THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions and interpretations commencing on page 6 of this Circular apply *mutatis mutandis* to this cover page.

ACTION REQUIRED BY SHAREHOLDERS:

1. This entire Circular is important and should be read with particular attention to the section entitled "*Action required by Shareholders*", which commences on page 3.
2. If you are in any doubt as to what action to take in relation to this Circular, you should consult your Broker, CSDP, banker, accountant, attorney or other professional adviser immediately.
3. If you have disposed of all your Shares in Etion, please forward this Circular and the attached Form of Proxy (*grey)* to the purchaser of such Shares or the Broker, CSDP, banker or other agent through whom the disposal was effected.

ETION

ETION LIMITED
(Incorporated in the Republic of South Africa)
(Registration Number: 1987/001222/06)
(Share Code: ETO)
(ISIN: ZAE000097028)
("**Etion**")

CIRCULAR TO SHAREHOLDERS

Relating to:

- the approval of the Disposal in terms of the JSE Listings Requirements; and
- the approval of the Disposal in terms of the Companies Act;

and incorporating:

- the Notice of General Meeting; and
- the Form of Proxy *(grey)* in respect of the General Meeting (for use by Certificated Shareholders and Dematerialised Shareholders who have selected Own-Name Registration only).

Transaction Adviser and Transactional Sponsor	**Auditor and Independent Reporting Accountants**	**Independent Expert**	**Legal Adviser**
PSG CAPITAL	SNG Grant Thornton pwc	questco CORPORATE ADVISORY	FASKEN

Date of issue: Monday, 14 June 2021

This Circular is available in English only. Copies may be obtained during normal business hours from the registered office of Etion and from the offices of PSG Capital, whose addresses are set out in the "Corporate Information" section of this Circular from Monday, 14 June 2021 until Wednesday, 14 July 2021 (both days inclusive). A copy of this Circular will also be available on Etion's website (www.etion.co.za).

IMPORTANT LEGAL NOTES

The definitions and interpretations commencing on page 6 apply *mutatis mutandis* to this important legal notes section.

FORWARD-LOOKING STATEMENT DISCLAIMER

This Circular contains statements about Etion that are or may be forward-looking statements. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. These forward-looking statements are not based on historical facts, but rather reflect current expectations concerning future results and events and generally, but not always, may be identified by the use of forward-looking words or phrases such as, but not limited to, "believe", "aim", "expect", "anticipate", "intend", "foresee", "forecast", "likely", "should", "planned", "may", "will", "outlook", "project" "estimated", "potential" or similar words and phrases.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Etion cautions that forward-looking statements are not guarantees of future performance. Actual results, financial and operating conditions, liquidity and the developments within the industry in which Etion operates may differ materially from those made in, or suggested by, the forward-looking statements contained in this Circular.

All these forward-looking statements are based on estimates and assumptions made by Etion, as communicated in publicly available documents by Etion, all of which estimates and assumptions, although Etion believes them to be reasonable, are inherently uncertain. Such estimates, assumptions or statements may not eventuate. Factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied in those statements or assumptions include other matters not yet known to Etion or not currently considered material by Etion.

Shareholders should keep in mind that any forward-looking statement made in this Circular or elsewhere is applicable only at the date on which such forward-looking statement is made. New factors that could cause the business of Etion not to develop as expected may emerge from time to time and it is not possible to predict all such factors. Further, the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement are not known. Etion has no duty to, and does not intend to, update or revise the forward-looking statements contained in this Circular after the date of this Circular, except as may be required by law.

CORPORATE INFORMATION

Directors

T Daka (Chairman) *
E De Kock *
N Naidoo (Chief Financial Officer)
R Willis (Acting Group Chief Executive Officer)
C Bester *
M Janse van Rensburg *#

* non-executive
# independent

Date and place of incorporation of the Company

23 March 1987
Republic of South Africa

Place of incorporation of Lawtrust

Republic of South Africa

Company secretary and registered address of the Company and Lawtrust

Wyna Modisapodi
85 Regency Drive
Route 21 Corporate Park
Irene, 0157
(PO Box 95361, Waterkloof, 0145)

Transfer Secretaries

Computershare Investor Services Proprietary Limited
(Registration number 2004/003647/07)
Rosebank Towers
15 Biermann Avenue
Rosebank
Johannesburg, 2196
(Private Bag X9000, Saxonwold, 2132)

Legal Adviser

Fasken
(Registration number 1995/004675/21)
Inanda Greens
54 Wierda Road West
Johannesburg
2196
(tba)

Transaction Adviser and Transactional Sponsor

PSG Capital Proprietary Limited
(Registration number 2006/015817/07)
1st Floor, Ou Kollege
35 Kerk Street
Stellenbosch, 7600
(PO Box 7403, Stellenbosch, 7599)

and

2nd Floor, Building 3
11 Alice Lane
Sandhurst
Sandton, 2196
South Africa
(PO Box 650957, Benmore, 2010)

Auditor and Independent Reporting Accountants

PricewaterhouseCoopers Incorporated
(Registration number 1998/012055/21)
4 Lisbon Lane
Waterfall City
Jukskei View 2090
(Private Bag X36, Sunninghill, 2157)

SNG Grant Thornton
20 Morris Street East
Woodmead
2191
(Postal address to be provided)

Independent Expert

Questco Proprietary Limited
Ground Floor, Block C
Investment Place
10th Road, Hyde Park

TABLE OF CONTENTS

The definitions and interpretations commencing on page 6 apply to this table of contents.

ACTION REQUIRED BY SHAREHOLDERS

The definitions and interpretations commencing on page 6 apply to this action required by Shareholders section.

This Circular is important and requires your immediate attention. Please take careful note of the following provisions regarding the action required by Shareholders. If you are in any doubt as to what actions to take, please consult your CSDP, Broker, banker, attorney, accountant or other professional adviser immediately.

If you have disposed of all of your Shares in Etion, please forward this Circular to the purchaser of such Shares or to the CSDP, Broker, banker, attorney or other agent through whom the disposal was effected.

The General Meeting will be held electronically on Wednesday, 14 July 2021 at 10:00, at which General Meeting, Shareholders will be requested to consider and, if deemed fit, to pass, with or without modification, the Disposal Resolutions set out in the Notice of General Meeting attached to this Circular.

1. DEMATERIALISED SHAREHOLDERS <u>WHO ARE NOT OWN-NAME REGISTERED</u> DEMATERIALISED SHAREHOLDERS

1.1 **Voting at the General Meeting**

1.1.1 Your Broker or CSDP should contact you to ascertain how you wish to cast your vote at the General Meeting and should thereafter cast your vote in accordance with your instructions.

1.1.2 If your Broker or CSDP has not contacted you, it is advisable for you to contact your Broker or CSDP and furnish it with your voting instructions.

1.1.3 If your Broker or CSDP does not obtain voting instructions from you, it will be obliged to vote in accordance with the instructions contained in the Custody Agreement concluded between you and your Broker or CSDP.

1.1.4 **You must <u>not</u> complete the attached Form of Proxy (*grey*)**.

1.2 **Attendance and representation at the General Meeting**

1.2.1 In accordance with the Custody Agreement between you and your CSDP or Broker, you must advise your CSDP or Broker if you wish to:

1.2.1.1 attend, speak and vote at the General Meeting; or

1.2.1.2 send a proxy to represent you at the General Meeting.

1.2.2 Your CSDP or Broker should then issue the necessary letter of representation to you for you or your proxy to attend, speak and vote at the General Meeting.

2. CERTIFICATED SHAREHOLDERS AND DEMATERIALISED SHAREHOLDERS <u>WHO ARE OWN-NAME REGISTERED</u> DEMATERIALISED SHAREHOLDERS

2.1 **Voting and attendance at the General Meeting**

2.1.1 You may attend the General Meeting in person and may vote at the General Meeting.

2.1.2 Alternatively, you may appoint a proxy to represent you at the General Meeting by <u>completing the attached Form of Proxy (*grey*)</u> in accordance with the instructions contained therein and lodging it, posting it or sending it via e-mail to the Transfer Secretaries at the details below, to be received by them, for administrative purposes, by no later than 10:00 (South African time) on Monday, 12 July 2021 or thereafter by handing such Form of Proxy (*grey*) to the chairman of the General Meeting or the Transfer Secretaries at the General Meeting, at any time before the appointed proxy exercises any of the relevant Shareholder's rights at the General Meeting (or any adjournment of the General Meeting).

Transfer Secretaries
Computershare Investor Services Proprietary Limited
Rosebank Towers
15 Biermann Avenue
Rosebank
Johannesburg, 2196
(Private Bag X9000, Saxonwold, 2132)
proxy@computershare.co.za

2.1.3 ELECTRONIC PARTICIPATION ARRANGEMENTS

- The Company's Memorandum of Incorporation authorises the conduct of shareholders' meetings entirely by electronic communication as does section 63(2)(a) of the Companies Act. In light of the measures put in place by the South African Government in response to the COVID-19 pandemic, the Board has decided that the General Meeting will only be accessible through a remote interactive electronic platform as detailed below.
- Shareholders or their duly appointed proxies who wish to participate in the General Meeting are required to complete the Electronic Participation Application Form available immediately after the proxy form and email same to the Company's Transfer Secretaries at proxy@computershare.co.za and to Etion at wyna.modisapodi@etion.co.za as soon as possible, but in any event by no later than 10:00 on Monday 12 July 2021.

- Shareholders or their duly appointed proxies are required to provide satisfactory identification before being entitled to participate in the General Meeting.
- Upon receiving a completed Electronic Participation Application Form, the Company's Transfer Secretaries will follow a verification process to verify each applicant's entitlement to participate in and/or vote at the General Meeting. The Company's Transfer Secretaries will provide the Company with the nominated email address of each verified shareholder or their duly appointed proxy to enable the Company to forward them Zoom meeting invitation required to access the General Meeting.
- Fully verified shareholders or their duly appointed proxies who have applied to participate electronically in the General Meeting are requested by no later than 09:45 on Wednesday, 14 July 2021 to join the meeting by clicking on the Zoom Meeting link to be provided by Etion's company secretary, whose admission to the meeting will be controlled by the company secretary.
- Participants will be liable for their own network charges in relation to electronic participation in and/or voting at the General Meeting. Any such charges will not be for the account of the Company's Transfer Secretaries or Etion who will also not be held accountable in the case of loss of network connectivity or other network failure due to insufficient airtime, internet connectivity, internet bandwidth and/or power outages which prevents any such shareholder or their proxy from participating in and/or voting at the General Meeting.

3. DISSENTING SHAREHOLDERS' APPRAISAL RIGHTS

Shareholders who wish to exercise their rights in terms of section 164 of the Companies Act, in relation to the Disposal, are referred to **Annexure 8** of this Circular.

SALIENT DATES AND TIMES

The definitions and interpretations commencing on page 6 apply to these salient dates and times.

	2021
Notice record date, being the date on which a Shareholder must be registered in the Register in order to be eligible to receive the Notice of General Meeting on	Friday, 4 June
Circular incorporating the Notice of General Meeting and Form of Proxy *(grey)*, distributed to Shareholders on	Monday, 14 June
Announcement of distribution of Circular and notice convening the General Meeting released on SENS on	Monday, 14 June
Last day to trade Shares in order to be recorded in the Register to vote at the General Meeting (see note 2 below) on	Tuesday, 6 July
General Meeting record date, being the date on which a Shareholder must be registered in the Register in order to be eligible to attend and participate in the General Meeting and to vote thereat, by close of trade on	Friday, 9 July
For administrative reasons, Forms of Proxy (*grey*) in respect of the General Meeting to be received by the Transfer Secretaries by no later than 10:00 on	Monday, 12 July
Last date and time for Shareholders to give notice in terms of section 164 of the Companies Act to Etion, objecting to the Special Resolution approving the Disposal by 10:00 on	Wednesday, 14 July
Forms of Proxy (*grey*) not lodged with the Transfer Secretaries to be handed to the chairman of the General Meeting or the Transfer Secretaries at the General Meeting at any time before the proxy exercises any rights of the Shareholder at the General Meeting on	Wednesday, 14 July
General Meeting held at 10:00 on	Wednesday, 14 July
Results of the General Meeting published on SENS on	Wednesday, 14 July
If the Disposal is approved by Shareholders:	
Last date on which Shareholders who voted against the Special Resolution may require Etion to seek court approval in terms of section 115(3)(a) of the Companies Act, but only if the Special Resolution was opposed by at least 15% of the voting rights exercised thereon, on	Wednesday, 21 July
Last date on which Shareholders who voted against the Special Resolution can make application to the court in terms of section 115(3)(b) of the Companies Act on	Wednesday, 28 July
Last date for Etion to send objecting Shareholders notices of the adoption of the Special Resolution approving the Disposal, in terms of section 164 of the Companies Act, on	Wednesday, 28 July
If Shareholders do not exercise their rights in terms of section 115(3)(a) and section 115(3)(b) of the Companies Act:	
Receipt of the Takeover Panel Compliance Certificate in respect of the Disposal	once all of the conditions to the Disposal have been fulfilled

Notes:

1. The above dates and times are subject to amendment at the discretion of Etion, with the approval of the Takeover Panel (where required). Any such amendment will be released on SENS.
2. Shareholders should note that as transactions in Shares are settled in the electronic settlement system used by Strate, settlement of trades take place three South African Business Days after such trade. Therefore, Shareholders who acquire Shares after close of trade on Tuesday, 6 July 2021 will not be eligible to attend, participate in and vote at the General Meeting.
3. Shareholders who wish to exercise their Appraisal Rights are referred to **Annexure 8** to this Circular for purposes of determining the relevant timing for the exercise of their Appraisal Rights.
4. The exercise of Appraisal Rights may result in changes to the above salient dates and times and Shareholders will be notified separately of the applicable dates and times resulting from any such changes.
5. Shareholders who wish to exercise their right in terms of section 115(3) of the Companies Act, to require the approval of a court for the Disposal, should refer to **Annexure 8** to this Circular which includes an extract of section 115 of the Companies Act. Should Shareholders exercise their rights in terms of section 115(3) of the Companies Act, the dates and times set out above may change, in which case an updated timetable will be released on SENS.
6. Dematerialised Shareholders, other than those with Own-name Registration, must provide their CSDP or Broker with their instructions for voting at the General Meeting by the cut-off time and date stipulated by their CSDP or Broker in terms of their respective Custody Agreements between them and their CSDP or Broker.
7. If the General Meeting is adjourned or postponed, the above dates and times will change, but Forms of Proxy submitted for the initial General Meeting will remain valid in respect of any such adjournment or postponement of the General Meeting.
8. Although the salient dates and times are stated to be subject to change, such statement may not be regarded as consent or dispensation for any change to time periods which may be required in terms of the Companies Act, the Companies Regulations and the JSE Listings Requirements, where applicable, and any such consents or dispensations must be specifically applied for and granted.
9. All dates and times indicated above are South African Standard Time.

DEFINITIONS AND INTERPRETATIONS

In this Circular, unless the context indicates otherwise, reference to the singular shall include the plural and *vice versa*, words denoting one gender include the others, words and expressions denoting natural persons include juristic persons and associations of persons and the words and expressions in the first column have the meanings stated opposite them in the second column.

"Altron"	Allied Electronics Corporation Limited (registration number 1947/024583/06), a public company incorporated under the laws of South Africa, the issued ordinary shares of which are listed on the main board of the JSE;
"Announcement"	the announcement published by Etion on SENS on 20 April 2021, in respect of the Disposal;
"Appraisal Rights"	the rights afforded to Dissenting Shareholders in terms of section 164 of the Companies Act as set out in **Annexure 8** to this Circular;
"Board" or "Directors"	the board of directors of Etion from time to time, comprising, as at the Last Practicable Date, of those persons whose names appear in the "*Corporate Information*" section of this Circular;
"Broker"	any person registered as a "*broking member (equities)*" in accordance with the provisions of the Financial Markets Act;
"Business Day"	a day which is not a Saturday, Sunday or official public holiday in South Africa;
"Certificated Shareholders"	Shareholders who hold Certificated Shares;
"Certificated Shares"	Shares which have not yet been Dematerialised, title to which is represented by a share certificate or other Document of Title;
"Circular"	this bound document dated Monday, 14 June 2021 to Shareholders, including all annexures and enclosures hereto and incorporating the Notice of General Meeting and Form of Proxy (*grey*);
"Companies Act"	the Companies Act No. 71 of 2008, as amended;
"Companies Regulations"	the Companies Regulations, 2011, published in terms of section 223, and Item 14 of Schedule 5, of the Companies Act, as amended;
"CSDP"	a central securities depository participant registered in terms of the Financial Markets Act, as amended, with whom a beneficial holder of shares holds a dematerialised share account;
"Custody Agreement"	a custody mandate agreement between a Dematerialised Shareholder and a CSDP or Broker, regulating their relationship in respect of Dematerialised Shares held on Etion's uncertificated securities register administered by a CSDP or Broker on behalf of such Shareholder;
"Dematerialised Shareholders"	those Shareholders who hold Dematerialised Shares;
"Dematerialised Shares"	Shares which have been incorporated into the Strate system and which are no longer evidenced by certificates or other physical Documents of Title;
"Disposal"	the disposal by Etion of 100% of the issued shares in Lawtrust on the terms set out in paragraph 4 of this Circular below;
"Disposal Consideration"	the total consideration due to Etion in term of the Disposal, being R245 million (subject to the potential adjustment as contemplated in paragraph 4.4);
"Disposal Resolutions"	collectively, the Ordinary Resolution and the Special Resolution;
"Dissenting Shareholders"	Shareholders who validly exercise their Appraisal Rights (if any) by giving written notice to Etion objecting to the relevant Disposal Resolutions, voting against the relevant Disposal Resolutions and demanding, in terms of sections 164(5) and 164(8) of the Companies Act, that Etion pay to them the fair value of their Shares;
"Documents of Title"	share certificates, certified transfer deeds, balance receipts or any other documents of title to Certificated Shares acceptable to Etion;
"ECT Act"	Electronic Communications and Transactions Act No. 25 of 2002, as amended;
"Effective Date"	the first day of the calendar month following the calendar month in which the last of the conditions precedent as set out in paragraph 4.2 have been completely fulfilled or duly waived, to the extent capable of waiver in law, unless Etion and the Purchaser otherwise agree in writing;

"Etion"	Etion Limited (registration number 1987/115237/06), a public company incorporated under the laws of South Africa, the issued ordinary shares of which are listed on the Alternative Exchange of the JSE;
"Etion Group"	Etion and its Subsidiaries from time to time;
"Financial Markets Act"	the Financial Markets Act, 2012 (Act No. 19 of 2012), as amended;
"Form of Proxy"	for purposes of the General Meeting, the form of proxy (*grey*) for use only by Certificated Shareholders and Own-name Registered Dematerialised Shareholders, enclosed herewith;
"General Meeting"	the general meeting of Shareholders to be held at 10:00 on Wednesday, 14 July 2021 electronically convened in terms of the Notice of General Meeting enclosed and forming part of this Circular, together with any reconvened general meeting held as a result of the adjournment or postponement of that general meeting;
"Independent Board"	collectively, Martie Janse van Rensburg, Steve Naude and Sengo Garrine, who have been appointed as the independent board of Etion in relation to the Disposal for purposes of the Companies Act and the Companies Regulations;
"Independent Expert"	Questco Proprietary Limited (registration number 2011/106751/07), a private company incorporated under the laws of South Africa, the particulars of which appear in the "*Corporate Information*" section of the Circular;
"Independent Expert Report"	the report prepared by the Independent Expert in connection with the Disposal, in accordance with the provisions of the Companies Act and the Companies Regulations, a copy of which is annexed to the Circular as **Annexure 6**;
"Independent Reporting Accountant"	PricewaterhouseCoopers Incorporated (registration number 1998/012055/21), a personal liability company incorporated under the laws of South Africa, the particulars of which appear in the "*Corporate Information*" section of the Circular;
"JSE"	JSE Limited (registration number 2005/022939/06), a public company incorporated under the laws of South Africa and which is licensed as an exchange in terms of the Financial Markets Act;
"JSE Listings Requirements"	the Listings Requirements of the JSE in force as at the Last Practicable Date;
"Last Practicable Date"	the last practicable date before finalisation of this Circular, which date was Thursday, 3 June 2021;
"Lawtrust"	Law Trusted Third Party Services Proprietary Limited (registration number 2001/004386/07), a private company incorporated under the laws of South Africa and which is a wholly owned subsidiary of Etion;
"MOI"	the memorandum of incorporation of Etion;
"Notice of General Meeting"	the notice of the General Meeting of Shareholders, forming part of this Circular;
"Ordinary Resolution"	the ordinary resolution which will be tabled at the General Meeting and in terms whereof Shareholders will, subject to the passing thereof, authorise the Disposal, as is required in terms of section 9 of the JSE Listings Requirements;
"Own-name Registration" or "Own-name Registered"	Shareholders who hold Shares that have been Dematerialised and are recorded by the CSDP on the sub-register kept by that CSDP in the name of such Shareholder;
"PSG Capital" or "Transaction Adviser and Transactional Sponsor"	PSG Capital Proprietary Limited (registration number 2006/015817/07), a private company incorporated under the laws of South Africa, the particulars of which appear in the "*Corporate Information*" section of the Circular;
"Purchaser"	Altron TMT SA Group Proprietary Limited (registration number 2003/027603/07), a private company incorporated under the laws of South Africa and which is a wholly owned subsidiary of Altron;
"Rand" or "R"	South African Rand;
"Register"	the register of Certificated Shareholders maintained by the Transfer Secretaries and the sub-register of Dematerialised Shareholders maintained by the relevant CSDPs;
"SENS"	the Stock Exchange News Service of the JSE;
"Shares"	ordinary no par value shares in Etion;
"Shareholders"	the registered holders of Shares;

"South Africa"	the Republic of South Africa;
"Special Resolution"	the special resolution which will be tabled at the General Meeting and in terms whereof Shareholders will, subject to the passing thereof, authorise the Disposal, as is required in terms of section 112 read with section 115 of the Companies Act;
"Strate"	Strate Proprietary Limited (registration number 1998/022242/07), a private company incorporated under the laws of South Africa, being a licensed central securities depository in terms of section 1 of the Financial Markets Act and the entity that manages the electronic custody, clearing and settlement environment for all share transactions concluded on the JSE and off-market, and in terms of which transactions in securities are settled and transfers of ownership in securities are recorded electronically;
"Subsidiary"	a "subsidiary" as defined in the Companies Act, but also includes an entity incorporated outside South Africa which would, if incorporated in South Africa, be a "subsidiary" as defined in the Companies Act;
"Takeover Panel"	the Takeover Regulation Panel established in terms of section 196 of the Companies Act;
"Takeover Panel Compliance Certificate"	the compliance certificate to be issued by the Takeover Panel in terms of section 115(1)(b) and section 119(4)(b) of the Companies Act, in respect of the Disposal; and
"Transfer Secretaries"	Computershare Investor Services Proprietary Limited (registration number 2004/003647/07), a private company incorporated under the laws of South Africa, the particulars of which appear in the "*Corporate Information*" section of the Circular.

ETION LIMITED
(Incorporated in the Republic of South Africa)
(Registration Number: 1987/001222/06)
(Share Code: ETO)
(ISIN: ZAE000097028)
("**Etion**")

Directors of Etion

T Daka (Chairman)
E De Kock (Non-executive Director)
N Naidoo (Chief Financial Officer)
R Willis (Acting Group Chief Executive Officer)
C Bester (Lead independent)
M Janse van Rensburg (Independent non-executive Director)

CIRCULAR TO SHAREHOLDERS

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1. INTRODUCTION AND PURPOSE OF THIS CIRCULAR

1.1 Shareholders are referred to the announcement released by Etion on SENS on 20 April 2021, in which it was announced that Etion had entered into the Disposal agreement with the Purchaser for a cash consideration of R245 million.

1.2 The Disposal constitutes a category 1 disposal for Etion in terms of section 9 of the JSE Listings Requirements, as the value of the Disposal exceeds 50% of Etion's market capitalisation, and therefore requires Shareholder approval by way of the Ordinary Resolution.

1.3 In addition, the Disposal constitutes the disposal of the greater part of the assets or undertaking of Etion in terms of section 112 of the Companies Act, and therefore requires the approval of Shareholders by way of the Special Resolution in terms of section 115 of the Companies Act.

1.4 Post the successful conclusion of the Disposal, Etion will still own Etion Create and Etion Connect, and will still qualify for a listing pursuant to the provisions of the JSE Listings Requirements. The nature of the business and sector are not expected to change.

1.5 The purpose of this Circular is to:

1.5.1 provide Shareholders with the relevant information relating to the Disposal, so as to enable Shareholders to make an informed decision in respect of the Disposal Resolutions set out in the Notice of General Meeting enclosed with this Circular; and

1.5.2 convene the General Meeting of Shareholders in order to consider and, if deemed fit, approve the Disposal Resolutions authorising the Disposal.

2. RATIONALE FOR THE DISPOSAL

The share price of Etion has historically not reflected the underlying intrinsic value of the businesses in the Etion Group. The Etion board of directors initiated a process to unlock shareholder value late last year and it is within this context that the Disposal has been concluded.

Having regard for the reasons described above, the Independent Board considers the Disposal Consideration to be not fair but reasonable and the Independent Board is of the opinion that the Disposal, being a liquidity event, will release value for Shareholders.

3. THE BUSINESS

3.1 ETION

Etion is a technology investment company that invests in digital technologies that advance humanity. The horizontal design of the Etion Group forms a value chain that delivers products and services across a spectrum of industry sectors, including industrial, transport, telecommunications, defence, fintech and government. The Etion Group draws on a proud electronic engineering heritage dating back over 30 years.

In safety and productivity (Etion Create)

Providing digital systems built to enable our rail and transportation customers to track and monitor their assets efficiently, conduct needs-based maintenance and improve safety, delivering real-time monitoring of location, speed and safety systems, as well as the provision of collision detection and improved productivity from the use of reliable real-time data.

In cyber security (Lawtrust)

Providing world-class cyber risk capability to identify valid cyber risks posed to organisations. We use the latest technology, from cryptographic and certification solutions and tools to digital signatures with biometric access, to remove delays in internal or customer-facing approval processes smoothly, easily and with a solid audit trail. We deliver what business, government and the military need to reduce fraud, and facilitate headcount/employee integrity and management ecosystems that improve identification for complete digital peace of mind.

In connectivity (Etion Connect)

Providing carrier-grade passive connectivity equipment and solutions that enable telecommunications networks to function, connecting communities, businesses and government with mission-critical connectivity access.

In original design and manufacturing (ODM) (Etion Create)

Providing customised electronic subsystems and products designed and manufactured for customers in aerospace and defence, as well as in the mining, industrial and transportation sectors.

3.2 **LAWTRUST**

Lawtrust is a digital trust services and cyber/information security solutions provider. Its solutions include:

- Authentication – Products and services used to verify the authenticity of digital identities and counterparty systems in transactions;
- Encryption – of data sent and received over secure online environments with Secure Socket Layer certificates, as well as the encryption of information sent via email;
- Digital signatures – to enable the digitilisation of business through legally enforceable electronic and digital signatures for approvals and electronic contracting; and
- Biometrics – Solutions that utilise a variety of modalities for identity verification and identification. These include fingerprint and facial recognition technologies.

Lawtrust began operations in 2006 and today provides services to over 500 clients in the private and public sectors. It is considered to be one of the leading/cyber/information security companies in South Africa, providing for a range of requirements within the sector.

Lawtrust was the first ECT Act accredited authentication service provider in the country, and the only accredited private company to provide advanced electronic signature solutions. It is an internationally certified Certificate Authority undergoing both WebTrust and ISO 21188 audits for the provision of publicly trusted digital certificates and digital signatures.

Lawtrust owns and develops its own intellectual property which it uses in combination with third party solutions to deliver services to its clients.

4. TERMS OF THE DISPOSAL

4.1 **Overview**

As mentioned above, in terms of the Disposal, Etion will dispose of 100% of the issued shares in Lawtrust to the Purchaser for the Disposal Consideration.

4.2 **Conditions precedent to the Disposal**

The Disposal is subject to the fulfilment or waiver of the following outstanding conditions precedent by no later than 15 July 2021, or such date as may be agreed in writing by the parties:

4.2.1 Etion obtaining approval from its shareholders for the Disposal pursuant to the JSE Listings Requirements;

4.2.2 Etion obtaining approval from its shareholders for the Disposal in terms of section 112 read with section 115 of the Companies Act;

4.2.3 Etion, Lawtrust and the Purchaser obtaining all necessary approvals, including any regulatory or statutory approvals as may be required for the purposes of completing the Disposal including the approval of the Competition Authorities and the compliance certificate issued in terms of section 121(b) of the Companies Act;

4.2.4 Etion and Lawtrust obtaining such necessary notifications and/or approvals in terms of Lawtrust's corporate and contractual arrangements as may be required for the purposes of completing the Disposal; and

4.2.5 other conditions precedent that are customary for a transaction of this nature being *inter alia*, the obtaining of change of control consents for certain commercial agreements.

4.3 **Effective date of the Disposal**

The effective date of the Disposal is the first day of the calendar month following the calendar month in which the last of the conditions precedent has been completely fulfilled or duly waived, to the extent capable of waiver in law, unless Etion, Lawtrust and the Purchaser otherwise agree in writing.

4.4 **The Disposal Consideration**

The Disposal Consideration is payable as follows:

4.4.1 with effect from the Effective Date, payment of R185 million;

4.4.2 R30 million (subject to potential adjustment, capped at R25 million, relating Lawtrust's net debt and working capital as at the Effective Date) to be paid to Etion within 10 business days of the certification or determination of the closing accounts in accordance with the Disposal agreement; and

4.4.3 R30 million to be paid to Etion on the first anniversary of the Effective Date less any legitimate warranty, indemnity and other potential claims under the Disposal agreement which are accepted and conceded by Etion.

4.5 **Classification of the Disposal**

4.5.1 As the value of the Disposal exceeds 50% of Etion's market capitalisation as at the date of the signature of the Disposal agreement, it meets the definition of a category 1 transaction as contemplated in section 9 of the JSE Listings Requirements. As a result, the Disposal is required to be approved by an ordinary resolution of Shareholders, which will require the support of more than 50% of the votes exercised on it.

4.5.2 In addition, the Disposal is regarded as a disposal of the greater part of the assets or undertaking of Etion in terms of section 112 of the Companies Act and therefore constitutes an "*affected transaction*" that will require the approval of Shareholders by way of a special resolution which will require the support of at least 75% of the votes exercised on it, the appointment of an independent expert to compile a fair and reasonable opinion on the Disposal in terms of the Companies Regulations, as well as the issuance by the Takeover Panel of the Takeover Panel Compliance Certificate. Shareholders are referred to the fair and reasonable opinion of the Independent Expert set out in **Annexure 6** in relation to the Disposal.

4.5.3 The Disposal is not made to a related party and there are accordingly no related party transaction implications in terms of the JSE Listings Requirements.

