the projected unit credit method. The key estimates relate to the assumptions used which include discount rate, health care inflation rate and the members' estimated life expectancy, which is based in future events. Judgement is required in relation to uncertain future factors regarding these assumptions as well as for the measurement of the fair value of the plan assets.

For life expectancy market information before reporting date is used. For the discount rate the nominal bond curve as complied by the Johannesburg Stock Exchange of South Africa is used. CPI is calculated as a difference between nominal and real bond yields and adjusted for an inflation risk premium. The health care cost inflation is based on the assumed CPI plus a margin to cater for the exchanges in medical costs. The curves utilised and market information utilised at reporting date is based on information sourced as at end of February of the reporting period.

Expected credit losses

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates.

The Group and Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in note 1.5. and note 7.

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

- Notes 1.6 and 2(A) – valuation of property, plant and equipment;
- Notes 1.11 and 12 – measurement of employee benefits;
- Notes 1.17 and 4 – utilisation of tax losses;
- Notes 1.12 and 33 – provisions and contingencies;
- Notes 1.5. and 7 – expected credit losses on financial assets; and
- Notes 1.8. and 2(C) – leases.

1.3 CONSOLIDATION

BASIS OF CONSOLIDATION

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

LOSS OF CONTROL

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

1.4 TRANSLATION OF FOREIGN CURRENCIES

FOREIGN CURRENCY TRANSACTIONS

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

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined; 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.

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

1.5 FINANCIAL INSTRUMENTS

FINANCIAL ASSETS

Classification and measurement

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

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

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

Financial assets are classified into the following category:

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 (where transaction price does not differ from the fair value) 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.

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.

These financial assets include cash and cash equivalents, trade and other receivables (excluding other receivables that are non-financial instruments) and fixed term deposits (investments).

Financial assets at fair value through profit or loss

This category of financial assets does not meet the criteria/conditions above for classification of financial assets at amortised cost.

These financial assets include investments into money market funds and collective investment schemes.

SUBSEQUENT RECOGNITION

Amortised cost

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

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

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are subsequently measured at fair value. The fair value of the instruments is derived from the market prices of each instrument within the fund at reporting date.

Interest income, foreign exchange gains and losses, other gains and losses and impairment are recognised in profit or loss.

ACCOUNTING POLICIES continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

1.5 FINANCIAL INSTRUMENTS continued

Derivative instruments

The Group and Company uses derivative financial instruments such as forward exchange contracts as economic hedges for its foreign currency risk. Derivative instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative, any changes in fair value or gains/losses on derecognition are recognised in profit or loss.

Offset

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position when the Group and Company have a legally enforceable right to set off the recognised amounts, and intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

EXPECTED CREDIT LOSSES

Trade receivables

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

The ECL rate, which is a function of the probability of default (PD) and the loss given default (LGD), was determined by making use of default and loss rate assumptions that are applicable to the economy in which SENTECH operates. These loss inputs incorporate historical default and loss given default experience of the broader economy which are comparable to our customer portfolio. Given the current economic volatility, emphasis has been placed on incorporating historical and forward-looking information when determining the ECL. Forward looking information is extensively used, with scenarios being devised of various potential future outcomes and consideration given to the probabilities of those outcomes. Under the simplified approach receivables have loss rates applied to them equal to the loss rates of the oldest debt a customer has with the Group and Company. The Group and Company is exercising special care with respect to the incorporation of historical data, given that much of it was impacted by COVID, the repeat of which is a low probability event over the remaining term of the receivables. When trade receivables are in default the PD is at 100% and the ECL rate is thereafter driven by the LGD rate.

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

The Group and Company has elected to include lease receivables in the ECL for trade receivables by applying the simplified approach.

Further details of the key assumptions and inputs used are disclosed in note 7 and 35.

Default

Trade receivables are considered to be in default when the receivable is 60 days past due on their contractual payments. Letters of demand are sent out when the debtor is 30 days overdue, and if the account is not settled by the time it becomes 60 days overdue, the debtor is considered to be in default.

Write-off

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

Cash and cash equivalents and financial assets at fair value through profit or loss

Reputable financial institutions that are externally graded with high credit ratings are used for investing and cash handling purposes. The credit risk for these institutions is considered very low.

FINANCIAL LIABILITIES

Classification, recognition, measurement and derecognition

Financial liabilities are classified at amortised cost. Financial liabilities include trade and other payables.

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.

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.

1.6 PROPERTY, PLANT AND EQUIPMENT

RECOGNITION AND MEASUREMENT

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

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

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

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use 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. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When 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.

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.

ACCOUNTING POLICIES continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

1.6 PROPERTY, PLANT AND EQUIPMENT continued

DEPRECIATION

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

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

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

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

Depreciation methods, useful lives and residual values 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 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 gains and losses” in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

1.7 INTANGIBLE ASSETS

RECOGNITION AND MEASUREMENT

Acquired computer software licences are initially capitalised at cost, which includes the purchase price (net of any discounts and rebates) and other directly attributable cost of preparing the asset for its intended use. 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 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.

Gains and losses on disposal of intangible assets are determined by comparing the proceeds from disposal to the carrying amount of intangible assets and are recognised net within “other gains and losses” in profit or loss.

SUBSEQUENT COSTS

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.

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 amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Amortisation is provided to write-down the intangible assets, on a straight-line basis, as follows:

Item	Depreciation method	Average useful life
Computer software and licences	Straight line	1 to 12 years

1.8 LEASES

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset 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.

GROUP AND COMPANY AS LESSEE

For contracts entered into, 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.

Those contracts i.e site sharing agreements that do not meet the definition of a lease are recorded in profit or loss based on contractual amount as rental expenses.

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 Statement of Financial Position. 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 to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group and Company also assess the right-of-use asset for impairment when such indicators exist.

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

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

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

ACCOUNTING POLICIES continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

1.8 LEASES continued

SHORT-TERM AND LOW-VALUE LEASES

Short-term and low-value leases are expensed on a straight-line basis over the lease term. The balance is not discounted. Low value is in line with the fixed assets policy which is the cost of R5 000 and below.

1.9 INVENTORIES

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

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

1.10 IMPAIRMENT OF NON-FINANCIAL ASSETS

The Group and Company assesses 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 its 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 assesses 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.

1.11 EMPLOYEE BENEFITS

SHORT-TERM EMPLOYEE BENEFITS

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

An accrual is recognised for the amount expected to be paid under short-term cash bonus plans if the Group and Company has 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 CONTRIBUTION PLANS

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group and

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

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

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

1.12 PROVISIONS AND CONTINGENCIES

Provisions are recognised if, as a result of a past event, the Group and Company has 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.

1.13 REVENUE AND OTHER INCOME

The Group and Company 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 or delivers the broadcasting and telecommunications products.
- 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. The transaction price of goods sold is based on market prices charged for the underlying goods plus mark-up. 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 or broadcasting and telecommunication products are delivered.

The Group and Company 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.

The payment terms with customers varies from 0 (in advance) to 37 days from invoice date.

ACCOUNTING POLICIES continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

1.13 REVENUE AND OTHER INCOME continued

SALE OF GOODS

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

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.

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.

FACILITY RENTAL INCOME

The Group and Company also offers leasing of their facilities to customers who are mostly licence holders.

Amounts due from lessees under leases are recognised as receivables at the amount of the Group and Company's net investment in the leases. 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. Lease income recognised on the contracts is based on contractual amounts and annual tariff increase is applied at the agreed CPI rate.

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 leased assets are included in property, plant and equipment as these assets a primarily used for the operations of SENTECH; rental of these assets is incidental to SENTECH's business.

AGENCY-PRINCIPAL RELATIONSHIP

The Group and Company 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.

The Group and Company is agent in relation to Set Top Box (STB) installation. SENTECH was appointed by USAASA to roll out STB installation on their behalf. Revenue from agency-principal relationships is recognised on a net basis. Included in the revenue is income from terrestrial television services is project management fees, call centre management fees and quality assurance services fees recognised relating to the STB installations project.

1.14 GOVERNMENT GRANTS

Grants that compensate the Group and Company for the cost of an asset are recognised initially as deferred income which is classified under current liabilities. Grants relating to completed and incomplete asset projects are deducted from the cost of the relevant asset (net presentation method). The depreciation expense recognised in profit or loss over the useful life of the asset is calculated from the net cost of the asset which is after deduction of the corresponding deferred government grant. Grants that compensate the Group and Company for expenses incurred are recognised in profit or loss under revenue 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. When the grant receivable is raised it is recognised under trade and other receivables. Deferred income is classified as a current liability as uncertainty exists as to the timing of the release of the government grants.

1.15 INVESTMENT INCOME AND FINANCE COSTS

INVESTMENT INCOME

Investment income comprises dividend income and 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 and Company's right to receive payment is established.

FINANCE COSTS

Finance costs comprises of interest expense on late payment of suppliers, interest costs on defined benefit plans and unwinding of the discount on interest costs on lease liabilities.

1.16 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 (defined benefit plan and revaluation reserve).

The total current tax expense is reduced by the tax relating government grants receipts capitalised (i.e interest income). The tax on these reduces the government grant funds retained.

Current tax is the expected tax payable or receivable on the total 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.

1.17 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.

1.18 RELATED PARTIES

Related parties include the shareholder, formerly The Department of Communications, now The Department of Telecommunications and Postal Services (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 and Company 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.

ACCOUNTING POLICIES continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

1.19 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless 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 Profit or Loss and Other Comprehensive Income.

1.20 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:

- This Act; or
- The State Tender Board Act, 1968 (Act No.86 of 1968), or any regulations made in terms of the Act; or
- Any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no.3 of 2019/20 which was issued in terms of Section 76(1)m to 76(4) of the PFMA requires the following.

