THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions and interpretations commencing on page 4 of this document apply *mutatis mutandis* throughout this document including this cover page, **except where the context indicates a contrary intention.**

Action required by certificated and dematerialised shareholders:

This Circular is issued in compliance with the Listings Requirements of the JSE Limited, for the purpose of providing information to the public with regard to the company.

This document is important and should be read with particular attention to the section of this Circular entitled: "Action required by shareholders", which commences on page 2.

If you are in any doubt as to what action you should take, please consult your broker, banker, legal advisor, CSDP or other professional advisor immediately.

If you have disposed of all your Jasco shares, this Circular should be handed to the purchaser of such shares or to the broker, CSDP, banker or other agent through whom the disposal was effected.

Jasco does not accept responsibility, and will not be held liable, for any action of, or omission by, any CSDP or broker including, without limitation, any failure on the part of the CSDP or broker of any beneficial owner of Jasco shares to notify such beneficial owner of the transactions set out in this Circular.

JASCO

INSPIRE.INNOVATE.

JASCO ELECTRONICS HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)
(Registration number: 1987/003293/06)
Share code: JSC
ISIN: ZAE000003794
("**Jasco**" or "**the Company**")

CIRCULAR TO JASCO SHAREHOLDERS

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regarding:

- **the Disposal of Jasco's 47.7% interest in Reflex Solutions Proprietary Limited ("Reflex"), to Myriad Capital Communications Proprietary Limited for a Disposal Consideration of R72 857 143;**

and incorporating:

- **a notice convening a general shareholders' meeting; and**
- **a form of proxy (*blue*) for use by certificated and own name dematerialised shareholders only.**

Shareholders are referred to paragraph 18 of this document, which outlines the directors' responsibility statement in regard to this document.

Corporate Advisor and Sponsor	Auditors and Reporting Accountants of Jasco and Reflex	Legal Advisor
GRINDROD BANK	mazars	STEIN SCOP ATTORNEYS

Date of issue: Friday, 19 March 2021

This Circular is available in English only. Copies of this Circular may be obtained from the registered offices of Jasco and the Corporate Adviser and Sponsor whose addresses are set out in the "Corporate information and advisors" section of this Circular and will be available in electronic form from 19 March 2021 to 21 April 2021 as well as from the company's website (www.jasco.co.za).

CORPORATE INFORMATION AND ADVISORS

Registered office of Jasco

Corner Alexandra Avenue and 2nd Street
Midrand, 1685
(PO Box 860, Wendywood, 2144)
Date and place of incorporation:
20 July 1987– Pretoria; South Africa

Company Secretary

MCP Managerial Services
173 Oxford Road
Rosebank
2196

Transfer secretaries

JSE Investor Services Proprietary Limited
(Registration number 2000/007239/07)
13th Floor,
19 Ameshoff Street, Braamfontein,
Johannesburg, 2001
(PO Box 4844, Johannesburg, 2000)

Auditors and Reporting Accountants to Jasco

Mazars
Practise Number 900222
Mazars House
54 Glenhove road,
Melrose Estate, Johannesburg, 2195
(PO Box 6697, Johannesburg, 2000)

Corporate Advisor and Sponsor to Jasco

Grindrod Bank Limited
(Registration number 1994/007994/06)
4th Floor, Grindrod Tower
8A Protea Place
Sandton, 2146
(PO Box 78011, Sandton, 2146)

Legal Advisor to Jasco

Stein Scop Attorneys Inc.
(Registration number 2015/306625/21)
Fifth Floor, Capital Hill,
6 Benmore Road, Morningside,
Sandton, Gauteng, 2057, South Africa
(Postnet Suite 274, Private Bag X1, Melrose Arch, 2076)

Registered office of Reflex

17 Kent Road,
Dunkeld West, 2196
(PO Box 41066, Craighall, 2024)

Directors of Jasco:

Executive:

WA Prinsloo (Chief Executive Officer)
LA Prigge (Chief Financial Officer)

Non-Executive:

Dr ATM Mokgokong (Chairperson)
MJ Madungandaba (Deputy Chairperson)
P Radebe (Lead Independent)#
DH du Plessis#
MSC Bawa#
T Zondi#
AMF Da Silva (Alternate to MJ Madungandaba)

Independent

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The definitions and interpretations commencing on page 4 of this document have been used in this section.

ACTION REQUIRED BY SHAREHOLDERS

The "Definitions and Interpretations" commencing on page 4 of this Circular apply *mutatis mutandis* to the following section on "Action required by shareholders".

Please take careful note of the following provisions regarding the action required by shareholders:

This Circular contains important information regarding the Disposal and matters relating thereto.

Shareholders should not construe anything in this Circular as legal, business or tax advice. Shareholders who are in any doubt as to what action to take should consult their CSDP, broker, banker accountant or other professional adviser immediately.

1. If you are in any doubt as to the action you should take, please consult your broker, CSDP, banker, accountant or other professional adviser immediately.
2. If you have disposed of all of your shares, please forward this Circular to the purchaser of such shares or the broker, CSDP, banker or other agent through whom such disposal was effected.
3. This Circular contains information relating to the Disposal. You should carefully read through this Circular and decide how you wish to vote on the resolutions to be proposed at the general meeting.

General meeting

Shareholders are invited to electronically participate in the general meeting to be held entirely via a remote interactive electronic platform on Wednesday, 21 April 2021 at 15:00.

The notice convening the general meeting is attached to this Circular.

HOLDERS OF CERTIFICATED SHARES AND HOLDERS OF DEMATERIALISED SHARES WITH OWN NAME REGISTRATION

1. You are entitled to electronically participate in or be represented by proxy at the general meeting.
2. If you are unable or do not wish to electronically participate in the general meeting, and wish to be represented thereat, you must complete and return the attached form of proxy *(blue)* in accordance with the instructions therein so as to be received by the transfer secretaries, JSE Investor Services Proprietary Limited, at 13th Floor, 19 Ameshoff Street, Braamfontein, Johannesburg, 2001 (PO Box 4844, Johannesburg, 2000) by 15:00 on Monday, 19 April 2021 or emailed to the Transfer Secretary before your appointed proxy exercises any of your rights at the general meeting (or any adjournment of the general meeting), provided that should the transfer secretaries receive your form of proxy less than 48 hours before the general meeting, you will need to procure that a copy of your form of proxy is emailed to the Transfer Secretary before your proxy exercises any of your rights at the general meeting (or any adjournment of the general meeting).