4.6 **Dissenting Shareholders' Appraisal Rights**

Dissenting Shareholders who wish to exercise their rights in terms of section 164 of the Companies Act, in relation to the Disposal are referred to **Annexure 8** of this Circular.

4.7 **Shareholders' rights in terms of section 115 of the Companies Act**

Dissenting Shareholders who wish to exercise their rights in terms of section 115(3) of the Companies Act, to make application to the court to review the Disposal, are referred to **Annexure** 8 of this Circular.

4.8 **Application of the Disposal Consideration**

Subsequent to the review and consideration of operational cash requirements the net proceeds of the Disposal which will be placed in a call account, and distributed to shareholders on a tax efficient basis post the settlement of any Etion Group third party debt.

5. IRREVOCABLE UNDERTAKINGS

5.1 As at the Last Practicable Date, the following Shareholders provided irrevocable undertakings to vote in favour of the Disposal Resolutions in respect of Shares held on the date of the record date of the General Meeting:

Shareholder	**Number of Shares held**	**Percentage of the voteable issued Shares held**
Tedaka Investments	102 674 375	18.19
Conexus Capital Growth Fund	78 000 000	13.82
Teddy Daka	45 062 745	7.98
Montshepetsa Boshego Family Trust	25 375 004	4.50
CNR Trust	21 814 752	3.87
P & V Trust	21 814 752	3.87
Coen Bester Trust	19 708 291	3.49
Maeson Maherry	16 439 239	2.9
Parmac Trust	9 349 178	1.66
Herbert Hoogakker	7 863 973	1.39
The KATOM Trust	6 648 450	1.18
Galen Hossack	2 471 815	0.44
Tvanlog Trust	4 645 693	0.8
Eziko Investments	4 000 000	0.71
Burt Lamprecht	1 000 000	0.18
Total	366 868 267	64.98

5.2 **Dealings by providers of irrevocable undertakings**

Details regarding dealings by the Shareholders referred to in paragraph 4.9 of this Circular above, during the six-month period prior to the signature date of the Irrevocable Undertakings and up to the Last Practicable Date, are set out in **Annexure 9** to this Circular.

6. FINANCIAL INFORMATION

6.1 **Historical financial information of Lawtrust**

6.1.1 The historical financial information of Lawtrust for the financial years ended 31 March 2018, 31 March 2019 and 31 March 2020 are annexed hereto within **Annexure 1**.

6.1.2 The interim financial information of Lawtrust for the six-month period ended 30 September 2020 are annexed hereto within **Annexure 2**.

6.1.3 Copies of the aforementioned historical financial information and interim financial information of Lawtrust will also be available for inspection by Shareholders during normal business hours at the registered office of Etion and at the offices of the Transaction Adviser and Sponsor from Monday, 14 June 2021 until Wednesday, 14 July 2021 (both days inclusive).

6.2 **Historical financial information of Etion Group**

6.2.1 The audited consolidated annual financial statements of Etion Group for the financial years ended 31 March 2018, 31 March 2019 and 31 March 2020 are annexed hereto as **Annexure 3**.

6.2.2 The interim financial information of Etion for the six-month period ended 30 September 2020 are annexed hereto within **Annexure 3**.

6.2.3 Copies of the aforementioned consolidated annual financial statements of Etion Group will also be available for inspection by Shareholders during normal business hours at the registered office of Etion and at the offices of the Transaction Adviser and Sponsor from Monday, 14 June 2021 until Wednesday, 14 July 2021 (both days inclusive).

6.3 ***Pro forma* financial information of Etion Group for the six months ended 30 September 2020**

6.3.1 The *pro forma* condensed consolidated statement of financial position and statement of comprehensive income of Etion, as set out in **Annexure 4**, together with the assumptions upon which the *pro forma* financial effects of the transaction (the "*pro forma* financial information") are based, as indicated in the notes thereto in **Annexure 4**.

6.3.2 The *pro forma* financial information has been presented for illustrative purposes only, to provide information on how the transaction may have affected the results and financial position of Etion. Because of its nature, the *pro forma* financial information may not fairly present Etion Group's financial position, changes in equity, results of operations or cash flows post the implementation of the Disposal.

6.3.3 The *pro forma* financial information, including the assumptions on which it is based and the financial information from which it has been prepared, is the responsibility of the Directors. The *pro forma* financial information has been prepared in accordance with the JSE Listings Requirements, the Guide on *Pro forma* Financial Information issued by SAICA and Etion's accounting policies, which are in compliance with International Financial Reporting Standards ("IFRS").

6.3.4 The *pro forma* financial information should be read in conjunction with the Independent Reporting Accountant's reasonable assurance report thereon, as contained in in **Annexure 5** to this Circular.

6.3.5 Extracts from the *pro forma* financial information of Etion are set out below:

***Pro forma* financial effects on Etion Shareholders**

Cents per share	Before Note 1	*Pro forma* after the Disposal Note 2	% Change
Basic earnings per share	0,87	21,47	2 355%
Headline earnings/(loss) per share	0,87	(1,74)	(300%)
Net asset value per share	55,55	77,98	40%
Net tangible asset value per share	20,93	56,28	169%
Weighted average number shares in issue ('000)	564 411	564 411	
Number of shares in issue ('000)	564 411	564 411	

Notes:

1. The financial information in the "Before" column has been extracted, without adjustment, from the unaudited condensed consolidated interim financial statements of Etion for the six-months ended 30 September 2020.
2. The financial information in the "*Pro forma* after the Disposal" column reflects the impact of the *pro forma* adjustments on Etion as a consequence of the Disposal. The effects of the Disposal are calculated on the assumption that the Disposal Consideration will be utilised to reduce interest-bearing borrowings, with the remainder, excluding the deferred consideration, to be placed on call until a decision is reached on the operational requirements of the Etion Group going forward and finalisation of distribution to Shareholders.
3. *Pro forma* earnings and headline earnings per share are based on the principal assumption that the Disposal was effective 1 April 2020.
4. Pro forma net asset and net tangible asset value per share are based on the principal assumption that the Disposal was effective 30 September 2020.

6.3.6 Detailed noted and assumptions regarding the *pro forma* financial information are set out in **Annexure 4**.

7. INFORMATION RELATING TO ETION

7.1 Share capital and share history

7.1.1 The authorised and issued Share capital of Etion, as at the Last Practicable Date, before and after the Disposal, are set out below:

	Number of Shares	Rm
Authorised		
Ordinary shares with no par value	1 725 490 496	
Issued		
Ordinary shares with no par value	564 411 033	260
Shares held in treasury	–	–
Ordinary shares with no par value	**564 411 033**	**260**

Notes:

7.1.2 The historical trading information for Etion is disclosed in **Annexure 11**.

7.2 Major Shareholders and interests

7.2.1 As far as Etion is aware, as at the Last Practicable Date the following persons are beneficially interested, directly, in 5% or more of the Shares in issue:

Shareholder	Number of Shares held	Percentage of total issued share capital
Tedaka Investments (Pty) Limited	102 674 375	18.19%
Conexus Capital Growth Fund	78 000 000	13.82%
T Daka	45 062 745	7.98%
Total	**225 737 120**	**39.99%**

Notes: There are no indirect beneficial shareholders owning 5% or more in the Shares in issue.

7.2.2 There has been no change in the controlling shareholder nor trading objectives of Etion in the five years prior to the Last Practicable Date, nor in respect of any of its Subsidiaries, save for the change in control when Etion acquired such companies as Subsidiaries.

7.2.3 Neither the Purchaser, Altron or any of their directors own any shares directly or indirectly in Etion or Lawtrust.

7.3 Material changes

7.3.1 The Company released a trading statement on 28 May 2021 (attached as Annexure 12) wherein it announced that the board is currently preparing its results for the year ended 31 March 2021 and advised that the earnings per share ("EPS") and headline earning per share ("HEPS") including continuous and discontinuous operations, are expected to be between 7 and 9.50 cents per share, which is an improvement of more than 100% compared to the loss per share of 6.40 cents and the headline loss per share of 0.87 cents for the year ended 31 March 2020. This increase is primarily attributable to the full year benefit of prior year optimization initiatives and the significantly improved financial performance of Lawtrust driven by a number of non-recurring opportunities, which were realised in the current financial year.

7.3.2 Shareholders are furthermore advised that the Company is expecting to release its provisional financial results for the year ended 31 March 2021 on or about 30 June 2021. Shareholders should therefore acquaint themselves with the content of the provisional financial results as further information regarding the increase in earnings of Lawtrust will be disclosed.

7.3.3 There have been no further material changes.

7.4 Material Borrowings

7.4.1 Details of the material borrowings of Etion and its Subsidiaries, as at the Last Practicable Date, are disclosed in **Annexure 7**. As at the Last Practicable Date, Lawtrust has no material borrowings.

7.5 Material contracts

7.5.1 Save for the Disposal agreement, as far as the Etion Board is aware, there have been no material contracts, entered into either verbally or in writing by the Etion Group, being restrictive funding arrangements and/or a contract entered into otherwise than in the ordinary course of the business carried on or proposed to be carried on by the Etion Group, within the two years preceding the date of this Circular, or concluded at any time, and which contain an obligation or settlement that is material to the Etion Group at the date of this Circular.

7.5.2 Save for the Disposal agreement, no agreement exists between Etion and the Purchaser or any person acting in concert with the Purchaser.

7.6 **Acquisition of material assets**

7.6.1 No material assets have been acquired by Lawtrust during the last three years preceding the date of this Circular.

7.7 **Material risks**

7.7.1 Details of the material risks of Etion Group as at the Last Practicable Date, are disclosed in **Annexure 10**.

8. INFORMATION RELATING TO DIRECTORS

8.1 Details of Directors

The full names, ages, business address and capacities of the Directors of Etion are outlined below:

Full name	Age	Capacity	Business Address
Teddy Daka	55	Non-executive Chairman	85 Regency Drive, Route 21 Corporate Park, Irene, 0157
Elvin De Kock	62	Non-executive Director	85 Regency Drive, Route 21 Corporate Park, Irene, 0157
Nerishini Naidoo	34	Chief Financial Officer	85 Regency Drive, Route 21 Corporate Park, Irene, 0157
Richard Willis	51	Acting Group Chief Executive Officer	Unit 2, 5 Westbourne, Westbourne Road, Bryanston, 2191.
Coen Bester	65	Independent non-executive Director	21 Glenvista Close,Woodhill, 0076
Martie Janse van Rensburg	64	Independent non-executive Director	14 Paisley Avenue, Blue Valley Golf & Country Estate, Centurion, 0157

Notes:

1. All Directors are South African citizens.
2. None of the Directors are partners with unlimited liability.

8.2 Directors' Interests in the issued Shares of Etion

8.2.1 The table below sets out the direct and indirect beneficial interests of the Directors (and their associates), including any directors who may have resigned during the last 18 months, in Etion's issued share capital as at the Last Practicable Date:

Director	Direct Beneficial	Indirect Beneficial	Indirect Non-beneficial	Total	Percentage of total share capital
T Daka	45 062 745	102 674 375	–	147 737 120	26.18%
C Bester	–	19 708 291	–	19 708 291	3.49%
C Maherry[1]	16 686 356	–	–	16 686 356	2.96%
R Willis[2]	–	1 549 342	–	1 549 342	0.27%
Total	**61 749 101**	**123 932 008**	**–**	**185 681 109**	**32.90%**

Notes:

1. Resigned with effect from 30 August 2020
2. Also represents a major shareholder, Conexus Capital Growth Fund

8.2.2 There have been no dealings in respect of beneficial holdings by Directors of Etion in Shares between 31 March 2020 and the Last Practicable Date.

8.3 Directors' remuneration

Non-executive director's fees for the year ended 31 March 2020 are as follows:

	Fees paid
NS Mjoli-Mncube[1]	66 000
CP Bester	293 000
Dr SJ Khoza[2]	422 000
M Janse van Rensburg	265 000
R Willis	233 000
Total	**1 279 000**

Notes:

1. Resigned 31 May 2019
2. Resigned on 2 November 2020 with effect from 31 December 2020

Executive director's emoluments for the year ended 31 March 2020 are as follows:

	Basic Salary	Medical Aid	Retirement contribution	Total
T Daka[1]	2 465 000	146 000	79 000	2 690 000
EC De Kock[2]	1 888 000	–	330 000	2 218 000
Total	**4 353 000**	**146 000**	**409 000**	**4 908 000**

Notes:

1. Resigned on 26 November 2020 to become non-executive chair with effect 1 February 2021
2. Resigned on 16 February 2021 with effect from 31 May 2021 to become a non-executive director with effect from 1 June 2021

The remuneration of the Directors will not be varied as a result of the Disposal.

8.4 **Directors' Interests in the transaction**

Save for being a Shareholder of Etion, no Director (including any person who may have resigned as a director within the last 18 months) has any material beneficial interest, directly or indirectly in the Disposal or in any transactions that were:

8.4.1 effected by Etion during the current or immediately preceding financial year; or

8.4.2 during an earlier financial year and remain in any respect outstanding or unperformed.

8.5 **Service contracts of executive Directors**

8.5.1 Each of the executive Directors has concluded service contracts with terms and conditions that are standard for such appointments.

8.5.2 No restraints of trade have been imposed by Etion on any Directors in respect of the business conducted by Etion and the contracts of all executive Directors are terminable on three months' notice.

9. WORKING CAPITAL STATEMENT

The Directors are of the opinion that the working capital available to the Etion Group is sufficient for the Etion Group's present working capital requirements and will, post-implementation of the Disposal be adequate for at least 12 months from the date of issue of this Circular.

10. LITIGATION STATEMENT

There are no legal or arbitration proceedings (including any such proceedings that are pending or threatened) of which Etion is aware, which have or may have over the previous 12 months had a material effect on the financial position of the Etion Group or Lawtrust, respectively.

11. EXPENSES

11.1 The estimated costs of preparing and distributing this Circular, holding the General Meeting and implementing the Disposal, including the fees payable to professional advisers, are approximately R4.458 million , excluding Value Added Tax, and include the following:

		R'000
Transaction Adviser	PSG Capital	858
Transactional Sponsor	PSG Capital	750
Legal fees	Fasken	1 100
Printing, publication, distribution and advertising	GMF	94
JSE documentation fees	JSE	56
Takeover Panel fees	Takeover Panel	150
Independent Reporting Accountant	PwC/SNG-GT	1 050
Independent Expert	Questco	150
Contingency		250
TOTAL		**4 458**

11.2 Other than as set out above, Etion has incurred no preliminary expenses in relation to the Disposal during the three years preceding this Circular.

12. GENERAL MEETING AND VOTING

12.1 The General Meeting will be held at 10:00 on Wednesday, 14 July 2021 electronically, to consider and, if deemed fit, to pass, with or without modification, the requisite Disposal Resolutions required to give effect to the Disposal.

12.2 The Notice of General Meeting is attached hereto and forms part of this Circular and contains the Disposal Resolutions to be considered at the General Meeting. Full details of the actions required by Shareholders are set out in the "Action required by Shareholders" section of this Circular.

12.3 The Ordinary Resolution for the approval of the Disposal in terms of the JSE Listings Requirements, set out in the Notice of General Meeting, is subject to more than 50% of the votes cast by the Shareholders, present in person or represented by proxy at the General Meeting, being cast in favour thereof.

12.4 The Special Resolution for the approval of the Disposal in terms of section 112 of the Companies Act, set out in the Notice of General Meeting, is subject to at least 75% of the votes cast by the Shareholders, present in person or represented by proxy at the General Meeting, being cast in favour thereof.

13. INDEPENDENT EXPERT REPORT

13.1 The Independent Expert Report, prepared in accordance with the provisions of the Companies Act and the Companies Regulations, is reproduced in **Annexure 6** to this Circular.

13.2 Having considered the terms and conditions of the Disposal and based on the information set out in the Independent Expert Report, the Independent Expert has concluded that the terms and conditions of the Disposal are both fair and reasonable to Shareholders, as contemplated in the fair and reasonable opinion required in terms of, in the Companies Regulations.

14. THE VIEWS OF THE INDEPENDENT BOARD

14.1 In accordance with the Companies Regulations, the Board has appointed the Independent Board comprising of independent non-executive directors. The Independent Board has appointed the Independent Expert to compile a report on the Disposal.

14.2 The Independent Board, after due consideration of the Independent Expert Report, has determined that it will not place reliance on the valuation performed by the Independent Expert and has reached its own opinion regarding the Disposal, as contemplated in Companies Regulation 110(3)(b). The Independent Board has formed a view of the fair value range of Lawtrust, which does not accord with the range contained in the Independent Expert Report, in considering its opinion and recommendation. The Independent Board is of the opinion that the value range for Lawtrust is between R245 million and R265 million.

14.3 The Independent Board is not aware of any factors which are difficult to quantify or are unquantifiable (as contemplated in Companies Regulation 110(6)) and as a result has not taken any such factors into account, in forming its opinion.

14.4 The Independent Board, taking into account the Independent Expert Report, has considered the terms and conditions of the Disposal and the majority of the members of the Independent Board are of the opinion that the terms and conditions thereof are not fair but reasonable, as it gives rise to a liquidity event, to Shareholders and, recommend that Shareholders vote in favour of the Disposal at the General Meeting.

14.5 One of the members of the Independent Board did agree with the Independent Expert Report on the basis that the assumptions used by the Independent Expert were appropriate in determining the fairness and reasonableness of the Disposal. The majority of the Independent Board members did not agree with the valuation range used in determining the fairness of the Disposal as set out in the Independent Expert Report on the basis that some of the assumptions used were punitive.

14.6 As at the Last Practicable Date, the Board has not received any offers, as defined in section 117(1)(f) of the Companies Act.

15. INDEPENDENT BOARD'S RECOMMENDATION

15.1 The Independent Board has considered the terms and conditions of the Disposal and has considered the Disposal Resolutions set out in the Notice of General Meeting and is of the opinion that they are in the interests of Shareholders as it gives rise to a liquidity event.

15.2 The Independent Board unanimously recommends that Shareholders vote in favour of the Disposal Resolutions to be proposed at the General Meeting.

16. DIRECTORS' RESPONSIBILITY STATEMENT

16.1 **Responsibility statement of the Directors in terms of the JSE Listings Requirements**

The Directors, whose names are listed in the "*Corporate Information*" section of this Circular, collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this Circular contains all information required by the JSE Listings Requirements.

16.2 **Responsibility statement of the Independent Board in terms of the Companies Regulations**

The Independent Board accepts responsibility for the information contained in this Circular which relates to Etion and confirms that, to the best of its knowledge and belief, such information which relates to Etion is true and the Circular does not omit anything likely to affect the importance of such information.

17. ADVISERS' CONSENTS

Each of the advisers, whose name appears in the "*Corporate information*" section of this Circular, has consented in writing to act in the capacities stated and to the inclusion of its names and, where applicable, to the inclusion of its reports in this Circular in the form and context in which they appear and has not withdrawn its consent prior to the publication of this Circular.

18. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents, or copies thereof, will be available for inspection by Shareholders during normal business hours at the registered office of Etion, PSG Capital and at the Johannesburg office of PSG Capital or electronically by request from Monday, 14 June 2021, until Wednesday, 14 July 2021 (both days inclusive):

18.1 the MOI of Etion and the memoranda of incorporation of its directly held Subsidiaries;

18.2 the historical financial information of Lawtrust for the financial years ended 31 March 2018, 31 March 2019 and 31 March 2020 included in **Annexure 1**;

18.3 the interim financial information of Lawtrust for the six-month period ended 30 September 2020 included in **Annexure 2**;

18.4 the historical financial information of Etion for the financial years ended 31 March 2018, 31 March 2019 and 31 March 2020 as reproduced in **Annexure 3**;

18.5 the interim financial information of Etion for the six-month period ended 30 September 2020 included in **Annexure 3**;

18.6 the *pro forma* financial information of the Etion Group, as reproduced in **Annexure 4**;

18.7 the signed reports by the Independent Reporting Accountants as set out in **Annexure 1C**, **Annexure 1D**, **Annexure 1E**, **Annexure 2B** and **Annexure 5** of this Circular;

18.8 the Independent Expert Report, as reproduced in **Annexure 6**;

18.9 the Irrevocable Undertakings;

18.10 the written consents from each of the advisers;

18.11 the executive Directors' service contracts entered into in the three years preceding the Last Practicable Date;

18.12 a copy of this Circular and all annexures hereto, and

18.13 a copy of the approval letter issued by the Takeover Panel in respect of the Circular.

SIGNED AT IRENE ON 14 JUNE 2021 BY R WILLIS ON BEHALF OF THE DIRECTORS OF ETION LIMITED AND THE MEMBERS OF THE INDEPENDENT BOARD IN TERMS OF POWERS OF ATTORNEY SIGNED BY SUCH DIRECTORS

R Willis (Acting Chief Executive Officer)

T Daka (Chairman)
E De Kock
N Naidoo (Financial Director)
C Bester
M Janse van Rensburg

HISTORICAL FINANCIAL INFORMATION OF LAWTRUST FOR THE FINANCIAL YEARS ENDED 31 MARCH 2019 AND 31 MARCH 2020

The definitions and interpretations commencing on page 6 of this Circular apply to this Annexure 1A – Annexure 1E.

Introduction to the Historical Financial Information

The historical financial information consists of the statement of financial position, statement of comprehensive income, statement of changes in equity, statement of cash flows, detailed notes and the accounting policies of Lawtrust for the financial years ended 31 March 2018, 31 March 2019 and 31 March 2020 (collectively referred to as the "Historical Financial Information"), as set out in this **Annexure 1**, has been extracted and compiled from the audited financial statements of Lawtrust for the financial years ended 31 March 2018, 31 March 2019 and 31 March 2020.

The Historical Financial Information for the financial years ended 31 March 2018, 31 March 2019 and 31 March 2020 has been specifically prepared for the purpose of this Circular in order to comply with section 8.4 of the JSE Listings Requirements and is presented as follows:

- Annexure 1A: Historical Financial Information for the years ended 31 March 2019 and 31 March 2020; and
- Annexure 1B: Historical Financial Information for the year ended 31 March 2018.

The Historical Financial Information of Lawtrust for 31 March 2019 and 31 March 2020 has been prepared in accordance with International Financial Reporting Standards, the interpretation adopted by the International Accounting Standards Board ("IASB"), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Procurements as issued by Financial Reporting Standards Council. The Historical Financial Information for 31 March 2018 has been prepared in accordance with International Financial Reporting Standard for Small to Medium-sized Entities. Shareholders are cautioned as to the potential lack of comparability of the historical financial information for the year ended 31 March 2018 and are referred to note 35 to the historical financial information for the year ended 31 March 2019, which sets out the impact of First-time adoption of International Financial Reporting Standards, in order to obtain a full understanding of any potential differences.

The directors of Lawtrust are responsible for the preparation and fair presentation of the audited and reviewed financial statements in accordance with International Financial Reporting Standards from which this Historical Financial Information has been prepared, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that are free from material misstatement, whether due to fraud or error.

The directors of Etion are responsible for the preparation, contents and presentation of the Circular and are responsible for ensuring that Etion complies with the JSE Listings Requirements.

Commentary on the Historical Financial Information

2019

The annual financial statements have been prepared in accordance with International Financial Reporting Standards and has applied IFRS1 First Time Adoption of International Financial Reporting Standards.

Revenue for the year was R139 mil and gross profit for the period was R57 mil (41%). The decrease in revenue was mainly due to the current tough market conditions resulting in a decrease in customer spending.

Operating profit of R9.7 mil was achieved after deducting, amongst other cost, staff costs R60 mil, administrative and managerial services of R8.7 mil, operating leases R3.2 mil and depreciation and amortisation R2.5 mil.

R10 mil loan was granted to the holding company Etion Ltd. Implementation of IFRS15, resulted in the recognition of contract liabilities of R6 mil.

The cash flow decreased by R9.2 mil, impacted by a dividend distributed of R10 mil to the shareholder.

2020

Revenue recorded for the year was R225 mil, which is 62% higher than the prior year. The gross profit achieved was R114 mil (51%). The increase revenue is due to the expansion internationally in the MEA region as well as growth in volumes with existing customers.

Operating profit of R38 mil was achieved after deducting, amongst other costs, staff costs of R70 mil, administration, and management fees of R9 mil, depreciation and amortisation of R3.8 mil, expected credit loss of R4.4 mil and audit fees of R3.7 mil.

IFRS16 for leases was implemented for the first time resulting in the recognition of a right of use asset of R2.5 mil and lease liability of R2.7 mil. Intangible assets increased by R4 mil due to the capitalisation of development cost relating to projects. A R4 mil loan was advanced to the holding company Etion Ltd.

The cash flows increased by R13 mil driven of the movement in working capital for the year.

COVID 19, did not have an impact to the business, which continued to operate during this period as an essential service provider. Customer demand remained consistent with an increase in interest for digital and cyber security solutions from the market.

Historical Financial Information

Financial commentary

The historical financial information is based on International Financial Reporting Standards for Small to Medium-Sized Entities (IFRS for SME).

Revenue for the twelve-months ended 31 March 2018 was R147 million and gross profit for the period R97 million (66%) and is consistent with the business model and product mix.

Law Trusted Third Party Services Proprietary Limited recorded an operating profit of R15 million after deducting, amongst other costs, staff costs amounting to R65 million, depreciation, and amortisation of R2 million and operating lease charges of R3.8 million.

Non-current assets increased R1.5 million mainly due to the purchase of computer equipment and software.

The cash flow increased by R8 million driven by the movement in working capital. Dividends of R2 million was distributed to shareholders.

Statement of Financial Position

Figures in R	Notes	2018
Assets		
Non-current assets		
Property, plant and equipment	2	4,318,622
Investment in joint controlled entities	3	102
Deferred tax	5	333,862
Total non-current assets		**4,652,586**
Current assets		
Inventories	6	1,185,964
Loan to joint venture	4	2,350,000
Trade and other receivables	7	33,504,323
Cash and cash equivalents	8	20,488,603
Total current assets		**57,528,890**
Total assets		**62,181,476**
Equity and liabilitiesEquity		
Share capital	9	10
Retained income		39,230,886
Total equity		**39,230,896**
Liabilities Current liabilities		
Current tax payable		845,505
Trade and other payables	10	22,105,075
Total current liabilities		**22,950,580**
Total equity and liabilities		**62,181,476**

Statement of Comprehensive Income

Figures in R	Notes	2018
Revenue	11	147,307,244
Cost of sales	12	(50,251,868)
Gross profwit		**97,055,376**
Other income		4,221,234
Operating expenses		(86,427,376)
Operating profit	13	**14,849,234**
Investment revenue	15	927,946
Finance costs	16	(317)
Profit before taxation		**15,776,863**
Taxation	17	(5,152,549)
Profit for the year		**10,624,314**
Other comprehensive income		–
Total comprehensive income for the year		**10,624,314**

Statement of Changes in Equity

Figures in R	Issuedcapital	Retainedincome	Total
Balance at 1 April 2017	10	30,606,572	30,606,582
Changes in equity			
Profit for the year	–	10,624,314	10,624,314
Other comprehensive income	–	–	–
Total comprehensive income for the year	–	10,624,314	10,624,314
Dividends	–	(2,000,000)	(2,000,000)
Balance at 31 March 2018	**10**	**39,230,886**	**39,230,896**
Notes **9**			

Statement of Cash Flows

Figures in R	Notes	2018
Cash flows from operations		
Cash generated from operations	19	17,454,956
Interest income	15	927,946
Finance costs	16	(317)
Tax paid	20	(4,962,484)
Net cash from operating activities		**13,420,101**
Cash flows from investing activities		
Purchase of property, plant and equipment	2	(3,724,945)
Acquisition of financial assets		300,800
Net cash from investing activities		**(3,424,145)**
Cash flows from financing activities		
Dividends paid	21	(2,000,000)
Total cash movement for the year		**7,995,956**
Cash at the beginning of the year		12,492,647
Total cash at the end of the year	8	**20,488,603**

ACCOUNTING POLICIES

1. PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

The historical financial Information have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Companies Act of South Africa. The historical financial Information incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

1.1 Significant judgements and sources of estimationCritical judgements in applying accounting

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts presented in the financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements. Significant judgments include:

Financial assets measured at cost and amortised cost

The company assesses its financial assets measured at cost and amortised cost for impairment at each reporting date. In determining whether an impairment loss should be recorded in the statement of comprehensive income, the group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The company recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets required the group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realise the net deferred tax assets recorded at the end of the reporting period couldbe impacted.

1.2 **Property, plant and equipment**

Property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses.

Cost include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Depreciation is provided using the straight-line method to write down the cost, less estimated residual value over the useful life of the property, plant and equipment as follows:

Item	Depreciation method	Average useful life
Computer equipment	Straight line	3 years
Computer software	Straight line	2 years
Furniture and fixtures	Straight line	10 years
Leasehold improvements	Straight line	Over the lease term
Motor vehicles	Straight line	4 years
Office equipment	Straight line	10 years

If the major components of an item of property, plant and equipment have significantly different patterns of consumption of economic benefits, the cost of the asset is allocated to its major components and each such component is depreciated separately over its useful life.

The residual value, depreciation method and useful life of each asset are reviewed only where there is an indication that there has been a significant change from the previous estimate.

Gains and losses on disposals are recognised in profit or loss.

1.3 **Investments in joint venturesJointly controlled entities**

Investments in jointly controlled entities are accounted for using the cost less accumulated impairment method.

1.4 **Financial instruments**

Financial instruments at amortised cost

These include loans, trade receivables and trade payables. Those debt instruments which meet the criteria in section 11.8(b) of the standard, are subsequently measured at amortised cost using the effective interest method. Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted amount of the cash expected to be received or paid, unless the arrangement effectively constitutes a financing transaction.

At each reporting date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If there is objective evidence, the recoverable amount is estimated and compared with the carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

Financial instruments at cost

Commitments to receive a loan are measured at cost less accumulated impairment losses.

Equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably are measured at cost less accumulated impairment losses.

1.5 **Tax**

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

The tax liability reflects the effect of the possible outcomes of a review by the tax authorities.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it will be realised on the basis of future profits and for the carry forward of unused tax losses and unused tax credits.

Deferred tax assets and liabilities are measured at an amount that includes the effect of the possible outcomes of a review by the tax authorities using tax rates that, on the basis of enacted or substantively enacted tax law at the end of the reporting period, are expected to apply when the deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax asset balances are reviewed at every reporting date. When necessary, a valuation allowance is recognised against the deferred tax assets so that the net amount equals the highest amount that is more likely than not to be realised on the basis of current or future taxable profit.

Tax expenses

Tax expense is recognised in the same component of total comprehensive income or equity as the transaction or other event that resulted in the tax expense.

1.6 **Leases**

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee. All other leases are operating leases.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term unless:

- another systematic basis is representative of the time pattern of the benefit from the leased asset, even if the payments are not on that basis, or
- the payments are structured to increase in line with expected general inflation (based on published indexes or statistics) to compensate for the lessor's expected inflationary cost increases.