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

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end is recorded in the irregular expenditure register. No further action is required except for updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements is updated with the amount condoned.

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

1.21 SHARE CAPITAL

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

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity. Dividends are recognised as a liability in the Company in which they are declared.

NOTES TO THE GROUP AND COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

2. NEW STANDARDS AND INTERPRETATIONS

2.1 STANDARDS AND INTERPRETATIONS EFFECTIVE AND ADOPTED IN THE CURRENT YEAR

2.1.1 IAS 12 Income taxes:

Deferred tax related to assets and liabilities arising from a single transaction – Amendments to IAS 12

The amendment adds an additional requirement for transactions which will not give rise to the recognition of a deferred tax asset or liability on initial recognition. Previously, deferred tax would not be recognised on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting profit or loss. The additional requirement provides that the transaction, at the time of the transaction must not give rise to equal taxable and deductible temporary differences.

No material impact was noted post the amendment of this requirement.

2.1.2 IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors:

Definition of accounting estimates: Amendments to IAS 8

The definition of accounting estimates was amended so that accounting estimates are now defined as “monetary amounts in financial statements that are subject to measurement uncertainty.”

No material impact was noted post the amendment of this requirement.

2.1.3 IAS 12 Income taxes:

International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12)

The amendments provide a temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes.

The application of the exception and disclosure of that fact is effective immediately, the other disclosure requirements are effective for annual reporting periods beginning on or after 1 January 2023. No material impact was noted post the amendment of this requirement.

2.1.4 IAS 1 Presentation of Financial Statements:

IAS 1 and IFRS Practice Statement 2

IAS 1 was amended to require that only material accounting policy information shall be disclosed in the financial statements. The amendment does not result in changes to measurement or recognition of financial statement items, but management has to undergo a review of accounting policies to ensure that only material accounting policy information is disclosed.

The effective date is for annual reporting periods beginning on or after 1 January 2023. No material impact was noted post the amendment of this requirement after management reviewed the applicable accounting policies for the Group and Company.

2.2 STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE

2.2.1 IAS 1 Presentation of Financial Statements:

Classification of Liabilities as Current or Non-current Amendment to IAS 1

The amendment changes the requirements to classify a liability as current or non-current. If an entity has the right at the end of the reporting period, to defer settlement of a liability for at least twelve months after the reporting period, then the liability is classified as non-current. If this right is subject to conditions imposed on the entity, then the right only exists, if, at the end of the reporting period, the entity has complied with those conditions. In addition, the classification is not affected by the likelihood that the entity will exercise its right to defer settlement. Therefore, if the right exists, the liability is classified as non-current even if management intends or expects to settle the liability within twelve months of the reporting period. Additional disclosures would be required in such circumstances.

The effective date is for annual reporting periods beginning on or after 1 January 2024. No material impact is expected from the amendment.

2.2.2 IFRS 9 Financial Instruments and IFRS 7 Financial Instruments:

Amendments to the classification and measurement requirements in IFRS 9 Financial Instruments

The amendments will address diversity in accounting practice by making the requirements more understandable and consistent. With these amendments, the IASB has also introduced additional disclosure requirements to enhance transparency for investors regarding investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features, for example features tied to ESG-linked targets.

2. NEW STANDARDS AND INTERPRETATIONS continued

2.2 STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE continued

The effective date is for annual reporting periods beginning on or after 1 January 2026. Management is still to assess the impact of the amendments.

2.2.3 IFRS 16 Leases:

Lease Liability in a Sale and Leaseback Amendment to IFRS 16

The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.

The effective date is for annual reporting periods beginning on or after 1 January 2024. No material impact is expected from the amendment.

2.2.4 IAS 1 Presentation of Financial Statements:

Non-current Liabilities with Covenants (Amendments to IAS 1)

Non-current Liabilities with Covenants amends IAS 1 Presentation of Financial Statements. The amendments improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with covenants. The amendments also respond to stakeholders' concerns about the classification of such a liability as current or non-current.

The effective date is for annual reporting periods beginning on or after 1 January 2024. No material impact is expected from the amendment.

2.2.5 IAS 7 The Effects of Changes in Foreign Exchange Rates and IFRS 7 Financial Instruments:

Disclosures: Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)

The amendments add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements.

The effective date is for annual reporting periods beginning on or after 1 January 2024. No material impact is expected from the amendment.

2.2.6 IAS 21 The Effects of Changes in Foreign Exchange Rates:

Lack of Exchangeability (Amendments to IAS 21)

The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.

The effective date is for annual reporting periods beginning on or after 1 January 2025. No material impact is expected from the amendment.

2.2.7 IFRS 10 and IAS 28:

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

If a parent loses control of a subsidiary which does not contain a business, as a result of a transaction with an associate or joint venture, then the gain or loss on the loss of control is recognised in the parents' profit or loss only to the extent of the unrelated investors' interest in the associate or joint venture. The remaining gain or loss is eliminated against the carrying amount of the investment in the associate or joint venture.

The effective date of the amendment is to be determined by the IASB. No material impact is expected from the amendment.

2.2.8 IFRS 18: Presentation and Disclosure in Financial Statements

The new standard will improve the quality of financial reporting by:

- requiring defined subtotals in the statement of profit or loss;
- requiring disclosure about management defined performance measures; and
- adding new principles for aggregation and disaggregation of information.

The effective date of the standard is for annual reporting periods beginning on or after 1 January 2027. The impact is currently being assessed.

2. (A) PROPERTY, PLANT AND EQUIPMENT

Group and Company	2024 Cost or revaluation	2024 Accumulated depreciation and impairment	2024 Carrying value	2023 Cost or revaluation	2023 Accumulated depreciation and impairment	2023 Carrying value
Buildings	718 532	(251 397)	467 135	801 257	(302 814)	498 443
Land	135 360	–	135 360	135 360	–	135 360
Motor vehicles	61 877	(40 802)	21 075	55 952	(39 178)	16 774
Computer, technical and office equipment	873 778	(663 386)	210 392	858 417	(630 968)	227 449
Capital-work in progress	164 963	–	164 963	127 790	–	127 790
Total	1 954 510	(955 585)	998 925	1 978 776	(972 960)	1 005 816

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT – 2024

	Opening balance	Additions	Retirement	Transfers	Revaluations	Other changes, movements*	Depreciation	Total
Buildings	498 443	–	(463)	11 670	–	–	(42 515)	467 135
Land	135 360	–	–	–	–	–	–	135 360
Motor vehicles	16 774	76	–	8 006	–	–	(3 781)	21 075
Computer, technical and office equipment	227 449	2 985	(1 438)	27 887	–	–	(46 491)	210 392
Capital-work in progress	127 790	91 539	–	(47 563)	–	(6 803)	–	164 963
Total	1 005 816	94 600	(1 901)	–	–	(6 803)	(92 787)	998 925

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT – 2023

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

* *Other movements relate to reversals and reclassifications from the "Work in Progress" account as they do not meet the recognition criteria. These items would have been initially recognised in the prior year.*

DETAILS OF PROPERTIES

All assets are procured through a purchase order via projects; each purchase order for the asset is receipted to the "Work in Progress" account and subsequently transferred to the relevant class/category of property, plant equipment. This is a control measure.

Included in the assets above are grant funded assets with a net carrying amount of R456 million (2023: R527 million), relating to government-funded projects including mainly digital migration frequency assets.

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

2. (A) PROPERTY, PLANT AND EQUIPMENT continued

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

Group and Company	2024	2023
Cost	**435 970**	435 970
Accumulated depreciation and impairment losses	**(352 310)**	(320 557)
Carrying value	**83 660**	115 413

i) Fair value hierarchy

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

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

ii) Valuation techniques used to determine level 3 fair values

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

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

iii) Fair value measurements using

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

The following table presents the changes in level 3 items for the periods ended 31 March 2024:

Group and Company	2024	2023
Opening balance	**545 270**	542 611
Acquisitions	**–**	2 659
Closing balance	**545 270**	545 270

iv) Valuation inputs and relationships to fair value

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

v) Valuation processes

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

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

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

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

2. (B) INTANGIBLE ASSETS

Group and Company	2024 Cost	2024 Accumulated amortisation	2024 Carrying value	2023 Cost	2023 Accumulated amortisation	2023 Carrying value
Software and licences	**47 875**	**(31 544)**	**16 331**	47 875	(28 284)	19 591

RECONCILIATION OF INTANGIBLE ASSETS – 2024

	Opening balance	Additions	Revaluation	Retirement	Amortisation	Total
Software and licences	19 591		–	–	(3 260)	**16 331**

RECONCILIATION OF INTANGIBLE ASSETS – 2023

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

2. (C) RIGHT-OF-USE AND LEASE LIABILITIES

Group and Company	2024 Cost or revaluation	2024 Accumulated depreciation	2024 Carrying value	2023 Cost or revaluation	2023 Accumulated depreciation	2023 Carrying value
Buildings	**17 349**	**(5 904)**	**11 445**	8 331	(4 559)	3 772
Land	**9 366**	**(3 275)**	**6 091**	9 637	(2 780)	6 857
Computer, technical and office equipment	**1 307 638**	**(588 484)**	**719 154**	1 306 821	(464 983)	841 838
Total	**1 334 353**	**(597 663)**	**736 690**	1 324 789	(472 322)	852 467