HOLDERS OF DEMATERIALISED SHARES OTHER THAN WITH OWN NAME REGISTRATION

1. You must not complete the attached form of proxy.
2. If you wish to electronically participate in or be represented by someone other than your CSDP or broker at the general meeting, you must advise your CSDP or broker timeously in order for them to issue you with the necessary letter of representation to enable you to electronically participate in or be represented at the general meeting. Should you not wish to electronically participate in the general meeting in person or be represented at the general meeting by someone other than your CSDP or broker, you must timeously provide your CSDP or broker with your voting instruction in order for the CSDP or broker to vote in accordance with your instruction at the general meeting.
3. If your CSDP or broker does not contact you, you are advised to contact your CSDP or broker immediately. Instructions to your CSDP or broker must be provided in the manner and time stipulated in the Custody Agreement governing the relationship between yourself and your CSDP or broker and provide them with your instructions.

IMPORTANT DATES AND TIMES RELATING TO THE DISPOSAL

The definitions and interpretations commencing on page 4 of this Circular apply *mutatis mutandis* to this section.

	2021
Record date to determine which shareholders are eligible to receive this Circular	Friday, 12 March
Posting of this Circular including notice of general meeting to shareholders and announced on SENS	**Friday, 19 March**
Last day to trade in Jasco ordinary shares in order to be recorded in the register to vote at the general meeting	Tuesday, 13 April
Voting record date to vote at the general meeting	Friday, 16 April
Last day to lodge forms of proxy in respect of general meeting by 15:00 on	Monday, 19 April
General meeting to be convened at 15:00 on	**Wednesday, 21 April**
Publication of results of general meeting on SENS	Wednesday, 21 April

Notes:

1. The above dates and times may be subject to amendment. Any such amendment will be released on SENS and published in the South African press.
2. Unless otherwise indicated, all times are South African times.
3. Shareholders should note that as transactions in Shares are settled in the electronic settlement system used by Strate, settlement of trades takes place three South African Business Days after such trade. Therefore, Shareholders who acquire Shares after close of trade on Tuesday, 13 April 2021 will not be eligible to electronically participate in, participate in and vote at the General Meeting.
4. Any Form of Proxy (*blue*) not delivered by 15:00 on Monday, 19 April 2021 may be emailed to the Transfer Secretary immediately before the appointed proxy exercises any of the shareholder rights at the general meeting.
5. If the general meeting is adjourned or postponed, forms of proxy submitted for the initial general meeting will remain valid.

DEFINITIONS AND INTERPRETATIONS

In this document including its attachments, unless the context indicates a contrary intention, an expression which denotes any gender includes the other genders, a natural person includes a juristic person and *vice versa*, the singular includes the plural and *vice versa* and the following expressions bear the meanings assigned to them below:

"Board" or "the Directors"	the board of directors of Jasco, as reflected on the inside front cover;
"broker"	any person registered as a broking member (equities) in terms of the rules of the JSE and in accordance with the provisions of the Financial Markets Act;
"business day"	any day other than a Saturday, Sunday or official public holiday in South Africa;
"CEO"	Chief Executive Officer;
"certificated shares"	Jasco shares, represented by a share certificate or other document(s) of title, which are not dematerialised shares;
"certificated shareholders"	holders of certificated shares;
"Circular"	this bound document, dated Friday, 19 March 2021 including the annexures hereto;
"Closing Date"	the closing date of the Disposal will be the date, 15 days after the Effective Date;
"Commission" or "CIPC"	the Companies and Intellectual Property Commission, established in terms of section 185 of the Act, or its successor body;
"Companies Act" or Act"	the Companies Act 2008, (Act No. 71 of 2008), as amended;
"CSDP"	Central Securities Depository Participant, being a participant as defined in section 1 of the Financial Markets Act;
"dematerialisation"	the process by which certificated shares are converted to electronic form as uncertificated ordinary shares and recorded in a sub-register;
"dematerialised shareholders"	shareholders who hold dematerialised shares;
"dematerialised shares"	shares that have been dematerialised;
"Disposal"	the disposal of Jasco's 47.7% interest in the form of 510 Reflex ordinary shares to Myriad, for the Disposal Consideration;
"Disposal Consideration"	the Disposal Consideration payable by Myriad in respect of Reflex, a total amount of R72 857 143;
"Disposal Shares"	the 510 Reflex ordinary shares owned by Jasco;
"Effective Date"	the effective date of the Disposal is the date of the last fulfilment or waiver of the Disposal Conditions Precedent as detailed in paragraph 6, being the date that Jasco shareholders approve the transaction;
"Financial Markets Act"	the Financial Markets Act (Act no. 19 of 2012), as amended;
"general meeting" or "shareholders meeting"	the meeting of shareholders to be held entirely via a remote interactive electronic platform, at 15:00, on Wednesday, 21 April 2021, to consider and if deemed fit, approve the resolutions necessary to implement the Disposal;
"Government"	the Government of South Africa;