Any contingent rents are expensed in the period they are incurred.

1.7 **Inventories**

Inventories are measured at the lower of cost and estimated selling price less costs to complete and sell, on the first- in, first-out (FIFO) basis.

1.8 **Impairment of assets**

The company assesses at each reporting date whether there is any indication that property, plant and equipment or intangible assets may be impaired.

If there is any such indication, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reducedto its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of assets) in prior years. A reversal of impairment is recognised immediately in profit or loss.

1.9 **Share capital and equity**

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

1.10 **Employee benefits**

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as leave pay and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

1.11 **Provisions and contingencies**

Provisions are recognised when the company has an obligation at the reporting date as a result of a past event; it is probable that the company will be required to transfer economic benefits in settlement; and the amount of the obligation can be estimated reliably.

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

Provisions are not recognised for future operating losses.

1.12 **Revenue**

Revenue is recognised to the extent that the company has transferred the significant risks and rewards of ownership of goods to the buyer, or has rendered services under an agreement provided the amount of revenue can be measured reliably and it is probable that economic benefits associated with the transaction will flow to the company. Revenue is measured at the fair value of the consideration received or receivable, excluding value added tax.

Interest is recognised, in profit or loss, using the effective interest rate method.

1.13 **Borrowing costs**

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.14 **Foreign exchange**

Foreign currency transactions

Exchange differences arising on monetary items are recognised in profit or loss in the period in which they arise.

The foreign exchange component of a non-monetary item is recognised consistently with any other gains or losseson those items, in other comprehensive income or in profit or loss.

2. PROPERTY, PLANT AND EQUIPMENT

Figures in R	Cost	2018 Accumulated depreciation	Carrying value
Computer equipment	7,124,983	(5,181,744)	1,943,239
Computer software	2,360,539	(1,248,488)	1,112,051
Furniture and fixtures	1,142,685	(353,648)	789,037
Leasehold improvements	962,159	(704,219)	257,940
Motor vehicles	207,983	(31,197)	176,786
Office equipment	78,125	(38,556)	39,569
Total	**11,876,474**	**(7,557,852)**	**4,318,622**

Reconciliation of property, plant and equipment – 31 March 2018

Figures in R	Opening balance	Additions	Depreciation	Total
Computer equipment	1,669,712	1,467,592	(1,194,065)	1,943,239
Computer software	151,241	1,426,712	(465,902)	1,112,051
Furniture and fixtures	585,250	300,820	(97,033)	789,037
Leasehold improvements	168,267	301,963	(212,290)	257,940
Motor vehicles		207,982	(31,196)	176,786
Office equipment	25,634	19,876	(5,941)	39,569
	2,600,104	**3,724,945**	**(2,006,427)**	**4,318,622**

3. INVESTMENT IN JOINTLY CONTROLLED ENTITIES

Figures in R Name of company	% holding	Carrying amount 2018
Electronic DNA Proprietary Limited	50.00%	
Shares at cost	–	1,203,606
Impairment of investment	–	(1,203,504)
	–	**102**

The carrying amount of joint ventures are shown net of impairment losses.

4. LOAN TO JOINT VENTURE

Figures in R	2018
Electronic DNA Proprietary Limited	2,350,000
The loan is unsecured, interest free and is repayable on demand.	2,350,000

	Figures in R	2018
5	**DEFERRED TAX**	
	Deferred tax asset	
	Accelerated capital allowances	(36,385)
	Leave pay provision	631,122
	Prepaid expenses	(865,523)
	Provision for bonuses	562,693
	Straight lining of operating leases	10,546
	Provision for doubtful debts	31,409
		333,862
	Reconciliation of deferred tax asset	
	At beginning of year	598,764
	Accelerated capital allowances	(2,726)
	Leave pay provision	49,869
	Prepayments	(595,184)
	Provision for bonuses	251,730
	Provision for doubtful debts	31,409
		333,862
6.	**INVENTORIES**	
	Digital certificates	1,185,964
7.	**TRADE AND OTHER RECEIVABLES**	
	Deposits	240,031
	Other receivables	24,235
	Prepayments	4,177,904
	Trade receivables	29,062,153
		33,504,323
8.	**CASH AND CASH EQUIVALENTS**	
	Cash and cash equivalents consists of:	
	Bank balances	5,291,810
	Cash on hand	13,421
	Other cash and cash equivalents	328,337
	Short-term deposits	14,855,035
		20,488,603
9.	**SHARE CAPITAL**	
	Authorised	
	500 000 Ordinary shares of R0.01 each	5,000

499 000 unissued ordinary shares are under the control of the directors in terms of a resolution of members passed at the last annual general meeting. This authority remains in force until the next annual general meeting.

	Issued	
	1 000 Ordinary shares of R0.01 each	10
10.	**TRADE AND OTHER PAYABLES**	
	Accrued audit fees	140,000
	Accrued expense	7,679,773
	Accrued leave pay	2,254,008
	Operating lease payables	37,665
	Other payables	60,718
	Payroll liabilities	3,788,725
	Trade payables	6,282,747
	VAT	1,861,439
		22,105,075

Foreign creditors have been translated using the spot rate at year end.

	Figures in R	2018
11.	**Revenue**	
	Rendering of services	7 958 299
	Sale of goods	139 348 945
	Total revenue	**147,307,244**
12.	**Cost of sales**	
	Sale of goods	
	Cost of goods sold	50,251,868
13.	**Operating profit**	
	Operating profit for the year is stated after accounting for the following:	
	Operating lease charges	
	Premises	
	• Contractual amounts	2,125,818
	Equipment	
	• Contractual amounts	1,667,293
		3,793,111
	Depreciation on property plant and equipment	2,006,427
	Employee costs	64,738,596
	Research and development costs	1,509
14.	**RETIREMENT BENEFITS**	
	Defined contribution plan	
	It is the policy of the company to provide retirement benefits to all its employees	
	The company is under no obligation to cover any unfunded benefits.	
	The total group contribution to such schemes	6,154,117
15.	**INVESTMENT REVENUE**	
	Interest revenue	
	Other interest	927,946
16.	**FINANCE COSTS**	
	Interest and penalties on taxes	317
17.	**TAXATION**	
	Major components of the tax expense	
	Current	
	Local income tax – current period	4,887,647
	Deferred	
	Originating and reversing temporary differences	264,902
		5,152,549
	Reconciliation of tax expense	
	Reconciliation between accounting profit and tax expense	
	Accounting profit	15,776,863
	Tax at the applicable tax rate of 28%	4,417,522
	Tax effect of adjustments on taxable income	
	Non-deductible expenses	735,027
		5,152,549
18.	**AUDITORS' REMUNERATION**	
	Fees	183,007
	Tax and secretarial services	21,882
		204,889

	Figures in R	2018
19.	**Cash generated from operations**	
	Profit before taxation	
	Adjustments for:	15,776,863
	Depreciation	2,006,427
	Loss on foreign exchange	337,232
	Interest received	(927,946)
	Finance costs	
	Changes in working capital:	317
	Inventory	3,975,808
	Trade and other receivables	2,763,608
	Trade and other payables	(6,477,353)
		17,454,956
20.	**Tax paid**	
	Balance at beginning of the year	(920,342)
	Current tax for the period recognised in profit or loss	(4,887,647)
	Balance at end of the year	845,505
		(4,962,484)
21.	**Dividends**	
	Dividends	(2,000,000)
22.	**Commitments**	
	Operating leases – as lessee (expense)	
	– within one year	259,284
	– in second to fifth year inclusive	306,334
		565,618

Operating lease payments represent rentals payable by the company for certain of its office properties. Leases are negotiated for an average term of three years and rentals are fixed for an average of three years. No contingent rent is payable.

23. RELATED PARTIES

Relationships

Fellow subsidiaries	Howzitt.com Proprietary Limited Law Compliance Proprietary Limited Law Credit Solutions Proprietary Limited Law Data Solutions Proprietary Limited Law Property Proprietary Limited Lawyers Access Web Namibia Proprietary Limited
Joint venture	DataCentrix Holdings Limited
Group joint venture	Electronic DNA Proprietary Limited
Shareholders with significant influence	Brett Gage Family TrustCF Maherry Corocap Investments LimitedGordon Family Trust Law Data Trust Law Holdings Proprietary LimitedM Maherry Perry Naidoo Family TrustThe Sirius Trust The Vintage Investments
Members of key management	TS CoppenGN Jones CF MaherryM Maherry P Naidoo

Figures in R	2018
Related party balances	
Investment in Joint venture	
Electronic DNA Proprietary Limited	102
Loan accounts – Owing by related parties	
Electronic DNA Proprietary Limited	2,350,000
Amounts included in Trade receivable (Trade Payable) regarding related parties	
DataCentrix Holdings Limited	6,134,540
Electronic DNA Proprietary Limited	710,433
	6,844,973
Related party transactions	
Purchases from (sales to) related parties	
DataCentrix Holdings Limited	88,651
DataCentrix Holdings Limited	(19,666,202)
Electronic DNA Proprietary Limited	(3,881,575)
	(23,459,126)
Revenues included in other income from related parties	
Electronic DNA Proprietary Limited	**3,881,575**
Dividends declared and paid	
Brett Gage Family Trust	82,000
CF Maherry	150,000
Corocap Investments Limited	116,000
Gordon Family Trust	82,000
Law Data Trust	136,000
Law Holdings Proprietary Limited	962,000
M Maherry	150,000
Perry Naidoo Family Trust	48,000
The Sirius Trust	138,000
The Vintage Investments	136,000
	2,000,000

24. DIRECTORS' REMUNERATION

Executive

2018	
CF Maherry	2,423,257
M Maherry	4,725,703
	7,148,960

25. GOING CONCERN

On 30 January 2020, the World Health Organisation announced the outbreak of COVID-19 as a world health emergency of international concern, and on 11 March 2020 the outbreak was classified as a global pandemic. In South Africa, a National State of Disaster was declared in response to the pandemic, which created restrictions on travel and mass gatherings among other things in the country. A national lockdown was enforced from 26 March 2020, until 17 April 2020 and was subsequently extended on 9 April 2020, to come to an end on 30 April 2020. On 23 April 2020, further measures were announced which would allow for the gradual reopening of the South African economy in stages from 1 May 2020. The impact of the gradual reopening has been different based on the sector and area in which businesses operate, and the spread of the outbreak post 1 May 2020. The outbreak of COVID-19 and the subsequent measures imposed by various governments in an attempt to contain the spread of the virus, including travel and trade restrictions, social distancing measures and enforced lockdown have caused disruption to businesses and economic activity in the country.

The company implemented work-from-home policies and travel restrictions for its employees to help protect the health of its employees and those around them. For those employees directly serving customers, the company has implemented measures designed to safeguard both employees and its customers. The company continues to respond to the developing situation, adhering to official guidance and applicable law and regulation to limit the potential spread of COVID-19.

As the full impact of the COVID-19 pandemic takes effect around the world, the management team is facing unprecedented challenges and uncertainty. Now, more than ever, those charged with governance need to ensure that the right issues and concerns about the impact of COVID-19 on the operations and outlook for their organisations are addressed. The company undertakes regular rigorous assessment of whether it is a going concern in light of the current economic conditions and available information about future risks and uncertainties.

The directors have reviewed the company's projections of its current and expected profitability, sensitivity analyses and related cash flow forecasts for the year ended March 2021 and the budgets for the year ending 31 March 2022, which confirm that the company has sufficient capital, liquidity and a positive future performance outlook to continue to meet its short-term obligations. On this basis and in light of the company's current financial position, the directors are satisfied that the company will continue to operate for the foreseeable future and have therefore adopted the going concern basis in preparing these historical financial information.

26. SUBSEQUENT EVENTS

We are continually monitoring the COVID-19 outbreak and developments closely. The company follows guidance from the World Health Organisation and abides by the requirements as activated by local governments. Contingency plans have been implemented as far as possible to mitigate the potential adverse impact on the company's employees and operations.

As the company's financial year concluded on 31 March 2018, before the World Health Organisation recognised COVID-19 as a global pandemic (January 2020) and lockdown restrictions were implemented in South Africa (March 2020), the impact of COVID-19 is considered a non-adjusting subsequent event in preparing the historical financial information at 31 March 2018.

No other matter or circumstance has occurred subsequent to year but before the historical financial information were issued that has significantly affected, or may significantly affect, the operations of the company, the results of those operations or the state of affairs of the entity at the reporting date.

HISTORICAL FINANCIAL INFORMATION OF LAWTRUST FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

Statement of Financial Position as at 31 March 2020

Figures in Rand	Note(s)	2020	2019
Assets			
Non-Current Assets			
Property, plant and equipment	4	3 282 204	3 371 367
Right-of-use assets	5	2 599 889	–
Intangible assets	6	5 436 195	2 220 291
Investment in joint venture	7	239 717	102
Loans to group companies	8	11 718 124	10 597 917
Deferred tax	9	1 838 342	1 810 976
		25 114 471	**18 000 653**
Current Assets			
Inventories	10	884 570	3 803 523
Loans to group companies	8	2 304 410	2 329 524
Trade and other receivables	11	60 355 976	29 566 941
Cash and cash equivalents	12	29 242 553	11 226 385
		92 787 509	**46 926 373**
Total Assets		**117 901 980**	**64 927 026**
Equity and Liabilities			
Equity			
Share capital	13	10	10
Retained income		61 813 590	34 551 933
		61 813 600	**34 551 943**
Liabilities			
Non-Current Liabilities			
Lease liabilities	5	986 886	–
Contract Liabilities	15	355 206	274 006
		1 342 092	**274 006**
Current Liabilities			
Trade and other payables	14	38 351 861	22 360 475
Lease liabilities	5	1 735 952	–
Contract Liabilities	15	9 897 964	6 771 002
Current tax payable		4 760 511	969 600
		54 746 288	**30 101 077**
Total Liabilities		**56 088 380**	**30 375 083**
Total Equity and Liabilities		**117 901 980**	**64 927 026**

Statement of Profit or Loss and Other Comprehensive Income

Figures in Rand	Note(s)	2020	2019
Revenue	16	225 919 791	139 537 821
Cost of sales	17	(111 611 337)	(82 153 426)
Gross profit		**114 308 454**	**57 384 395**
Other operating income		5 144 118	4 355 460
Operating gains (losses)	18	1 008 327	(720 069)
Movement in credit loss allowance*		(4 437 083)	364 351
Other operating expenses*		(77 951 746)	(51 682 468)
Operating profit	19	**38 072 070**	**9 701 669**
Investment income	21	1 653 190	1 293 114
Finance costs	22	(489 690)	(250)
Income from equity accounted investments		239 615	–
Profit before taxation		**39 475 185**	**10 994 533**
Taxation	23	(12 213 527)	(3 825 797)
Profit for the year		**27 261 658**	**7 168 736**
Other comprehensive income		–	–
Total comprehensive income for the year		**27 261 658**	**7 168 736**
Basic and diluted earnings per share attributable to ordinary shareholders (cents)	33	2 726 166	716 874

* *The movement in credit loss allowance has been disclosed in a separate line on the face of the Statement of Profit or Loss and Other Comprehensive Income. These amounts were included in operating expenses in the annual financial statements.*

Statement of Changes in Equity

Figures in Rand	Share capital	Retainedincome	Total equity
Balance at 01 April 2018	**10**	**37 383 197**	**37 383 207**
Profit for the year	–	7 168 736	7 168 736
Other comprehensive income	–	–	–
Total comprehensive income for the year	**–**	**7 168 736**	**7 168 736**
Dividends	–	(10 000 000)	(10 000 000)
Total distributions to owners of company recognised directly in equity	**–**	**(10 000 000)**	**(10 000 000)**
Balance at 01 April 2019	**10**	**34 551 932**	**34 551 942**
Profit for the year	–	27 261 658	27 261 658
Other comprehensive income	–	–	–
Total comprehensive income for the year	**–**	**27 261 658**	**27 261 658**
Balance at 31 March 2020	**10**	**61 813 590**	**61 813 600**
Note(s)	13		

Statement of Cash Flows

Figures in Rand	Note(s)	2020	2019
Cash flows from operating activities			
Cash receipts from customers		198 381 581	150 459 493
Cash paid to suppliers and employees		(165 195 185)	(132 153 960)
Cash generated from operations	24	33 186 396	18 305 533
Interest income		426 497	695 197
Finance costs		(489 690)	(250)
Tax paid	25	(8 449 982)	(4 460 269)
Net cash from operating activities		**24 673 221**	**14 540 211**
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(1 344 838)	(1 717 557)
Sale of property, plant and equipment	4	9 608	346
Intangible assets capitalised	6	(4 093 637)	(2 096 524)
Loans advanced to group companies		(4 000 000)	(10 000 000)
Net cash from investing activities		**(9 428 867)**	**(13 813 735)**
Cash flows from financing activities			
Payment on lease liabilities	34	(1 436 574)	–
Dividends paid	26	–	(10 000 000)
Net cash from financing activities		**(1 436 574)**	**(10 000 000)**
Total cash movement for the year		**13 807 780**	**(9 273 524)**
Cash at the beginning of the year		11 226 385	20 488 602
Effect of exchange rate movement on cash balances		4 208 388	11 308
Total cash at end of the year	12	**29 242 553**	**11 226 386**

ACCOUNTING POLICIES

1. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these historical financial information are set out below.

1.1 Basis of preparation

The historical financial information have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these historical financial information and the Companies Act of South Africa, as amended.

These historical financial information comply with the requirements of the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

The historical financial information have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in South African Rands, which is the company's functional currency.

1.2 Significant judgements and sources of estimation uncertainty

The preparation of historical financial information in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Critical judgements in applying accounting policies

The critical judgements made by management in applying accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognised in the historical financial information, are outlined as follows:

Intangible assets

The company uses forecasted sales of products that are developed to determine if the costs capitalised are recoupable in the foreseeable future. Should it be determined that sales are not deemed to be enough to recoup the capitalised cost, the asset value is re-assessed, and any impairment of the assets are recognised in the statement of comprehensive income in that particular financial period.

Key sources of estimation uncertainty Trade receivables

The impairment provision for trade receivables is calculated using the Moody's Analytics Credit Loss and Impairment Analysis Suite. The tool provides solutions for the most crucial aspects of the impairment calculation process based on assumptions about risk of default and expected loss rates. The company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the analysis of empirical evidence of historical defaults and losses and existing market conditions. Material and concentrated exposures were assessed separately. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life.

A default is classified as any amount that is not collected within 90 days of the start of the month in which it was invoices. It is also at this point that the debtors is considered to be credit impaired. As the company's year-end is close to commencement of the economic impact of COVID-19 on the economy there is no tangible evidence as to a change of credit risk by year-end and hence no adjustments have been made to the definition of default.

Asset values were put through Moody's Analytics ImpairmentCalc which incorporated their GCor macro-economic data, forecasts, weightings and correlations to convert historic credit losses to forward-looking ECL's.

The advent of Covid-19 has had a fundamental impact on the economy in general with an exaggerated impact on credit risk. Moody's Analytics updated their forecast at 31 March 2020 to reflect this risk by considering the possible spread of the epidemic through the country, the economic impact of the epidemic including measures taken to prevent its spread and measures taken by the government to ameliorate the economic impact. They recommended continuing to apply their Baseline, Stronger Near-Term Rebound (S1), and Moderate Recession (S3) forecast sets weighted 40%, 30%, 30% respectively for a forward-looking adjustment for the purposes of IFRS 9. These scenarios have been adjusted to reflect the change in risk. The major correlations in the Moody's models are to year-on-year changes in GDP.

The resultant PD and LGD's are converted from Through The Cycle "TTC" to Point in Time "PIT" measures using Moody's Analytics ImpairmentCalc product, which conditions these measures based on their database of validated historic SA macro- economic data and then calculates a forward-looking ECL using macro-economic forecasts with a probability weighted average of Moody's Analytics' economic forecasts and scenarios- Baseline (assumes more than 8% contraction in GDP), Stronger Near-Term Rebound (S1- assumes a 6% contraction in GDP), and Moderate Recession (S3- assumes a contraction of more than 12% in GDP), weighted 40%, 30%,and 30%.

1.3 **Property, plant and equipment**

Property, plant and equipment are tangible assets which the company holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the company, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all expenditure which is directly attributable to the acquisition or construction of the asset.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the company and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

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

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight line	10 years
Motor vehicles	Straight line	4 years
Computer equipment	Straight line	3 years
Leasehold improvements	Straight line	over the lease term
Office equipment	Straight line	10 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.4 **Intangible assets**

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

The company uses forecasted sales of products that are developed to determine if the costs capitalised are recoupable in the foreseeable future. Costs that are directly associated with the development and enhancement of products are capitalised when it is probable that economic benefits exceeding the costs will be generated beyond one year. Should it be determined that sales are not deemed to be enough to recoup the capitalised cost, the asset value is re-assessed, and any impairment of the asset is recognised in the statement of comprehensive income in that particular financial period.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

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

Item	Useful life
Development costs	3 years
Computer software	2 years

1.5 **Investment in jointly controlled entity Investment in Joint Venture**

Initial recognition and measurement

Joint ventures are accounted for using the equity method. Interest in equity-accounted investees are initially recognised at cost. Goodwill recognised on the acquisition of a joint venture as well as an associate company is included in the carrying amount of the investment.

Subsequent measurement

Subsequent to initial recognition, the company recognises its share of the profit or loss and other comprehensive income until the date on which joint control ceases.

Unrealised gains and losses

Unrealised gains or losses on transactions between the company and its joint ventures are eliminated to the extent of the company's interest in them, except where unrealised losses provide evidence of an impairment of the asset. When the companies' share of losses in a joint venture equals or exceeds its interest therein, the group does not recognise further losses, unless the company has incurred obligations or made payments on behalf of the joint ventures.

Impairment

The company assesses whether there is any indication that an equity-accounted investee may be impaired at each reporting date. An impairment is recognised when there is objective evidence that the equity-accounted investment is impaired. Impairment losses are deducted from the carrying amount of these investments. Any impairment is calculated after application of the equity method. Losses resulting from transactions with equity-accounted investees are recognised only to the extent of unrelated investor interests in the equity-accounted investees.

Derecognition

On the date that the equity-accounted investments are disposed of, the entity ceased to equity account the investments.

1.6 **Financial instruments**

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the company are presented below:

Loans receivable at amortised cost

Classification

Loans to related companies (note 8) are classified as financial assets subsequently measured at amortised cost.

They have been classified in this manner because the contractual terms of these loans give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the company's business model is to collect the contractual cash flows on these loans.

Recognition and measurement

Loans receivable are recognised when the company becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the loan initially, minus principal repayments, plus amortisation (interest) of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Impairment

The company recognises a loss allowance for expected credit losses on all loans receivable measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective loans.

The company measures the loss allowance at an amount equal to lifetime expected credit losses (lifetime ECL) when there has been a significant increase in credit risk since initial recognition. If the credit risk on a loan has not increased significantly since initial recognition, then the loss allowance for that loan is measured at 12 month expected credit losses (12-month ECL).

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a loan. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a loan that are possible within 12 months after the reporting date.

In order to assess whether to apply lifetime ECL or 12 month ECL, in other words, whether or not there has been a significant increase in credit risk since initial recognition, the company considers whether there has been a significant increase in the risk of a default occurring since initial recognition rather than at evidence of a loan being credit impaired at the reporting date or of an actual default occurring.

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 11).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the company's business model is to collect the contractual cash flows on trade and other receivables.

Trade and other receivables are recognised when the company becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Impairment

The company recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments. The amount of expected credit losses is updated at each reporting date.

The company measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL) based on the simplified approach, which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

Measurement and recognition of expected credit losses

The company makes use of an ECL calculation for the determination of expected credit losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade and other receivables in totality. Details of the provision matrix is presented in note 11.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in other operating expenses* in profit or loss as a movement in credit loss allowance (note 20).

Write off policy

The company writes off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Receivables written off may still be subject to enforcement activities under the company recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Trade and other payables

Classification

Trade and other payables (note 14), excluding VAT, payroll liabilities and operating lease payables, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

They are recognised when the company becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs (note 22).

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other highly liquid investments with original maturities of three months or less and are subject to an insignificant risk of changes in value. These are initially recorded at fair value and subsequently at amortised cost.

Derecognition

Financial assets

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

The company derecognises financial liabilities when, and only when, the company obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

1.7 **Tax**

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and to the extent that it is probable that future taxable profit will be available against which the unused tax losses and can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Tax expense comprises of current and deferred tax.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.8 **Inventories**

Inventories consists of:

- Digital certificates
- Hardware
- Work in progress

Inventories are measured at the lower of cost and net realisable value on the weighted average cost.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.9 Impairment of non-financial assets

The company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the company also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

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.

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.

An entity 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.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in profit or loss.

1.10 Share capital and equity

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 classified as equity.

1.11 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

Defined contribution plans

The company has a defined contribution plan. A defined contribution plan is a provident fund under which the company pays fixed contributions into a separate entity. The company has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee services in the current and prior years.

For defined contribution plans, the company pays contributions to publicly or privately administered pension insurance plans on a mandatory basis. The company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. The defined contribution plan consists of a provident fund administrated by a third party.

Bonus plan

The company recognises a liability and an expense for bonuses based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

1.12 Provisions and contingencies

Provisions are recognised when:

- the company has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation. Provisions are not recognised for future operating losses.

1.13 **Revenue from contracts with customers**

The Company recognises as revenue the amount that reflects the consideration to which the entity expects to be entitled in exchange for goods or services when (or as) it transfers control to the customer.

Sale of goods:

Sale of goods comprises the following to customers:

- Sale of security solutions
- Digital certificates
- Hardware sales

Revenue from the sale of goods is recognised when control transfers to the customer which includes the following indicators of control:

- The entity has a present right to payment for the asset;
- The customer has a legal title to the asset;
- The entity has transferred physical possession of the asset;
- The customer has the significant risks and rewards of ownership of the asset; and
- The customer has accepted the asset.

Initial measurement results in revenue being recognised at the amount the Company expects to be entitled to which takes credit risk into account.

Rendering of services:

Services rendered comprises of the following to customers:

- Service level agreements
- Maintenance services
- Consulting, implementation and training

Revenue from providing "services" is recognised in the accounting period in which the services are rendered.

For the service level agreements revenue is recognised over time by using the input method as reference to costs incurred to date as a percentage of total expected costs to be incurred at the end of the reporting period. The maintenance services, consulting, implementation and training revenue is recognised at the point in time.

1.14 **Translation of foreign currencies**

Foreign currency transactions

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

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- 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.

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 period are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

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.

1.15 **Leases**

Policy applicable from 1 April 2019

The company assesses whether a contract is, or contains a lease, at the inception of the contract.

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 order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the company has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

Company as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the company is a lessee, except for short-term leases of 12 months or less, or leases of low value assets (R51 870). For these leases, the company recognises the lease payments as an operating expense (note 20) on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Details of leasing arrangements where the company is a lessee are presented in note 5 Leases (company as lessee).

Lease liability

Lease payments included in the measurement of the lease liability comprise the following:

- fixed lease payments, including in-substance fixed payments, less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the company under residual value guarantees;
- the exercise price of purchase options, if the company is reasonably certain to exercise the option;
- lease payments in an optional renewal period if the company is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability (or right-of-use asset). The related payments are recognised as an expense in the period incurred and are included in operating expenses (note 20).

The lease liability is presented as a separate line item on the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. The interest charged on the lease liability, determined with reference to the interest rate implicit in the lease or the company's incremental borrowing rate, is included in finance costs (note 22).

Right-of-use assets

Right-of-use assets are presented as a separate line item on the Statement of Financial Position.

Lease payments included in the measurement of the right of use asset comprise the following:

- the initial amount of the corresponding lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred;
- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the company incurs an obligation to do so, unless these costs are incurred to produce inventories; and
- less any lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. However, if a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation starts at the commencement date of a lease.

For right-of-use assets which are depreciated over their useful lives, the useful lives are determined consistently with items of the same class of property, plant and equipment. Refer to the accounting policy for property, plant and equipment for details of useful lives.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. Each part of a right-of-use asset with a cost that is significant in relation to the total cost of the asset is depreciated separately.

The depreciation charge for each year is recognised in profit or loss.

When the company or lessor terminates or cancels a lease, the right-of-use asset and lease liability are derecognised. On derecognition of the right-of-use asset and lease liability, any difference is recognised as a derecognition gain or loss together with termination or cancellation costs in profit or loss.

Policy applicable before 1 April 2019

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases- lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease liability. This liability is not discounted. Any contingent rents are expensed in the period they are incurred.

1.16 **Earnings per share**

The Company presents basic earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Headline earnings per ordinary share is calculated using the weighted average number of ordinary shares in issue during the period and is based on the earnings attributable to ordinary shareholders, after excluding those items as required by Circular 1/2019 issued by the South African Institute of Chartered Accountants (SAICA).

2. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these historical financial information are the same as those applied in the company's historical financial information as at and for the year ended 31 March 2019, except as described below.

Background

With effect from 1 January 2019, IFRS 16 replaced IAS 17 as well as the related interpretations. The core principle of this standard is that the lessee and lessor should recognise all rights and obligations arising from leasing arrangements on balance sheet.

The new lease standard has fundamentally changed the accounting treatment for operating leases. Historically, operating leases did not result in any assets or liabilities being recorded, with only the lease payments reflected in the income statement.

The new standard eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Going forward there is a single, on-balance sheet accounting model that is similar to current on-balance sheet finance lease accounting, where a right of use (ROU) asset together with a lease liability for the future payments is recognised for all leases with a term of more than 12 months, unless the underlying asset is of low value.

For lessees, the lease becomes an on-balance sheet liability that attracts interest, together with an asset for the right-of-use. In other words, lessees will appear to become more asset-rich but also more heavily indebted. There are also changes in accounting over the life of the lease, with companies now required to recognise a front-loaded lease expense pattern, even when they pay constant annual rentals. Following implementation, depreciation is raised on the right-of-use assets while the lease liability will gradually decrease by the actual lease payments made.

Adoption and transition

Until the 2019 financial year, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease. From 1 April 2019, all existing operating leases, which were either not less than 12 months or not deemed a low value asset, were recognised as a right-of-use asset and a corresponding lease liability.

The company adopted IFRS 16 on 1 April 2019 by applying the modified retrospective approach with an adjustment to the company's opening 1 April 2019 reserves and, as permitted by IFRS 16, did not restate its comparative financial results. Accordingly, the company's previously reported financial results up to 31 March 2019 are presented in accordance with the requirements of IAS 17 and for 2020, and future reporting periods, are presented in terms of IFRS 16. On adoption of IFRS 16, the company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as at 1 April 2019. This incremental borrowing rate was calculated for the company utilising the external funding rate and applying entity specific adjustments. The company also recognised right of use assets measured on a lease by lease basis at an amount equal to the lease liability.