2. (C) RIGHT-OF-USE AND LEASE LIABILITIES continued

RECONCILIATION OF RIGHT-OF-USE ASSETS – 2024

Group and Company	Opening balance	Additions*	Retirement	Revaluation	Depreciation	Total
Buildings	3 772	9 945	–	–	(2 272)	11 445
Land	6 857	582	–	–	(1 348)	6 091
Computer, technical and office equipment	841 838	387	–	–	(123 071)	719 154
	852 467	10 914	–	–	(126 691)	736 690

RECONCILIATION OF RIGHT-OF-USE ASSETS – 2023

	Opening balance	Additions*	Retirement	Revaluation	Depreciation	Total
Buildings	4 951	399	–	–	(1 578)	3 772
Land	7 815	63	–	–	(1 021)	6 857
Computer, technical and office equipment	964 713	–	–	–	(122 875)	841 838
	977 479	462	–	–	(125 474)	852 467

* *Additions mainly relate to new lease contracts entered into and modifications.*

AMOUNTS RECOGNISED IN PROFIT OR LOSS

	2024	2023
Amounts recognised in profit or loss		
Depreciation	126 691	125 474
Interest expense on lease liabilities	153 189	152 377
Foreign exchange loss	82 852	222 780
Expenses on short-term leases and other rental expenses included in operating expenses	23 812	17 215
Total cash outflow for leases (interest and capital repayments)	284 159	233 189

* *Additions mainly relate to new lease contracts entered into and modifications.*

LEASE LIABILITIES

The maturity analysis of lease liabilities is as follows:

	2024	2023
Within one year	286 225	225 044
More than one year to five years	1 104 578	1 066 645
More than five years	430 487	347 326
Total undiscounted lease liabilities at year end	1 821 290	1 639 015
Non-current liabilities	1 101 802	1 158 456
Current liabilities	147 997	128 417
Lease liability included in the statement of financial position	1 249 799	1 286 873

FUTURE CASH OUTFLOWS NOT REFLECTED IN LEASE LIABILITIES

The Group and Company leases various assets for operations throughout the country. Some of these agreements contain variable lease payment terms an annual increase on the lease payments linked to CPI. Generally, the increase as a result of CPI is usually at an average of 5%. These escalations are not included in the lease liability amount. The lease payments for contracts that include variable payments in the current financial year were R0.821 million.

The terms and conditions for options for extension and termination vary for each contract. Renewal is not certain, each contract is negotiated at the end of the contract term; as such each contract entered into is considered as a new lease.

EXPOSURE TO CURRENCY RISK

The Group and Company is exposed to currency risk related to lease liabilities as a result of certain liabilities relating to satellite capacity rental which are denominated in foreign currencies (USD). Exchange rate exposures are managed within approved policy parameters utilising foreign forward exchange contracts where necessary.

Included in the lease liability is the foreign currency (US Dollar) denominated leases, refer to note 35 for exposure to foreign currency. The spot rate of R19.159 (2023: R17.8909) was used to translate the foreign currency denominated future cash flows.

FORWARD EXCHANGE CONTRACTS

Certain forward exchange contracts have been entered into for the purposes of managing foreign currency risk related to lease liabilities. The net market value of all forward exchange contracts at reporting date is calculated by comparing the forward exchange contracted rates to the equivalent market (revaluation) foreign exchange rates at reporting date. The present value of these net market (revalued) values are then calculated using the appropriate currency specific discount curve.

	Contract rate	Revaluation rate	Contract foreign currency amount	Contract Rand amount	Fair value of contract
Buy US Dollars maturity date 8 April 2024	18,776	18,971	1 186	22 272	230
Buy US Dollars maturity date 7 May 2024	18,823	19,015	1 186	22 327	226
Buy US Dollars maturity date 7 June 2024	18,873	19,064	1 186	22 387	222
				66 986	678

3. INVESTMENT IN SUBSIDIARIES

The subsidiaries listed below are unlisted and registered in South Africa.

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

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

Name of company	% Holding 2024	% Holding 2023	Carrying amount 2024	Carrying amount 2023
Infohold (Pty) Limited	100.00	100.00	–	–
Vivid Multimedia Pty Limited	100.00	100.00	–	–
SENTECH International (Pty) Limited	100.00	100.00	–	–
Infosat Pty Limited (Sub-subsidiary)*	100.00	100.00	–	–
			–	–

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

NOTES TO THE GROUP AND COMPANY FINANCIAL STATEMENTS
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FOR THE YEAR ENDED 31 MARCH 2024

4. DEFERRED TAX

DEFERRED TAX ASSET

	2024	2023
Deferred tax asset	127 354	124 197

The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

Figures in Rand thousand	2024	2023
Reconciliation of deferred tax asset/(liability)		
At beginning of year	124 197	10 954
Recognised in profit and loss	3 371	117 608
Recognised in other comprehensive income	(214)	(4 365)
	127 354	124 197

RECOGNITION OF DEFERRED TAX ASSET

A deferred tax asset of R38.548 million (2023: R22.885 million) has been recognised for the cumulative tax losses of R142.772 million (2023: R84.761 million) as a result of the losses incurred. Although the company generated tax losses in the current year and previous year, it is expected to generate taxable profits from the 2025 financial year onwards. The deferred tax asset is expected to be utilised within the 2025 financial year and future years. This is demonstrated in the Company strategic plan for 2024/25 to 2028/29 financial years.

USE AND SALES RATE

For the assets, the expected manner of recovery is through indefinite use and the normal tax rate of 27% is applied.

Deferred tax liabilities are attributed to the following:

	Fixed assets*	Prepayments	Total
Balance at 31 March 2022	(352 942)	(1 810)	(354 752)
Recognised in profit and loss	62 215	(186)	62 029
Balance at 31 March 2023	(290 727)	(1 996)	(292 723)
Recognised in profit and loss	30 988	67	31 055
Balance at 31 March 2024	(259 739)	(1 929)	(261 668)

Deferred tax assets are attributed to the following:

	Assessed losses	Employee benefits	Provisions**	Lease Liabilities	Unearned income and Deposits**	Total
Balance at 31 March 2022	–	18 266	27 741	312 632	7 065	365 704
Recognised in profit and loss	22 885	524	(4 088)	34 824	253	54 398
Recognised in other comprehensive income	–	(3 182)	–	–	–	(3 182)
Balance at 31 March 2023	22 885	15 608	23 653	347 456	7 318	416 920
Recognised in profit and loss	15 663	852	12 467	(10 010)	(46 656)	(27 684)
Recognised in other comprehensive income	–	(214)	–	–	–	(214)
Balance at 31 March 2024	38 548	16 246	36 120	337 446	(39 338)	389 022

Fixed assets is comprised of property, plant and equipment and right-of-use assets.
*** Provisions include allowance for credit losses, provision for obsolete inventory.*
**** Unearned income and deposits includes deferred income, income received in advance, deposits, Income Tax Act Section 24C Allowance.*

5. INVENTORIES

Figures in Rand thousand	2024	2023
Inventories	77 660	74 547
Inventories (write-downs)	(113)	(252)
	77 547	74 295

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 is potentially obsolete or lost.

Figures in Rand thousand	2024	2023
Balance at beginning of the year	(252)	(6 765)
(Increase)/Decrease of impairment loss recognised	(1 255)	(836)
	(1 507)	(7 601)
Written off	1 394	7 349
	(113)	(252)

6. TAX RECEIVABLE

Figures in Rand thousand	2024	2023
Normal tax	4 912	38 736
Net current tax receivable (payable)		
Current assets	**4 912**	**38 736**

7. TRADE AND OTHER RECEIVABLES

Figures in Rand thousand	2024	2023
Financial instruments:		
Trade receivables	1 118 045	638 392
Accrued income	113 488	118 794
Less: Expected credit losses	(218 427)	(145 585)
Net trade receivables	1 013 106	611 601
Deposits	16 578	16 058
Staff debtors	13	140
Other receivable*	152 000	28 599
Non-financial instruments:		
Employee costs in advance	21	374
Prepayments	16 019	8 227
Total trade and other receivables	1 197 737	664 999
Split between non-current and current portions		
Current assets	1 197 737	664 999

* *Included in other receivables is a grant receivable for Dual Illumination incremental costs of R152 million; this grant was approved during the 2024 financial year and disbursement of the funds is expected in the 2025 financial year.*

Receivables from related parties for both Group and Company included in trade and other receivables amounts to R978.263 million (2023: R576.485 million). Trade and other receivables include amounts owing from Community Radio Broadcasters of R45 million (2023: R90 million). Other receivables relate to interest accrued on investment and received in the following period, and prepayments are payments in advance for services to be received in the following year (e.g. licences).

EXPECTED CREDIT LOSSES

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

Figures in Rand thousand	2024	2023
Balance at the beginning of the year	(145 585)	(86 534)
Expected credit losses (recognised)	(118 102)	(59 655)
	(263 687)	(146 189)
Bad debt written-off	45 260	604
	(218 427)	(145 585)
The ageing of trade receivables at the reporting date was:		
Not past due date	222 846	143 225
Past due 1 to 30 days	69 643	71 798
Past due 31 to 60 days	69 645	98 735
Past due 61 to 90 days and more	869 399	443 428
Trade receivables	1 231 533	757 186

7. TRADE AND OTHER RECEIVABLES continued

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

Figures in Rand thousand	Past due 61 to 90 days and more	Past due 31 to 60 days	Past due 1 to 30 days	Not past due	Total
2024					
Trade receivables	869 399	69 645	69 643	222 846	1 231 533
Less: Expected credit losses	(217 922)	(248)	(122)	(135)	(218 427)
Net trade receivables	**651 477**	**69 397**	**69 521**	**222 711**	**1 013 106**
2023					
Trade receivables	443 428	98 735	71 798	143 225	757 186
Less: Expected credit losses	(145 351)	(41)	(64)	(129)	(145 585)
Net trade receivables	**298 077**	**98 694**	**71 734**	**143 096**	**611 601**

Financial instrument and non-financial instrument components of trade and other receivables

Figures in Rand thousand	2024	2023
At amortised cost	1 181 697	656 398
Non-financial instruments	16 040	8 601
	1 197 737	664 999

TRADE AND OTHER RECEIVABLES PLEDGED AS SECURITY

The Group does not hold any collateral as security.