"Guarantee and Indemnity Agreement"	the written guarantee and indemnity agreement concluded between Jasco and Reflex on 18 September 2020, the salient terms of which are detailed in paragraph 5.5 of this circular;
"ICT"	information and communications technology;
"Income Tax Act"	the Income Tax Act, 1962 (Act No. 58 of 1962), as amended;
"Irrevocable Undertakings"	the signed irrevocable undertakings provided by each of the major shareholders of Jasco, detailed in paragraph 16 of this Circular;
"Jasco" or "the company"	Jasco Electronics Holdings Limited, (registration number 1987/003293/06), a public company incorporated in accordance with the laws of South Africa, the ordinary shares of which are listed on the main board of the stock exchange operated by the JSE;
"Jasco Corporate Bond"	the unlisted corporate bond, as part of Jasco's Domestic Medium Term Note Programme, issued on 30 January 2015, which bears interest at the three month JIBAR plus 3.25%. Interest is repaid quarterly and the entire capital plus any accrued interest is repayable on 31 July 2021. These instruments are senior unsecured floating rate notes and are held by two of Jasco's shareholders, TMM Holdings Proprietary Limited and Community Investment Holdings Proprietary Limited;
"Jasco Group"	Jasco and its subsidiaries and associates;
"Jasco shareholders" or "shareholders"	all registered holders of Jasco issued ordinary shares;
"Jasco shares" or "ordinary shares" or "shares"	the ordinary shares in the capital of the company of no par value;
"Jasco Trading"	Jasco Trading Proprietary Limited, (registration number 1981/005693/07), a private company incorporated in accordance with the laws of South Africa, and a wholly-owned subsidiary of Jasco;
"JSE"	JSE Limited (registration number 2005/022939/06), a public company incorporated in accordance with the laws of South Africa and licensed as an exchange under the Financial Markets Act;
"last practicable date"	Thursday, 11 March 2021, being the last practicable date prior to the finalisation of this document;
"Listings Requirements"	the listings requirements of the JSE;
"Master Services Agreement"	the written master services agreement concluded on 18 September 2020 between Reflex, Jasco and four of its wholly owned subsidiaries (namely Jasco Trading, Jasco Systems Proprietary Limited, Jasco Enterprise Proprietary Limited and Jasco Security and Fire Proprietary Limited ("Jasco Subsidiaries"), the salient terms of which are detailed in paragraph 5.4 of this circular;
"MOI"	the Memorandum of Incorporation of Jasco;
"Myriad"	Myriad Capital Communications Proprietary Limited (registration number 2014/150236/07), a private company with limited liability duly incorporated in accordance with the laws of South Africa. Myriad is a 100% subsidiary of Myriad BB Proprietary Limited (registration number 2017/041790/07), which is a 100% subsidiary of Myriad Capital Proprietary Limited (registration number 2015/268145/07) ("Myriad Capital"). Myriad Capital is 15% owned by Robinson and 45% owned by Wilson. The remaining 40% is held by two private equity consortiums in an equal split of 20% each;

"Myriad Loan Agreement"	the written loan agreement entered into on 18 September 2020, as amended on 31 December 2020, between Myriad, Reflex, Jasco and a 100% owned subsidiary of Jasco, Jasco Trading, in terms of which Myriad will lend to Jasco up to an amount not exceeding the sum of R25 000 000;
"notice of shareholders' meeting"	the notice convening the shareholders' meeting which is attached to and forms part of this Circular;
"own name dematerialised shareholders"	dematerialised shareholders who have elected to have own name registration;
"Put Option"	the written put option granted by Myriad to Jasco, exercisable at Jasco's sole discretion, to require Myriad to purchase from Jasco, its entire Reflex shareholding of 510 Reflex ordinary shares, for a total transaction consideration of R72 857 143, plus a dividend of R3 233 000, in terms of the Put Option Agreement;
"Put Option Agreement"	the written put option agreement entered into on 18 September 2020, as amended on 31 December 2020, between Myriad, Reflex and Jasco, in terms of which Myriad granted Jasco the Put Option;
"Put Option Notice"	the written notice provided by Jasco to Myriad on 1 October 2020, to notify Myriad that Jasco had elected to exercise the Put Option in terms of the Put Option Agreement;
"R" or "Rand" or "cents"	South African rand and cents, the lawful currency of South Africa;
"Reflex"	Reflex Solutions Proprietary Limited (registration number: 2007/029828/07), a private company with limited liability duly incorporated in accordance with the laws of South Africa in which Jasco owns 47.7% prior to the Disposal;
"register"	Jasco's securities register, including all sub-registers;
"reporting accountants" or "auditors"	Mazars the reporting accountants and auditors of Jasco and Reflex;
"Robinson"	David Edward Robinson, identity number 8006305146085;
"SENS"	the Stock Exchange News Service, the news service operated by the JSE;
"shareholders"	certificated shareholders and dematerialised shareholders;
"Share Swap Agreement"	the written share swap agreement entered into on 18 September 2020, which agreement was subsequently amended in terms of an amended and restated share swap agreement entered into on 25 September 2020, between Wilson, Robinson, Myriad BB Proprietary Limited (registration number 2017/041790/07) ("Myriad BB"), Myriad Capital Proprietary Limited (registration number 2015/268145/07) ("Myriad Capital") and Myriad, in terms of which Wilson swapped 462 and Robinson swapped 98 Reflex ordinary shares for an equal amount of ordinary shares in Myriad Capital. Further share swap transactions were implemented on 28 September 2020 and 29 September 2020, between Myriad, Myriad Capital and Myriad BB, resulting in the shares being held by Myriad;
"Signature Date"	signature date of the Put Option Agreement, 18 September 2020;
"South Africa"	the Republic of South Africa;

"Strate"	Strate Proprietary Limited (registration number 1998/022242/07), a private company incorporated in accordance with the laws of South Africa, which is a registered central securities depository in terms of the Financial Markets Act, which manages the electronic clearing and settlement system for transactions that take place on the JSE and off-market trades;
"Subscription Agreement"	the written subscription agreement entered into on 18 September 2020 between Wilson, Robinson and Reflex, in terms of which Robinson acquired 12 and Wilson acquired 58 additional new Reflex ordinary shares, issued by Reflex, at a value of R142 857,14 per share;
"subsidiary"	a subsidiary company, as defined in section 3 of the Act;
"transfer secretaries"	JSE Investor Services Proprietary Limited (registration number 2000/007239/07), a private company incorporated in accordance with the laws of South Africa;
"VAT"	Value-Added Tax;
"voting record date"	the last day for shareholders to be recorded in the register in order to vote at the general meeting, being close of business on Friday, 16 April 2021;
"VWAP"	volume weighted average price;
"Wilson"	Gregory Michael Wilson, identity number 8002115227082; and
"Working Capital Facility"	the working capital facility of R130 million from the Bank of China Limited Johannesburg Branch, which was raised on 13 May 2017. The working capital facility is secured by a cession of the debtors of the major subsidiaries of the group and a general notarial bond over the movable assets of the major Jasco subsidiaries. The loan bears interest at the three-month JIBAR plus 330 basis points, which is payable on a quarterly basis. The capital is repayable in one instalment by 27 December 2021.