Practical expedients applied:

In applying IFRS 16 for the first time, the company used the following practical expedients permitted by IFRS 16:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 April 2019 as short- term leases provided there was no option to extend the term
- the exclusion of initial direct costs for the measurement of the right of use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The company has also elected not to reassess whether a contract is, or contains, a lease at the date of initial application. Instead, for contracts entered into before the transition date the company relied on its assessment made applying IAS 17 and IFRIC 4 *Determining whether an Arrangement contains a Lease*.

IFRS 16 key financial impacts

The single lessee accounting model, which comprises IFRS 16's most material impact for the company results in an increase of R4 159 412 in total assets and increase of R4 159 412 in total liabilities. The total undiscounted operating lease commitments as at 31 March 2019 amounted to R3 201 621 and the lease liability recognised on transition amounted to

R2 101 055. This difference between the amounts relates to discounting the operating lease commitments balance at the incremental borrowing rate of 11.26% of R402 127 and exclusion of leases under the allowed practical expedients of R697 094.

3. NEW STANDARDS AND INTERPRETATIONS

3.1 Standards and interpretations effective and adopted in the current year

In the current year, the company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/Interpretation:	Effective date: Years beginning on or after	Expected impact:
Long-term Interests in Joint Ventures and Associates – Amendments to IAS 28	01 January 2019	The impact of the amendments is not material.
Amendments to IFRS 11 Joint Arrangements: Annual Improvements to IFRS 2015 – 2017 cycle	01 January 2019	The impact of the amendments is not material.
Amendments to IAS 12 Income Taxes: Annual Improvements to IFRS 2015 – 2017 cycle	01 January 2019	The impact of the amendments is not material.
IFRIC 23 Uncertainty over Income Tax Treatments	01 January 2019	The impact of the
amendment is not material.		
IFRS 16 Leases	01 January 2019	The impact of the standard is set out in note 2 Changes in accounting policy.
IFRS 23 UN		

3.2 Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 01 April 2020 or later periods:

Standard/Interpretation:	Effective date: Years beginning on or after	Expected impact:
Amendments to References to Conceptual Framework in IFRS Standards	01 January 2020	Unlikely there will be a material impact
Classification of Liabilities as Current or Non-Current – Amendment to IAS 1	01 January 2022	Unlikely there will be a material impact
IFRS 17 Insurance Contracts	01 January 2023	Unlikely there will be a material impact
Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 1	01 January 2022	Unlikely there will be a material impact
Reference to the Conceptual Framework: Amendments to IFRS 3	01 January 2022	Unlikely there will be a material impact
Property, Plant and Equipment: Proceeds before Intended Use: Amendments to IAS 16	01 January 2022	Unlikely there will be a material impact
Onerous Contracts – Cost of Fulfilling a Contract: Amendments to IAS 37	01 January 2022	Unlikely there will be a material impact
Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 4, IFRS 7, IFRS 9, IFRS 16, IAS 39	01 January 2021	Unlikely there will be a material impact
Definition of Material (Amendments to IAS 1 and IAS 8)	01 January 2020	Unlikely there will be a material impact
COVID-19 – Related Rent Concessions – Amendment to IFRS 16	01 June 2020	Unlikely there will be a material impact
Interest Rate Benchmark Reform: Phase 1: Amendments to IFRS 9, IAS 39 and IFRS 7	01 January 2020	Unlikely there will be a material impact
Definition of a business – Amendments to IFRS 3	01 January 2020	Unlikely there will be a material impact
Presentation of Financial Statements: Disclosure initiative	01 January 2020	Unlikely there will be a material impact
Accounting Policies, Changes in Accounting Estimates and Errors: Disclosure initiative	01 January 2020	Unlikely there will be a material impact

4. PROPERTY, PLANT AND EQUIPMENT

	2020			2019		
Figures in Rand	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fixtures	1 797 119	(608 312)	1 188 807	1 732 681	(444 937)	1 287 744
Motor vehicles	207 982	(114 391)	93 591	207 982	(72 794)	135 188
Office equipment	105 006	(38 901)	66 105	67 203	(31 713)	35 490
Computer equipment	5 460 115	(3 548 039)	1 912 076	4 257 155	(2 452 333)	1 804 822
Leasehold improvements	268 915	(247 290)	21 625	268 915	(160 792)	108 123
Total	**7 839 137**	**(4 556 933)**	**3 282 204**	**6 533 936**	**(3 162 569)**	**3 371 367**

Reconciliation of property, plant and equipment – 2020

Figures in Rand	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	1 287 744	83 625	(7 000)	(175 562)	1 188 807
Motor vehicles	135 188	–	–	(41 597)	93 591
Office equipment	35 490	37 802	–	(7 187)	66 105
Computer equipment	1 804 822	1 223 411	(10 215)	(1 105 942)	1 912 076
Leasehold improvements	108 123	–	–	(86 498)	21 625
	3 371 367	**1 344 838**	**(17 215)**	**(1 416 786)**	**3 282 204**

Reconciliation of property, plant and equipment – 2019

Figures in Rand	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	789 037	647 691	(346)	(148 638)	1 287 744
Motor vehicles	176 785	–	–	(41 597)	135 188
Office equipment	39 569	2 420	–	(6 499)	35 490
Computer equipment	1 943 239	1 067 446	(12 779)	(1 193 084)	1 804 822
Leasehold improvements	257 940	–	–	(149 817)	108 123
	3 206 570	**1 717 557**	**(13 125)**	**(1 539 635)**	**3 371 367**

Net carrying amounts of leased assets		
Leasehold improvements	21 625	108 123

A register containing the information required by regulation 25(3) of the Companies Regulation 2011 is available for inspection at the registered office of the company.

5. LEASES (COMPANY AS LESSEE)

The company leases office space and equipment. Rental contracts are typically made for fixed average periods of three years.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

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 considered in the lease term when there is reasonable certainty that those options will be exercised. The assessment of reasonable certainty is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

The company adopted IFRS 16 for the first time in the current financial period. Comparative figures have been accounted for in accordance with IAS 17. The information presented in this note for right-of-use assets therefore only includes the current period.

Figures in Rand	2020	2019
Net carrying amounts of right-of-use assets		
The carrying amounts of right-of-use assets are as follows:Leasehold property	21 765	–
IT equipment	2 578 124	–
	2 599 889	**–**
Additions to right-of-use assets		
On transition		
Leasehold property	282 948	–
IT equipment	1 819 452	–
Subsequent additions		
Leasehold property	–	–
IT equipment	2 057 012	–
	4 159 412	**–**

Figures in Rand	2020	2019
Depreciation recognised on right-of-use assets		
Depreciation recognised on each class of right-of-use assets, is presented below. It includes depreciation which has been expensed in the total depreciation charge in profit or loss (note 20).		
Leasehold property	261 183	–
IT equipment	1 298 339	–
	1 559 522	**–**
Other disclosures		
Interest expense on lease liabilities	267 171	–
Expenses on short term leases included in operating expenses	2 792 258	–
Leases of low value assets included in operating expenses	51 870	–
Total cash outflow for all leases	4 547 873	–

Payments associated with short-term leases of equipment and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment.

Lease liabilities

The maturity analysis of lease liabilities is as follows:

	2020	2019
Within one year	1 951 715	–
Two to five years	1 099 603	–
	3 051 318	–
Less finance charges component	(328 480)	–
	2 722 838	**–**
Non-current liabilities		
	986 886	–
Current liabilities	1 735 952	–
	2 722 838	**–**

6. INTANGIBLE ASSETS

	2020			2019		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Computer software	1 791 070	(1 701 611)	89 459	1 697 301	(1 287 601)	409 700
Development cost	5 997 214	(650 478)	5 346 736	1 997 346	(186 755)	1 810 591
Total	**7 788 284**	**(2 352 089)**	**5 436 195**	**3 694 647**	**(1 474 356)**	**2 220 291**

Reconciliation of intangible assets – 2020

	Opening balance	Additions	Disposals	Amortisation	Total
Computer software	409 700	93 769	–	(414 010)	89 459
Development cost	1 810 591	3 999 868	–	(463 723)	5 346 736
	2 220 291	**4 093 637**	**–**	**(877 733)**	**5 436 195**

Reconciliation of intangible assets – 2019

	Opening balance	Additions	Disposals	Amortisation	Total
Computer software	1 112 051	99 178	–	(801 529)	409 700
Development cost	–	1 997 346	–	(186 755)	1 810 591
	1 112 051	**2 096 524**	**–**	**(988 284)**	**2 220 291**

Other information

Development cost projects at 31 March 2020 that incur significant development costs are as follows:

	Carrying value
LAWtrust Client Portal	1 851 184
LAWtrust Mobile SDK Project	1 548 997
	3 400 181

7. INVESTMENT IN JOINT VENTURE

Joint venture

The following table lists the joint ventures in the company:

Name of company Figures in Rand	% ownership interest 2020	% ownership interest 2019	Carrying amount 2020	Carrying amount 2019
Electronic DNA Proprietary LimitedShare at cost	50,00 %	50,00 %	1 203 606	1 203 606
Impairment of investment			(1 203 504)	(1 203 504)
Share of equity			239 615	–
			239 717	102

Interest in Joint venture

The company has a 50% interest in Electronic DNA (Pty) Ltd, a joint venture involved in the provision of security software solutions and has a financial year end of 30 June. The company's interest is accounted for using the equity method. Summarised financial information as of 31 March 2020 as extracted from the management accounts of the joint venture is set out below:

Summarised Statement of Profit or Loss and Other Comprehensive Income for the period 1 July to 31 March

Figures in Rand	2020	2019
Revenue	6 854 000	4 830 000
Personnel expenses	(4 960 000)	(4 715 000)
Depreciation	(621 000)	(273 000)
Other income and expenses	(483 000)	(414 000)
Interest expense	262 000	312 000
Profit before tax	1 052 000	(260 000)
Tax expense	189 000	74 000
Profit (loss) from continuing operations	1 241 000	(186 000)
Total comprehensive income	1 241 000	(186 000)
Summarised Statement of Financial Position at 31 March		
Assets		
Non-current	358 000	734 000
Current		
Cash and cash equivalents	6 321 000	7 080 000
Other current assets	3 762 000	805 000
Total current assets	10 083 000	7 885 000
Liabilities		
Current		
Loan from shareholders	4 700 000	4 700 000
Other current liabilities	5 263 000	4 614 000
Total current liabilities	9 963 000	9 314 000
Total net assets	478 000	(695 000)

The summarised information presented above reflects the financial statements of the joint venture after adjusting for differences in accounting policies between the company and the joint venture.

Figures in Rand	2020	2019

8. LOANS TO RELATED COMPANIES

	2020	2019
Joint venture		
Electronic DNA Proprietary Limited	2 350 000	2 350 000
The loan is unsecured, interest free and is repayable on demand.IFRS 9 Expected credit loss	(45 590)	(20 476)
	2 304 410	**2 329 524**

The loan to Electronic DNA Proprietary Limited is classified as Stage 2 with lifetime expected credit losses being applied in the current and prior financial year.

	2020	2019
Holding company		
Etion Limited	11 718 124	10 597 917

The loan is unsecured, bears interest at the prime interest rate during the current and prior year. The company has indicated that it will not call for repayment of the loan within the next twelve months, hence the loan is classified as non-current. The loan is classified as Stage 2 with lifetime expected credit losses being applied in the current year.

Reconciliation of loan to holding company	2020	2019
Opening balance	10 597 917	–
New loans advanced in the year	4 000 000	10 000 000
Interest accrued on loan during the year	1 226 693	597 917
ECL provision	(4 106 486)	–
Closing balance	**11 718 124**	**10 597 917**

Split between non-current and current portions	2020	2019
Non-current assets	11 718 124	10 597 917
Current assets	2 304 410	2 329 524
	14 022 534	**12 927 441**

Exposure to credit risk

Loans receivable inherently expose the company to credit risk, being the risk that the company will incur financial loss if counterparties fail to make payments as they fall due.

Loans receivable are subject to the impairment provisions of IFRS 9 Financial Instruments, which requires a loss allowance to be recognised for all exposures to credit risk. The loss allowance is updated at each reporting date based on changes in the credit risk since initial recognition.

The PD and LGD were measured using Moody's Analytics RiskCalc's respective PD and LGD modules. The Moody's RiskCalc solution was used to calculate a historic loss rate for the counterparty. The Moody's RiskCalc solution compares company financial information to an extensive database of company financial and default information. The inputs into this were the historical audited financial statements of the counterparty or more recent management accounts where considered appropriate. The historical loss rate is converted into a forward-looking measure of an ECL using Moody's Analytics credit models, which incorporates their macro-economic estimates and scenarios.

The advent of COVID-19 has had a fundamental impact on the economy in general with an exaggerated impact on credit risk. Moody's Analytics updated their forecasts at 31 March 2020 to reflect this risk by considering the possible spread of the epidemic through the country, the economic impact of the epidemic including measures taken to prevent its spread and measures taken by the government to ameliorate the economic impact.

Where the term of the loan is less than one year, there will be no difference in the ECL between a Stage 1 and Stage 2 loan.

	Balance sheet	Measure-ment approach	Probability of default	Loss given default	Through the cycle loss	Conversion to forward looking ECL	ECL	Net balance
2020								
Electronic DNA ProprietaryLimited	2 350 000	Moody RiskCalc	1,47%	58,81%	0,86%	1,94%	45 590	2 304 410
Etion Limited	15 824 610	Moody RiskCalc	26,95%	59,08%	15,92%	25,95%	4 106 486	11 718 124
2019								
Electronic DNA Proprietary Limited	2 350 000	Moody RiskCalc	0,87%	56,77%	0,49%	0,87%	20 476	2 329 524
Etion Limited	10 597 917	Moody RiskCalc	1,32%	38,26%	0,51%	0%	–	10 597 917

Figures in Rand	2020	2019
Reconciliation of expected credit loss allowance		
Opening balance in accordance with IAS 39 Financial Instruments: Recognition and Measurement	–	–
Adjustments upon application of IFRS 9	–	13 259
Opening balance in accordance with IFRS 9	20 476	(13 259)
Increase in expected credit loss due to increase in credit risk	4 131 600	7 217
Closing balance	**4 152 076**	**7 217**

The increase on the expected credit loss this year is due to the increased risk profile associated with Etion Ltd.

Fair value of loans receivable

The fair value of the holding company receivable approximates their carrying amounts due to the interest rate being market related, and is classified as level 3 in terms of the fair value hierarchy. The loan to the joint venture is short-term in nature and therefore the carrying value approximates the fair value.

9. DEFERRED TAX

	2020	2019
Deferred tax liability		
Property plant and equipment	(74 456)	(43 236)
Prepaid expenses	(1 915 518)	(669 308)
Intangible assets	(1 534 210)	(370 239)
Right of use asset	(727 969)	–
Total deferred tax liability	**(4 252 153)**	**(1 082 783)**
Deferred tax asset		
Payroll accruals	2 255 387	775 071
Provision for bad debts	201 825	133 830
Straight lining of operating lease	–	12 256
Contract liabilities	2 870 888	1 972 602
Lease liability	762 395	–
Total deferred tax asset	**6 090 495**	**2 893 759**

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:

	2020	2019
Deferred tax liability	(4 252 153)	(1 082 783)
Deferred tax asset	6 090 495	2 893 759
Total net deferred tax asset	**1 838 342**	**1 810 976**
Reconciliation of deferred tax asset/(liability)		
At beginning of year	1 810 976	333 863
Accelerated capital allowances	(1 160 765)	(377 094)
Payroll accruals	1 480 317	(418 744)
Prepayments	(1 246 210)	196 215
Provision for doubtful debts	67 995	102 424
Contract liabilities	898 285	1 972 602
Straight lining of leases	(12 256)	1 710
	1 838 342	**1 810 976**
Reversal of Temporary differences		
Temporary differences expected to reverse within 12 months	3 412 582	2 224 454
Temporary differences expected to reverse after 12 months	(1 574 240)	(413 478)
	1 838 342	**1 810 976**

	Figures in Rand	2020	2019
10.	**INVENTORIES**		
	Work in progress	132 585	1 322 283
	Digital certificates	162 755	551 344
	Hardware	589 230	1 929 896
		884 570	**3 803 523**

In 2020, inventories amounting to R1 735 366 (2019: R503 720) was recognised as an expense in cost of sales and R1 238 160 (2019: R nil) recognised as a training expense in operating expenses.

11. TRADE AND OTHER RECEIVABLES

	2020	2019
Financial instruments:		
Trade receivables	52 659 774	25 431 128
Loss allowance	(915 483)	(610 000)
Trade receivables at amortised cost	51 744 291	24 821 128
Deposits	118 531	118 531
Other receivables	12 940	156 199
Non-financial instruments:		
Prepayments	8 480 214	4 471 083
Total trade and other receivables	**60 355 976**	**29 566 941**

Split between non-current and current portions

	2020	2019
Current assets	60 355 976	29 566 941

Categorisation of trade and other receivables

Trade and other receivables are categorised as follows in accordance with IFRS 9: Financial Instruments:

	2020	2019
At amortised cost	51 875 762	25 095 858
Non-financial instruments	8 480 214	4 471 083
	60 355 976	**29 566 941**

Exposure to credit risk

Trade receivables inherently expose the company to credit risk, being the risk that the company will incur financial loss if customers fail to make payments as they fall due.

A loss allowance is recognised for all trade receivables, in accordance with IFRS 9 Financial Instruments, and is monitored at the end of each reporting period. In addition to the loss allowance, trade receivables are written off when there is no reasonable expectation of recovery, for example, when a debtor has been placed under liquidation.

The company applies the IFRS 9 simplified approach in measuring expected credit losses (ECL) on trade and other receivables, which requires a lifetime loss allowance. To measure the expected credit losses, the trade receivables have been grouped based on shared credit risk characteristics and into common ageing buckets.

The ECL rates are calculated are based on historical default rates (default rate multiplied by loss given default rate) over a 5- year period. Default rates are calculated on the proportion of balances from each ageing bucket that age past 90 days. Loss given default rates include actual amounts written-off and all balances at year-end that have been in default for more than 6 months. The resultant rates are benchmarked to downside loss given default rate estimates in the SA economy.

The default rates per ageing bucket multiplied by the overall loss given default rate provides the through-the cycle loss rates.

These historical loss rates are converted into a forward-looking measure of an ECL using Moody's Analytics credit models, which incorporates their macro-economic estimates and scenarios. This is added as an economic overlay. Refer to 1.2 for the critical estimates and judgements.

An ECL rate is calculated for each ageing bucket.

Material exposures with different credit risk characteristics are measured separately. The likelihood of a default occurring, and resultant loss, is determined using credit risk ratings (where available) or Moody's Analytics risk models which measure credit risk based on the customer's credit default information. Suitable forward-looking information is incorporated as an economic overlay.

Management may make further adjustments to the ECL to take into account specific event risks where there is uncertainty in respect to the model's ability to capture conditions due to inherent limitations of modelling. This is done by way of an additional overlay via post model adjustments made. In the current as well as the prior year there were no adjustments made. Changes to the credit risk of these debtors are assessed based on reviewing various media platforms and customer communications received to ascertain whether there are any matters that may negatively impact certain debtors' ability to pay.

Figures in Rand Trade Receivables – Expected Credit Loss Result 2020	Balance Sheet	Measure-ment approach	Judge-mental ECL before forward adjustment	Conversion to forward looking ECL	ECL	Net
Current	38 297 239	Empirical	0,50 %	1,30 %	(522 162)	37 775 077
30 days	9 542 345	historical	1,18 %	2,92 %	(278 636)	9 263 708
60 days	1 218 392	data with	2,82 %	7,12 %	(86 750)	1 131 643
90+ days	239 247	economic overlay	5,39 %	10,22 %	(24 451)	214 796
Specific Debtors-Foreign exposure	2 680 436	Moody RiskCalc		0,13 %	(3 484)	2 676 952
Total	**51 977 659**				**(915 483)**	**51 062 176**

The disclosure of the ECL in the current year has been provided in more details compared to the prior year in order to facilitate an understanding of the credit risks the business is exposed to. The same level of information is not available for the prior year.

Trade Receivables – Expected Credit Loss Result 2019	Balance sheet R	Measur-ment approach	Conversion to forward looking ECL	ECL R	Net R
Trade Receivables ex specific exposures	25 421 983	Empirical historical data with judgmental overlay	2,400 %	(610 000)	24 811 983

Reconciliation of loss allowances

The following table shows the movement in the loss allowance (lifetime expected credit losses) for trade and other receivables:

Figures in Rand	2020	2019
Opening balance in accordance with IAS 39 Financial Instruments: Recognition and Measurement	–	(149 568)
Adjustments upon application of IFRS 9	–	(682 432)
Opening balance in accordance with IFRS 9	**(610 000)**	**(832 000)**
Impairment reversal	–	222 000
Increase in allowance due to increased credit risk	(305 483)	–
Closing balance	**(915 483)**	**(610 000)**

The ECL provision was impacted by an increase in the gross carrying amount of the debtors balance and increase in credit risk.

Refer to note 30 Financial instruments and risk management for settlement currencies of trade debtors.

If a 100% probability of default was applied to each of the scenarios below, the ECL recognised would increase or (decrease) by the percentages shown below:

Base case- contraction in GDP of 8%	(1,00%)
S1 - contraction in GDP of 6%	(12,00%)
S3 - contraction in GDP of more than 12%	14,00%

The current probability weighted average of the scenarios used was:

- Baseline (40%), Stronger Near-Term Rebound (S1) (30%), and Moderate Recession (S3) (30%).
- These scenarios include the impact of COVID-19.

Fair value of trade and other receivables

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

12. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

Cash on hand	14 040	22 186
Bank balances	26 769 896	7 143 530
Short-term deposits	2 262 612	3 705 575
Credit cards	196 005	355 094
	29 242 553	**11 226 385**

Refer to note 30 Financial instruments and risk management for credit risk disclosure and settlement currencies.

Figures in Rand	2020	2019

13. SHARE CAPITAL

Authorised
100 000 Ordinary shares at no par value

99 000 unissued ordinary shares are under the control of the directors in terms of a resolution of the shareholder passed at the last annual general meeting. This authority remains in force until the next annual general meeting.

Issued		
1 000 Ordinary shares at no par value	10	10

14. TRADE AND OTHER PAYABLES

	2020	2019
Trade payables	11 341 136	6 222 161
Accrued expense	11 463 128	8 952 046
Other payables	–	286 183
Accrued leave pay	2 837 995	2 768 111
Payroll liabilities	6 368 299	2 026 284
Value added taxation	6 341 303	2 061 919
Operating lease payables	–	43 771
	38 351 861	**22 360 475**

Exposure to currency risk

Refer to note 30 Financial instruments and financial risk management for details of currency risk management for trade payables.

Fair value of trade and other payables

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

15. CONTRACT LIABILITIES

The following table provides information about contract liabilities with contracts with customers:

	2020	2019
Contract liabilities – service level agreements	10 253 170	7 045 008
	10 253 170	**7 045 008**

	2020	2019
Split between non-current and current portions		
Non-current liabilities	355 206	274 006
Current liabilities	9 897 964	6 771 002
Total contract liabilities	**10 253 170**	**7 045 008**

(i) Significant changes in contract liabilities

Contract liabilities for service level agreements have increased by R3 208 162 due to new contracts initiated in 2020.

(ii) Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities (and how much relates to performance obligations that were satisfied in a prior year).

Revenue recognised that was included in the contract liability balance at the beginning of the period:

	2020	2019
Service level agreements	7 045 008	1 720 982

Revenue recognised from performance obligations satisfied in previous periods:

	2020	2019
Service level agreements	7 045 008	1 720 982

(iii) Unsatisfied long-term contracts

The following table shows unsatisfied performance obligations resulting from unsatisfied long-term contracts:

	2020	2019
Aggregate amount of the transaction price allocated to long-term contracts that are partially or fully unsatisfied as at 31 March	10 253 170	7 045 008

Management expects that 96% of the transaction price allocated to the unsatisfied contracts as of 31 March 2020 will be recognised as revenue during the next reporting period R9 897 964 (2019: R6 771 002).

All other contracts are for periods of one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

	Figures in Rand	2020	2019
16.	**REVENUE**		
	Revenue from contracts with customers		
	Sale of security solutions	83 876 430	44 053 777
	Digital certificates	28 348 316	23 609 957
	Hardware sales	18 980 276	3 994 625
	Service level agreements	19 433 939	15 431 788
	Consulting, implementation and training	23 326 285	8 541 832
	Maintenance services	51 954 545	43 905 842
		225 919 791	**139 537 821**
	Disaggregation of revenue from contracts with customers		
	The company disaggregates revenue from customers as follows:		
	Timing of revenue recognition		
	At a point in time		
	Sale of goods	131 205 022	71 658 359
	Rendering of services	75 280 830	52 447 674
		206 485 852	**124 106 033**
	Over time		
	Rendering of services	19 433 939	15 431 788
	Total revenue from contracts with customers	**225 919 791**	**139 537 821**
17.	**COST OF SALES**		
	Digital certificates	12 421 964	9 350 924
	Hardware sales	11 481 497	(856 622)
	Maintenance services	19 362 302	15 998 775
	Sale of security solutions	30 344 144	14 768 878
	Service level agreements	2 559 871	2 311 859
	Compliance audit	3 106 501	-
	Computer network and infrastructure cost	3 747 373	2 873 893
	Consulting, implementation and training	5 366 668	(55 238)
	Employee costs	23 221 017	37 760 957
		111 611 337	**82 153 426**
18.	**OTHER OPERATING GAINS (LOSSES)**		
	Losses on disposals, scrappings and settlements		
	Property, plant and equipment	(7 607)	(12 781)
	Foreign exchange gains (losses)		
	Net foreign exchange gains (losses)	1 015 934	(707 288)
	Total other operating losses	**1 008 327**	**(720 069)**
19.	**EMPLOYEE COST**		
	Salaries, wages, bonuses and other benefits	67 289 299	58 546 205
	Retirement benefit plans: defined contribution expense	3 567 653	1 717 946
	Long term incentive scheme	120 000	70 000
	Total employee costs	**70 976 952**	**60 334 151**
	Less: Employee costs included in cost of sales inclusive of benefit plan expense	(23 221 017)	(37 760 957)
	Total employee costs expensed in operating expenses	**47 755 935**	**22 573 194**

	Figures in Rand	2020	2019
20.	**EXPENSES BY NATURE**		
	The total cost of sales and other operating expenses are analysed by nature as follows:		
	Changes in inventories of finished goods and work in progress	(2 918 953)	2 617 558
	Purchases	82 836 104	41 830 149
	Employee cost	70 976 952	60 334 151
	Operating lease charges	–	3 206 792
	Depreciation and amortisation	3 854 042	2 527 913
	Office cost	1 075 680	568 803
	Professional memberships	257 197	398 024
	Advertising and marketing	912 669	632 389
	Audit fees	3 738 904	1 824 878
	Bad debt expense and ECL movement	4 462 560	(104 174)
	Bank charges	184 113	131 313
	Legal fees	21 450	58 760
	Entertainment	245 836	321 664
	Insurance	254 285	640 066
	Courier and postage	11 681	36 498
	Printing and stationary	126 416	124 757
	Repairs and maintenance	157 444	339 580
	Staff welfare	726 026	440 559
	Telephone and data	732 275	727 320
	Training	1 822 552	1 460 506
	Other expenses	112 836	906 314
	Administration and management fees	9 075 694	8 700 924
	Low value and short-term leases	2 844 129	–
	Social responsibility	62 463	1 648 168
	Computer expenses	2 739 054	1 870 683
	Consulting fees	7 159 129	(30 432)
	Travel expenses	2 529 628	2 258 380
		194 000 166	**133 471 543**

		2020	2019
21.	**FINANCE INCOME**		
	Interest income		
	Interest on loans to related companies	1 226 693	597 917
	Interest on bank balances	426 497	695 197
	Total interest income	**1 653 190**	**1 293 114**

		2020	2019
22.	**FINANCE COSTS**		
	Lease liabilities	267 171	–
	Late payment of tax (Tax authorities)	192 014	–
	Other interest paid	30 505	250
	Total finance costs	**489 690**	**250**

	Figures in Rand	2020	2019
23.	**TAXATION**		
	Major components of the tax expense		
	Current		
	Local income tax - current period	12 019 893	4 584 363
	Security transfer tax	221 000	–
		12 240 893	**4 584 363**
	Deferred		
	Originating and reversing temporary differences	(27 366)	(758 566)
		12 213 527	**3 825 797**
	Reconciliation of the tax expense		
	Reconciliation between accounting profit and tax expense.		
	Accounting profit	39 475 185	10 994 533
	Tax at the applicable tax rate of 28% (2019: 28%)	11 053 052	3 078 469
	Tax effect of adjustments on taxable income		
	Learnership allowance	(120 120)	(83 785)
	Impact of IFRS 9 & 15	–	718 551
	Security Transfer Tax	221 000	–
	Expected credit loss and bad debts	1 156 950	–
	Other	78 866	18 322
	Depreciation and amortisation	154 063	94 240
	Research and development allowance	(330 284)	–
		12 213 527	**3 825 797**
24.	**CASH GENERATED FROM OPERATIONS**		
	Profit before taxation	39 475 185	10 994 533
	Adjustments for:		
	Depreciation and amortisation	3 854 042	2 527 913
	Losses on disposals of property, plant and equipment	7 607	12 781
	(Gains) losses on foreign exchange	(4 580 066)	707 288
	Income from equity accounted investments	(239 615)	–
	Interest income	(1 653 190)	(1 293 114)
	Finance costs	489 690	250
	ECL allowance movement	4 437 083	(364 351)
	Changes in working capital:		
	Inventories	2 918 953	(2 617 559)
	Trade and other receivables	(30 378 885)	3 363 971
	Trade and other payables	15 647 430	(350 205)
	Contract Liabilities	3 208 162	5 324 026
		33 186 396	**18 305 533**
25.	**TAX PAID**		
	Provisional tax payments during the year	(7 258 955)	(3 604 621)
	Payment of prior year outstanding balance	(969 600)	(855 648)
	Withholding tax credit	(427)	-
	Security Transfer Tax	(221 000)	-
		(8 449 982)	**(4 460 269)**
26.	**DIVIDENDS PAID**		
	Dividends	-	(10 000 000)
27.	**COMMITMENTS**		
	Minimum lease payments due		
	– within one year	51 120	1 368 887
	– in second to fifth year inclusive	102 240	1 832 734
		153 360	**3 201 621**

For 2020, the lease payments represent rentals payable by the company for certain of its office equipment that has been classified as low-cost assets.

For 2019, the rentals payable relate to certain office equipment and premises that have been accounted for under IAS 17 – Leases.