EXPOSURE TO CREDIT RISK

The collectability of trade receivables is assessed at reporting date and allowances are made for expected credit losses using the simplified approach, per IFRS 9.

The trade receivables are owed by customers comprising a mixture of all levels of government and state-owned entities, privately owned companies (including listed entities) and community broadcasters. These groups of customers have significantly different credit profiles, which are taken into account in estimating expected credit losses.

The large increase in trade receivables over the 2024 financial year was mostly due to a single significant customer's financial difficulties. The extent to which the Company is likely to recover amounts owing is dependent on the customer implementing a turnaround plan and achieving a return to sufficient profitability to repay its debts, and/or receiving financial support from the shareholder.

See note 1.5 and note 35 for additional details.

The bad debts written-off of R45 million relates to non-recoverable long outstanding debtors.

The maximum exposure to credit risk at the reporting date is the fair value of each class of debtor mentioned above.

FAIR VALUE OF TRADE AND OTHER RECEIVABLES

The fair value of trade and other receivables approximates their carrying amounts due to their short-term nature.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Investments held by the Group and Company which are measured at fair value, are as follows:

Figures in Rand thousand	2024	2023
At fair value through profit or loss:		
Collective investment schemes	**263 886**	469 247
Money market funds	**188 411**	527 595
Derivative instruments	**679**	–
	452 976	996 842
Split between non-current and current portions		
Current assets	**452 976**	996 842

Surplus funds and government grants are invested with various financial institutions as guided by the internal investment policy.

The investments have an average duration and maturity of not more than 12 months. These investments have been reclassified from cash and cash equivalents since the current financial year as these are investment into Collective investment schemes, Money market funds and Unit trusts. These funds earn investment income in the form of interest and dividends. Also the Group and Company enters into foreign exchange contracts (FECs) to hedge foreign currency risk on the lease payments for technical equipment, refer to the note on lease liabilities for the detailed disclosure of the FECs entered into Note 2(C).

The Group and Company does not hold collateral or other credit enhancements against financial assets at amortised cost.

RECLASSIFICATION ERROR

In the prior period, financial assets at fair value through profit or loss were erroneously classified as cash and cash equivalents. These financial assets had been invested into money market funds and collective investment schemes.

Financial assets amounting to 2023: R996.842 million (2022: R1.199 billion) were reclassified from cash and cash equivalents to financial assets at fair value through or loss in the current financial year. In the previous annual financial statements these were reported at R0.

FAIR VALUE INFORMATION

These financial assets are considered to be level 2, as they are measured using valuation techniques based on assumptions supported by prices from observable current market transactions. Inputs used in the valuation technique include quoted market prices, interest rates, observable yield curves and credit spreads and OIS discounting to determine the present value of the trades for FECs.

RESTRICTED FUNDS

Restricted funds relates to government grant funds and the corresponding interest earned. These funds should be used only for the purposes specified by the Department when the grants were received. Project and capital fund balances, net of VAT including the interest earned, which is currently managed on behalf of the Department is R82.627 million (2023: R216.338 million) (2022: R379.755 million).This funding is for the Broadband Digital Migration Project.

9. FINANCIAL ASSETS AT AMORTISED COST

Financial assets at amortised cost are presented at amortised cost, which is net of loss allowance, as follows:

Figures in Rand thousand	2024	2023
Fixed term deposits 12 months	–	246 520
Split between non-current and current portions		
Current assets	–	246 520

Surplus funds and government grants are invested with various financial institutions as guided by the internal investment policy. These funds earn investment income in the form of interest and dividends.

Net withdrawals are mainly due to maturities and withdrawals to investment in cash equivalent instruments which attract higher returns as well as funding of the operations.

The investments have an average duration and maturity of not more than 12 months.

The carrying amount of the financial assets at amortised cost approximates fair value.

The Group and company does not hold collateral or other credit enhancements against financial assets at amortised cost.

RECLASSIFICATION ERROR

In the prior period financial assets at amortised cost were erroneously classified as cash and cash equivalents. These financial assets had maturity dates longer than 90 days.

These investments of 2023: R246.520 million and 2022: R285.503 million have been reclassified from cash and cash equivalent. In the previous annual financial statements these were reported at R0.

Financial assets carried at amortised cost and fair value profit or loss as follows:

	Opening balance	Gross withdrawals	Cash investment income	Unrealised gains or (losses)	Closing balance
2024					
Financial assets at fair value through profit or loss	**996 842**	**(610 000)**	**65 483**	**652**	**452 977**
Financial assets at amortised cost	**246 520**	**(268 763)**	**22 243**	**–**	**–**
2023					
Financial assets at fair value through profit or loss	1 198 561	(269 094)	67 375	–	996 842
Financial assets at amortised cost	285 503	(57 503)	18 520	–	246 520

NOTES TO THE GROUP AND COMPANY FINANCIAL STATEMENTS
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FOR THE YEAR ENDED 31 MARCH 2024

10. CASH AND CASH EQUIVALENTS

Figures in Rand thousand	2024	2023
Cash on hand	**137**	137
Bank	**83 337**	49 070
Call accounts	**547 515**	220 474
	630 989	269 681
Restricted cash and cash equivalents		
SA Connect	**113 582**	–
Broadcast Digital Migration Project	**122 803**	13 381

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. The project and capital cash balances, net of VAT including the interest earned, which is currently managed on behalf of the Department are presented above.

CASH AND CASH EQUIVALENTS CLASSIFICATION

Short-term deposits and call accounts are presented as cash equivalents if they have a maturity of less than three (3) months. These funds are invested in approved financial institutions in South Africa in line with PFMA guidelines.

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

RECLASSIFICATION ERROR

In the prior period, financial assets were erroneously classified as cash and cash equivalents. These financial assets had maturity dates longer than 90 days, invested into money market funds and collective investment schemes. These financial assets were reclassified for 2023 and 2022 financial year to financial assets af fair value through or loss and financial assets at amortised cost. Refer to these notes for the detailed disclosure 8&9. Cash and cash equivalents previously reported was 2023: R1.513 billion and 2022: R2.151 billion; after the reclassification to correct the error cash and cash equivalents was restated to 2023: R630.989 million and 2022: R269.681 million.

The average effective interest rate on bank accounts was 2.4% (2023: 1.90%) and call accounts was 8.26% (2023: 5.3%).

The carrying amount of the cash and cash equivalents approximates the fair values due to the short-term nature of investments.

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

11. SHARE CAPITAL AND RESERVES

11.1 SHARE CAPITAL AND PREMIUM

Figures in Rand thousand	2024	2023
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

There were no changes in authorised and issued capital.

11. SHARE CAPITAL AND RESERVES continued

11.2 NON-DISTRIBUTABLE RESERVES

Figures in Rand thousand	Revaluation Reserve	Other NDR	Total reserves
Balance at 1 April 2022	416 267	353 867	770 134
Profit for the year	–	–	–
Other comprehensive income	–	–	–
Total comprehensive income for the year	–	–	–
Revaluation surplus (NDR)	–	–	–
Balance at 31 March 2023	**416 267**	**353 867**	**770 134**
Profit for the year	**–**	**–**	**–**
Other comprehensive income	**–**	**–**	**–**
Total comprehensive income for the year	**–**	**–**	**–**
Revaluation surplus (NDR)	**–**	**–**	**–**
Balance at 31 March 2024	**416 267**	**353 867**	**770 134**

NATURES OF RESERVES

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

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

12. EMPLOYEE BENEFITS

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

CARRYING VALUE

Figures in Rand thousand	2024	2023
Present value of the defined benefit obligation – wholly funded	**(133 646)**	(138 802)
Fair value of plan assets	**115 245**	122 449
	(18 401)	(16 353)
The post-employment medical benefit plan is a stable growth annuity fund that consists of equities, bonds, cash, and international investments with normal market risk exposure. The fund is managed by reputable asset managers.		
The fair value of plan assets comprises:		
Cash and cash equivalents	**12 677**	857
Equity securities	**46 674**	55 959
Bonds	**55 894**	65 633
	115 245	122 449

NOTES TO THE GROUP AND COMPANY FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 31 MARCH 2024

12. EMPLOYEE BENEFITS continued

RECONCILIATION FOR THE YEAR

	Accrued liability		Plan assets	
Figures in Rand thousand	2024	2023	2024	2023
Opening Balance as at 1 April	(138 802)	(152 369)	122 449	124 230
Interest cost on defined benefit obligation	(17 515)	(17 723)	–	–
Current service cost (includes interest to year-end)	(619)	(859)	–	–
Expected return on plan assets	–	–	15 373	14 304
Expected employer benefit payments	9 720	7 885	(9 720)	(7 885)
Interest on the service costs	(81)	(104)	–	–
Actuarial loss due to changes in withdrawal assumptions	–	3 048	–	(2 936)
Expected Closing Balance as at end of the year 31 March	(147 297)	(160 122)	128 102	127 713
Adjusted Expected Closing Balance as at end of the year 31 March	(147 297)	(160 122)	128 102	127 713
Actuarial (gain)/loss	13 651	21 320	(12 857)	(5 264)
Actual Closing Balance as at end of the year	(133 646)	(138 802)	115 245	122 449

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

The net unexpected actuarial gain of R0.794 million (2023: R16.056 million) arose as a result of a combination of the following factors:

- Higher than expected returns on plan assets resulted in an unexpected gain of R0.335 million.
- An unexpected gain of R1.800 million arose as a result of an increase in the real discount rate, i.e. an increase in the difference between the discount rate and the healthcare cost inflation assumption, from 3.86% p.a. to 4.18% p.a. This change was necessitated by an increase in real bond yields.
- An actual weighted average contribution increase was lower than the expected increases. This resulted in an unexpected loss of R1.903 million.
- An unexpected gain of R0.562 million arose as a result of differences between actual and expected membership changes.