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JASCO ELECTRONICS HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)
(Registration number: 1987/003293/06)
Share code: JSC
ISIN: ZAE000003794
("**Jasco**" or "**the Company**")

CIRCULAR TO SHAREHOLDERS

1. INTRODUCTION AND PURPOSE OF THIS CIRCULAR

In the transaction announcement released on SENS on Monday, 21 September 2020 ("Dilution Announcement"), shareholders were advised that the minority shareholders of Reflex, Wilson and Robinson, entered into the Subscription Agreement with Reflex, through which Wilson and Robinson acquired, a total of 70 additional ordinary Reflex shares (58 by Wilson and 12 by Robinson), at a share price of R142,857.14 per share. This share subscription effectively diluted Jasco's majority interest of 51% in Reflex to 47.7%.

Further to the Subscription Agreement, the relevant parties concluded the Share Swap Agreement, Myriad Loan Agreement and Put Option Agreement. In terms of the Put Option Agreement, Myriad granted Jasco an option, exercisable at Jasco's sole discretion, to require Myriad to purchase from Jasco, its entire 47.7% Reflex shareholding of 510 Reflex ordinary shares. The relevant salient terms of the Share Swap Agreement is included in paragraph 5.3 below.

In the transaction announcement released on SENS on Monday, 5 October 2020, Shareholders were advised that Jasco, had exercised its option in terms of the Put Option Agreement. Myriad will therefore purchase from Jasco, its entire 47.7% Reflex shareholding of 510 Reflex ordinary shares, at a consideration of R142,857.14 per share. The salient terms of the Put Option Agreement and the Disposal are set out in this Circular.

Further to the above, the parties concluded the Master Services Agreement the salient terms of which are detailed in paragraphs 5.4 and 5.5 of this circular.

The purpose of this Circular is to provide shareholders with the information on the Disposal, which constitutes a category 1 transaction in terms of the Listings Requirements and to convene a general meeting of shareholders at which shareholders can consider and vote on the resolutions required to implement the Disposal.

2. BACKGROUND AND RATIONALE FOR THE DISPOSAL

Jasco's immediate focus is on completing the organisational restructure which commenced in the 2019 financial year and the reduction of debt. The Reflex business, however, requires significant investment in the short term and Jasco is not currently in a position to provide the additional funding that is necessary. Accordingly, the Board has decided to sell the entire shareholding in Reflex rather than to allow further dilution of Jasco's investment in Reflex.

3. BACKGROUND TO MYRIAD

As detailed in the Dilution Announcement, Wilson and Robinson entered into a Share Swap Agreement with Myriad which Share Swap Agreement was subsequently amended between the parties thereto such that Wilson and Robinson's combined 560 Reflex ordinary shares are now held by Myriad. Myriad is currently 60% indirectly owned by Wilson and Robinson. Post the Implementation of the Disposal, Myriad will own 100% of Reflex.

4. BACKGROUND TO REFLEX

Jasco acquired its 51% interest in Reflex with effect from 1 May 2017, from the then owners, Wilson and Robinson.

Reflex was established in 2000 by Wilson in Johannesburg and initially specialised in the IT managed services market before adding hosted IT infrastructure, cloud services and more recently support services to network operators.

Reflex's operations cover Johannesburg, Cape Town, Port Elizabeth and Durban. Its blue-chip customer base spans the retail, logistics, education, telecommunications and financial services industries. It has a solid track-record of double-digit revenue growth since 2013, with consistent operating margins above 10%.

5. STRUCTURE AND SALIENT TERMS OF THE DISPOSAL

5.1 PUT OPTION AGREEMENT

Myriad, Reflex and Jasco entered into the Put Option Agreement, in terms of which Myriad granted Jasco an option, exercisable at Jasco's sole discretion, to require Myriad to purchase from Jasco, its entire Reflex shareholding of 510 Reflex ordinary shares, for a total transaction consideration of R72 857 143.

Jasco had 90 days from the effective date of the Put Option Agreement, 18 September 2020, in which to exercise the Put Option, by written notice to Myriad (the "Put Option Period"). On the expiry of the Put Option Period, the Put Option would, to the extent that it had not been exercised, lapse and be of no further force or effect.

The further disposal of the Disposal Shares is voetstoots and Jasco is not obliged to provide any warranties other than the warranties that it is the legal, beneficial and registered owner of the Disposal Shares and that, other than pursuant to the pledge and cession of the Disposal Shares provided by Jasco to Myriad as security for the loan to be advanced by Myriad to Jasco pursuant to the Myriad Loan Agreement, the Disposal Shares are not encumbered. Further details of the Myriad Loan Agreement are included in **Annexure 5**, Material Loans and Borrowings.

5.2 DISPOSAL CONSIDERATION

The Disposal Consideration of R72 857 143 is valued at R142 857.14 per Disposal share. The total outstanding amount of the Myriad Loan Agreement (approximately R21 767 000 plus any interest accrued thereon) will be offset against the Disposal Consideration.

If the dividend declared by Reflex between the Signature Date and the Closing Date of the Put Option Agreement, is greater than R3 233 000, the difference will be deducted from the Disposal Consideration.

The Put Option Agreement provides for a further set-off (to the extent applicable) where an amount equal to the trade debt (being any amount owing by Jasco and/or any of its subsidiaries arising from services previously provided by Reflex), will be set-off against the value of the Disposal Consideration.

The balance of the Disposal Consideration will be settled in cash. The proceeds from the Disposal will be applied to reduce the Jasco Corporate Bond with R45 000 000 and the Working Capital Facility with R27 857 143.

5.3 SHARE SWAP AGREEMENT

In terms of the Share Swap Agreement, Wilson swapped 462 Reflex ordinary shares and Robinson swapped 98 Reflex ordinary shares (collectively the "Swap Shares"), both in exchange for an equal amount of Myriad Capital ordinary shares in accordance with the provisions of section 42 of the Income Tax Act, 1962.

The Share Swap Agreement had the effect of transferring the direct interests of both Wilson and Robinson in Reflex, to Myriad Capital (and pursuant to two further share swap transactions within the Myriad group, ultimately to Myriad) with Wilson and Robinson holding an indirect interest in Reflex through their newly acquired interest in Myriad Capital.