28. **RELATED PARTIES**

Relationships

Holding company	Etion Limited
Joint venture	Electronic DNA Proprietary Limited
Fellow subsidiaries	Etion Create Proprietary Limited
	Etion Connect Proprietary Limited
Joint venture shareholder	DataCentrix Holdings Proprietary Limited
Members of key management	CF Maherry
	M Maherry
	A Ramsunkar
	EC De Kock

Figures in Rand	2020	2019
Related party balances		
Loan accounts - Owing (to) by related parties		
Electronic DNA Proprietary Limited	2 304 410	2 329 524
Etion Limited	15 824 610	10 597 917
Amounts included in Trade receivable (Trade Payable) regarding related parties		
DataCentrix Holdings Proprietary Limited	13 340 609	2 721 850
Electronic DNA Proprietary Limited	880 861	729 065
Etion Limited	–	6 189
Etion Create Proprietary Limited	–	(387 930)
Etion Connect Proprietary Limited	8 215	–
DataCentrix Holdings Proprietary Limited	(42 878)	–
Related party transactions		
Purchases from (sales to) related parties		
DataCentrix Holdings Proprietary Limited	362 435	–
DataCentrix Holdings Proprietary Limited	(18 756 409)	(9 998 187)
Etion Connect Proprietary Limited	5 232	–
Etion Create Proprietary Limited	(26 382)	796 685
Etion Limited	11 657 553	8 313 025
Etion Create Proprietary Limited		
Other income received from related parties	–	(9 183)
Electronic DNA Proprietary Limited	5 037 867	4 027 421
Etion Limited	235 403	6 189
Interest received on loan to Etion Limited	1 226 693	597 917
Etion Connect Proprietary Limited	7 144	–
Dividend declared and paid		
Etion Limited	–	10 000 000

29. **DIRECTORS' EMOLUMENTS**

Executive

2020

	Salary	Provident Fund Contribution	Commission	Bonus	Total
CF Maherry	2 245 445	168 408	–	100 577	2 514 430
EC De Kock	1 888 000	330 000	–	–	2 218 000
A Ramsunkar	1 399 439	107 649	–	64 290	1 571 378
M Maherry (from 2 March 2020)	171 408	12 856	199 262	92 132	475 658
	5 704 292	**618 913**	**199 262**	**256 999**	**6 779 466**

2019

	Salary	Provident fund contribution	Commission	Other	Total
CF Maherry	2 245 445	168 408	–	–	2 413 853
EC De Kock	1 870 000	358 131	–	18 000	2 246 131
A Ramsunkar	239 220	17 942	–	–	257 162
M Maherry	514 224	38 567	1 000 313	–	1 553 104
	4 868 889	**583 048**	**1 000 313**	**18 000**	**6 470 250**

* *EC De Kock is paid by the holding company.*

30. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Categories of financial instruments

Categories of financial assets

2020

	Note(s)	Amortised cost	Total	Fair value
Loans to related companies	8	14 022 534	14 022 534	14 022 534
Trade and other receivables	11	51 875 762	51 875 762	51 875 762
Cash and cash equivalents	12	29 242 553	29 242 553	29 242 553
		95 140 849	**95 140 849**	**95 140 849**

2019

	Note(s)	Amortised cost	Total	Fair value
Loans to related companies	8	12 927 441	12 927 441	12 927 441
Trade and other receivables	11	25 095 858	25 095 858	25 095 858
Cash and cash equivalents	12	11 226 385	11 226 385	11 226 385
		49 249 684	**49 249 684**	**49 249 684**

Categories of financial liabilities

2020

	Note(s)	Amortised cost	Leases	Total	Fair value
Trade and other payables	14	22 804 264	–	22 804 264	22 804 264
Lease liabilities	5	–	2 722 838	2 722 838	2 722 838
		22 804 264	**2 722 838**	**25 527 102**	**25 527 102**

2019

	Note(s)	Amortised cost	Total	Fair value
Trade and other payables	14	15 460 394	15 460 394	15 460 393

Capital risk management

The company's objectives when managing capital are to safeguard of its ability to continue as a going concern in order to provide returns for the shareholder and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the company consists of debt, which includes the lease liabilities disclosed in note 5, cash and cash equivalents disclosed in note 12, and equity as disclosed in the statement of financial position.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to the shareholder, return capital to the shareholder, issue new shares or sell assets to reduce debt. Management endeavors to purchase all capital equipment through internal funding, however leases are entered into for IT equipment and offices when it is considered to have a more feasible pricing option when comparing to purchasing the assets outright. Also, technology changes over time and it gives the directors an option to reassess at the end of the lease to continue or replace the equipment.

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

Financial risk management

Overview

The 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 and price risk).

The directors have overall responsibility for the establishment and oversight of the company's risk management framework. The board has established the risk committee, which is responsible for developing and monitoring the company's risk management policies. The committee reports quarterly to the directors on its activities.

The company's risk management policies are established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities.

Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Credit risk arises from cash and cash equivalents, related party loans, as well as credit exposures to customers, including outstanding receivables and committed transactions. For banks and financial institutions, only the big four banks in South Africa are accepted. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by management.

The credit risk for the loan to Electronic DNA Proprietary Limited is managed through the directors attending monthly operational meetings where discussions are held on the financial performance, ratios, analysis and risk associated with the JV. This is tracked and reviewed on a monthly basis.

Cash and cash equivalents

The company's exposure to credit risk is limited by investing in highly liquid investments that are readily convertible to a known amount of cash. Cash and cash equivalents comprise of cash on hand, bank balances and demand deposits.

Credit Rating	2020	2019
BAA3	29 242 553	11 226 385

Trade receivables

Refer to note 11 for credit risk disclosures.

Loans to related companies

Refer to note 8 for credit risk disclosures.

The maximum exposure to credit risk is presented in the table below:

		2020			2019		
		Gross carrying amount allowance	Credit loss cost/fair value	Amortised carrying amount	Gross allowance	Credit loss cost/fair value	Amortised
Loans to related companies	8	18 174 610	(4 152 076)	14 022 534	12 947 917	(20 476)	12 927 441
Trade and other receivables	11	52 791 245	(915 483)	51 875 762	25 705 858	(610 000)	25 095 858
Cash and cash equivalents	12	29 242 553	-	29 242 553	11 226 385	–	11 226 385
		100 208 408	**(5 067 559)**	**95 140 849**	**49 880 160**	**(630 476)**	**49 249 684**

Liquidity risk

The company is exposed to liquidity risk, which is the risk that the company will encounter difficulties in meeting its obligations as they become due.

The 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 long and short-term borrowings.

There have been no significant changes in the liquidity risk management policies and processes since the prior reporting period.

The maturity profile of contractual cash flows of non-derivative financial liabilities are presented in the following table. The cash flows are undiscounted contractual amounts.

2020

	Less than 1 year	2 to 5 years	Total	Carrying amount
Non-current liabilities				
Lease liabilities	–	1 099 603	1 099 603	986 886
Current liabilities				
Trade and other payables	22 804 264	–	22 804 264	22 804 264
Lease liabilities	1 951 715	–	1 951 715	1 735 952
	24 755 979	**1 099 603**	**25 855 582**	**25 527 102**

2019

	Less than 1 year	Total	Carrying amount
Current liabilities			
Trade and other payables	15 460 394	15 460 394	15 460 394

Foreign currency risk

The company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar and Euro. Foreign exchange risks arise from future commercial transactions as well as recognised assets and liabilities, denominated in a currency that is not the Company's functional currency. There have been no significant changes in the foreign currency risk management policies and processes since the prior reporting period.

Management uses Forward Exchange Contracts (FEC's) to hedge certain foreign currency liabilities when and where applicable to manage the exchange risk on these transactions. This is not consistent with the method used in prior years as no FEC contracts were entered into in prior years. The maximum exposure to US Dollar forward exchange contracts, being the notional amount expressed in South Africa Rand, during the year was R12 498 683 for a period of 3 months and the minimum exposure was R90 821 for one month. The exposures for all other currencies were not material. The fair value of forward exchange contracts is determined using the difference between the spot rate at the date of valuation and the quoted forward exchange rate on the specific contract, with the resulting value discounted back to present value. The fair value of derivative financial assets (e.g. forward exchange contracts) is based on a level 2 in the fair value measurement hierarchy.

The company did not have any open forward exchange contracts at the end of the financial year (2019: no contracts).

Figures in Rand	2020	2019

30. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED) 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:

US Dollar exposure:	2020 R	2019 R
Current assets:		
Trade and other receivables	2 865 905	53 468
Cash and cash equivalents	10 871 263	303 776
Current liabilities:		
Trade and other payables	(8 547 623)	(4 185 625)
Net US Dollar exposure	**5 189 545**	**(3 828 381)**
Euro exposure:		
Current assets:		
Trade and other receivables	–	(205)
Current liabilities:		
Trade and other payables	(230 668)	(959 712)
Net Euro exposure	**(230 668)**	**(959 917)**
Net exposure to foreign currency in Rand	**4 958 877**	**(4 788 298)**

Exposure in foreign currency amounts

The net carrying amounts, in foreign currency of the above exposure was as follows:

US Dollar exposure:		
Current assets:		
Trade and other receivables	197 307	3 696
Cash and cash equivalents	604 556	20 997
Current liabilities:		
Trade and other payables	(497 050)	(289 304)
Net US Dollar exposure	**304 813**	**(264 611)**
Euro exposure:		
Current assets:		
Trade and other receivables	–	(13)
Current liabilities:		
Trade and other payables	(12 909)	(66 334)
Net Euro exposure	**(12 909)**	**(66 347)**

Exchange rates		
Rand per unit of foreign currency:		
US Dollar	17,982	14,470
Euro	19,772	16,230

Foreign currency sensitivity analysis

The following information presents the sensitivity of the company to an increase or decrease in the respective currencies it is exposed to. The sensitivity rate is the rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated amounts and adjusts their translation at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

Figures in Rand			2020	2019
Increase or decrease in rate	**2020**	**2019**		
Impact on profit or loss	**Increase 10%**	**Decrease 10%**	**Increase 5%**	**Decrease 5%**
US Dollar R19,78 (2019: R15,19)	(839 717)	839 717	191 986	(191 986)
Euro R21,74 (2019: R17,04)	50 072	(50 072)	170 735	(170 735)
	(789 645)	**789 645**	**362 721**	**(362 721)**

Interest rate risk

The Company has interest bearing assets and it's interest rate risk arises from related party loans as well as cash and cash equivalents, which bear interest at variable rates linked to the prime interest rate. Interest bearing financial assets issued at variable rates expose the company to cash flow interest rate risk. The Company calculates the impact on profit and loss of a defined interest rate shift in the prime interest rate.

Interest rate sensitivity analysis

The following table illustrates the effect on company's earnings and equity, all other factors remaining constant, of changes in the variable interest financial assets at 31 March 2020

Increase or decrease in rate	2020 Increase	2020 Decrease	2019 Increase	2019 Decrease
Impact on profit or loss:				
Effect on earnings after tax - 50 basis point shift	56 969	(56 969)	38 153	(38 153)

31. GOING CONCERN

On 30 January 2020, the World Health Organisation announced the outbreak of COVID-19 as a world health emergency of international concern, and on 11 March 2020 the outbreak was classified as a global pandemic. In South Africa, a National State of Disaster was declared in response to the pandemic, which created restrictions on travel and mass gatherings among other things in the country. A national lockdown was enforced from 26 March 2020, until 17 April 2020 and was subsequently extended on 9 April 2020, to come to an end on 30 April 2020. On 23 April 2020, further measures were announced which would allow for the gradual reopening of the South African economy in stages from 1 May 2020. The impact of the gradual reopening has been different based on the sector and area in which businesses operate, and the spread of the outbreak post 1 May 2020. The outbreak of COVID-19 and the subsequent measures imposed by various governments in an attempt to contain the spread of the virus, including travel and trade restrictions, social distancing measures and enforced lockdowns have caused disruption to businesses and economic activity in the country.

The company implemented work-from-home policies and travel restrictions for its employees to help protect the health of its employees and those around them. For those employees directly serving customers, the company has implemented measures designed to safeguard both employees and its customers. The company continues to respond to the developing situation, adhering to official guidance and applicable law and regulation to limit the potential spread of COVID-19.

As the full impact of the COVID-19 pandemic takes effect around the world, the management team is facing unprecedented challenges and uncertainty. Now, more than ever, those charged with governance need to ensure that the right issues and concerns about the impact of COVID-19 on the operations and outlook for their organisations are addressed. The company undertakes regular rigorous assessment of whether it is a going concern in light of the current economic conditions and available information about future risks and uncertainties.

The directors have reviewed the company's projections of its current and expected profitability, sensitivity analyses and related cash flow forecasts for the year ended March 2021 and the budgets for the year ending 31 March 2022, which confirm that the company has sufficient capital, liquidity and a positive future performance outlook to continue to meet its short term obligations. On this basis and in light of the company's current financial position, the directors are satisfied that the company will continue to operate for the foreseeable future, and have therefore adopted the going concern basis in preparing the historical financial information.

32. SUBSEQUENT EVENTS

We are continually monitoring the COVID-19 outbreak and developments closely. The company follows guidance from the World Health Organisation and abides by the requirements as activated by local governments. Contingency plans have been implemented as far as possible to mitigate the potential adverse impact on the company's employees and operations.

The company has benefited from the COVID-19 pandemic with increased demand for its Digital Signing solutions. The company continued to operate throughout the lockdown having been identified as essential supplier the Department of Home Affairs and the financial services sector. Furthermore, with the mass digitalisation of all many businesses driven by the COVID 19 pandemic, management foresees an uptick in interest for cyber security product offerings.

As the events arising as a result of the government interventions in response to COVID-19 pandemic occurred before the reporting date with continued impacts after the reporting date, the company considers this to be an adjusting event and accordingly the financial effects resulting from the impact of COVID-19 are reflected in the company's historical financial information at 31 March 2020. Refer to notes 1.2, 8 and 11, for details of the company's methodology and critical accounting estimates and judgements applied in determining the allowance for expected credit losses on trade receivables and related party loans.

The company has not granted extended payment terms to any of its customers and has not received any formal requests from customers in this regard.

The company has not obtained any guarantees for amounts due from customers and has not received any advance payments or deposits to use as collateral for debtors.

Christi Maherry resigned as an executive director of the company with effect from 31 August 2020. The company declared a dividend of R13 million to Etion Limited in quarter 2 of FY 2021.

No other matter or circumstance has occurred subsequent to year but before the historical financial information were issued that has significantly affected, or may significantly affect, the operations of the company, the results of those operations or the state of affairs of the entity at the reporting date.

33. HEADLINE EARNINGS PER SHARE

Earnings per share

Number of shares issued	2020 Total Shares	Weighted Shares	2019 Total Shares	Weighted Shares
Opening balance	1 000	1 000	1 000	1 000
Shares issued during the year	–	–	–	–
Closing balance	**1 000**	**1 000**	**1 000**	**1 000**

Figures in Rand	2020	2019
Basic and diluted earnings per share attributable to ordinary shareholders		
Net earnings attributable to ordinary shareholders	27 261 658	7 168 736
Weighted average number of shares in issue	1 000	1 000
Basic and diluted earnings per share attributable to ordinary shareholders (cents)	2 726 166	716 874
Headline and diluted headline earnings per share attributable to ordinary shareholders		
Net earnings attributable to ordinary shareholders	27 261 658	7 168 735
Plus: loss on the sale of property, plant and equipment	7 607	12 781
Total tax effects of adjustments	(2 130)	(3 579)
Headline earnings attributable to ordinary shareholders	27 267 135	7 177 937
Weighted average number of shares in issue	1 000	1 000
Headline and diluted headline earnings per share attributable to ordinary shareholders(cents)	2 726 714	717 794

34. NET DEBT RECONCILIATION

Cash and cash equivalents	29 242 553	11 226 385
Lease liabilities	(2 722 838)	–
Net debt	**26 519 715**	**11 226 385**

Figures in Rand	Cash andcash equivalents	Lease Liability	Total
Net debt as at 1 April 2019	11 226 385	–	11 226 385
Right of use assets capitalised	–	(4 159 412)	(4 159 412)
Interest paid	–	267 171	267 171
Interest accrued	–	(267 171)	(267 171)
Cash flows	13 807 780	1 436 574	15 244 354
Foreign exchange movement	4 208 388	–	4 208 388
Net debt as at 31 March 2020	**29 242 553**	**(2 722 838)**	**26 519 715**

35. FIRST-TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Company's first financial statements prepared in accordance with IFRSs was in 2019.

The accounting policies set out in note 1 were applied in preparing the financial statements for the year ended 31 March 2019, The information included in the 31 March 2018 financial statements was prepared under IFRS for SME's. In preparation of the opening IFRS statement of financial position at the date of transition of 1 April 2017, management assessed that the adoption of IFRS had no impact on the financial statements on transition date and no changes were made to the balances and amounts included in the statements of financial position and profit and loss and other comprehensive income at transition date.

INDEPENDENT REPORTING ACCOUNTANT'S AUDIT REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF LAW TRUSTED THIRD PARTY SERVICES PROPRIETARY LIMITED FOR THE YEAR ENDED 31 MARCH 2020

To the directors of Etion Limited

Our opinion

Etion Limited ("Etion" or "you") is issuing a circular to its shareholders (the "Circular") regarding its proposed disposal of 100% of its shareholding in Law Trusted Third Party Services Proprietary Limited (the "Company") to Altron TMT SA Group Proprietary Limited (the "Purchaser") (the "Proposed Transaction").

In our opinion, the historical financial information as set out in **Annexure 1A** of Circular (the "2020 Historical Financial Information") presents fairly, in all material respects, the financial position of Law Trusted Third Party Services Proprietary Limited as at 31 March 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the JSE Limited Listings Requirements.

What we have audited

At your request and solely for the purpose of the Circular to be dated on or about 14 June 2021, we have audited Law Trusted Third Party Services Proprietary Limited 2020 Historical Financial Information, which comprises:

- the statement of financial position as at 31 March 2020;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the historical financial information, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Reporting accountant's responsibilities for the audit of the historical financial information* section of our report.

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

Independence

We are independent of the Company in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised January 2018)*, parts 1 and 3 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised November 2018)* (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* respectively.

Purpose of this report

This report has been prepared for the purpose of the Circular and for no other purpose.

Responsibilities of the directors for the historical financial information

The directors of Etion are responsible for the preparation, contents and presentation of the Circular and are responsible for ensuring that Etion complies with the requirements of the JSE Limited Listings Requirements.

The directors of the Company are responsible for the preparation and fair presentation of the 2020 Historical Financial Information in accordance with International Financial Reporting Standards and the requirements of the JSE Limited Listings Requirements, and for such internal control as the directors determine is necessary to enable the preparation of 2020 Historical Financial Information that are free from material misstatement, whether due to fraud or error.

In preparing the 2020 Historical Financial Information, the directors of the Company are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Reporting accountant's responsibilities for the audit of the historical financial information

Our objectives are to obtain reasonable assurance about whether the 2020 Historical Financial Information as a whole are free from material misstatement, whether due to fraud or error, and to issue a reporting accountant'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 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this 2020 Historical Financial Information.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 2020 Historical Financial Information, 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.
- Conclude on the appropriateness of the directors of the Company use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our reporting accountant's report to the related disclosures in the 2020 Historical Financial Information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our reporting accountant's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the 2020 Historical Financial Information, including the disclosures, and whether the 2020 Historical Financial Information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors of Etion 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 directors of Etion 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 bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

PricewaterhouseCoopers Inc.
Director: P Pope
Registered Auditor
Johannesburg, South Africa

4 June 2021

INDEPENDENT REPORTING ACCOUNTANT'S REVIEW REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF LAW TRUSTED THIRD PARTY SERVICES PROPRIETARY LIMITED FOR THE YEAR ENDED 31 MARCH 2019

To the Directors of Etion Limited

Introduction

Etion Limited ("Etion") is issuing a Circular to its shareholders (the "Circular") regarding its proposed disposal of 100% of its shareholding in Law Trusted Third Party Services Proprietary Limited (the "Company") to Altron TMT SA Group Proprietary Limited ("the Purchaser") (the "Proposed Transaction").

At your request and for the purpose of the Circular to be dated on or about 14 June 2021, we have reviewed the accompanying statement of financial position of Law Trusted Third Party Services Proprietary Limited as at 31 March 2019 and the related statements of profit and loss and other comprehensive income, changes in equity and cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information (the "2019 Historical Financial Information"), as presented in **Annexure 1A** to the Circular, in compliance with the requirements of the JSE Limited Listings Requirements.

Directors' responsibility

The directors of Etion are responsible for the preparation, contents and presentation of the Circular and are responsible for ensuring that Etion complies with the requirements of the JSE Limited's Listings Requirements.

The directors of the Company are responsible for the preparation and fair presentation of the 2019 Historical Financial Information in accordance with International Financial Reporting Standards and the requirements of the JSE Limited Listings Requirements, and for such internal control as the directors determine is necessary to enable the preparation of 2019 Historical Financial Information that are free from material misstatement, whether due to fraud or error.

In preparing the 2019 Historical Financial Information, the directors of the Company are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Reporting accountant's responsibility

Our responsibility is to express a conclusion on the 2019 Historical Financial Information. We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, which applies to a review of historical financial information performed by the independent auditor of the entity. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on the 2019 Historical Financial Information.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the 2019 Historical Financial Information of Law Trusted Third Party Services Proprietary Limited, does not present fairly, in all material respects, the financial position as at 31 March 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the JSE Limited Listings Requirements.

Purpose of the report

This report has been prepared for the purpose of the Circular and for no other purpose.

PricewaterhouseCoopers Inc.
Director: P Pope
Registered Auditor
Johannesburg, South Africa

4 June 2021

INDEPENDENT REPORTING ACCOUNTANT'S REVIEW REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF LAWTRUST FOR THE YEAR ENDED 31 MARCH 2018

To the directors of Etion Limited

Our opinion

Etion Limited is issuing a circular to its shareholders (the Circular) regarding its proposed disposal of 100% of its shareholding in Law Trusted Third Party Services Proprietary Limited ("Lawtrust" or the "Company") to Altron TMT SA Group Proprietary Limited (the "Purchaser") (the "Proposed Transaction").

We have audited the historical financial information of Law Trusted Third Party Services Proprietary Limited (the Company) set out in Annexure X to the circular, which comprise the statement of financial position as at 31 March 2018, the statement of comprehensive income for the year then ended, the statement of changes in equity for the year then ended, the statement of cash flows for the year then ended, and notes to the historical financial information, including a summary of significant accounting policies.

In our opinion, the historical financial information of Law Trusted Third Party Services Proprietary Limited for the year ended 31 March 2018 as set out in Annexure 1B of the Circular (the "2018 Historical Financial Information") presents fairly, in all material respects, the financial position of Law Trusted Third Party Services Proprietary Limited as at 31 March 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards for Small and Medium-sized Entities and the JSE Limited Listings Requirements.

Basis for opinion

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

We are independent of the Company in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (Revised January 2018), parts 1 and 3 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised November 2018)* (together the IRBA Codes) 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 Codes and in accordance with other ethical requirements applicable to performing audits in South Africa . The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International *Code of Ethics for Professional Accountants* and the International Ethics Board for Accountants' *International Code of Ethics for Professional Accountants (Including International Independent Standards)* respectively.

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

Responsibilities of the directors for the historical financial information

The directors of Etion are responsible for the preparation, contents and presentation of the Circular and are responsible for ensuring that Etion Limited complies with the requirements of the JSE Limited Listings Requirements.

The directors of Etion Limited are responsible for the preparation and fair presentation of the historical financial information of Law Trusted Third Party Services Proprietary Limited in accordance with International Financial Reporting Standards for Small and Medium-sized Entities and the requirements of the JSE Limited Listings Requirements, and for such internal control as the directors determine is necessary to enable the preparation of the historical financial information that are free from material misstatement, whether due to fraud or error.

In preparing the historical financial information, the directors of the Company are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Reporting accountant's responsibilities for the audit of the historical financial information

Our objectives are to obtain reasonable assurance about whether the 2018 historical financial information as a whole is free from material misstatement, whether due to fraud or error, and to issue a reporting accountant'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 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this historical financial information.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 2018 historical financial information, 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.
- Conclude on the appropriateness of the directors of the Company use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our reporting accountant's report to the related disclosures in the historical financial information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our reporting accountant's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the historical financial information, including the disclosures, and whether the historical financial information represent the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with the directors of Etion 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.

Sizwe Ntsaluba Gobodo
Grant Thornton Inc.
Director: D Manana
Registered Auditor
Johannesburg

4 June 2021

INTERIM CONDENSED HISTORICAL FINANCIAL INFORMATION OF LAWTRUST FOR THE SIX-MONTH PERIOD ENDED 30 SEPTEMBER 2020

The definitions and interpretations commencing on page 6 of this Circular apply to this Annexure 2A and Annexure 2B.

Introduction to the Interim Condensed Historical Financial Information

The reviewed interim condensed historical financial information of Lawtrust for the six-month period ended 30 September 2020 ("Interim Condensed Historical Financial Information"), as set out in this **Annexure 2A**, has been extracted, without adjustment, and compiled from the Interim Condensed Historical Financial Information of Lawtrust for the six-month period ended 30 September 2020.

The interim condensed historical financial statements of Lawtrust have been prepared in accordance with International Financial Reporting Standards, the interpretation adopted by the International Accounting Standards Board ("IASB"), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Procurements as issued by Financial Reporting Standards Council.

The directors of Lawtrust are responsible for the preparation and presentation of the interim condensed historical financial statements in accordance with International Financial Reporting Standards from which this Interim Condensed Historical Financial Information has been prepared, and for such internal control as the directors determine is necessary to enable the preparation of interim condensed historical financial statements that is free from material misstatement, whether due to fraud or error.

The reviewed Interim Condensed Historical Financial Information for the six-month period ended 30 September 2020 has been specifically prepared for the purpose of this Circular in order to comply with section 8.7 of the JSE Listings Requirements. Accordingly, the Interim Historical Condensed Financial Information does not include the comparative information for the six-month period ended 30 September 2019, as required by International Accounting Standard 34, "Interim Financial Reporting".

The independent reporting accountant's review report on the Interim Historical Condensed Financial Information is included in **Annexure 2B** to the Circular.

The directors of Etion are responsible for the preparation, contents and presentation of the Circular and are responsible for ensuring that Lawtrust complies with the JSE Listings Requirements.

Commentary on the Interim Condensed Historical Financial Information

Revenue for the six-month ended 30 September 2020 was R109 million and gross profit for the period R58 million (53%) is consistent with the business model and product mix.

The company recorded an operating profit of R20 million after deducting, amongst other costs, staff costs R39 million, depreciation and amortisation of R2.1 million, operating lease charges of R1.2 million and expected credit loss of R1.6 million.

Non-current assets increased by R3.2 million mainly due to the purchase of computer equipment and software as well as the increase in development costs capitalised.

Current assets and liabilities decreased compared to the last annual financial statements mainly due to trading activity and the nature of the account receivable/payable balances in terms of the timing of sales and procurement activities and the subsequent collections and payments. R7 million loan was advanced to a group company.

The cash flow decreased by R1.4 million driven by the movement in working capital and the impact of the dividends of R16.7 million that was distributed to Etion.

Condensed Statement of Financial Position
as at 30 September 2020

Figures in Rand	Note(s)	September 2020
Assets		
Non-Current Assets		
Property, plant and equipment	3	4 025 250
Right-of-use assets		2 354 087
Intangible assets	4	7 460 838
Investment in joint venture		1 020 327
Loans to related companies	5	12 091 768
Deferred tax		1 364 537
		28 316 807
Current Assets		
Inventories		1 477 056
Loans to related companies	5	7 524 592
Trade and other receivables	6	26 115 510
Other financial assets		29 361
Cash and cash equivalents		27 456 662
		62 603 181
Total Assets		**90 919 988**
Equity and Liabilities		
Equity		
Share capital		10
Retained income		59 964 024
		59 964 034
Liabilities		
Non-Current Liabilities		
Lease liabilities		1 428 716
		1 428 716
Current Liabilities		
Trade and other payables	7	18 402 469
Lease liabilities		1 118 835
Contract Liabilities		8 735 440
Current tax payable		1 270 494
		29 527 238
Total Liabilities		**30 955 954**
Total Equity and Liabilities		**90 919 988**

Condensed Statement of Profit or Loss and Other Comprehensive Income
for the 6 months ended 30 September 2020

Figures in Rand	Note(s)	Half-year September 2020
Revenue	8	109 430 811
Cost of sales		(50 895 571)
Gross profit		**58 535 240**
Other operating income		3 274 589
Other operating gains		289 972
Movement in credit loss allowances		(1 618 346)
Other operating expenses		(39 923 921)
Operating profit		**20 557 534**
Investment income		712 208
Finance costs		(233 908)
Income from equity accounted investments		780 610
Profit before taxation		**21 816 444**
Taxation		(6 758 433)
Profit for the year		**15 058 011**
Other comprehensive income		**–**
Total comprehensive income for the year		**15 058 011**
Basic and diluted earnings per share (cents)	2	1505801

Condensed Statement of Changes in Equity
for the 6 months ended 30 September 2020

Figures in Rand	Notes	Share Capital	Retained Income	Total Equity
Balance at 01 April 2019		**10**	**34 551 932**	**34 551 942**
Profit for the half-year		–	15 301 279	15 301 279
Other comprehensive income		–	–	–
Dividends		–	–	–
Balance at 30 September 2019		**10**	**49 853 211**	**49 853 221**
Profit for the half-year		–	11 960 378	11 960 378
Other comprehensive income		–	–	–
Dividends		–	–	–
Balance at 01 April 2020		**10**	**61 813 589**	**61 813 599**
Profit for the half-year			15 058 011	15 058 011
Other comprehensive income		–	–	–
Total comprehensive income for the half-year		**10**	**76 871 600**	**76 871 610**
Dividends	10	–	(16 907 576)	(16 907 576)
Balance at 30 September 2020		**10**	**59 964 024**	**59 964 034**

Condensed Statement of Cash Flows
for the 6 months ended 30 September 2020

Figures in Rand	Note(s)	Half-year September 2020
Cash flows from operating activities		
Cash receipts from customers		143 671 277
Cash paid to suppliers and employees		(106 500 409)
Cash generated from operations	9	37 170 868
Interest income		158 088
Finance costs		(233 908)
Tax paid		(9 774 645)
Net cash from operating activities		**27 320 403**
Cash flows from investing activities		
Purchase of property, plant and equipment		(1 689 447)
Intangible assets capitalised		(2 325 413)
Loans advanced to group companies		(7 000 000)
Net cash from investing activities		**(11 014 860)**
Cash flows from financing activities		
Principal elements of lease payments		(801 769)
Dividends paid		(16 907 576)
Net cash from financing activities		**(17 709 345)**
Total cash and cash equivalents movement for the year		**(1 403 802)**
Cash and cash equivalents at the beginning of the year		29 242 553
Effect of exchange rate movement on cash and cash equivalents balances		(382 089)
Total cash and cash equivalents at end of the year		**27 456 662**

Notes to the Condensed Interim Financial Statements

1. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these condensed interim financial statements are the same as those applied in the last annual financial statements as at and for the year ended 31 March 2020 ('last annual financial statements'). A number of new or amended standards became applicable for the current reporting period. The company did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

1.1 Basis of preparation

These condensed interim financial statements have been prepared on the going concern basis. These condensed interim financial statements for the six months ended 30 September 2020 have been prepared in accordance with IAS 34 Interim Financial Reporting except for comparative periods for which interim financial statements are required to be presented. Comparative periods have been excluded on the basis that the company is a private company and is not required to prepare condensed interim financial statements. The condensed interim financial statements have been prepared upon request of the holding company (Etion Limited) for their sole purpose and use. The holding company requires the condensed interim financial statements for the purpose of JSE listings requirements, announcements and circulars. For this specific announcement and circular, the JSE listing requirements do not require comparative information.