KEY ASSUMPTIONS USED

Assumptions used on last valuation on 31 March 2024.

	2024	2023
Discount rates used per annum	14.60%	13.10%
Annual increase in health care costs	10.00%	8.90%
Expected retirement age (years)	63	63
CPI per annum	8.50%	7.40%

SENSITIVITY ANALYSIS

Change in liability	Base	-1% (1 year younger)	1% (1 year older)
2024			
Medical Health Inflation	**10.00%**	**24 288**	**43 144**
Discount rate	**14.60%**	**37 687**	**28 695**
Expected retirement age	**63 years**	**31 099**	**34 508**
Change in current service and interest cost	**10.00%**	**3 254**	**6 063**
2023			
Medical Health Inflation	8.90%	20 728	40 050
Discount rate	13.10%	34 261	25 300
Expected retirement age	63 years	31 019	27 664
Change in current service and interest cost	8.90%	4 196	7 986

HISTORICAL INFORMATION

Figures in Rand thousand	2024	2023	2022	2021
Retirement medical aid benefits				
Present value of the obligation	**18 401**	16 353	28 138	20 759

ANALYSIS OF UNEXPECTED GAINS AND LOSSES

The accrued liability calculated in this valuation is R18.401 million, reflecting net interest of R2.142 million, current service costs of R0.700 million and R0.794 million of unexpected actuarial gains.

13. TRADE AND OTHER PAYABLES

	GROUP & COMPANY	
Figures in Rand thousand	2024	2023
Financial instruments:		
Trade payables	**18 235**	16 229
Accrued expenses*	**58 532**	93 146
Non-financial instruments:		
Unearned income	**144**	12 514
Customer deposits	**1 550**	1 691
VAT	**3 164**	7 839
Leave pay and other employee related accruals	**44 446**	49 937
	126 071	181 356

FINANCIAL INSTRUMENT AND NON-FINANCIAL INSTRUMENT COMPONENTS OF TRADE AND OTHER PAYABLES

	2024	2023
At amortised cost	**76 767**	109 375
Non-financial instruments	**49 304**	71 981
	126 071	181 356

* *Accrued expenses comprise local and foreign creditors year-end accruals, accrual for goods and services received in the year with invoices not yet processed against the supplier accounts.*

FAIR VALUE OF TRADE AND OTHER PAYABLES

The fair value of trade and other payables approximates their carrying amounts due to their short term nature.

NOTES TO THE GROUP AND COMPANY FINANCIAL STATEMENTS
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FOR THE YEAR ENDED 31 MARCH 2024

14. DEFERRED INCOME

Figures in Rand thousand	2024	2023
Analysis of movements in deferred income		
Opening balance	229 719	307 966
Net funding received (see below)	167 098	–
Net interest capitalised	19 773	12 990
Interest received from government grant funds	27 087	17 794
Taxation paid on interest	(7 313)	(4 804)
Utilisation	–	(91 237)
– Dual illumination incremental costs recovery	–	(91 237)
– SA Connect costs recovery	–	–
Closing balance	416 590	229 719
Net funding received		
Government grants received	197 249	–
Deemed VAT (15%)	(25 728)	–
Income tax at 27%	(4 423)	–
	167098	–

Government grants are received for the purchase and construction of plant and equipment. Government grants are also received for incremental operational expenditure related to Government projects. The deferred income relating to completed assets has been netted-off against the cost of the respective assets under property, plant, and equipment.

Deferred income relating to capital work-in-progress is set-off against costs incurred to date, on the net presentation basis. The asset will then be depreciated over its useful life based on the net carrying amount after taking Government grant funding into account as per the accounting Policy.

The remaining funds are contingent on the completion of government-funded projects.

Cash receipts relating to grants is government grants received before income tax, net of VAT and interest received from government grants funds before income tax.

15. PROVISIONS

RECONCILIATION OF PROVISIONS – 2023

Figures in Rand thousand	Opening balance	Additions	Utilised during the year	Total
	44 060	–	(44 060)	–

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

16. REVENUE

Figures in Rand thousand	2024	2023
Revenue recognised over time		
Terrestrial television services	**590 316**	606 251
Terrestrial FM radio services	**349 409**	348 697
Terrestrial MW radio services	**6 722**	9 028
Satellite direct-to-home	**175 934**	171 979
Business television	**3 456**	3 837
Connectivity	**16 741**	14 870
Dual illumination grant income*	**152 000**	91 237
	1 294 578	1 245 899
Revenue from rental income comprises of the following:		
Facility rentals	**85 711**	81 746
Revenue recognised at a point in time		
Sale of goods – Vivid/Dish kits	**824**	84 259
	1 381 113	1 411 904

Included above is revenue recognised on a net basis due to agency principal relationships with some of the customers. Included in revenue (Terrestrial television services and Satellite direct-to-home) is agency fees relating to call centre management fees, project management fees and quality assurance fees of R20.669 million (2023: R28.390 million). Revenue is recognised on a gross basis when the Group and Company are principal.

* *The dual illumination grant income relates to the grant receivable raised at reporting date to fund the Dual Illumination incremental costs for the 2024 financial year. Refer to note 7 for the detailed disclosure.*

The sale of Vivid/Dish kits in the current financial year relates to an under accrual in the prior year.

Other revenue of R0.006 million relating to the 2023 financial year was reclassified to other income as it does not relate to the revenue generation from core business.

17. OTHER INCOME

Figures in Rand thousand	2024	2023
Commissions received	**7**	9
Bad debts recovered	**–**	165
Other income*	**2**	6
	9	180

* *Other income includes debt that has prescribed.*

Other income (2023: R0.006 million) was reclassified from revenue to other income and Bad debts recovered *2023: R0.165 million) was reclassified from operating expenses to other income as its not income generated by the core business.

FOR THE YEAR ENDED 31 MARCH 2024

18. EXPENSES

Operating profit/(loss) – EBIT for the year is stated after charging/(crediting) the following, amongst others:

- Employee costs
- Depreciation, amortisation and impairments and movement in estimated credit losses
- Operating leases and other rental expenses
- Direct expenses
- Operating expenses

LEASES AND OTHER RENTAL EXPENSES

Figures in Rand thousand	2024	2023
Short-term leases and other rentals	23 812	17 215
Depreciation and amortisation		
Depreciation of property, plant and equipment	92 787	99 531
Depreciation of right-of-use assets	126 691	125 474
Amortisation of intangible assets	3 261	2 927
Total depreciation and amortisation	222 739	227 932
Movement in credit loss allowances		
Trade and other receivables	122 177	59 654

RECLASSIFICATION

Lease and other rental expenses of R13.755 million were reclassified from operating expenses in the 2023 financial year for better and more relevant presentation.

Movement in expected credit losses of R59.654 million was reclassified from operating expenses in the 2023 financial year for better and more relevant presentation and to be aligned with the IFRS standard.

19. DIRECT EXPENSES

Figures in Rand thousand	2024	2023
Energy	222 156	241 408
Transmitter tubes	–	468
Support equipment	4 603	1 890
Maintenance costs	47 816	51 152
Other direct expenses*	20 212	87 717
	294 787	382 635

* *Other direct expenses include costs for distribution lines.*

20. OPERATING EXPENSES

Figures in Rand thousand	2024	2023
Audit fees – internal audit	656	–
Repairs and maintenance	41 452	35 960
Auditors remuneration – external auditors	3 433	2 356
Consulting and professional fees	31 412	25 860
Transport and freight	32 996	30 877
Telephone and telecommunication	35 025	36 882
Travel	42 116	43 142
Selling expenses	17 944	27 381
License fees	8 186	8 117
Security costs	17 296	26 515
Software expenses	21 854	15 644
Other operating expenses*	22 834	29 016
Total operating expenses	**275 214**	281 751
Licenses fees include the following:		
– Spectrum	1 869	1 320
– ECNS/ECS	6 317	6 797
Total licenses	**8 186**	8 117
Selling expenses includes the following:		
CSI, Advertising, surveys, promotional activities and other selling expenses	17 944	27 381

* *Other operating expenses include other classes of operating expenses i.e. Insurance, training, levies, municipal expenses, printing and stationery etc.*

RECLASSIFICATION

Operating expenses of R78.865 million in the 2023 financial year were reclassified to/from movement in expected credit losses, other gains and losses, employee costs, other income and lease and other expenses.

21. EMPLOYEE COSTS

Figures in Rand thousand	2024	2023
Salaries and wages	361 781	299 014
Medical aid – company contributions	31 057	48 986
UIF	1 250	1 234
Leave pay provision charge	8 840	10 830
Short-term benefits	42 489	33 355
Retirement benefit plans	21 710	36 735
Other benefits – Group life	3 460	5 813
Termination benefits	14 581	–
	485 168	435 967

RECLASSIFICATION

Expenses of R1.709 million were reclassified from employee costs to operating expenses in the 2023 financial year; this relates to subsistence travel allowances for better and more relevant presentation.