The completion date of the Share Swap Agreement was 25 September 2020 and there are no outstanding conditions precedent to the Share Swap Agreement.

5.4 MASTER SERVICES AGREEMENT

In terms of the Master Services Agreement, Jasco has agreed to appoint Reflex, and Reflex has agreed to accept such appointment, to continue to provide certain services and certain products to the Jasco group of companies for an initial period of three years, with the option for Jasco to extend the agreement for a further two-year period. The Master Services Agreement replaced the existing master services agreement entered into between Reflex and Jasco Trading on 21 November 2019.

The Master Services Agreement was effective from 1 November 2020, being the first day of the month following the date on which Jasco exercised the Put Option. In the event that the Disposal fails, the Master Services Agreement will cease to apply and the existing master services agreement shall apply with effect from the first day of the month following the failure event.

The services to be provided in terms of the Master Services Agreement, include connectivity, cloud backups, communication services, security services, and end-user computing or managed services. The minimum cost is R445,245.38 per month.

5.5 GUARANTEE AND INDEMNITY AGREEMENT

In terms of the Guarantee and Indemnity Agreement, Jasco agreed to unconditionally and irrevocably guarantee, as a principal obligation, the due and punctual payment of all monies which certain Jasco subsidiaries may owe to Reflex, and the due and punctual performance and discharge by such Jasco subsidiaries of their respective obligations, under the existing master services agreement entered into between Reflex and Jasco Trading on 21 November 2019.

The effective date of the Guarantee and Indemnity Agreement was 1 October 2020.

6. CONDITIONS PRECEDENT TO THE DISPOSAL

The implementation of the Disposal is subject to the fulfilment of the last remaining Condition Precedent, that by not later than 30 April 2021, the requisite majority of shareholders of Jasco will have passed the requisite resolution(s) in accordance with the Act and/or the Listings Requirements approving the exercise by Jasco of the Put Option and giving the directors of Jasco the power to exercise the Put Option and to perform all acts required of Jasco in order to implement the Disposal.

Pursuant to the addendum to the Put Option Agreement concluded between the parties thereto on 31 December 2020, if the Disposal fails to become unconditional by 30 April 2021, Myriad shall charge Jasco a break fee in the amount of R15,000,000.00 ("Break Fee") payable within five days of the date on which the Disposal failed to become unconditional. Failure to pay the Break Fee on time will result in the Break Fee accruing interest at the rate of prime plus 10%.

7. CALL OPTION

The Put Option Agreement further provides Jasco with a call option which will allow Jasco, in the event that Myriad fails to pay the Disposal Consideration ("Trigger Event"), to purchase 36 additional Reflex ordinary shares, from Myriad, at the same value of R142 857 per share, as the Disposal Shares, within 180 days from the Trigger Event.

If exercised, the call option will result in Jasco's interest in Reflex being restored to a majority interest of 51% as it was prior to the Disposal. In the event that the call option is exercised it will be subject to the Listings Requirements. Shareholders will be advised through a further SENS announcement should this event take place.

8. *PRO FORMA* FINANCIAL EFFECTS

The preparation of the *pro forma* financial effects is the responsibility of the Directors of Jasco.

The table below, and Annexure 3 set out the *pro forma* financial effects ("*pro forma* financial effects") of the Disposal on Jasco. The *pro forma* financial effects are prepared for illustrative purposes only and may not fairly represent Jasco's results, financial position and changes in equity after the Disposal for the purposes of the *pro forma* financial effects, it has been assumed that the Disposal took place with effect from 1 July 2019 for the statement of comprehensive income and 30 June 2020 for the statement of financial position.

The summary *pro forma* financial effects have been prepared using accounting policies that comply with International Financial Reporting Standards and that are consistent with those applied in the audited, published financial statements of Jasco for the year ended 30 June 2020. The reporting accountants' reasonable assurance report on the *pro forma* financial effects is set out in Annexure 4 to this Circular.

	Before (cents) Note 1	***Pro forma* After the Disposal (cents)** Note 2	**Change (%)**
Basic earnings per share	(49.4)	(39.3)	(20.4)
Headline earnings per share	(44.5)	(44.4)	0.2
Diluted earnings per share	(49.4)	(39.3)	(20.4)
Diluted headline earnings per share	(44.5)	(44.4)	0.2
Number of shares in issue ('000s)	229 319		
Less: Treasury shares ('000s)	4 873		
Net shares in issue ('000s)	224 446		
Net asset value per share	11.5	20.8	80.9
Net tangible asset value per share	(49.7)	(21.5)	(56.7)

Notes:

1. The "Before" column has been extracted, without adjustment, from Jasco's published audited final results for the year ended 30 June 2020.
2. The "After" column reflects the impact of the *pro forma* adjustments on Jasco as a consequence of the Disposal. The effects of the Disposal are calculated on the assumption that the initial Disposal Consideration of R72.8 million will be utilised to reduce the Jasco Corporate Bond with R45 million and the Working Capital Facility with R27.8 million.
3. For the purposes of calculating the net asset value per share and net tangible asset value per share, the effect of the Disposal is done on the basis that it was effective 30 June 2020.

9. HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information of Reflex for the three financial years ended 30 June 2020, 30 June 2019 and 30 June 2018 has been prepared in accordance with International Financial Reporting Standards ("IFRS") based on previously audited financial statements of Reflex for the year ended 30 June 2020 and reviewed financial statements for years ended 30 June 2019 and 30 June 2018 and is included in Annexure 1 to this Circular. All previous annual financial statements were prepared in accordance with International Financial Reporting Standards for Small and Medium-sized Entities.

A strategic overview and commentary on the Historical Financial Information of Reflex for the three financial years ended 30 June 2020, 30 June 2019 and 30 June 2018 is included in Annexure 1 of this Circular and is the responsibility of the Directors.

10. ESTIMATED EXPENSES

There have been no preliminary expenses incurred by Jasco in the three years immediately preceding the date of the Circular. It is estimated that Jasco's expenses relating to the Disposal will amount to approximately R2 million. The expenses (excluding VAT) relating to the Disposal are detailed below.