These condensed interim financial statements should be read in conjunction with the last annual financial statements as at and for the year ended 31 March 2020. They do not include all the information required for a complete set of financial statements prepared in accordance with IFRS Standards. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements.

1.2 Significant judgements and sources of estimation uncertainty

In preparing these condensed interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

2. HEADLINE EARNINGS PER SHARE

	September 2020
Basic and diluted earnings per share attributable to ordinary shareholders	
Net profit attributable to ordinary shareholders	R15 058 011
Weighted average number of shares in issue	1 000
Basic and diluted earnings per share attributable (cents)	1 505 801
Headline and diluted headline earnings per share attributable to ordinary shareholders	
Net profit attributable to ordinary shareholders (IAS 33 earnings)	R15 058 011
Headline and diluted headline earnings attributable to ordinary shareholders	15 058 011
Weighted average number of shares in issue	1 000
Headline and diluted headline earnings per share (cents)	15 05 801

3. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2020, the Company acquired assets with a cost of R1 689 447. The acquisitions made by the Company resulted in a 23% increase in its Property, plant and equipment compared to the last annual financial statements.

4. INTANGIBLE ASSETS

During the six months ended 30 September 2020, the Company capitalised development costs with an amount of R2 325 413. The capitalisation of development costs made by the Company resulted in a 37% increase in its Intangible assets compared to the last annual financial statements.

5. LOANS TO RELATED COMPANIES

During the six months ended 30 September 2020, in addition to its existing loans to Electronic DNA (Pty) Limited and Etion Limited, the Company further advanced a loan to Etion Create (Pty) Limited for an amount of R7 000 000. The loan is unsecured, bears interest at the prime interest rate during the current year. This constitutes as a short-term loan with repayment within 12 months from the date of provision of the loan. For this reason, the loan is classified as a current loan. At interim period end, in line with IFRS 9 requirements, an ECL adjustment was made to the loan at the same approach and rate as per the forward looking ECL % that was used in the last annual financial statements (25,95%). The ECL adjustment/provision for this loan was for an amount of R1 829 355.

6. TRADE AND OTHER RECEIVABLES

	September 2020
Gross trade receivables	22 018 044
Loss allowance	(573 535)
Trade receivables	21 444 509
Deposits	118 531
Other receivables	14 081
Prepayments	4 538 389
Total trade and other receivables	**26 115 510**

The movement in balances compared to the last annual financial statements is due to trading activity and the nature of the account balance i.e. timing of sales activity and subsequent collectability of receivables.

7. TRADE AND OTHER PAYABLES

	September 2020
Trade payables	3 515 808
Accrued expense	7 081 493
Accrued leave pay	4 277 985
Payroll liabilities	2 743 746
Value added taxation	783 441
Total trade and other payables	**18 402 474**

The movement in balances compared to the last annual financial statements is due to trading activity and the nature of the account balance i.e. timing of procurement activity and subsequent payments of payables. There has been no specific significant events or transactions in these accounts compared to the last annual financial statements nor any unusual events or transactions for the interim financial period.

8. REVENUE

	September 2020
Revenue from contracts with customers	
Sale of security solutions	43 129 992
Digital certificates	11 727 552
Hardware sales	6 377 710
Service level agreements	11 541 669
Maintenance services	26 473 029
Consulting, implementation and training	10 180 859
	109 430 811

Disaggregation of revenue from contracts with customers

The company disaggregates revenue from customers as follows:

Timing of revenue recognition	
At a point in time	
Sale of goods	6 377 711
Rendering of services	54 857 544
	61 235 255
Over time	
Rendering of services	48 195 556
Total revenue from contracts with customers	109 430 811

9. CASH GENERATED FROM OPERATIONS

	September 2020
Profit before taxation	21 816 444
Adjustments for:	
Depreciation and amortisation	2 119 452
(Gains) losses on foreign exchange	579 645
Income from equity accounted investments	(780 610)
Interest income	(712 208)
Finance costs	233 908
ECL allowance movement	1 618 346
Changes in working capital:	
Inventories	(592 486)
Trade and other receivables	33 927 258
Trade and other payables	(19 521 151)
Contract Liabilities	(1 517 730)
	37 170 868

10. DIVIDENDS

The company paid a dividend of R16 907 576 to Etion Limited during the six months ended 30 September 2020.

11. RELATED PARTIES

There have been no changes in the companies related parties relationships.

Related party transactions	September 2020
Purchases from (sales to) related parties	
DataCentrix Holdings Proprietary Limited	216 915
DataCentrix Holdings Proprietary Limited	(2 974 324)
Etion Create Proprietary Limited	18 547
Etion Create Proprietary Limited	(14 762)
Electronic DNA Proprietary Limited	1 114 513
Etion Limited	4 350 068
Other income received from related parties	
Electronic DNA Proprietary Limited	3 254 684
Etion Limited	19 905
Interest received on loan to Etion Limited	504 583
Interest received on loan to Etion Create	49 536
Dividend declared and paid	
Etion Limited	16 907 576

12. FINANCIAL INSTRUMENTS – FAIR VALUES

The company has a number of financial instruments which are not measured at fair value in the balance sheet. However, for all of these financial assets and financial liabilities, their carrying amount is a reasonable approximation of fair value.

Categories of financial assets	Note(s)	Carrying amount	Fair value
Loans to related companies	5	19 616 360	19 616 360
Trade and other receivables	6	26 115 510	26 115 510
Cash and cash equivalents		27 456 662	27 456 662
		73 188 532	**73 188 532**

Categories of financial liabilities	Note(s)	Carrying amount	Fair value
Lease liabilities		2 547 551	2 547 551
Trade and other payables	7	18 402 469	18 402 469
		20 950 020	**20 950 020**

13. SUBSEQUENT EVENTS

Etion Limited group decision to sell the company.

On 29 March 2021, the Group's management and Board of Directors approved the sale of the company.

A programme to market and dispose of the business was launched in September 2020 with numerous engagements taking place between various interested parties and Etion in respect of the potential acquisition of the subsidiary.

The disposal is consistent with the Group's strategy to unlock shareholder value with the with the intention being to distribute the net proceeds of the Disposal to shareholders following the repayment of Group debt and the review and consideration of operational cash requirements.

We are continually monitoring the COVID-19 outbreak and developments closely. The company follows guidance from the World Health Organisation and abides by the requirements as activated by the South African government and adopted by the various Regions. Contingency plans are continuously being reviewed and adapted to mitigate the potential adverse impact on the company's employees and operations.

The company has benefited from the COVID-19 pandemic with increased demand for its digital signing and public key infrastructure solutions. The company continued to operate throughout the lockdown, having been identified as an essential supplier by the Department of Home Affairs and the financial services sector. Furthermore, with the mass digitalisation of many businesses and the accelerated work-from-home trend driven by the COVID 19 pandemic, the company has experienced an uptick in interest for its cyber security product offerings.

While every effort has been made to quantify the future impact that the virus will have on the Group, the situation remains fluid and uncertain.

14. GOING CONCERN

On 30 January 2020, the World Health Organisation announced the outbreak of COVID-19 as a world health emergency of international concern, and on 11 March 2020 the outbreak was classified as a global pandemic. In South Africa, a National State of Disaster was declared in response to the pandemic, which created restrictions on travel and mass gatherings among other things in the country. A national lockdown was enforced from 26 March 2020, until 17 April 2020 and was subsequently extended on 9 April 2020, to come to an end on 30 April 2020. On 23 April 2020, further measures were announced which would allow for the gradual reopening of the South African economy in stages from 1 May 2020. The impact of the gradual reopening has been different based on the sector and area in which businesses operate, and the spread of the outbreak post 1 May 2020. The outbreak of COVID-19 and the subsequent measures imposed by various governments in an attempt to contain the spread of the virus, including travel and trade restrictions, social distancing measures and enforced lockdowns have caused disruption to businesses and economic activity in the country.

The company implemented work-from-home policies and travel restrictions for its employees to help protect the health of its employees and those around them. For those employees directly serving customers, the company has implemented measures designed to safeguard both employees and its customers. The company continues to respond to the developing situation, adhering to official guidance and applicable law and regulation to limit the potential spread of COVID-19.

As the full impact of the COVID-19 pandemic takes effect around the world, the management team is facing unprecedented challenges and uncertainty. Now, more than ever, those charged with governance need to ensure that the right issues and concerns about the impact of COVID-19 on the operations and outlook for their organisations are addressed. The company undertakes regular rigorous assessment of whether it is a going concern in light of the current economic conditions and available information about future risks and uncertainties.

The directors have reviewed the company's projections of its current and expected profitability, sensitivity analyses and related cash flow forecasts for the period ended September 2020 and the budgets for the year ending 31 March 2022, which confirm that the company has sufficient capital, liquidity and a positive future performance outlook to continue to meet its short term obligations. On this basis and in light of the company's current financial position, the directors are satisfied that the company will continue to operate for the foreseeable future, and have therefore adopted the going concern basis in preparing the condensed interim financial statements.

INDEPENDENT REPORTING ACCOUNTANT'S REVIEW REPORT ON THE INTERIM CONDENSED FINANCIAL INFORMATION OF LAW TRUSTED THIRD PARTY SERVICES PROPRIETARY LIMITED FOR THE SIX-MONTHS ENDED 30 SEPTEMBER 2020

To the Directors of Etion Limited

Introduction

Etion Limited ("Etion") is issuing a Circular to its shareholders (the "Circular") regarding the proposed disposal of 100% of its shareholding in Law Trusted Third Party Services Proprietary Limited (the "Company") to Altron TMT SA Group Proprietary Limited (the "Purchaser") (the "Proposed Transaction").

At your request and for the purpose of the Circular to be dated on or about 14 June 2021, we have reviewed the interim condensed statement of financial position of Law Trusted Third Party Services Proprietary Limited as at 30 September 2020 and the related interim condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and selected explanatory notes (the "Interim Condensed Historical Financial Information"), as presented in **Annexure 2A** to the Circular, in compliance with the requirements of the JSE Limited Listings Requirements.

Directors' responsibility

The directors of Etion are responsible for the preparation, contents and presentation of the Circular and are responsible for ensuring that Etion complies with the JSE Limited Listings Requirements.

The directors of the Company are responsible for the preparation and presentation of the Interim Condensed Historical Financial Information in accordance with International Accounting Standard, (IAS) 34 *Interim Financial Reporting* ("IAS34") and the JSE Limited Listings Requirements, and for such internal control as the directors determine is necessary to enable the preparation of Interim Condensed Historical Financial Information that are free from material misstatement, whether due to fraud or error.

Reporting accountant's responsibility

Our responsibility is to express a conclusion on the Interim Condensed Historical Financial Information. We conducted our review in accordance with the International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the Interim Condensed Historical Financial Information is not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of Interim Condensed Historical Financial Information in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these Interim Condensed Historical Financial Information.

Basis for Qualified Conclusion

As described in note 1.1 to the Interim Condensed Historical Financial Information, the Interim Condensed Historical Financial Information does not include comparative figures for the six-month period ended 30 September 2019, as is required by IAS 34.

Qualified Conclusion

Based on our review, except for the matter described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the Interim Condensed Historical Financial Information of Law Trusted Third Party Services Proprietary Limited for the six months ended as set out in **Annexure 2A** to the Circular, is not prepared, in all material respects, in accordance with IAS 34 and the requirements of the JSE Limited Listings Requirements.

Purpose of the report

This report has been prepared for the purpose of the Circular and for no other purpose.

PricewaterhouseCoopers Inc.
Director: HB Eksteen
Registered Auditor
Johannesburg, South Africa

04 June 2021

EXTRACTS FROM THE AUDITED ANNUAL FINANCIAL STATEMENTS OF ETION FOR THE YEARS ENDED 31 MARCH 2018, 31 MARCH 2019 AND 31 MARCH 2020, AND THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

The financial information presented below has been extracted from Etion Group's audited consolidated financial statements for the years ended 31 March 2018, 31 March 2019 and 31 March 2020 and unaudited condensed consolidated interim financial statements for the six-months ended 30 September 2019 and 30 September 2020, as set out in this **Annexure 3**. Extracts from the audited annual financial statements of Etion for the financial years ended 31 March 2018, 31 March 2019 and 31 March 2020, and the unaudited condensed interim financial statements for the six months ended 30 September 2020.

For a full appreciation of the financial results for the years presented, Shareholders should refer to the company's website https://www.etion.co.za/investor-relations-new/for the complete set of the audited group annual financial statements for the year ended 31 March 2018, 31 March 2019 and 31 March 2020, as well as the unaudited condensed consolidated interim financial statements for the period ended 30 September 2020.

Unaudited Condensed Consolidated Interim Financial Statements for the period ended 30 September 2020

Statement of Financial Position

	30 September 2020 (Unaudited) R'000	30 September 2019 (Unaudited) Restated R'000
Assets		
Non-current assets	**268 608**	**300 384**
Property, plant and equipment	45 776	45 326
Right-of-use assets	25 428	31 238
Intangible assets	156 041	190 806
Investments in joint venture	1 020	–
Deferred tax asset	39 368	32 058
Other financial asset	975	956
Current assets	**239 972**	**315 646**
Inventories	42 761	66 401
Loans to related company	2 304	2 330
Trade and other receivables	101 516	146 877
Contract assets	31 007	12 467
Other financial assets	29	
Current tax receivable	2 996	9 150
Cash and cash equivalents	59 359	78 421
Total assets	**508 580**	**616 030**
Equity and liabilities		
Equity	**313 557**	**350 186**
Share capital	259 541	259 541
Retained income	54 016	90 645
Non-current liabilities	**84 718**	**70 446**
Interest-bearing borrowings	53 186	31 371
Contract liabilities	355	274
Deferred tax	5 822	15 026
Lease liabilities	25 355	23 775
Current liabilities	**110 305**	**195 398**
Trade and other payables	69 534	120 399
Interest-bearing borrowings	14 059	39 612*
Contract liabilities	19 405	16 398
Current tax payable	1 270	2 554
Lease liabilities	3 424	8 470*
Provisions	2 600	1 242
Bank overdraft	13	6 723
Total equity and liabilities	**508 580**	**616 030**

Statement of Profit or Loss and Other Comprehensive Income

	6 months ended 30 September 2020 (Unaudited) R'000	6 months ended 30 September 2019 (Unaudited) R'000
Revenue	247 432	308 573
Cost of sales	(161 796)	(201 891)
Gross profit	85 636	106 682
Other operating income	4 168	2 959
Other gains/(losses)	2 976	83
Movement in credit loss allowances	(2 807)	(3 123)
Other operating costs	(78 652)	(96 624)
Operating profit/(loss)	11 321	9 977
Finance income	411	1 126
Finance costs	(4 631)	(5 656)
Income from equity accounted investment	781	–
Profit/(loss) before taxation	7 882	5 447
Taxation	(2 947)	(13)
Net profit/(loss) for the period	4 935	5 434
Other comprehensive income	–	
Total comprehensive income/(loss) for the period	4 935	5 434
Per share information		
Basic and diluted earnings/(loss) per share (cents)	0.87	0.97

Statement of Changes in Equity

	Issued share capital R'000	Accumulated profit/(losses) R'000	Total R'000
Restated balance as at 1 April 2019 (Audited)	259 541	85 209	344 755
Movements during the period			
Profit for the period	–	5 434	5 434
Balance as at 30 September 2019 (Unaudited)	259 541	90 643	350 189
Movements during the period			
Loss for the period	–	(41 562)	(41 562)
Balance as at 1 April 2020 (Audited)	**259 541**	**49 081**	**308 627**
Movements during the period			
Profit for the period	**–**	**4 935**	**4 935**
Balance as at 30 September 2020 (Unaudited)	**259 541**	**54 021**	**313 557**

Statement of Cash Flows

	6 months ended 30 September 2020 (Unaudited) R'000	6 months ended 30 September 2019 (Unaudited) Restated R'000
Cash flow from operating activities		
Cash receipts from customers	259 252	326 617
Cash paid to suppliers and employees	(264 025)	(268 269)
Cash (utilised in)/generated from operations	(4 773)	58 357
Interest income	411	1 126
Finance costs *	(1 742)	(3 147)
Tax paid	(3 303)	(5 968)
Net cash flow (utilised in)/generated from operating activities	(9 407)	50 368
Cash flows from investing activities		
Purchase of property, plant and equipment	(5 806)	(597)
Sale of property, plant and equipment	–	4
Cash paid on development of intellectual property	(4 960)	(5 258)
Net cash flow utilised in investing activities	(10 766)	(5 851)
Cash flows from financing activities		
Repayment of interest-bearing borrowings **	(3 942)	(4 207)
Proceeds from interest-bearing borrowings	4 620	–
Finance costs *	(1 315)	(2 509)
Payment on lease liabilities **	(2 068)	(3 238)
Net cash flow utilised in financing activities	(2 705)	(9 954)
Net (decrease)/increase in cash, cash equivalents and bank overdrafts	(22 878)	34 563
Cash, cash equivalents and bank overdrafts at beginning of period	82 606	37 478
Unrealised foreign exchange adjustment	(382)	(343)
Cash, cash equivalents net of bank overdrafts at end of year	59 346	71 698

Condensed consolidated segment report

	6 months ended 30 September 2020 (Unaudited) R'000	6 months ended 30 September 2019 (Unaudited) R'000
Segment revenue		
Digitise: Safety and Productivity Solutions	**1 588**	22 312
Create: Original Design Manufacturing	**84 288**	84 210
Connect: Digital Network Solutions	**52 159**	102 173
Secure: Cyber Security Solutions	**109 430**	114 084
Eliminations	**(33)**	(14 206)
Total	**247 432**	308 573
Segment profit		
Digitise: Safety and Productivity Solutions	**(1 672)**	(13 973)
Create: Original Design Manufacturing	**(2 984)**	4 897
Connect: Digital Network Solutions	**1 688**	(2 783)
Secure: Cyber Security Solutions	**20 557**	20 976
Eliminations	**6 129**	15 718
Sub-total	**23 718**	24 835
Corporate costs	**(12 444)**	(14 858)
Finance costs	**411**	(5 656)
Finance income	**4 631**	1 126
Income from equity accounted investment	**781**	–
Profit/(Loss) before taxation	**7 882**	5 447
Financial position		
Assets	**508 580**	616 030
Digitise: Safety and Productivity Solutions	**45 560**	67 537
Create: Original Design Manufacturing	**209 195**	214 789
Connect: Digital Network Solutions	**84 139**	146 101
Secure: Cyber Security Solutions	**134 516**	149 684
Corporate	**35 170**	37 919
Liabilities	**195 023**	265 844
Digitise: Safety and Productivity Solutions	**6 020**	9 438
Create: Original Design Manufacturing	**70 331**	71 985
Connect: Digital Network Solutions	**27 222**	54 647
Secure: Cyber Security Solutions	**32 785**	53 488
Corporate	**58 665**	76 286

Statement of Financial Position

	2020 R'000	2019 R'000	2018 R'000
Assets			
Non-current assets			
Property, plant and equipment	43 339	48 455	50 294
Right-of-use assets	27 982	–	–
Intangible assets	155 304	191 421	118 543
Investment in joint venture	240	–	–
Deferred tax	36 001	20 945	14 722
Other financial asset	975	1 010	1 010
Total non-current assets	**263 841**	**261 831**	**184 569**
Current assets			
Inventories	55 341	87 549	88 276
Loans to related company	2 304	2 330	–
Trade and other receivables	118 458	163 630	140 790
Contract assets	17 991	18 927	–
Current tax receivable	9 469	7 566	5 513
Cash and cash equivalents	82 678	50 611	50 800
Total current assets	**286 241**	**330 613**	**285 379**
Total assets	**550 082**	**592 444**	**469 948**
Equity and liabilities			
Equity			
Issued capital	259 541	259 541	212 141
Retained income	49 086	83 754	90 305
Total equity	**308 627**	**343 295**	**302 446**
Liabilities			
Non-current liabilities			
Interest-bearing borrowings	51 585	32 968	27 788
Contract liabilities	355	274	–
Deferred tax	5 794	9 300	5 164
Lease liabilities	25 698	–	–
Total non-current liabilities	**83 432**	**42 542**	**32 952**
Current liabilities			
Trade and other payables	116 429	132 174	110 155
Interest-bearing borrowings	13 408	43 522	9 461
Contract liabilities	16 231	14 918	–
Current tax payable	4 761	970	–
Provisions	2 600	1 890	5 388
Lease liabilities	4 522	–	–
Bank overdraft	72	13 133	9 546
Total current liabilities	**158 023**	**206 607**	**134 550**
Total liabilities	**241 455**	**249 149**	**167 502**
Total equity and liabilities	**550 082**	**592 444**	**469 948**

Statement of Profit or Loss and Other Comprehensive Income

	2020 R'000	2019 R'000	2018 R'000
Revenue	572 889	595 939	572 562
Cost of sales	(379 749)	(415 326)	(410 379)
Gross profit	**193 140**	**180 613**	**162 183**
Other operating income	5 124	4 877	2 276
Other operating (losses)/gains	(6 269)	(8 956)	7 849
Movement in credit loss allowances	(10 258)	(2 917)	–
Other operating expenses	(216 460)	(163 443)	(125 787)
Operating (loss) profit	**(34 723)**	**10 174**	**46 521**
Finance income	2 718	1 717	1 975
Finance costs	(11 225)	(11 261)	(6 143)
Income from equity accounted investment	240	–	–
(Loss)/profit before tax	**(42 990)**	**630**	**42 353**
Taxation	6 862	(3 359)	(8 929)
(Loss)/profit for the year	**(36 128)**	**(2 729)**	**33 424**
Other comprehensive income	–	–	–
Total comprehensive (loss)/income for the year	**(36 128)**	**(2 729)**	**33 424**
Loss per share			
Per share information			
Basic and diluted loss per share (cents)	**(6.40)**	**(0.53)**	**7.26**

Statement of Changes in Equity

	Issued capital R'000	Retained income R'000	Attributable to owners of the parent R'000	Non-controlling interests R'000	Total R'000
Balance at 1 April 2017	212 141	56 652	268 793	229	269 022
Changes in equity					
Profit for the year	–	33 473	33 473	(49)	33 424
Other comprehensive income	–	–	–	–	–
Total comprehensive income for the year	–	33 473	33 473	(49)	33 424
Buy back of minority interest shares in subsidiary	–	180	180	(180)	–
Opening balance as previously reported	212 141	90 305	302 446	–	302 446
Adjustment from adoption of IFRS 9 net of tax	–	(3 822)	(3 822)	–	(3 822)
Balance at 1 April 2018	**212 141**	**86 483**	**298 624**	–	**298 624**
Changes in equity					
Loss for the year	–	(2 729)	(2 729)	–	(2 729)
Other comprehensive income	–	–	–	–	–
Total comprehensive income for the year	–	(2 729)	(2 729)	–	(2 729)
Issue of shares	27 300	-	27 300	–	27 300
Shares issued as part of business combination	20 100	-	20 100	–	20 100
Total contributions by owners of company recognised directly in equity	47 400	-	47 400	–	47 400
Opening balance as previously reported	259 541	83 754	343 295	–	343 295
Adjustment from adoption of IFRS 16 net of tax	–	1 460	1 460	–	1 460
Balance at 1 April 2019	**259 541**	**85 209**	**344 755**	–	**344 755**
Changes in equity					
Loss for the year	–	(36 128)	(36 128)	–	(36 128)
Other comprehensive income	–	–	–	–	–
Total comprehensive income for the year	–	(36 128)	(36 128)	–	(36 128)
Balance at 31 March 2020	**259 541**	**49 081**	**308 627**	–	**308 627**

Statement of Cash Flows

	2020 R'000	2019 R'000	2018 R'000
Cash flows from/(used in) operations			
Cash receipts from custormers	622 637	561 283	556 150
Cash paid to suppliers and employees	(534 401)	(527 513)	(555 460)
Cash generated from operations	88 236	33 770	690
Interest income	2 718	1 717	1 975
Finance costs	(7 439)	(6 917)	(6 143)
Tax paid	(10 384)	(11 277)	(23 110)
Net cash flows from/(used in) operations	**73 131**	**17 293**	**(26 588)**
Cash flows from investing activities			
Purchase of property plant and equipment	(2 368)	(2 921)	(4 942)
Sale of property plant and equipment	766	435	1 169
Purchase of other intangible assets	(9 659)	(10 514)	(7 578)
Business combinations net of cash acquired	–	(63 103)	–
Net cash flows used in operating activities	**(11 261)**	**(76 103)**	**(11 351)**
Cash flows from financing activities			
Proceeds on share issue	–	27 300	–
Proceeds from interest bearing borrowings	–	58 038	972
Repayment of interest bearing borrowings	(11 497)	(18 797)	(5 536)
Finance costs	(3 816)	(4 345)	–
Payment on lease liabilities	(3 963)	–	–
Net cash from financing activities	**(19 276)**	**62 196**	**(4 564)**
Total cash movement for the year			
	42 594	**3 386**	**(42 503)**
Cash and cash equivalents at beginning of the year	37 478	41 254	79 235
Unrealised foreign exchange adjustment	2 534	(7 162)	4 522
Total cash at the end of the year	**82 606**	**37 478**	**41 254**

Condensed consolidated segment report

	2020 R'000	2019 R'000	2018 R'000
Segment revenue			
Digitise: Safety and Productivity Solutions	29 558	95 078	77 035
Create: Original Design Manufacturing	165 465	206 565	235 775
Connect: Digital Network Solutions	163 010	246 748	277 547
Secure: Cyber Security Solutions	225 920	106 956	–
Eliminations	(11 064)	(59 408)	(17 795)
Total	**572 889**	**595 939**	**572 562**
Segment profit			
Digitise: Safety and Productivity Solutions	(36 407)	(834)	(8 276)
Create: Original Design Manufacturing	7 758	20 188	38 375
Connect: Digital Network Solutions	(32 554)	13 267	30 588
Secure: Cyber Security Solutions	38 072	5 412	–
Eliminations	46 496	20 869	6 255
Sub-total	23 365	58 902	66 942
Corporate costs	(58 088)	(48 728)	(20 421)
Finance costs	(11 225)	(11 262)	(6 143)
Finance income	2 718	1 717	1 975
Income from equity accounted investment	240	–	–
Profit/(Loss) before taxation	**(42 990)**	**629**	**42 353**
Financial position			
Assets	**550 082**	**592 444**	**469 948**
Digitise: Safety and Productivity Solutions	49 645	93 185	91 570
Create: Original Design Manufacturing	199 556	205 108	235 627
Connect: Digital Network Solutions	100 605	162 904	142 645
Secure: Cyber Security Solutions	166 302	119 045	–
Corporate	33 974	12 202	106
Liabilities	**241 455**	**249 150**	**167 502**
Digitise: Safety and Productivity Solutions	2 108	30 485	24 922
Create: Original Design Manufacturing	66 179	80 807	97 108
Connect: Digital Network Solutions	53 433	69 140	45 470
Secure: Cyber Security Solutions	56 088	29 987	–
Corporate	63 647	38 731	2

PRO FORMA FINANCIAL INFORMATION OF ETION

The definitions and interpretations commencing on page 6 of this Circular apply to this Annexure 4.

Set out below is the consolidated *pro forma* condensed consolidated statement of financial position and condensed consolidated statement of comprehensive income of Etion, illustrating the *pro forma* effects of the Disposal (the "*pro forma* financial information"). The *pro forma* financial information has been provided for illustrative purposes only, to provide information on how the Disposal may have affected the results and financial position of Etion. Because of its nature, the *pro forma* financial information may not fairly represent Etion's financial position, changes in equity, results of operations or cash flows after the Disposal.

The *pro forma* financial information, including the assumptions on which it is based and the financial information from which it has been prepared, are the responsibility of the Directors of Etion.

The *pro forma* financial information has been prepared in accordance with the JSE Listings Requirements, the Guide on *Pro Forma* Financial Information issued by SAICA, and the accounting policies of Etion, which are in compliance with IFRS.

The *pro forma* financial information, as set out below, should be read in conjunction with the reasonable assurance report of the Independent Reporting Accountant, which is included as **Annexure 5** to this Circular.

PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2020

The *pro forma* condensed consolidated statement of financial position as at 30 September 2020 has been prepared to show the impact of the Disposal as if it was effective 30 September 2020.

Pro forma Condensed Consolidated Statement of Financial Position

R'000	Before	Law Trust	Consolidation Entries	Disposal consideration and application of proceeds	Transaction costs	*Pro Forma* after the Disposal
Notes	1	2	3	4	5	
ASSETS						
Non-current assets	**268 608**	**(28 317)**	**62 059**	**(114 108)**	**-**	**188 243**
Property, plant and equipment	45 776	(4 025)				41 751
Right-of-use assets	25 428	(2 354)				23 074
Intangible assets	156 041	(7 461)	(64 652)			83 929
Investments in joint venture	1 020	(1 020)				(0)
Loans to related companies	-	(12 092)	12 092			(0)
Deferred tax asset	39 368	(1 365)		511		38 515
Other financial assets	975		114 619	(114 619)		975
Current assets	**239 972**	**(62 604)**	**(1 825)**	**222 066**	**(4 458)**	**393 151**
Inventories	42 761	(1 477)				41 284
Loans to related company	2 304	(7 525)	5 221			0
Trade and other receivables	101 516	(26 116)	3	617		76 020
Contract assets	31 007					31 007
Other financial assets	29	(29)		28 174		28 174
Current tax receivables	2 996					2 996
Cash and cash equivalents	59 359	(27 457)	(7 050)	193 275	(4 458)	213 670
Total assets	**508 580**	**(90 920)**	**60 234**	**107 958**	**(4 458)**	**581 394**

R'000	Notes	Before 1	Law Trust 2	Consolidation Entries 3	Disposal consideration and application of proceeds 4	Transaction costs 5	*Pro Forma* after the Disposal
EQUITY AND LIABILITIES							
Equity		**313 557**	**(59 964)**	**62 597**	**128 375**	**(4 458)**	**440 107**
Share capital		259 541					259 541
Retained income		54 016	(59 964)	62 597	128 375	(4 458)	180 566
Non-current liabilities		**84 718**	**(1 429)**	**(2 366)**	**(30 445)**	**–**	**50 478**
Interest-bearing borrowings		53 186			(30 445)		22 741
Contract liabilities		355					355
Deferred tax		5 822		(2 366)			3 456
Lease liabilities		25 355	(1 429)				23 926
Current liabilities		**110 305**	**(29 527)**	**3**	**10 028**	**–**	**90 809**
Trade and other payables		69 534	(18 402)	3			51 135
Loan from group companies							–
Interest-bearing borrowings		14 059					14 059
Contract liabilities		19 405	(8 735)				10 670
Current tax payable		1 270	(1 270)		10 028		10 028
Lease liabilities		3 424	(1 119)				2 305
Provisions		2 600					2 600
Bank overdraft		13					13
Total equity and liabilities		**508 580**	**(90 920)**	**60 234**	**107 958**	**(4 458)**	**581 394**
Net asset value per share (cents)		**55,55**					**77,98**
Net tangible asset value per share		**20,93**					**56,28**
Shares in issue ('000)		**564 411**					**564 411**

Notes and assumptions:

1. Extracted, without adjustment, from the unaudited condensed consolidated interim financial statements of Etion for the six months ended 30 September 2020.
2. Extracted, without adjustment, from the reviewed interim condensed historical financial information of Lawtrust for the six months ended 30 September 2020, attached as **Annexure 2A** to this Circular.
3. Consolidation adjustments comprise the reversal of the investment by the parent company, intercompany loans and other consolidation entries relating to the consolidation of Lawtrust within the interim condensed historical financial information results of Etion.
4. Adjustments relating to the Disposal Consideration and application of proceeds have been calculated assuming the financial positions as at 30 September 2020.
   - The net cash received in terms of the Disposal Consideration (excluding the deferred portion) adjusted for assumed net debt and working capital will be utilised by Etion to reduce external interest-bearing borrowings, with the remainder, excluding the deferred consideration, to be placed on call until a decision is reached on the operational requirements of the Etion Group going forward and finalisation of distribution to Shareholders as set out below. Actual net debt and working capital will be determined at the effective date of the Disposal.