NUMBER OF PERSONS EMPLOYED

	2024	2023
Total number of employees at year-end (excluding temporary staff)	419	444

22. DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES

Figures in Rand thousand	2024	2023
Depreciation		
Property, plant and equipment	**92 787**	99 531
Right-of-use assets	**126 691**	125 474
	219 478	225 005
Amortisation		
Intangible assets	**3 261**	2 927
Total depreciation, amortisation and impairment		
Depreciation	**219 478**	225 005
Amortisation	**3 261**	2 927
	222 739	227 932

23. OTHER GAINS AND (LOSSES)

Figures in Rand thousand	2024	2023
Profit (loss) on sale of assets	**(1 463)**	628
Profit (loss) on exchange differences	**(87 269)**	(230 687)
Unrealised gains (losses) on financial assets at fair value through profit or loss	**652**	–
	(88 080)	(230 059)

* *Profit (loss) on sale of assets includes profit(loss) on disposal of Property, plant and equipment.*

RECLASSIFICATION

Non operating gains and (losses) of R7.279 million were reclassified from operating expenses in the 2023 financial year; this is to ensure operating profit/(loss) presented reflects results that are purely operations driven and does not include non operating gains and losses. Refer to note 24 below for the breakdown between Profit (loss) on exchange differences and Profit (loss) on sale of assets.

24. OTHER OPERATING GAINS AND (LOSSES)

Figures in Rand thousand	Notes	2024	2023
Gains (losses) on disposals, scrappings and settlements			
Property, plant and equipment	2(A)	**(1 463)**	628
Foreign exchange gains (losses)			
Lease liabilities		**(81 269)**	(222 780)
Trade payables	13	**(188)**	–
Other foreign exchange gains (losses)		**(5 812)**	(7 907)
		(87 269)	(230 687)
Total other operating gains (losses)		**(383 519)**	(612 694)

25. OTHER NON-OPERATING GAINS (LOSSES)

Figures in Rand thousand	2024	2023
Fair value gains (losses)		
Financial assets at fair value through profit or loss	**652**	–

26. INVESTMENT INCOME

Figures in Rand thousand	2024	2023
Dividend income		
Collective Investment Scheme – Local	**14 213**	15 101
Total dividend income	**14 213**	15 101
Interest income		
Bank	**969**	798
Financial assets at fair value through profit or loss	**30 076**	36 390
Financial assets at amortised cost and call deposits	**30 533**	41 082
Trade and other receivables overdue accounts	**46 933**	9 952
Other*	**1 659**	350
Total interest income	**110 170**	88 572
Total investment income	**124 383**	103 673

* *Other interest income includes interest accrued from Eskom on deposits, interest from SARS for overpayment of provisional tax.*

The interest on overdue accounts is accrued income as it is not yet settled.

27. FINANCE COSTS

Figures in Rand thousand	2024	2023
Lease liabilities	**153 189**	152 377
Employee benefits: Post retirement medical defined benefit plan	**2 142**	3 419
Other interest paid*	**127**	139
Total finance costs	**155 458**	155 935

* *Other interest paid relates to late payment of the utility accounts; refer to note 36.*

Interest on the employee benefits: post retirement medical defined benefit plan is non cash; it relates to the unwinding of discount of the liabilities.

28. TAXATION

Figures in Rand thousand	2024	2023
Major components of the tax expense (income)		
Current		
Local income tax – current period	**–**	(5 260)
Tax recovered from grant funds	**(11 737)**	(4 804)
	(11 737)	(10 064)
Deferred		
Originating and reversing temporary differences	**(3 371)**	(117 608)
	(15 108)	(127 672)
Reconciliation of the tax expense		
Reconciliation between applicable tax rate and average effective tax rate.		
Applicable tax rate	**27.00%**	27.00%
Expenses not deductible*	**(0.32%)**	(0.05%)
Prior year adjustment	**(0.27%)**	1.91%
Exempt income: Dividend income	**2.37%**	1.48%
Non exempt grants received	**(33.12%)**	–
Depreciation**	**6.42%**	(1.93%)
Tax recovered from grants	**7.25%**	1.74%
Other adjustments	**–**	(13.61%)
	9.33%	20.40%

* *Expenses not deductible include expenses that are of capital nature- legal fees, expenses related to the defined benefit obligation, permanent differences on allowable assets (property, plant and equipment).*
** *Depreciation on administration buildings and depreciation related to amortisation of deferred grant assets.*

NOTES TO THE GROUP AND COMPANY FINANCIAL STATEMENTS
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FOR THE YEAR ENDED 31 MARCH 2024

29. TAX (PAID) REFUNDED

Figures in Rand thousand	2024	2023
Balance at beginning of the year	**38 736**	2 961
Current recognised in profit or loss	**11 737**	10 064
Tax recovered from grant funds	**(11 737)**	(4 804)
Balance at end of the year	**(4 912)**	(38 736)
	33 824	(30 515)

30. OTHER COMPREHENSIVE INCOME

COMPONENTS OF OTHER COMPREHENSIVE INCOME – 2024

Figures in Rand thousand	Gross	Tax	Net
Items that will not be reclassified to profit (loss)			
Remeasurements on net defined benefit liability/asset			
Remeasurements on net defined benefit liability/as	**794**	**(214)**	**580**
Movements on revaluation of Property, plant and equipment			
Gains (losses) on valuation	**–**	**–**	**–**

COMPONENTS OF OTHER COMPREHENSIVE INCOME – 2023

Figures in Rand thousand	Gross	Tax	Net
Items that will not be reclassified to profit (loss)			
Remeasurements on net defined benefit liability/asset			
Remeasurements on net defined benefit liability/as	16 168	(4 365)	11 803

31. CASH USED IN OPERATIONS

Figures in Rand thousand	2024	2023
Profit (loss) before taxation	**(161 930)**	(275 391)
Adjustments for non-cash items:		
Depreciation, amortisation, impairments and reversals of impairments	**222 738**	227 932
Losses (gains) on sale of assets and liabilities	**1 463**	(628)
Losses on exchange differences	**81 246**	228 449
Fair value gains	**(652)**	–
Movements in provisions	**–**	(44 060)
Post-retirement medical aid benefit obligation	**700**	963
Inventory written-off or impaired	**1 255**	1 876
DTT Dual Illumination	**–**	(91 237)
Adjust for items which are presented separately:		
Interest income	**(110 169)**	(88 573)
Dividends received	**(14 213)**	(15 101)
Finance costs	**155 458**	155 935
Changes in working capital:		
(Increase) decrease in inventories	**(4 507)**	(11 392)
(Increase) decrease in trade and other receivables	**(492 507)**	(480 630)
Increase (decrease) in trade and other payables	**(48 478)**	16 297
	(369 596)	(375 560)

32. COMMITMENTS

Figures in Rand thousand	2024	2023
Capital expenditure will be financed in line with the Company's optimal capital structure, considering internal cash resources available and government grants.		
Requested per corporate plan		
• SENTECH funded assets	**330 845**	657 000
• Government grant funded assets	**177 155**	120 000
Approved but not contracted	**449 966**	689 464
Contracted	**53 069**	87 536

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 and from government grants received.

33. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

CONTINGENT LIABILITIES

The Company has two cases at CCMA which cannot be quantified as the outcome/ruling for the cases is unknown; the matter is defended by Sentech.

The Company has one case referred to the Competition Tribunal, which cannot be quantified as the outcome/ruling for the cases is unknown; the matter is defended by Sentech.

There is no reimbursement from any third parties for potential obligations of the company.

34. RELATED PARTIES

Relationships Holding company	Department of Communications and Digital Technologies (DCDT)
Subsidiaries	Refer to note 3
Members of key management	The disclosure is provided below

IDENTIFICATION OF RELATED PARTIES

The Group and Company has a related party relationship with its shareholder, government entities controlled by the shareholder and its directors and executive team. The sole shareholder is the government of South Africa through the DCDT.

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

The below transactions and balances with related parties have been entered into in the capacity of entities owned by the same shareholder.

There were no commitments to related parties for the period ended 31 March 2024.

TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Government grants

Various transactions were entered into with the DCDT and National Treasury with respect to government grants.

Government grants are accounted for in terms of IAS 20: Accounting for Government Grants and Disclosure of Government Assistance.

Government grants received and the related movements have been disclosed in note 14.

NOTES TO THE GROUP AND COMPANY FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 31 MARCH 2024

34. RELATED PARTIES continued

TRANSACTIONS AND BALANCES WITH RELATED PARTIES continued

Related party transactions

Figures in Rand thousand	2024	2023
Sale of good and services to related parties		
SABC	**668 119**	663 815
BBI	**9 163**	12 519
NEMISA	**–**	358
USAASA	**21494**	115 991
	698 776	792 683
Grant received from related parties		
DCDT	**171 521**	–
USAASA	**152 000**	–
	323 521	–
Interest (paid to) received from related parties		
SABC	**46 933**	9 952
	46 933	9 952
Recoveries of expenses from related parties		
South African Post Office	**426**	–
	426	–
Purchases of goods and services from related parties		
South African Post Office	**–**	(71)
SABC	**(269)**	(34)
SITA	**(3 918)**	(4 055)
ICASA	**(8 706)**	(8 018)
BBI	**(1 085)**	–
	(13 978)	(12 178)
Movement allowances for expected credit losses related parties		
SABC	**(116 559)**	(52 441)
BBI	**2 277**	(1 468)
NEMISA	**1**	(1)
USAASA	**(779)**	1 161
	(115 060)	(52 749)
Amounts included in Trade receivable regarding related parties		
NEMISA	**–**	82
USAASA	**285 250**	192 415
SABC	**1 009 657**	422 862
BBI	**5 733**	20 281
	1 300 640	635 640
Amounts included in Trade receivable regarding related parties – allowance for expected credit losses		
USAASA	**(3 485)**	(2 706)
SABC	**(170 362)**	(53 803)
BBI	**(369)**	(2 645)
NEMISA	**–**	(1)
	(174 216)	(59 155)

34. RELATED PARTIES continued

Figures in Rand thousand	2024	2023
Amounts included in Trade receivable regarding related parties – provision for credit notes		
SABC	**(1 478)**	–
USAASA	**(2 923)**	–
	(4 401)	–
Amounts included in Trade Payable regarding related parties		
SITA	**(1 781)**	–
BBI	**(1 055)**	–
DCDT	**(515)**	(515)
	(3 351)	(515)

TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

Loans to directors

There were no loans issued to directors during the year.