Nature of expense	**Party**	**R**
JSE documentation inspection fee	JSE Limited	80 609
Printing, publication and distribution	Ince	58 342
Corporate advisor and sponsor	Grindrod Bank Limited	750 000
Reporting accountants and auditors	Mazars	500 000
Legal fees	Stein Scop Attorneys	500 000
Other	Various	111 049
Total		2 000 000

11. **VENDOR INFORMATION**

Details of the Vendors of material assets acquired by Jasco, or by any subsidiaries of Jasco, during the three years preceding the publication of this Circular is detailed in Annexure 6.

12. **MATERIAL CONTRACTS**

Other than as set out in Annexure 6 to this Circular, neither Jasco nor any of its subsidiaries or associated entities have entered into any restrictive funding arrangements or contracts that are not carried on in the ordinary course of business, or proposed to be carried on, by the Group, either in the two years prior to the date of this Circular or containing an obligation or settlement that is material to Jasco or its subsidiaries or associated entities as at the date of this Circular.

13. **MATERIAL LOANS AND BORROWINGS**

Details of the material loans and borrowings of the Jasco Group are set out in Annexure 5 of this Circular.

14. **MATERIAL CHANGES**

Other than the proposed Disposal, there have been no material changes in the financial or trading position of Jasco and its subsidiaries since the end of the last financial period for which the audited financial results for the year ended 30 June 2020 have been published.

Other than the proposed Disposal, there have been no other material changes in the financial or trading position of Reflex since the financial year ended 30 June 2020, as covered by the report of historical financial information set out in Annexure 1, and the last practicable date.

15. **LITIGATION AND LEGAL PROCEEDINGS STATEMENT**

At the last practicable date there were no legal or arbitration proceedings (including proceedings which are pending or threatened) of which the Jasco directors are aware, which may have or have had during the twelve months preceding the date of this Circular, a material effect on the company and the Jasco Group's financial position.

At the last practicable date there were no legal or arbitration proceedings (including proceedings which are pending or threatened) of which the Jasco directors are aware, which may have or have had during the twelve months preceding the date of this Circular, a material effect on Reflex's financial position.

16. **MAJOR JASCO SHAREHOLDERS**

Insofar as is known to the Directors of Jasco, on the last practicable date, the shareholders directly or indirectly beneficially interested in 5% or more of the issued capital of Jasco are as set out in the table below:

Name	**Number of shares beneficially held**	**Percentage shareholding**
Community Investment Holdings Proprietary Limited ("CIH")*	74 564 384	32.52
Goldsol II Proprietary Limited	49 995 754	21.80
TMM Holdings Proprietary Limited	10 031 625	4.37
Carla Maria Ferreira	13 593 955	5.93
Total	**148 185 718**	**64.62**

*On 30 May 2018 AfroCentric Investment Corporation Limited sold its entire 44 263 793 ordinary shares in the issued share capital of Jasco to CIH for a purchase consideration of R32 million.

There is currently no controlling shareholder of the company. There has not been a change in the controlling shareholder of the company or the trading objects of the company during the five years preceding the date of this Circular.

The Major Shareholders listed above, each provided Irrevocable Undertakings in favour of Jasco to attend the General Meeting and to vote, either in person or by proxy, all of the respective shares as detailed above and any further shares acquired by them after the dates of the Irrevocable Undertakings, in favour of all the resolutions to be proposed at the General Meeting and to continue to hold the above shareholdings free from encumbrances and to not sell, transfer or otherwise dispose of the shareholdings prior to the General Meeting.

17. SALIENT INFORMATION ON JASCO

17.1 NATURE OF JASCO'S BUSINESS

Jasco is a South African company that delivers technologies across Information & Communication Technology ("ICT") Security & Fire and Power & Renewables. Jasco has been listed on the securities exchange operated by the JSE Limited, since 1987. Jasco is a distributor, reseller, systems integrator and service provider that delivers innovative solutions.

Jasco has a wide range of products, services and solutions that focus predominantly on the three key sectors of ICT, security & fire and power & renewables.

ICT SOLUTIONS

ICT Carrier

ICT-Carrier contributed 19% of group revenue during the year ended 30 June 2020. It delivers telecommunications products and services, from design and planning of networks to configuration, integration and support. As a distributor and systems integrator, our proven solutions focus on access, transmission and operational support systems for telecommunications networks across Southern Africa.

ICT-Enterprise

ICT Enterprise contributed 55% of group revenue during the year ended 30 June 2020. Enterprise delivers end-to-end technology solutions to meet both premises and cloud-based customer requirements using technology to solve business problems. The business consists of four key areas, namely Communications Solutions (i.e. contact centre and workforce optimisation), Information Technology (IT) Solutions (network and unified communications, connectivity, cloud computing and IT managed services), Internet of Things (IoT) Solutions (real-time asset tracking and management and property technology management) and Broadcast Solutions.

SECURITY AND FIRE

Security and Fire contributed 6% of group revenue during the year ended 30 June 2020. Security & Fire offers design, installation and maintenance of smart technology solutions to address the safety of buildings and people. Our offering ranges from access control, surveillance systems, fire detection and fire suppression to a suite of smart building solutions.

POWER AND RENEWABLES

Power and Renewables contributed 1% of group revenue during the year ended 30 June 2020. Power and Renewables offers a turnkey service that covers both quality and assurance of supply, including uninterruptible power supplies (UPSs), generators, transformers, voltage stabilisers (AVRs) and surge protection.

ELECTRICAL MANUFACTURERS

Electrical Manufacturers contributed 19% of group revenue for the year ended 30 June 2020. Electrical Manufacturers is largely a component manufacturer of plastic injection-moulded products, wire harnesses, metal pressings, and household electrical products, with a special focus on the large home appliance market in South Africa.

The planned sale of Electrical Manufacturers was cancelled in June 2020 following the purchaser's inability to conclude the funding requirements for the transaction. Although this was disappointing, it was directly related to Covid-19 being considered a material adverse event in terms of the purchaser's funding agreement. The Electrical Manufacturers business has, however, responded quickly to the easing of the lockdown restrictions with a pleasing improvement in revenues and profitability during the new financial year.