	R'000
Disposal consideration	
Initial cash payment	185 000
Retention amount	30 000
Add: Net debt and net working capital adjustments based on the 30 September 2020 statement of financial position	8 720
	223 720
Less: utilised to reduce external debt	(30 445)
	193 275

   - The deferred portion of the Disposal Consideration of R30 million is accrued at its present value of R28.174 million, with related deferred tax of R511,000.
   - Securities transfer tax of R617,000 is assumed to be recoverable from the Purchaser.
   - Capital gains tax (CGT) assumed at R9.411 million and securities transfer tax of R617,000 are accrued. Actual CGT will be determined at the effective date of the Disposal.
   - The credit of R128.375 million to retained income represents the net of the proceeds, net of accrued taxes, and the investment in Lawtrust.
5. Once-off transaction costs of R4.5 million are expected to be incurred as a result of the Disposal. The transaction costs are assumed to be settled in cash shortly after the closing date.

PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX-MONTHS ENDED 30 SEPTEMBER 2020

The *pro forma* condensed consolidated statement of comprehensive income for the six-months ended 30 September 2020 has been prepared to show the impact of the Disposal as if it was effective 1 April 2020.

Pro forma Condensed Consolidated Statement of Comprehensive Income

R'000	Before	Law Trust	Consolidation Entries	Disposal consideration and application of proceeds	Transaction costs	*Pro forma* after the Disposal
Notes	1	2	3	4	5	
Revenue	247 432	(109 431)	33			138 034
Cost of sales	(161 796)	50 896	(33)			(110 934)
Gross profit	**85 636**	**(58 535)**	**-**	**-**	**-**	**27 101**
Other operating income	4 168	(3 275)	(4 370)			(3 477)
Other gains/(losses)	2 976	(290)		140 420		143 106
Movement in credit loss allowances	(2 807)	1 618	1 960			771
Other operating costs	(78 652)	39 924	2 644		(4 458)	(40 542)
Operating profit/(loss)	**11 321**	**(20 558)**	**234**	**140 420**	**(4 458)**	**126 959**
Finance income	411	(712)	554	4 423		4 676
Finance costs	(4 631)	234	(554)	1 157		(3 794)
Income from equity accounted investment	781	(781)				-
Profit/(loss) before taxation	**7 882**	**(21 817)**	**234**	**145 999**	**(4 458)**	**127 840**
Taxation	(2 947)	6 758	483	(10 974)		(6 679)
Income for the period	**4 935**	**(15 058)**	**717**	**135 025**	**(4 458)**	**121 161**
Headline earnings reconciliation						
Income for the period	4 935	(15 058)	717	135 025	(4 458)	121 161
Profit on disposal of subsidiary				(131 008)		(131 008)
Headline earnings/(loss)	**4 935**	**(15 058)**	**717**	**4 017**	**(4 458)**	**(9 847)**
Basic and diluted earnings per share (cents)	**0,87**					**21,47**
Headline earnings/(loss) per share (cents	**0,87**					**(1,74)**
Weighted average shares in issue ('000)	**564 411**					**564 411**

Notes and assumptions:

1. Extracted, without adjustment, from the unaudited condensed consolidated interim financial statements of Etion Limited for the six months ended 30 September 2020.
2. Extracted, without adjustment, from the reviewed interim condensed historical financial statements of Lawtrust for the six months ended 30 September 2020, attached as **Annexure 2A** to this Circular.
3. Consolidation adjustments comprise the reversal of consolidation entries relating to the consolidation of Lawtrust within the interim condensed historical financial results of Etion.
4. Adjustments relating to the Disposal and application of proceeds are as follows:
   - The once-off profit on the Disposal has been determined using the net consideration and the net carrying value of Lawtrust at 30 September 2020 as follows:

	R'000
Profit on Disposal	
Net cash consideration before taxes (refer to note 4 of the pro forma condensed consolidated statement of financial position)	223 720
Present value of deferred consideration	28 174
Add: Deferred tax on deferred consideration	511
less: Net asset value of Law Trust as at 30 September 2020	2 633
less: Investment in Law Trust	(114 619)
	140 420
less: Capital gains tax	(9 411)
	131 008

- Interest and interest savings are assumed as follows:
  - on the assumption of the Disposal Consideration being utilised to reduce external interest-bearing borrowings, with the balance being placed on call until a decision is reached as to the operational requirements of the Etion Group and quantum of the distribution to Shareholders.
  - Unwind of income on the present value of the deferred payment.

	R'000
Net finance savings	
Interest savings on external interest-bearing borrowing settled at an average rate of prime plus 0.25%	1 157
Interest income on cash deposited in a call account at an assumed rate of 4.0% per annum	3 510
Interest unwind on the present value of deferred payment of R30 million at an assumed rate of 6.48%	913
	5 580
Tax thereon incurred at the South African tax rate of 28%	(1 562)
	4 017

5. Once-off transaction costs of R4.5 million are expected to be incurred as a result of the Disposal. The transaction costs are assumed to be settled in cash shortly after the closing date.
6. Save for transaction costs and profit on sale of Lawtrust, all adjustments are expected to have a continuing effect.

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE *PRO FORMA* FINANCIAL INFORMATION OF ETION

The definitions and interpretations commencing on page 6 of this Circular apply to this Annexure 5.

To the Directors of Etion Limited

We have completed our assurance engagement to report on the compilation of the *pro forma* financial information of Etion Limited ("Etion") by the directors. The *pro forma* financial information, as set out in **Annexure 4** of the Circular, consist of the *pro forma* condensed consolidated statement of financial position as at 30 September 2020, the *pro forma* condensed consolidated statement of comprehensive income for the six-months ended 30 September 2020 and related notes. The applicable criteria on the basis of which the directors have compiled the *pro forma* financial information are specified in the JSE Limited Listings Requirements and described in **Annexure 4** of the Circular.

The *pro forma* financial information has been compiled by the directors to illustrate the impact of the proposed disposal of 100% of its shareholding in, Law Trusted Third Party Services Proprietary Limited (the "Company") to Altron TMT SA Group Proprietary Limited (the "Purchaser") (the "Proposed Transaction"). As part of this process, information about Etion's financial position and financial performance has been extracted by the directors from the Etion unaudited condensed consolidated financial statements for the period ended 30 September 2020.

Directors' responsibility

The directors of Etion are responsible for compiling the *pro forma* financial information on the basis of the applicable criteria specified in the JSE Limited Listings Requirements and described in **Annexure 4** of the Circular.

Our independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Professional Conduct for Registered Auditors*, issued by the Independent Regulatory Board for Auditors' (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. 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)*.

The firm applies International Standard on Quality Control 1 and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountant's responsibility

Our responsibility is to express an opinion about whether the *pro forma* financial information has been compiled, in all material respects, by the directors on the basis of the applicable criteria specified in the JSE Listings Requirements and described in **Annexure 4** of the Circular based on our procedures performed.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the *pro forma* financial information has been compiled, in all material respects, on the basis specified in the JSE Listings Requirements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the *pro forma* financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the *pro forma* financial information.

The purpose of *pro forma* financial information is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the company as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the *pro forma* financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related *pro forma* adjustments give appropriate effect to those criteria; and
- The *pro forma* financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgment, having regard to our understanding of the nature of Etion Limited, the event or transaction in respect of which the *pro forma* financial information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the *pro forma* financial information.

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

Opinion

In our opinion, the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria specified by the JSE Limited Listings Requirements and described in **Annexure 4** of the Circular.

PricewaterhouseCoopers Inc.
Director: HB Eksteen
Registered Auditor
Johannesburg
South Africa

4 June 2021

INDEPENDENT EXPERT REPORT

The Independent Board of Directors
Etion Limited
85 Regency Drive
Route 21 Corporate Park
Irene 0157

4 June 2021

Dear Sirs and Mesdames

INDEPENDENT FAIR AND REASONABLE OPINION IN RESPECT OF THE PROPOSED DISPOSAL BY ETION LIMITED ("ETION") OF 100% OF THE ISSUED SHARES IN LAW TRUSTED THIRD PARTY SERVICES PROPRIETARY LIMITED ("LAWTRUST"). ("THE PROPOSED TRANSACTION")

INTRODUCTION AND SCOPE

In the announcement published by Etion on 20 April 2021, Etion shareholders were advised that Etion had entered into an agreement ("Agreement") with Altron TMT SA Group Proprietary Limited ("Altron") in terms of which, Etion will sell 100% of the issued shares in Law Trust for a cash consideration of R245 million, subject to potential adjustment relating Lawtrust's net debt and working capital at the effective date of the Proposed Transaction and less any legitimate warranty, indemnity and other potential claims under the Agreement which are accepted and conceded by Etion ("the Consideration").

The Proposed Transaction is regarded as a disposal of the greater part of the assets or undertaking of Etion in terms of section 112 read with section 115 of the Companies Act 71 of 2008, as amended, ("the Companies Act") and therefore constitutes an "affected transaction" in terms of section 117(1)(c)(i) of the Companies Act. The Independent Board of Etion must retain an independent expert to compile a report thereon, as required in terms of Regulation 90 of the Companies Regulations, 2011 as read with section 117(1)(c)(i) and section 112 of the Companies Act. As a consequence, we, Questco Corporate Advisory (Proprietary) Limited ("Questco"), have been appointed by the independent directors of Etion to advise on whether, in our opinion, the Consideration, as set out in the Implementation Agreement, is fair in line with the Companies Act (our "Opinion").

Extracts of sections 115 of the Companies Act dealing with the approval requirements of the Proposed Transaction and section 164 of the Companies Act dealing with shareholders' appraisal rights are included in Annexure 8 of the Circular to which this letter is appended.

DEFINITIONS OF THE TERM "FAIR" AND "REASONABLE"

For the purposes of our Opinion, fairness is primarily based on a quantitative assessment. Therefore the Consideration would be considered to be fair if it is more than or equal to the fair value of 100% of the shares in Lawtrust as determined in accordance with an accepted valuation approach, or unfair if the opposite would hold true.

The assessment of reasonableness is generally based on qualitative considerations surrounding the transaction. Accordingly, even though the consideration to be paid in respect of an offer may be lower or higher than the fair market value as at the time of announcement of the offer consideration, or at some other more appropriate identifiable time, the offer may be considered reasonable after considering other significant qualitative factors.

RESPONSIBILITY

Compliance with the Companies Act, the Companies Regulations 2011 and the Listings Requirements of the JSE Limited in relation to the implementation of the Proposed Transaction is the responsibility of the board of directors of Etion. Our responsibility is to provide the requisite report to the Etion Independent Board on the terms of the Proposed Transaction.

We confirm that our Opinion has been provided to the Etion Independent Board for the sole purpose of assisting the Etion Independent Board in forming and expressing an opinion for the benefit of Etion Shareholders. We accept no responsibility to any party other than to the Etion Independent Board.

INFORMATION AND SOURCES OF INFORMATION

In the course of our analysis, we relied upon financial and other information obtained Etion executive management ("Etion Management"), together with industry-related and other information in the public domain. Our conclusion is dependent on such information being accurate in all material respects and accordingly we cannot express any opinion on the financial and other information used in arriving at our Opinion. The principal sources of information used in formulating our Opinion regarding the Proposed Transaction include:

- a draft of the circular to be sent to Etion Shareholders setting out, amongst other things, the terms of the Proposed Transaction ("Circular");
- the audited annual financial statements for Lawtrust for the three consecutive financial years ended 31 March 2020;
- the unaudited results for the 12 months ended 31 March 2021;
- the forecast financial information for Lawtrust for the three financial years ending 31 March 2024 ("the Forecast Period") and approved by Etion and Lawtrust management;
- discussions with Etion Management on prevailing market, economic, legal and other conditions which may affect the underlying value of Lawtrust;
- publicly available information relating to Etion that we deemed to be relevant, including company announcements, circulars and investor presentations;
- comparative, publicly available financial and market information on appropriate peer issuers;
- economic outlooks prepared by leading South African banks; and
- on-line and subscription databases covering financial markets, share prices, volumes traded and news.

Where practical and where possible, we have corroborated the reasonability of the information provided to us for the purpose of forming our Opinion, including publicly available information, whether in writing or obtained in discussions with Etion or Lawtrust Management, as applicable and appropriate.

PROCEDURES PERFORMED

In arriving at our Opinion, amongst other things, we have undertaken the following procedures in evaluating the fairness of the Consideration:

- considered the terms of the Proposed Transaction;
- analysed and reviewed the audited historical financial information;
- analysed and reviewed the unaudited results for the 12 months ended 31 March 2021;
- analysed and reviewed the unaudited forecast financial information;
- performed a valuation of Lawtrust using valuation techniques appropriate to the nature of its business;
- considered the prevailing economic and market conditions; and
- considered other facts and information relevant to concluding this Opinion.

We have satisfied ourselves as to the appropriateness and reasonableness of the information and assumptions underlying the forecast financial information used to formulate our Opinion by:

- considering the historical trends of such information and assumptions;
- taking into account strategic developments Lawtrust which had no impact on historical performance but which will have an impact on future performance; and
- comparing and corroborating such information and assumptions with external sources of information if such information is available.

METHODOLOGIES TO DETERMINE FAIR VALUE

DCF Valuation

The DCF is a valuation methodology used to estimate the value of an investment based on its expected future cash flows. Key value drivers include:

- Lawtrust's expected revenue growth;
- The fixed-term, contractual nature of much of Lawtrust's revenues;
- The terminal growth rate 4.5%, being the consensus view on CPI in the long term, and which assumes that the business will have reached maturity and will experience no real growth); and
- The weighted average cost of capital ("WACC") for Lawtrust, which we have calculated at 18.42%.

We performed sensitivity analyses in respect of these key value drivers as follows:

- increasing and decreasing the WACC by 50 basis points%; and
- increasing and decreasing the terminal growth rate by 50 basis points.

For every 50 basis points increase in the WACC, the value of Lawtrust decreased by approximately R6.7 million. For every 50 basis points increase in the terminal growth rate, the value of Lawtrust increased by between R4.5 million and R5.5 million.

Market approach

The market approach is a method of determining the value of an asset based on the selling price of similar assets. We have considered the multiples at which companies similar to Lawtrust trade, making adjustments to take into account differing country risk (in the case of non-South African comparable companies), growth prospects, margins and financial risk profiles. The multiples used for the valuation of Lawtrust were Enterprise Value ("EV") to Earnings Before Interest and Tax ("EBIT"), Depreciation and Amortisation ("EBITDA"), EV to EBIT and Price to Earnings. The valuation outcome using these metrics corroborated that arrived at using the DCF valuation methodology.

ASSUMPTIONS

Our Opinion is based on the following assumptions and information:

- the Proposed Transaction will be legally enforceable;
- reliance can be placed on the financial information of Lawtrust; and
- representations made by Etion management and their advisors during the course of forming this Opinion.

VALUATION RESULTS

In undertaking the valuation exercise of Lawtrust, we determined a valuation range for Lawtrust of R200 million to R220 million, with a most likely value of R212 million. Accordingly, given that the Consideration falls within this fair value range, we believe the Consideration to be fair.

The valuation above is provided solely in respect of this Opinion and should not be used for any other purposes.

REASONABLENESS

The Board of Directors of Etion ("the Board") have considered numerous options to unlock value for Etion shareholders, with the Proposed Transaction being one of them. The Consideration exceeds Etion's market capitalisation at the close of business on the day immediately prior to the announcement of the terms of the Proposed Transaction and remains in excess thereof at the date of this Opinion letter. Accordingly, taking into account the Board's objectives and the fact that the Consideration is higher than the entire market capitalisation of Etion, the Consideration appears reasonable.

OPINION

Based upon the outcome of the valuation work performed in the manner described above, and subject to the conditions set out herein, Questco is of the opinion that the fair value of Lawtrust is less than the Consideration. Accordingly, we are of the view that the terms of the Proposed Transaction are fair and reasonable.

Our Opinion is necessarily based upon the information available to us up to 3 June 2021. Accordingly, it should be understood that subsequent developments may affect this Opinion, which we are under no obligation to update, revise or re-affirm.

LIMITING CONDITIONS

This Opinion is provided to the Etion Independent Board in connection with and for the purpose of the Proposed Transaction. This Opinion is prepared solely for the Etion Independent Board and therefore should not be regarded as suitable for use by any other party or give rise to third party rights. This Opinion does not purport to cater for each individual Shareholder's perspective or circumstances, but rather that of the general body of Shareholders. Should a Shareholder be in doubt as to what action to take, he or she should consult an independent adviser.

An individual Shareholder's decision as to whether to vote in favour of the Proposed Transaction may be influenced by his or her particular circumstances. We confirm that although our Opinion has been provided to the Etion Independent Board for the purpose of assisting it to form and express an opinion for the benefit of Shareholders, the ultimate assessment as to whether or not the Etion Independent Board decides to recommend the Proposed Transaction is the responsibility of the Etion Independent Board.

We have relied upon and assumed the accuracy of the information used by us in deriving our Opinion. Where practical, we have corroborated the reasonability of the information provided to us for the purpose of our Opinion, whether in writing or obtained through discussion with the management of Etion, by reference to publicly available or independently obtained information. Our engagement does not, however, constitute or include an audit conducted in accordance with generally accepted auditing standards.

The forecasts of Lawtrust relate to future events and are based on assumptions that may or may not remain valid for the Forecast Period. Consequently, such information cannot be relied upon to the same extent as that derived from audited financial statements for completed accounting periods. We express no opinion as to how closely the actual future results of Lawtrust will correspond to those projected. Where practical, we compared the forecast financial information to past trends and third party estimates as well as discussing the assumptions with Etion Management, as applicable. On the basis of these enquiries and such other procedures we consider appropriate to the circumstances, we believe that the forecasts have been prepared with due care and consideration.

We have also assumed that the Proposed Transaction will have the legal, accounting and taxation consequences described in discussions with, and materials furnished to us by, representatives and advisors of Etion and we express no opinion on such consequences.

INDEPENDENCE, COMPETENCE AND FEES

We confirm that we have no direct or indirect interest in Etion Shares or in the implementation of the Proposed Transaction. We also confirm that we have the necessary competence to provide this Opinion. We confirm that our professional fees are not contingent upon the success of the Proposed Transaction. The fee payable to us for compiling this Opinion is R150 000.

CONSENT

We hereby consent to the inclusion of this Opinion, in whole or in part, and any references thereto, in the form and context in which they appear, in any required regulatory announcement or document.

Yours faithfully

____

Mandy Ramsden
Director
Questco Corporate Advisory (Proprietary) Limited

MATERIAL BORROWINGS OF ETION AND LAWTRUST

The definitions and interpretations commencing on page 6 of this Circular apply to this Annexure 7.

The material borrowings of Etion and its Subsidiaries, as at the Last Practicable Date, are set out below:

Lender	Borrower	Type of borrowings	Reason for borrowings	Interest rate	Terms of repayment (i.e. interest only repayments/ capital and interest repayments/no repayments) Date upon which loan must be settled	Security furnished	Balance owing on the Last Practicable Date Rm
Nedbank	Etion Limited	Medium Term Loan	Funding for acquisition of Lawtrust	7.25% (Prime)	Capital and interest repayments To be settled in May 2023	Limited deeds of cross-suretyship, for the amount of R112 million in favour of Nedbank between Etion Limited, Etion Connect (Pty) Ltd, Etion Create (Pty) Ltd and Lawtrusted Third Party Services (Pty) Ltd. A security cession of all present and future debtors	R25,82m
Nedbank	Etion Create	Asset based finance facility	Purchase of plant and equipment	7.28% (Floating average)	Capital and interest repayments To be settle between 24 and 60 months depending on the type of asset financed	Plant and equipment and motor vehicles	R5,34m
Nedbank	Parsec Properties	Mortgage loan	Financing of Etion Create manufacturing facility	10.76%	Capital and interest repayments To be settled in July 2023	Property situated at 76 Regency Drive, Route 21 Corporate Park	R29,3m

Notes:

1. These loans are not convertible into ordinary shares of any company forming part of Etion.

SECTION 115 AND SECTION 164 OF THE COMPANIES ACT: SHAREHOLDERS' APPRAISAL RIGHTS

"Section 115: Required approval for transactions contemplated in Part A

(1) Despite section 65, and any provision of a company's Memorandum of Incorporation, or any resolution adopted by its board or holders of its securities, to the contrary, a company may not dispose of, or give effect to an agreement or series of agreements to dispose of, all or the greater part of its assets or undertaking, implement an amalgamation or a merger, or implement a scheme of arrangement, unless:

(a) the disposal, amalgamation or merger, or scheme of arrangement:

(i) has been approved in terms of this section; or

(ii) is pursuant to or contemplated in an approved business rescue plan for that company, in terms of Chapter 6; and

(b) to the extent that Parts B and C of this Chapter and the Takeover Regulations, apply to a company that proposes to:

(i) dispose of all or the greater part of its assets or undertaking;

(ii) amalgamate or merge with another company; or

(iii) implement a scheme of arrangement,

the Panel has issued a compliance certificate in respect of the transaction, in terms of section 119 (4)(b), or exempted the transaction in terms of section 119(6).

(2) A proposed transaction contemplated in subsection (1) must be approved:

(a) by a special resolution adopted by persons entitled to exercise voting rights on such a matter, at a meeting called for that purpose and at which sufficient persons are present to exercise, in aggregate, at least 25% of all of the voting rights that are entitled to be exercised on that matter, or any higher percentage as may be required by the Company's Memorandum of Incorporation, as contemplated in section 64(2); and

(b) by a special resolution, also adopted in the manner required by paragraph (a), by the shareholders of the Company's holding company if any, if:

(i) the holding company is a company or an external company;

(ii) the proposed transaction concerns a disposal of all or the greater part of the assets or undertaking of the subsidiary; and

(iii) having regard to the consolidated financial statements of the holding company, the disposal by the subsidiary constitutes a disposal of all or the greater part of the assets or undertaking of the holding company; and

(c) by the court, to the extent required in the circumstances and manner contemplated in subsections (3) to (6).

(3) Despite a resolution having been adopted as contemplated in subsections (2)(a) and (b), a company may not proceed to implement that resolution without the approval of a court if:

(a) the resolution was opposed by at least 15% of the voting rights that were exercised on that resolution and, within five business days after the vote, any person who voted against the resolution requires the Company to seek court approval; or

(b) the court, on an application within 10 business days after the vote by any person who voted against the resolution, grants that person leave, in terms of subsection (6), to apply to a court for a review of the transaction in accordance with subsection (7).

(4) For the purposes of subsections (2) and (3), any voting rights controlled by an acquiring party, a person related to an acquiring party, or a person acting in concert with either of them, must not be included in calculating the percentage of voting rights:

(a) required to be present, or actually present, in determining whether the applicable quorum requirements are satisfied; or

(b) required to be voted in support of a resolution, or actually voted in support of the resolution.

(4A) In subsection (4), 'act in concert' has the meaning set out in section 117(1)(b).

(5) If a resolution requires approval by a court as contemplated in terms of subsection (3)(a), the Company must either:

(a) within 10 business days after the vote, apply to the court for approval, and bear the costs of that application; or

(b) treat the resolution as a nullity.

(6) On an application contemplated in subsection (3)(b), the court may grant leave only if it is satisfied that the applicant:

(a) is acting in good faith;

(b) appears prepared and able to sustain the proceedings; and

(c) has alleged facts which, if proved, would support an order in terms of subsection (7).

(7) On reviewing a resolution that is the subject of an application in terms of subsection (5)(a), or after granting leave in terms of subsection (6), the court may set aside the resolution only if:

(a) the resolution is manifestly unfair to any class of holders of the Company's securities; or

(b) the vote was materially tainted by conflict of interest, inadequate disclosure, failure to comply with the Companies Act, the Memorandum of Incorporation or any applicable rules of the company, or other significant and material procedural irregularity.

(8) The holder of any voting rights in a company is entitled to seek relief in terms of section 164 if that person:

(a) notified the Company in advance of the intention to oppose a special resolution contemplated in this section; and

(b) was present at the meeting and voted against that special resolution.

(9) If a transaction contemplated in this Part has been approved, any person to whom assets are, or an undertaking is, to be transferred, may apply to a court for an order to effect:

(a) the transfer of the whole or any part of the undertaking, assets and liabilities of a company contemplated in that transaction;

(b) the allotment and appropriation of any shares or similar interests to be allotted or appropriated as a consequence of the transaction;

(c) the transfer of shares from one person to another;

(d) the dissolution, without winding-up, of a company, as contemplated in the transaction;

(e) incidental, consequential and supplemental matters that are necessary for the effectiveness and completion of the transaction; or

(f) any other relief that may be necessary or appropriate to give effect to, and properly implement, the amalgamation or merger.

SECTION 164: DISSENTING SHAREHOLDERS APPRAISAL RIGHTS

(1) This section does not apply in any circumstances relating to a transaction, agreement or offer pursuant to a business rescue plan that was approved by shareholders of a company, in terms of section 152.

(2) If a company has given notice to shareholders of a meeting to consider adopting a resolution to:

(a) amend its Memorandum of Incorporation by altering the preferences, rights, limitations or other terms of any class of its shares in any manner materially adverse to the rights or interests of holders of that class of shares, as contemplated in section 37(8); or

(b) enter into a transaction contemplated in section 112, 113, or 114,

that notice must include a statement informing shareholders of their rights under this section.

(3) At any time before a resolution referred to in subsection (2) is to be voted on, a dissenting shareholder may give the Company a written notice objecting to the resolution.

(4) Within 10 business days after a company has adopted a resolution contemplated in this section, the Company must send a notice that the resolution has been adopted to each shareholder who:

(a) gave the Company a written notice of objection in terms of subsection (3); and

(b) has neither:

(i) withdrawn that notice; or

(ii) voted in support of the resolution.

(5) A shareholder may demand that the Company pay the shareholder the fair value for all of the shares of the Company held by that person if:

(a) the shareholder:

(i) sent the Company a notice of objection, subject to subsection (6); and

(ii) in the case of an amendment to the Company's Memorandum of Incorporation, holds shares of a class that is materially and adversely affected by the amendment;

(b) the Company has adopted the resolution contemplated in subsection (2); and

(c) the shareholder:

(i) voted against that resolution; and

(ii) has complied with all of the procedural requirements of this section.

(6) The requirement of subsection (5)(a)(i) does not apply if the Company failed to give notice of the meeting, or failed to include in that notice a statement of the shareholders rights under this section.

(7) A shareholder who satisfies the requirements of subsection (5) may make a demand contemplated in that subsection by delivering a written notice to the Company within:

(a) 20 business days after receiving a notice under subsection (4); or

(b) if the shareholder does not receive a notice under subsection (4), within 20 business days after learning that the resolution has been adopted.

(8) A demand delivered in terms of subsections (5) to (7) must also be delivered to the Panel, and must state:

(a) the shareholder's name and address;

(b) the number and class of shares in respect of which the shareholder seeks payment; and

(c) a demand for payment of the fair value of those shares.

(9) A shareholder who has sent a demand in terms of subsections (5) to (8) has no further rights in respect of those shares, other than to be paid their fair value, unless:

(a) the shareholder withdraws that demand before the Company makes an offer under subsection (11), or allows an offer made by the Company to lapse, as contemplated in subsection (12)(b);

(b) the Company fails to make an offer in accordance with subsection (11) and the shareholder withdraws the demand; or

(c) the Company, by a subsequent special resolution, revokes the adopted resolution that gave rise to the shareholder's rights under this section.

(10) If any of the events contemplated in subsection (9) occur, all of the shareholder's rights in respect of the shares are reinstated without interruption.

(11) Within five business days after the later of:

(a) the day on which the action approved by the resolution is effective;

(b) the last day for the receipt of demands in terms of subsection (7)(a); or

(c) the day the Company received a demand as contemplated in subsection (7)(b), if applicable, the Company must send to each shareholder who has sent such a demand a written offer to pay an amount considered by the Company's directors to be the fair value of the relevant shares, subject to subsection (16), accompanied by a statement showing how that value was determined.

(12) Every offer made under subsection (11):

(a) in respect of shares of the same class or series must be on the same terms; and

(b) lapses if it has not been accepted within 30 business days after it was made.

(13) If a shareholder accepts an offer made under subsection (12):

(a) the shareholder must either in the case of:

(i) shares evidenced by certificates, tender the relevant share certificates to the company or the Company's transfer agent; or

(ii) uncertificated shares, take the steps required in terms of section 53 to direct the transfer of those shares to the Company or the Company's transfer agent; and

(b) the Company must pay that shareholder the agreed amount within 10 business days after the shareholder accepted the offer and:

(i) tendered the share certificates; or

(ii) directed the transfer to the Company of uncertificated shares.

(14) A shareholder who has made a demand in terms of subsections (5) to (8) may apply to a court to determine a fair value in respect of the shares that were the subject of that demand, and an order requiring the Company to pay the shareholder the fair value so determined, if the Company has:

(a) failed to make an offer under subsection (11); or

(b) made an offer that the shareholder considers to be inadequate, and that offer has not lapsed.