DIRECTORS EMOLUMENTS 2024

	Period of service (months)	Basic salary	Retainer fee	Provident fund	Medical Aid and other allowances#	Meeting fees	Acting allowance	Gratuity payment	Total
Executive									
T Leshope (Acting Chief Executive Officer)**	12	2 621	–	210	619	–	480	155	4 085
R Rasikhinya (Chief Financial Officer)	12	3 000	–	–	2	–	–	–	3 002
M Booi (Chief Executive Officer)*	7	1 851	–	257	1 280	–	–	295	3 683
Non-Executive									
SF Mudau (Chairperson)	12	–	347	–	–	492	–	–	839
VM Motloutsi	12	–	139	–	–	325	–	–	464
M Moropa	12	–	139	–	–	417	–	–	556
T Sesane	12	–	139	–	–	292	–	–	431
TF Phiri	12	–	139	–	–	500	–	–	639
NA Mudunungu	12	–	139	–	–	208	–	–	347
M Metuse	12	–	139	–	–	400	–	–	539
L Keyise***	6	–	69	–	–	158	–	–	227
K Pillay***	6	–	69	–	–	83	–	–	152
		7 472	1 319	467	1 901	2 875	480	450	14 964

* *The employment contract for Mr M Booi came to an end in October 2023.*
** *Mr T Leshope (Chief Operating Officer) was appointed as the Acting Chief Executive Officer from October 2023.*
*** *L Keyise and K Pillay were appointed in April 2023 as independent non-executive directors; they both resigned end of September 2023.*
**** *The term of employment for Ms R Rasikhinya comes to an end at 31 July 2024.*
The term for all the non-executive directors was extended by six months from the end of term date 31 March 2024.
\# *Included in Medical Aid and other allowances is Medical aid allowance, group life, UIF employer contribution, long service award, leave encashment and termination leave payout, non pensionable allowance as well as subsitence allowance for foreign travel.*

34. RELATED PARTIES continued

DIRECTORS EMOLUMENTS 2023

	Period of service (months)	Basic salary	Retainer fee	Performance bonus	Provident fund	Medical Aid and other allowances#	Meeting fees	Acting allowance	Total
Executive									
M Booi (Chief Executive Officer)	12	3 282	–	1 947	446	228	–	–	5 903
R Rasikhinya (Chief Financial Officer)	2	500	–	–	–	–	–	–	500
KK Govender (Former Chief Financial Officer)	7	1 365	–	–	–	1	–	–	1 366
T Leshope (Chief Operating Officer)	12	2 262	–	816	308	325	–	703	4 414
Non-executive									
SF Mudau (Chairperson)	12	–	347	–	–	–	422	–	769
VM Motloutsi	12	–	139	–	–	–	409	–	548
M Moropa	12	–	139	–	–	–	275	–	414
T Sesane	12	–	139	–	–	–	300	–	439
TF Phiri	12	–	139	–	–	–	417	–	556
NA Mudunungu	12	–	139	–	–	–	225	–	364
M Metuse	12	–	139	–	–	–	350	–	489
		7 409	1 181	2 763	754	554	2 398	703	15 762

OTHER KEY MANAGEMENT PERSONNEL

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

2024	Position	Period of service (months)	Basic salary	Provident fund	Medical Aid and other allowances#	Acting allowance	Gratuity payment	Total
Executive								
Z Adams	Executive: Legal & Regulatory	12	2 032	163	356	–	120	2 671
MT Finnis	Executive: Operations	12	1 811	145	339	–	107	2 402
MM Kgari	Acting Executive Broadband	12	1 898	152	397	–	112	2 559
KK Motlhabi	Chief Human Resource Officer	12	2 014	161	328	–	119	2 622
IG Segaloe	Chief Strategy Officer	12	2 016	161	395	–	119	2 691
K Thage	Acting: Chief Marketing and Sales Officer	12	–	–	28	310	–	338
E Motlhamme	Company Secretary*	8	1 133	–	91	–	–	1 224
M Chimombe	Acting Company Secretary*	4	–	–	–	44	–	44
M Manyere	Acting Executive: Finance	12	–	–	–	260	–	260
F Mnisi	Acting Chief Operating Officer**	6	–	–	88	323	–	411
N Ogoh	Acting Chief Information Officer***	4	–	–	–	102	–	102
			10 904	782	2 022	1 039	577	15 324

34. RELATED PARTIES continued

2023	Position	Period of Service (Months)	Basic Salary	Performance Bonus	Provident Fund	Medical Aid and other allowances#	Acting allowance	Total
Executive								
Z Adams	Executive: Legal & Regulatory	12	1 912	437	264	183	–	2 796
MT Finnis	Executive: Operations	12	1 705	492	235	300	–	2 732
MM Kgari	Acting Executive Broadband	12	1 787	482	243	271	–	2 783
KK Motlhabi	Chief Human Resources Officer	12	1 896	552	258	104	–	2 810
IG Segaloe	Chief Strategy Officer	12	1 898	527	258	258	–	2 941
E Motlhamme	Company Secretary*	4	567	–	–	1	–	568
XN Njapha	Company Secretary****	8	933	–	–	77	–	1 010
K Thage	Acting: Chief Marketing and Sales Officer	12	–	–	–	28	291	319
M Manyere	Acting Executive: Finance	12	–	–	–	–	243	243
F Mnisi	Acting Chief Information Officer	12	–	–	–	58	303	361
			10 698	2 490	1 258	1 280	837	16 563

\# *Included in Medical Aid and other allowances is Medical aid allowance, group life, UIF employer contribution, long service award, leave encashment and termination leave payout, non-pensionable allowance as well as subsitence allowance for foreign travel.*

* *Ms E Motlhamme was appointed as the Company secretary from December 2022 and resigned in November 2023 and Ms M Chimombe was appointed as the acting company secretary from December 2023.*

** *Mr F Mnisi was previously the acting Chief Information Officer; he was appointed as acting Chief Operating Officer from October 2023.*

*** *Ms N Ogoh was appointed as the acting Chief Information Officer from December 2023.*

**** *Ms XN Njapha term as company secretary ended in November 2022.*

\## *The 2023 disclosure note has been restated to present executives appointed in acting positions.*

35. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

CATEGORIES OF FINANCIAL INSTRUMENTS

Categories of financial assets

2024	**Note(s)**	**Fair value through profit or loss**	**Amortised cost**
Financial assets at fair value through profit or loss	8	**452 976**	**–**
Trade and other receivables	7	**–**	**1 181 697**
Cash and cash equivalents	10	**–**	**630 989**
		452 976	**1 812 686**

2023	Note(s)	Fair value through profit or loss	Amortised cost
Financial assets at amortised cost	9	–	246 520
Financial assets at fair value through profit or loss	8	996 842	–
Trade and other receivables	7	–	656 398
Cash and cash equivalents	10	–	269 681
		996 842	1 172 599

35. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

CATEGORIES OF FINANCIAL INSTRUMENTS continued

Categories of financial liabilities

2024	Note(s)	Amortised cost
Trade and other payables	13	**76 767**

2023	Note(s)	Amortised cost
Trade and other payables	13	109 375

Capital risk management

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

BORROWING LIMITS

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

CAPITAL STRUCTURE

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

The core debt components of the Group is as follows:

Figures in Rand thousand	Note(s)	2024	2023
Post-retirement benefit obligation		**18 401**	16 353
Lease liability	2(C)	**1 249 799**	1 286 873
Trade and other payables	13	**126 071**	181 356
Deferred income		**416 590**	229 719
		1 810 861	1 714 301
Key capital structure data:			
Shareholder funds – Equity		**2 432 601**	2 578 847
Included in the shareholders' funds above are:			
Earnings before interest, tax, and depreciation (EBITDA)		**179 964**	234 862
Interest expense		**155 458**	155 935
– Other interest paid		**127**	139
– Lease liability		**153 189**	152 377
– Post-retirement benefit obligation		**2 142**	3 419
		2 923 481	3 125 579
The Group benchmarks the following capital ratios:			
Debt to equity ratio			
Target		**Less than 40%**	Less than 40%
Actual		**74.44%**	66.48%

35. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

Figures in Rand thousand	Note(s)	2024	2023
EBITDA to debt			
Target		**Greater than 3**	Greater than 3
Actual		**0.16**	0.19
EBITDA to interest cover			
Target		**Greater than 10**	Greater than 10
Actual		**1.16**	1.46

FINANCIAL RISK MANAGEMENT

Overview

The Group and Company is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk (currency risk, interest rate risk).

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.

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, investments 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 80 percent of the Group and Company's trade receivables comes from this customer. The customer is supported by Government to ensure that it meets its obligations when they fall due. Therefore, SENTECH believes that the credit risk exposure is mitigated by the fact that the customer has been settling its account on a timely basis in the past. This situation will continue to be monitored to ensure that mitigating factors are in place to deal with any eventualities.

The Accounting Authority has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group and Company's standard payment and delivery terms and conditions are offered.

Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group and Company only on a prepaid basis.