17.2 OPINION OF DIRECTORS AS TO THE PROSPECTS OF THE BUSINESS

Market Outlook and Group Prospects – Jasco

The 2020 financial year was characterised by tough economic and industry conditions in the first half and the disastrous impact of the Covid-19 pandemic and related lockdown in the second half. The financial performance reflected this, with a severe drop in revenue and a significant earnings loss for the year ended 30 June 2020. This resulted in the breach of key loan covenants for the Bank of China working capital facility and the DMTN programme (corporate bond) at 30 June 2020. These covenant breaches were condoned by the lenders – refer to **Annexure 5** for more detail.

To counter South Africa's low growth environment, Jasco will continue to execute its strategy and focus on the following key areas for the next 12 months:

- Execute on the new optimised organisational structure, which will drastically reduce both operational and overhead costs.
  - Stabilise the balance sheet by reducing debt levels through the sale of Reflex Solutions. Furthermore the Bank of China Working Capital Facility will be restructured through the introduction of a South African-based financial institution for a general short-term banking facility and a senior amortising loan facility from the Bank of China for the remaining portion of the debt.
- Focus our investments on the fast-growing areas of Cloud solutions, Hi-Sites, Digital Media and IoT.
- Accelerate growth through investment in key growth markets and launch new smart solutions offerings of open access networks and cloud workforce management.
- Continue to focus on effective people engagement, development and retention through further investment in training and maintaining our Employer of Choice status.
- Reduce and optimise our legal and operational structure.

The economic outlook for F2021 is uncertain and any growth is dependent on the success of government's ongoing interventions in response to the devastating impact of Covid-19. However, management will remain focused on executing our strategic goals in niche growth sectors, as indicated in the strategy update.

Market Outlook and Group Prospects – Reflex

During its 2020 financial year, Reflex was impacted by the COVID-19 pandemic and related lockdown, particularly in the second half of the year. The impact was especially severe for customers in the Hospitality, Retail and Training Industries. Whilst connectivity customers received increased services, these services required additional investment and significant resources to achieve the demands of working from home, with no immediate increase in profitability.

Despite growth in revenue, gross margins have significantly decreased and operating profits are well below previously achieved ratios. The overall financial performance therefore reflects reduced profitability for the year ended 30 June 2020.

To counter the challenges faced by the Company, management will execute a revised long-term strategy, focused on the following key areas:

- Sales: appointment of a Head of Sales and supporting team to drive new opportunities. Whilst there will be an initial increase in operational cost, growth in revenue is required to cater for current price and margin pressures.
- Automation: management will seek to stabilise and automate the connectivity network through significant investment in resources and infrastructure, resulting in long-term operational savings.
- Increased competitive price advantages: achieved through the cultivation of direct relationships with key suppliers, reducing inflated prices and maintaining margin percentage, resulting in reduced revenue and gross profit, however, offset by securing key customers.

The economic outlook for the financial year remains uncertain and any macro growth will be dependent on the success of government's ongoing interventions in response to the devastating impact of COVID-19. However, management will maintain its focus on obtaining additional investment and executing the strategic goals of the business.

17.3 **DIRECTORS REMUNERATION**

17.3.1 ***Non-executive directors***

The following table depicts the remuneration of the non-executive directors for the year ended 30 June 2020:

Non-executive director	2020 Rand
Dr ATM Mokgokong	490 945
MJ Madungandaba	476 674
DH du Plessis	376 968
MS Bawa	369 970
P Radebe	379 455
T Zondi	293 723
AMF da Silva[1]	1 290 000
Total	**3 677 735**

[1] Mr AMF (Pete) da Silva became interim Chief Executive Officer from 1 June 2020. Remuneration received in terms of a consultancy agreement as Pete was re-appointed on a monthly basis due to the interim nature of his appointment.

17.3.2 *Executive directors and prescribed officers*

The table below outlines the remuneration earned by the executive directors and prescribed officers for the year ended 30 June 2020.

Executive directors (paid by Jasco Trading)	Basic Salary	Sums paid by way of expense allowance	Contributions under any other benefit scheme[5]	Termination benefits	Total short term benefit	Contributions to defined contribution funds	Share based payments	Total
M Janse van Vuuren[2]	2 685 045	54 450	304 133	1 689 375	**4 733 003**	332 030	27 621	**5 092 654**
W Prinsloo[4]	2 729 162	54 450	488 174	–	**3 271 786**	46 295	112 016	**3 430 097**
T Petje[3]	1 514 773	56 550	244 549	481 531	**2 297 403**	274 943	25 453	**2 597 799**
AMF da Silva[2]	70 000	–	–	–	**70 000**	–	–	**70 000**
Total	**6 998 980**	**165 450**	**1 036 856**	**2 170 906**	**10 372 192**	**653 268**	**165 090**	**11 190 550**

[2]M Janse van Vuuren stepped down as CEO with effect from 31 May 2020. AMF (Pete) da Silva was appointed as interim CEO with effect from the same date. Remuneration received in terms of a consultancy agreement as Pete was re-appointed on a monthly basis due to the interim nature of his appointment.

WA Prinsloo was appointed as CEO with effect from 1 March 2021, with Pete da Silva resuming his role as alternate non-executive director to MJ Madungandaba. Liska Prigge was appointed as CFO with effect from 1 March 2021.

[3]T Petje resigned with effect from 29 February 2020.

[4]Remuneration received in terms of a consultancy agreement. WA Prinsloo is on a fixed term contract that expires on 31 March 2021.

[5]Includes contributions to funeral fund, UIF and SDL, leave pay-out, travel allowance and consultancy fees.

There will be no variation in the remuneration to be received by any of the directors as a consequence of the transaction.

The company's remuneration committee considers and recommends fees for non-executive directors after taking into account duties performed and market trends. Non-executive directors receive a fixed remuneration for their services based on their participation in Board meetings and other committees. Non-executive directors do not receive incentive bonus payments nor do they participate in the group's Share Incentive Scheme.

As at the last practicable date, no contracts exist as regards the provision of any secretarial, technical services or restraint payments payable by Jasco or any of its subsidiaries of a material nature.