(15) On an application to the court under subsection (14):

(a) all dissenting shareholders who have not accepted an offer from the Company as at the date of the application must be joined as parties and are bound by the decision of the court;

(b) the Company must notify each affected dissenting shareholder of the date, place and consequences of the application and of their right to participate in the court proceedings; and

(c) the court:

(i) may determine whether any other person is a dissenting shareholder who should be joined as a party;

(ii) must determine a fair value in respect of the shares of all dissenting shareholders, subject to subsection (16);

(iii) in its discretion may:

(aa) appoint one or more appraisers to assist it in determining the fair value in respect of the shares; or

(bb) allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective, until the date of payment;

(iv) may make an appropriate order of costs, having regard to any offer made by the Company, and the final determination of the fair value by the court; and

(v) must make an order requiring:

(aa) the dissenting shareholders to either withdraw their respective demands or to comply with subsection (13)(a); and

(bb) the Company to pay the fair value in respect of their shares to each dissenting shareholder who complies with subsection (13)(a), subject to any conditions the court considers necessary to ensure that the Company fulfils its obligations under this section.

(15A) At any time before the court has made an order contemplated in subsection (15)(c)(v), a dissenting shareholder may accept the offer made by the Company in terms of subsection (11), in which case:

(a) that shareholder must comply with the requirements of subsection 13(a); and

(b) the Company must comply with the requirements of subsection 13(b).

(16) The fair value in respect of any shares must be determined as at the date on which, and time immediately before, the Company adopted the resolution that gave rise to a shareholder's rights under this section.

(17) If there are reasonable grounds to believe that compliance by a company with subsection (13)(b), or with a court order in terms of subsection (15)(c)(v)(bb), would result in the Company being unable to pays its debts as they fall due and payable for the ensuing 12 months:

(a) the Company may apply to a court for an order varying the Company's obligations in terms of the relevant subsection; and

(b) the court may make an order that:

(i) is just and equitable, having regard to the financial circumstances of the Company; and

(ii) ensures that the person to whom the Company owes money in terms of this section is paid at the earliest possible date compatible with the Company satisfying its other financial obligations as they fall due and payable.

(18) If the resolution that gave rise to a shareholder's rights under this section authorised the Company to amalgamate or merge with one or more other companies, such that the Company whose shares are the subject of a demand in terms of this section has ceased to exist, the obligations of that company under this section Are obligations of the successor to that company resulting from the amalgamation or merger.

(19) For greater certainty, the making of a demand, tendering of shares and payment by a company to a shareholder in terms of this section do not constitute a distribution by the Company, or an acquisition of its shares by the Company within the meaning of section 48, and therefore are not subject to:

(a) the provisions of that section; or

(b) the application by the Company of the solvency and liquidity test set out in section 4.

(20) Except to the extent:

(a) expressly provided in this section; or

(b) that the Panel rules otherwise in a particular case,

a payment by a company to a shareholder in terms of this section does not obligate any person to make a comparable offer under section 125 to any other person."

DEALINGS BY PROVIDERS OF IRREVOCABLE UNDERTAKINGS

The definitions and interpretations commencing on page 6 of this Circular apply to this Annexure 9.

To the best of Etion's knowledge, the providers of irrevocable undertakings had no dealings in Etion securities during the six-month period prior to the signature date of the Irrevocable Undertaking and up to the Last Practicable Date, other than as set out below:

H Hoogakker has dealt in Etion shares as indicated below:

Trade Date	Nature of transaction	Number of Etion Shares	Price (Rand)
04 May 2021	Purchase	2013 942	0.35
05 May 2021	Purchase	220 000	0.35
06 May 2021	Purchase	219 000	0.34
12 May 2021	Purchase	6 085	0.35
13 May 2021	Purchase	226 400	0.34
17 May 2021	Purchase	573 600	0.34
18 May 2021	Purchase	120 001	0.34
19 May 2021	Purchase	256 999	0.34

MATERIAL RISKS

Macro-economic risk

South African GDP is forecast to contract by -7.2% (2020) and grow by 2.2% (2021) as the impact of COVID-19 adds more pressure to the already weak South African economy. This heightens macro-economic risk for Etion as approximately 89% of our revenue is generated in South Africa.

The global impact of COVID-19 may also reduce the momentum of our strategy of diversifying and growing revenue sources internationally.

COVID-19

COVID-19 has created a massive humanitarian challenge causing soaring unemployment globally, even in the most robust economies. This is no different for South Africa where the pandemic is also a challenge for businesses as executives need to understand how the pandemic could unfold and take steps to protect their employees, customers, supply chains and financial performance.

Speed of technology innovation

The influence of rapidly changing technology is transforming the way we and our customers do business. It has an impact on business processes, products and customer service offerings.

Innovation by competitors who adopt rapidly changing technology may disrupt our business.

Transformation and diversity

Progressive transformation and diversity management is a key imperative to protect our reputation and maintain a competitive edge.

Regulatory compliance

The deadline for compliance with POPIA in South Africa is 1 July 2021. Due to the nature of the Etion business, specifically in Etion Secure, management needs to ensure compliance with the regulation as non-compliance could result in significant reputational damage and potential fines.

Talent attraction and retention

South Africa's annual ICT skills survey released late in 2019 indicates a chronic shortage of all types of digital skills in the local technology sector. This shortage is exacerbated by the emigration of highly skilled individuals. The situation is further impacted by the ability of the Group to offer competitive remuneration, especially where foreign countries headhunt local talent.

Cyber security

Due to increasing technology advances and complexities, worsened by COVID-19 "work-from-home" policies implemented by employers globally, cybercrime is forecasted to escalate. An attack of such nature, if successful against Etion, will have a major reputational impact especially within the context of our market positioning as a digital technology solutions provider.

Customer centricity

Increased customer demands and sophistication require that we deepen our customer relationships to maximise our share of customer spend. Our strategic focus is to be a comprehensive digital solutions provider. However, we need to do more to understand our customers' needs and provide relevant solutions that address their business challenges.

HISTORICAL TRADING DATA FOR ETION

The high, low and closing prices of the ordinary shares on the JSE, and the volumes and value traded, monthly from May 2020 to May 2021 and for each trading day from 22 April 2021 (30 business days) to the Last Practicable Date, were as follows:

MONTHLY

Date	Close	High	Low	Open	Value	Volume
31-05-21	40	46	0	33	2,711,426	7,705,722
30-04-21	36	36	0	31	1,758,215	5,454,452
31-03-21	32	34	0	30	918,105	3,058,127
28-02-21	30	36	0	30	1,455,206	4,748,941
31-01-21	32	37	0	30	2,032,218	6,395,785
31-12-20	27	35	0	28	1,268,203	4,113,122
30-11-20	29	30	0	15	1,092,967	5,412,509
31-10-20	15	20	0	12	858,816	7,103,223
30-09-20	12	14	0	12	380,444	3,219,553
31-08-20	13	18	0	10	734,648	6,870,283
31-07-20	10	12	0	0	774,894	7,975,254
30-06-20	10	14	0	0	832,630	7,449,252
31-05-20	10	12	0	0	581,005	5,868,121

DAILY

Date	Close	High	Low	Open	Value	Volume
03-06-21	40	40	37	37	107888	278,776
02-06-21	39	40	37	38	223714	580,000
01-06-21	40	40	37	39	128145	328,564
31-05-21	40	42	39	42	120,983	306,500
28-05-21	41	46	38	38	106,723	264,193
27-05-21	38	38	37	37	18,552	50,000
26-05-21	37	37	34	34	84,282	240,000
25-05-21	36	37	34	34	115,614	335,750
24-05-21	36	36	33	33	36,632	106,177
21-05-21	36	36	35	35	12,450	35,000
20-05-21	36	36	36	36	14,400	40,000
19-05-21	35	35	34	34	227,620	658,815
18-05-21	34	35	34	34	145,740	428,327
17-05-21	34	36	34	35	242,698	712,470
14-05-21	36	36	35	35	117,800	330,000
13-05-21	35	35	34	34	109,321	320,530
12-05-21	36	37	35	37	60,255	171,635
11-05-21	37	38	35	37	78,797	212,830
10-05-21	37	37	37	37	222	600
07-05-21	37	0	0	0	-	-
06-05-21	37	37	34	35	93,790	272,000
05-05-21	36	36	35	35	78,764	224,900
04-05-21	36	36	34	35	943,553	2,696,509
03-05-21	34	36	33	33	103,230	299,486
30-04-21	36	36	35	35	43,170	122,000
29-04-21	36	36	34	35	16,278	45,400
28-04-21	36	36	34	36	49,570	145,750
26-04-21	34	36	34	35	131,551	374,910
23-04-21	36	36	32	36	123,366	367,790
22-04-21	36	36	32	32	110,856	324,000

TRADING STATEMENT

ETION

ETION LIMITED
(Incorporated in the Republic of South Africa)
(Registration Number: 1987/001222/06)
(Share Code: ETO)
(ISIN: ZAE000097028)
(**"Etion"** or **"the Company"** or **"the Group'"**)

In terms of paragraph 3.4 (b) of the JSE Limited ("JSE") Listings Requirements, companies are required to publish a trading statement as soon as they become reasonably certain that the financial results for the period to be reported on will differ by more than 20% from the previous corresponding period.

Shareholders are advised that Etion is currently preparing its results for the year ended 31 March 2021 and advises that headline earnings per share ("HEPS") and earnings per share ("EPS"), including continuous and discontinuous operations, are expected to be between 7 and 9.50 cents per share, which is an improvement of more than 100% compared to the loss per share of 6.40 cents and the headline loss per share of 0.87 cents for the year ended 31 March 2020.

This increase is primarily attributable to the full year benefit of prior year optimization initiatives and the significantly improved financial performance of Law Trusted Third Party Services Proprietary Limited driven by a number of non-recurring opportunities, which were realised in the current financial year.

Shareholders are advised that the information provided in this trading statement has not been reviewed and reported on by the Group`s external auditors.

Furthermore, shareholders are advised that the Company is expected to release its provisional reviewed financial results for the year ended 31 March 2021 on or about 30 June 2021.

28 May 2021
Pretoria

Designated adviser
Exchange Sponsors

ETION

ETION LIMITED
(Incorporated in the Republic of South Africa)
(Registration Number: 1987/001222/06)
(Share Code: ETO)
(ISIN: ZAE000097028)
("**Etion**")

NOTICE OF GENERAL MEETING

All terms defined in the Circular to which this Notice of General Meeting is attached, shall bear the same meanings where used in this Notice of General Meeting.

NOTICE IS HEREBY GIVEN that a General Meeting of Shareholders will be held electronically on Wednesday, 14 July 2021 at 10:00, to consider and, if deemed fit, pass, with or without modification, the Disposal Resolutions set out hereunder.

Notes:

– *For Ordinary Resolution Number 1 to be approved by Shareholders, it must be supported by more than 50% of the voting rights exercised on such resolution.*

– *For Special Resolution Number 1 to be approved by Shareholders, it must be supported by at least 75% of the voting rights exercised on such resolution.*

1. ORDINARY RESOLUTION NUMBER 1 – APPROVAL OF THE DISPOSAL IN TERMS OF THE JSE LISTINGS REQUIREMENTS

"**RESOLVED AS AN ORDINARY RESOLUTION** that, subject to the approval of Special Resolution Number 1, the Disposal in terms of which Etion will dispose of 100% of the issued shares in Lawtrust to the Purchaser for the Disposal Consideration on the terms set out in the Circular, be and is hereby approved in terms of the JSE Listings Requirements."

Reason and effect

The reason for Ordinary Resolution Number 1 is that the Disposal meets the definition of a category 1 disposal as contemplated in terms of section 9 of the JSE Listings Requirements and, accordingly, requires Shareholder approval by way of an ordinary resolution.

The effect of Ordinary Resolution Number 1, if passed, will be to grant the necessary approval of the Disposal in terms of the JSE Listings Requirements.

2. SPECIAL RESOLUTION NUMBER 1 – APPROVAL OF THE ETION DISPOSAL IN TERMS OF THE COMPANIES ACT

"**RESOLVED AS A SPECIAL RESOLUTION** that, subject to the approval of Ordinary Resolution Number 1, the Disposal in terms of which Etion will dispose of 100% of the issued shares in Lawtrust to the Purchaser for the Disposal Consideration on the terms set out in the Circular, be and is hereby approved in terms of sections 112 and 115(2)(a) and (b) of the Companies Act."

Reason and effect

The reason for Special Resolution Number 1 is that the Disposal is regarded as a disposal of the greater part of the assets or undertaking of Etion in terms of section 112 of the Companies Act and therefore requires the approval of Shareholders by way of a special resolution in terms of section 115 of the Companies Act.

The effect of Special Resolution Number 1, if passed, will be to grant the necessary approval of the Disposal in terms of the Companies Act.

In terms of section 115(2) of the Companies Act, read with Etion's MOI, at least 25% of the voting rights that are entitled to be exercised on Special Resolution Number 1 must be present or represented by proxy in order for Special Resolution Number 1 to be validly adopted.

VOTING AND PROXIES

1. The date on which Shareholders must be recorded in the Register for purposes of being entitled to receive this Notice of General Meeting is Friday, 4 June 2021.
2. The date on which Shareholders must be recorded in the Register for purposes of being entitled to attend and vote at the General Meeting, is Friday, 9 July 2021. The last day to trade in order to be entitled to attend and vote at the General Meeting, is Tuesday 6 July 2021.
3. Meeting participants will be required to provide proof of identification to the reasonable satisfaction of the chairman of the General Meeting and must accordingly bring a copy of their identity document, passport or driver's license to the General Meeting. If in doubt as to whether any document will be regarded as satisfactory proof of identification, meeting participants should contact the Transfer Secretaries for guidance.
4. A Shareholder entitled to attend, speak and vote at the General Meeting is entitled to appoint one or more proxies to attend, speak and vote in his/her stead. A proxy need not be a Shareholder of Etion. For the convenience of Certificated Shareholders and Dematerialised Shareholders with Own-name Registration, the Form of Proxy (*grey*) is attached hereto. Completion of the Form of Proxy will not preclude such Shareholder from attending and voting (in preference to that Shareholder's proxy) at the General Meeting.

5. Duly completed Forms of Proxy must be lodged with the Transfer Secretaries, at Rosebank Towers, 15 Biermann Ave, Rosebank, 2196 or posted to the Transfer Secretaries at Private Bag X9000, Saxonwold, 2132 or emailed to the Transfer Secretaries at proxy@computershare.co.za, to be received by them, for administrative purposes, by no later than 10:00 on Monday, 12 July 2021 or thereafter by handing such Forms of Proxy (*grey*) to the chairman of the General Meeting or the Transfer Secretaries at the General Meeting, at any time before the appointed proxy exercises any of the relevant Shareholder's rights at the General Meeting (or any adjournment of the General Meeting).

6. Dematerialised Shareholders who are not Own-name Registered Dematerialised Shareholders who wish to attend the General Meeting in person should request their CSDP or Broker to provide them with the necessary letter of representation in terms of their Custody Agreement with their CSDP or Broker.

7. Dematerialised Shareholders who are not Own-name Registered Dematerialised Shareholders who do not wish to attend but wish to be represented at the General Meeting must advise their CSDP or Broker of their voting instructions. Dematerialised Shareholders who are not Own-name Registered Dematerialised Shareholders should contact their CSDP or Broker with regard to the cut-off time for their voting instructions.

8. Shareholders present in person, by proxy or by authorised representative shall, on a show of hands, have one vote each and, on a poll, will have one vote in respect of each Share held.

ELECTRONIC PARTICIPATION IN THE GENERAL MEETING

- The Company's Memorandum of Incorporation authorises the conduct of shareholders' meetings entirely by electronic communication as does section 63(2)(a) of the Companies Act. In light of the measures put in place by the South African Government in response to the COVID-19 pandemic, the Board has decided that the General Meeting will only be accessible through a remote interactive electronic platform as detailed below.
- Shareholders or their duly appointed proxies who wish to participate in the General Meeting are required to complete the Electronic Participation Application Form available immediately after the proxy form and email same to the Company's Transfer Secretaries at proxy@computershare.co.za and to Etion at wyna.modisapodi@etion.co.za as soon as possible, but in any event by no later than 10:00 on Monday 12 July 2021.
- Shareholders or their duly appointed proxies are required to provide satisfactory identification before being entitled to participate in the General Meeting.
- Upon receiving a completed Electronic Participation Application Form, the Company's Transfer Secretaries will follow a verification process to verify each applicant's entitlement to participate in and/or vote at the General Meeting. The Company's Transfer Secretaries will provide the Company with the nominated email address of each verified shareholder or their duly appointed proxy to enable the Company to forward them Zoom meeting invitation required to access the General Meeting.
- Fully verified shareholders or their duly appointed proxies who have applied to participate electronically in the General Meeting are requested by no later than 09:45 on Wednesday, 14 July 2021 to join the meeting by clicking on the Zoom Meeting link to be provided by Etion's company secretary, whose admission to the meeting will be controlled by the company secretary.
- Participants will be liable for their own network charges in relation to electronic participation in and/or voting at theGeneral Meeting. Any such charges will not be for the account of the Company's Transfer Secretaries or Etion who will also not be held accountable in the case of loss of network connectivity or other network failure due to insufficient airtime, internet connectivity, internet bandwidth and/or power outages which prevents any such shareholder or their proxy from participating in and/or voting at the General Meeting.

SIGNED AT IRENE ON BEHALF OF THE BOARD OF DIRECTORS OF ETION ON 14 JUNE 2021

____

Company Secretary

Registered Office
Wyna Modisapodi
85 Regency Drive
Route 21 Corporate Park
Irene, 0157
(PO Box 95361, Waterkloof, 0145)
wyna.modisapodi@etion.co.za

Transfer Secretaries
Computershare Investor Services Proprietary Limited
Rosebank Towers
15 Biermann Avenue, Rosebank
Johannesburg, 2196
(Private Bag X9000, Saxonwold, 2132)
proxy@computershare.co.za

ETION LIMITED
(Incorporated in the Republic of South Africa)
(Registration Number: 1987/001222/06)
(Share Code: ETO)
(ISIN: ZAE000097028)
("**Etion**")

FORM OF PROXY ONLY FOR USE BY CERTIFICATED SHAREHOLDERS AND DEMATERIALISED SHAREHOLDERS WITH "OWN-NAME" REGISTRATION

All terms defined in the Circular, to which this Form of Proxy is attached, shall bear the same meanings when used in this Form of Proxy.

For use only by Shareholders holding Certificated Shares, nominee companies of CSDPs, Brokers' nominee companies and Own-name Registered Dematerialised Shareholders at the General Meeting to be held electronically on Wednesday, 14 July 2021 at 10:00 or any adjourned or postponed meeting.

Dematerialised Shareholders who are not Own-name Registered Dematerialised Shareholders must not complete this Form of Proxy and must provide their CSDP or Broker with their voting instructions, except for Own-name Registered Dematerialised Shareholders recorded in the sub-register through a CSDP or Broker, which Shareholders must complete this Form of Proxy and lodge it with their CSDP or Broker in terms of the Custody Agreement entered into between them and their CSDP or Broker. Dematerialised Shareholders who are not Own-name Registered Dematerialised Shareholders wishing to attend the General Meeting must inform their CSDP or Broker of such intention and request their CSDP or Broker to issue them with the necessary letter of representation to attend.

I/We (Full name in print)

of (address)

Telephone: (work) area code (   )   Telephone: (home) area code (   )

Cell phone number: E-mail address:

being the holder of [   ] Shares in Etion, hereby appoint:

1.   or failing him/her

2.   or failing him/her

3. the chairman of the General Meeting,

as my/our proxy to attend, speak and vote for me/us at the General Meeting (or any adjournment thereof) for purposes of considering and, if deemed fit, passing, with or without modification, the Disposal Resolutions to be proposed thereat and at each adjournment thereof and to vote for and/or against the Disposal Resolutions and/or abstain from voting in respect of the Shares registered in my/our name(s), in accordance with the following instruction (see notes):

	For*	Against*	Abstain*
Ordinary Resolution Number 1 Approval of the Disposal in terms of the JSE Listings Requirements			
Special Resolution Number 1 Approval of the Disposal in terms of the Companies Act			

* *One vote per Share held by Shareholders. Shareholders must insert the relevant number of votes they wish to vote in the appropriate box provided or "X" should they wish to vote all Shares held by them. If the Form of Proxy is returned without an indication as to how the proxy should vote on any particular matter, the proxy will exercise his/her discretion as to whether, and if so, how he/she votes.*

Signed at: on   2021

Signature

Capacity of signatory (where applicable)

Note: Authority of signatory to be attached – see notes 8 and 9.
Telephone number   Cellphone number

Assisted by me (where applicable)

Full name

Capacity

Signature

SUMMARY OF RIGHTS CONTAINED IN SECTION 58 OF THE COMPANIES ACT

In terms of section 58 of the Companies Act:

- *A Shareholder may, at any time and in accordance with the provisions of section 58 of the Companies Act, appoint any individual (including an individual who is not a Shareholder) as a proxy to participate in, and speak and vote at, a Shareholders' meeting on behalf of such Shareholder.*
- *A Shareholder may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by the Shareholder.*
- *A proxy may delegate his authority to act on behalf of a Shareholder to another person, subject to any restriction set out in the instrument appointing such proxy.*
- *Irrespective of the form of instrument used to appoint a proxy, the appointment of a proxy is suspended at any time and to the extent that the relevant Shareholder chooses to act directly and in person in the exercise of any of such Shareholder's rights as a Shareholder.*
- *Any appointment by a Shareholder of a proxy is revocable, unless the form of instrument used to appoint such proxy states otherwise.*
- *If an appointment of a proxy is revocable, a Shareholder may revoke the proxy appointment by (i) cancelling it in writing, or making a later inconsistent appointment of a proxy and (ii) delivering a copy of the revocation instrument to the proxy and to the relevant company.*
- *A proxy appointed by a Shareholder is entitled to exercise, or abstain from exercising, any voting right of such Shareholder without direction, except to the extent that the relevant company's memorandum of incorporation, or the instrument appointing the proxy, provides otherwise.*
- *If the instrument appointing a proxy or proxies has been delivered by a Shareholder to a company, then, for so long as that appointment remains in effect, any notice that is required in terms of the Companies Act or such company's memorandum of incorporation to be delivered to a Shareholder must be delivered by such company to:*
  - *the relevant Shareholder; or*
  - *the proxy or proxies, if the relevant Shareholder has: (i) directed such company to do so, in writing and (ii) paid any reasonable fee charged by such company for doing so.*

Notes:

1. Each Shareholder is entitled to appoint one or more proxies (none of whom need be a Shareholder) to attend, speak and vote in place of that Shareholder at the General Meeting.
2. A Shareholder may insert the name of a proxy or the names of two alternative proxies of the Shareholder's choice in the space/s provided, with or without deleting "*the chairman of the General Meeting*" but the Shareholder must initial any such deletion. The person whose name stands first on this Form of Proxy and who is present at the General Meeting will be entitled to act as proxy to the exclusion of those whose names follow.
3. A Shareholder's instructions to the proxy must be indicated by the insertion of an "X" should the Shareholder wish the proxy to exercise all of its votes or the relevant number of votes exercisable by the Shareholder and its proxy in the relevant boxes provided. Failure to comply with the above will be deemed to authorise and direct the proxy to vote or abstain from voting at the General Meeting as such proxy deems fit, in respect of all of the Shareholder's votes exercisable at the General Meeting.
4. Completed Forms of Proxy and the authority (if any) under which they are signed must be lodged with the Transfer Secretaries, Computershare Investor Services Proprietary Limited:

   By e-mail: proxy@computershare.co.za; or
   By hand: Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, South Africa; or
   By post: Private Bag X9000, Saxonwold, 2132, South Africa (please note that postal delivery by the due date is at the risk of the Shareholder),

   to be received by the Transfer Secretaries, for administrative purposes, by no later than [time] on Monday, 12 July 2021, or thereafter by handing such Forms of Proxy (*grey*) to the chairman of the General Meeting or the Transfer Secretaries at the General Meeting, at any time before the appointed proxy exercises any of the relevant Shareholder's rights at the General Meeting (or any adjournment of the General Meeting).
5. The completion and lodging of this Form of Proxy will not preclude the relevant Shareholder from attending the General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such Shareholder wish to do so.
6. The chairman of the General Meeting may accept or reject any Form of Proxy not completed and/or received in accordance with these notes or with the MOI.
7. Any alteration or correction made to this Form of Proxy must be initialled by the signatory/ies.
8. Documentary evidence establishing the authority of a person signing this Form of Proxy in a representative capacity (e.g. for a company, close corporation, trust, pension fund, deceased estate, etc.) must be attached to this Form of Proxy, unless previously recorded by Etion or the Transfer Secretaries.
9. Where this Form of Proxy is signed under power of attorney, such power of attorney must accompany this Form of Proxy, unless it has been previously recorded by Etion or the Transfer Secretaries or waived by the chairman of the General Meeting.
10. Where Shares are held jointly, all joint holders are required to sign this Form of Proxy.
11. A minor Shareholder must be assisted by his/her parent/guardian, unless the relevant documents establishing his/her legal capacity are produced or have been previously recorded by Etion or the Transfer Secretaries.
12. Dematerialised Shareholders who do not own Shares with Own-Name Registration and who wish to attend the General Meeting, or to vote by way of proxy, must contact their CSDP or Broker who will furnish them with the necessary letter of representation to attend the General Meeting or to be represented thereat by proxy. This must be done in terms of the Custody Agreement between the Shareholder and such Shareholder's CSDP or Broker.
13. This Form of Proxy shall be valid at any resumption of an adjourned General Meeting to which it relates, although this Form of Proxy shall not be used at the resumption of an adjourned General Meeting if it could not have been legally used at the General Meeting from which it was adjourned. This Form of Proxy shall, in addition to the authority conferred by the Companies Act except insofar as it provides otherwise, be deemed to confer the power generally to act at the General Meeting in question, subject to any specific direction contained in this Form of Proxy as to the manner of voting.
14. A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the death of the principal or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the Share in respect of which the proxy is given, provided that no notification in writing of such death, revocation or transfer as aforesaid shall have been received timeously by the Transfer Secretaries.
15. Any proxy appointed pursuant to this Form of Proxy may not delegate his/her authority to act on behalf of the relevant Shareholder.
16. In terms of section 58(8)(d) of the Companies Act, unless revoked, an appointment of a proxy pursuant to this Form of Proxy remains valid only until the end of the General Meeting or any adjournment of the General Meeting.

APPLICATION FORM FOR ELECTRONIC PARTICIPATION AT THE GENERAL MEETING

ETION LIMITED
(Incorporated in the Republic of South Africa)
Registration number: 1987/115237/06
JSE share code: ETO ISIN: ZAE000257739
("**Etion**" or "**the Company**")

GENERAL MEETING – 14 JULY 2021

Instructions

Shareholders or their proxies, have the right, as provided for in the Company's Memorandum of Incorporation and the Companies Act, to participate in the General Meeting by way of electronic communication.

Shareholders or their duly appointed proxies who wish to participate in the General Meeting must complete this application form and email it (together with the relevant supporting documents referred to below) to the Company's Transfer Secretaries at proxy@computershare.co.za and to the Company at wyna.modisapodi@etion.co.za as soon as possible, but in any event by no later than 10:00 on Monday, 12 July 2021.

Upon receiving a completed Electronic Participation Application Form, the Company's Transfer Secretaries will follow a verification process to verify each applicant's entitlement to participate in and/or vote at the General Meeting. The Company's Transfer Secretaries will provide the Company with the email address of each verified shareholder or their duly appointed proxy (each, "a Participant") to enable the Company to forward the Participant a Zoom meeting invitation required to access the General Meeting.

Etion will send each Participant a Zoom meeting invitation with a link to "Join Zoom"

to enable Participants to link up and participate electronically in the General Meeting. This link will be sent to the email address nominated by the Participant in the table below.

Please note

The electronic platform to be utilised for the General Meeting does not provide for electronic voting during the meeting. Accordingly, shareholders are strongly encouraged to submit votes by proxy in advance of the General Meeting, by completing the Form of Proxy and lodging the completed proxy form together with this Electronic Participation Application Form with the Company's Transfer Secretaries.

Participants who indicate in this form that they wish to vote during the electronic meeting, will be contacted by the Company's Transfer Secretaries to make the necessary arrangements.

Participants will be liable for their own network charges in relation to electronic participation in and/or voting at the General Meeting. Any such charges will not be for the account of the Company's Transfer Secretaries or Etion who will also not be held accountable in the case of loss of network connectivity or other network failure due to insufficient airtime, internet connectivity, internet bandwidth and/or power outages which prevents any such Participant from participating in and/or voting at the General Meeting.

By signing this application form, the Participant indemnifies and holds the Company harmless against any loss, injury, damage, penalty or claim arising in any way from the use of the telecommunication lines to participate in the General Meeting or any interruption in the ability of the Participant to participate in the General Meeting via electronic communication, whether or not the problem is caused by any act or omission on the part of the Participant or anyone else, including without limitation the Company and its employees.

Information required for participation by electronic communication at the General Meeting

Full name of shareholder:
Identity or registration number of shareholder:
Full name of authorised representative (if applicable):
Identity number of authorised representative:
Email address:
* *Note: this email address will be used by the Company to share the Microsoft Teams meeting invitation required to access the General Meeting electronically.*
Cell phone number:
Telephone number, including dialling codes:
* *Note: The electronic platform to be utilised for the General Meeting does not provide for electronic voting during the meeting. Accordingly, shareholders are strongly encouraged to submit votes by proxy in advance of the General Meeting, by completing the proxy form.* Indicate (by marking with an 'X') whether: ☐ votes will be submitted by proxy (in which case, please enclose the duly completed proxy form with this form); or ☐ the Participant wishes to exercise votes during the General Meeting. If this option is selected, the Company's Transfer Secretaries will contact you to make the necessary arrangements. By signing this application form, I consent to the processing of my personal information above for the purpose of participating in the General Meeting. Signed at on 2021
Signed:

Documents required to be attached to this application form

1. In order to exercise their voting rights at the General Meeting, shareholders who choose to participate electronically may appoint a proxy, which proxy may participate in the General Meeting, provided that a duly completed proxy form has been submitted in accordance with the instructions on that form, and as envisaged in the notice of the General Meeting.
2. Documentary evidence establishing the authority of the named person, including any person acting in a representative capacity, who is to participate in the General Meeting, must be attached to this application.
3. A certified copy of the valid identity document/passport of the person attending the General Meeting by electronic participation, including any person acting in a representative capacity, must be attached to this application.

APPLICATIONS TO PARTICIPATE BY ELECTRONIC COMMUNICATION WILL ONLY BE CONSIDERED IF THIS APPLICATION FORM IS COMPLETED IN FULL, SIGNED BY THE SHAREHOLDER, ITS PROXY OR REPRESENTATIVE, AND DELIVERED AS DETAILED ABOVE. THE COMPANY MAY IN ITS SOLE DISCRETION ACCEPT ANY INCOMPLETE APPLICATION FORMS.