CASH AND CASH EQUIVALENTS

Reputable financial institutions with high credit ratings are used for investing and cash handling purposes. The credit risk at reporting date is considered very low. These instruments have all been externally graded with a minimum credit rating of Aa2/AA (very high credit quality with a very low default risk).

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Credit risk exposure arising from financial assets at fair value through profit or loss is managed by the Group and Company through dealing with well-established financial institutions with high credit ratings. Investments to each financial institution are guided by the internal investment policy approved by the Accounting Authority. At reporting date, these instruments are considered to have a very low credit risk. These instruments have all been externally graded with a minimum credit rating of

– AA+ (zA)(f) (Funds rated AA(f) possess very low levels of risk and demonstrate low to moderate volatility) for money market funds and
– AA-(ZA)(f) (Funds rated AA(f) possess very low levels of risk and demonstrate low to moderate volatility) for collective investment schemes.

35. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS continued

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

Figures in Rand thousand	Note(s)	2024	2023
Financial assets at amortised cost	9	–	246 520
Financial assets at fair value through profit or loss	8	**189 090**	527 595
Cash and cash equivalents	10	**630 989**	269 681
Trade and other receivables	7	**1 181 697**	656 398
		2 001 776	1 700 194
The maximum exposure for trade and other receivables at the reporting date by geographic region was:			
Domestic		**1 180 114**	654 329
Foreign		**1 583**	2 069
		1 181 697	656 398

The collectability of financial assets is assessed at reporting date and expected credit losses are calculated for any financial assets with credit risk that has increased significantly at reporting date based on a review of all outstanding amounts at year-end. The credit risk is considered to have increased significantly when the debtor is more than 30 days past due. Bad debts are written-off during the year in which they are identified. The expected credit loss at year-end relates to financial assets (trade receivables) which have been outstanding for a long time and have not been settled after year-end. Financial assets that are neither past due nor impaired are considered good credit quality.

LIQUIDITY RISK

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

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

EXPOSURE TO LIQUIDITY RISK

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

Current financial liabilities at year-end were as follows:

Figures in Rand thousand	2024	2023
Trade and other payables	**76 767**	109 375
Leases liability	**147 997**	128 417
Carrying amount	**224 764**	237 792

The Group and Company manages its liquidity risk by effectively managing its working capital, capital expenditure and cash flows. The financing requirements are met through a mixture of cash generated from operations and cash reserves/invested with various financial institutions. The assets (financial assets at amortised cost, trade and other receivables and cash and cash equivalents) are to finance the liabilities have a maturity profile of less than a year.

There have been no significant changes in the liquidity risk management policies and processes since the prior reporting period.

35. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

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

2024	Note(s)	Less than 1 year	More than 1 to 5 years	Over 5 years	Total
Lease liabilities	2(C)	**286 225**	**1 104 578**	**430 487**	**1 821 290**
Trade and other payables	13	**92 216**	**–**	**–**	**92 216**
		378 441	**1 104 578**	**430 487**	**1 913 506**

2023		Less than 1 year	More than 1 to 5 years	Over 5 years	Total
Trade and other payables	13	117 856	–	–	117 856
Lease liabilities	2(C)	225 044	1 066 645	347 326	1 639 015

MARKET RISK

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

FOREIGN 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 did not hedge foreign purchases and sales but, where possible, match foreign currency denominated cash inflows and outflows through the underlying operations of the Group and Company. The forward exchange contracts (hedging contracts) entered into in March 2024 relate to lease payments for the 2025 financial year. This is to mitigate exposure for foreign currency risk. The Group and Company's net exposure is kept at an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

Exposure in Rand

The net carrying amounts, in Rand, of the various exposures, are denominated in the following currencies. The amounts have been presented in Rand by converting the foreign currency amounts at the closing rate at the reporting date:

Exposure in foreign currency amounts

The exposure to currency risk was as follows based on carrying amounts for other financial instruments:

Figures in Rand thousand	Note(s)	2024	2023
US Dollar exposure			
Current assets:			
Trade and other receivables	7	**83**	115
Cash and cash equivalents	10	**523**	1 240
Non-current liabilities:			
Non-current portion lease liabilities	2(C)	**(56 498)**	(64 087)
Current liabilities:			
Trade and other payables	13	**(68)**	–
Current portion lease liabilities	2(C)	**(7 589)**	(7 032)
Net US Dollar exposure		**(63 549)**	(69 764)
Euro exposure:			
Current assets:			
Cash and cash equivalents	10	**1**	1
GBP exposure:			
Current assets:			
Cash and cash equivalents	10	**9**	9

35. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

FOREIGN CURRENCY RISK continued

Exchange rates

The following significant exchange rates were applied during the year:

	Average rate		Reporting date spot rate	
	2024	2023	**2024**	2023
GBP/ZAR	**23.94**	20.84	**24.32**	22.30
EUR/ZAR	**20.67**	18.05	**20.81**	19.61
USD/ZAR	**18.94**	17.28	**19.16**	17.89

FOREIGN CURRENCY SENSITIVITY ANALYSIS

A 10 percent weakening of the Rand against the following currencies at 31 March would have (decreased)/ increased profit or loss and net equity for the Group by the amounts shown below. The 10% strengthening of the Rand against the following currencies would results into an (increase)/decrease in profit or loss and net equity of the Group by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	2024	2023
GBP/ZAR	**17**	16
EUR/ZAR	**2**	2
USD/ZAR	**(122 032)**	(134 362)

INTEREST RATE RISK

The Group and Company address their interest rate risk by ensuring that all investments are at market related rates.

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.

There have been no significant changes in the interest rate risk management policies and processes (investment policy) since the prior reporting period.

Interest rate profile

The interest rate profile of interest bearing financial instruments at the end of the reporting period was as follows:

	Note(s)	**2024**	2023
Assets			
Government grants financial asset at fair value through profit or loss	8	**82 627**	216 338
Financial assets at amortised cost own funds	9	**–**	246 520
Financial assets at fair value through profit or loss own funds	8	**370 349**	780 504
Government grants cash and cash equivalents	10	**236 385**	13 381
Cash and cash equivalents own funds	10	**394 603**	256 164
		1 083 964	1 512 907

35. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT continued

INTEREST RATE RISK continued

Interest rate sensitivity analysis

The following sensitivity analysis has been prepared using a sensitivity rate which is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. All other variables remain constant. The sensitivity analysis includes only financial instruments exposed to interest rate risk which were recognised at the reporting date. No changes were made to the methods used in the preparation of the sensitivity analysis compared to the previous reporting period.

A change of 100 basis points in interest rates would have increased or decreased profit or loss and net equity by R5 million (2023: R9 million) with all other variables held constant on the balances of financial instruments, while the actuarial valuations of the post-retirement obligation impact have been incorporated in the note on Employee Benefits.

FAIR VALUES VERSUS CARRYING AMOUNT

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 debt

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

Non-derivative financial assets and liabilities and derivative instruments

Fair value, which is determined for disclosure purposes and measurement 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. Inputs used in the valuation technique include quoted market prices, interest rates, observable yield curves and credit spreads and OIS discounting to determine the Present value of the trades for FEC's.

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

The valuation methods and fair value hierarchy classification for financial assets and liabilities are disclosed in the related disclosure notes to the Annual Financial Statements. The following fair value hierarchy classification has been used:

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).

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

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

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

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

	2024	2023
Irregular expenditure	19 203	12 603
Fruitless and wasteful expenditure	940	231
Closing balance	**20 143**	12 834

37. EVENTS AFTER THE REPORTING PERIOD

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

38. GOING CONCERN

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

Based on SENTECH's forecasts, cash and cash equivalents as at 31 March 2024 and available borrowing facilities, the directors believe the group has adequate resources to continue as a going concern into the foreseeable future.

While the company recorded a net loss in the financial results for the current year ended on 31 March 2024, this was in part due to the unrealised foreign exchange losses upon remeasurement of the lease liability as required by accounting standards for IFRS 16 Leases, and the provision for expected credit losses for non-paying customers as per IFRS 9. These two-matters greatly contributed to the net loss for the FY2024 financial results but are non-cash in nature, and if they were excluded it would result in the company being in a better net asset position.

The world recessions and contractions of economic activity is affecting SENTECH's customers' ability to pay for services rendered, and in turn increased the accounts receivables balance compared to prior year. One key customer is facing financial challenges, and this resulted in the increase in trade and other receivables and reduction in cash balances. This signifies the existence of a material uncertainty to company's ability continue as a going concern.

The Company adopted the going concern basis in preparing the financial statements. The current operations, the future cash flow forecasts and positive net asset value, renders the Company confidence that there will be sufficient resources to meet short-term obligations. SENTECH is financially stable to continue in operations for the next 12 months. The current assets exceed current liabilities, and the cash reserves exceeds current liabilities. The liquidity ratio of 3 times and solvency ratio of 74% are in favour of the going concern assumption.

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

Several costs containment measures are being implemented to facilitate for the generation of sufficient cash flows to meet future company obligations. In addition, the company has restructured its operating model to focuses on only spending money on resources that create value for your customers. Anything which does not ultimately increase value for your customers is considered wasteful and a target for savings. SENTECH has and will continue negotiating payment terms to help customers' continued existence. Stricter credit controls will be implemented for customers to manage the credit risk.

Based on the above, it is the Company's view that it will remain as a going concern in the foreseeable future. To this effect, the financial statements were prepared on a going concern basis. In determining the appropriate basis of preparing the financial statements, the Accounting Authority considered whether the Company can continue in operational existence for the foreseeable future.

ABBREVIATIONS AND ACRONYMS

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

The supplementary information presented does not form part of the Group and Company financial statements and is unaudited

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