17.3.3 *Long-term incentives*

No share options were issued during the year ended 30 June 2020. There are no options issued currently to executive directors:

17.4 **DIRECTORS' INTEREST IN JASCO SHARES**

As at 30 June 2020, the directors and their associates (as defined in terms of the Listings Requirements), including directors who have resigned in the last 18 months, had the following direct and indirect beneficial interest in the share capital of the company:

Ordinary shares	**% shareholding**	**2020**	**2019**
Direct – Beneficial			
MSC Bawa	0.02	50 509	50 509
AMF da Silva*	0.47	1 070 500	1 070 500
WA Prinsloo	0.01	25 000	25 000
Indirect – Beneficial			
MJ Madungandaba	18.75	42 998 052	41 896 865
ATM Mokgokong	13.76	31 566 332	30 757 914
MSC Bawa	1.75	4 010 170	3 781 887
Total		**79 720 563**	**77 582 675**

Options	**2020**	2019
Direct – Beneficial		
M Janse van Vuuren**	–	2 394 488
TS Petje***	–	465 702
Total	**–**	2 860 190

*Mr AMF (Pete) da Silva acted as a non-executive director, until 15 July 2019, when his status changed to alternate non-executive director to Mr JM Madungandaba.

**M Janse van Vuuren stepped down as CEO with effect from 31 May 2020. AMF da Silva was appointed as interim CEO with effect from the same date.

***T Petje resigned with effect from 29 February 2020.

No share options were issued during the year.

As at the last practicable date of this Circular, no material changes to these holdings have occurred.

17.5 **DIRECTORS' INTERESTS IN TRANSACTIONS**

None of the directors of Jasco, including directors who have resigned in the 18 months prior to this Circular, have any material direct or indirect beneficial interest in any transaction that was effected by the Jasco Group during the current, immediately preceding financial year or earlier financial year, which remains in any respect outstanding or unperformed.

18. **RESPONSIBILITY STATEMENT**

The directors, whose names are set out on the inside front cover of this Circular, collectively and individually,

- have considered all statements of fact and opinion in this Circular;
- collectively and individually accept full responsibility for the accuracy of the information provided;
- certify that, to the best of their knowledge and belief, there are no other 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 document contains all information required by law and the Listings Requirements; and
- confirm that this Circular contains all information required by law and the Listings Requirements.

19. **WORKING CAPITAL STATEMENT**

The Board has considered the effects of the Disposal and is of the opinion that:

- the Jasco group will be able to in the ordinary course of business pay its debts for a period of 12 months after the date of this Circular;
- the assets of the Jasco Group will be in excess of the liabilities of the Jasco Group for a period of 12 months after the date of this Circular. For this purpose, the assets and liabilities are recognised and measured in accordance with the accounting policies used in the latest audited consolidated annual financial statements;
- the share capital and reserves of the Jasco Group will be adequate for ordinary business purposes for a period of 12 months after the date of this Circular; and
- the working capital of the Jasco Group will be adequate for ordinary business purposes for a period of 12 months after the date of this Circular.

20. **OPINIONS AND RECOMMENDATIONS**

The Board has considered the terms and conditions of the Disposal and is of the opinion that it is in the best interest of all of Jasco's key stakeholders and will be to the long-term benefit of shareholders. Accordingly, the Board recommends that shareholders vote in favour of the resolutions relating to the Disposal at the general meeting.

All the directors of Jasco who own Jasco shares in their own right and are entitled to vote, intend to vote in favour of the resolutions relating to the Disposal.

It is recommended that shareholders consult their professional advisers regarding the action to be taken in relation to the Disposal.

21. **CONSENTS**

The corporate advisor and sponsor, legal advisor, transfer secretaries and independent reporting accountants to Jasco have given and have not, prior to the last practicable date, withdrawn their written consents to the inclusion of their names and, where applicable, their reports in the form and context in which they appear in this Circular.

The independent reporting accountants have consented in writing to the inclusion of their report in this Circular in the form and context in which it appears and have not withdrawn such consents prior to the publication of this Circular.

22. **GENERAL MEETING**

The general meeting is scheduled to be held entirely via a remote interactive platform, at 15:00 on Wednesday, 21 April 2021 for the purposes of considering and if deemed fit, passing with or without modification, the resolutions required for the Disposal. A notice convening the general meeting to approve the Disposal and a form of proxy (*blue*), for use by certificated shareholders and dematerialised shareholders with own-name registration who are unable to electronically attend the general meeting, form part of this Circular.

In terms of the Listings Requirements, a 50% majority of votes of all shareholders present or represented by proxy at the general meeting must be obtained in respect of the ordinary resolutions to approve the Disposal.

23. **DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at the registered offices of Jasco and the Corporate Advisor and Sponsor during normal business hours (excluding Saturdays, Sundays and public holidays) from the date of issue of this Circular until Wednesday, 21 April 2021:

- the Memorandum of Incorporation of Jasco and its major subsidiaries;
- the audited consolidated financial statements of Jasco for the financial years ended 30 June 2020, 30 June 2019 and 30 June 2019;
- the Annual Integrated Report for the financial year ended 30 June 2020;

- the *pro forma* financial effects and statements of comprehensive income and financial position for the year ended 30 June 2020 prepared in terms of IFRS as set out in Annexure 3 of this Circular;
- the Independent Reporting Accountants' reasonable assurance report on the *pro forma* financial effects and statements of comprehensive income and financial position as set out in Annexure 4 to this Circular;
- the historical financial information of Reflex for the three years ended 30 June 2020, 30 June 2019 and 30 June 2018 as set out in Annexure 1 of this Circular;
- the Independent Reporting Accountants' Reports relating to the historical financial information of Reflex for the three years ended 30 June 2020, 30 June 2019 and 30 June 2018, as set out in Annexure 2 and 4 of this Circular;
- the Put Option Agreement;
- the Guarantee and Indemnity Agreement, Master Services Agreement, Myriad Loan Agreement, Share Swap Agreement and Subscription Agreement;
- Reflex contract referred to in Annexure 6;
- copies of service agreements with directors, managers, secretaries, underwriters, vendors and promoters entered into during the last 3 years;
- written consents of the independent reporting accountants, legal advisor, transfer secretaries and corporate advisor and sponsor to the inclusion of their names in this Circular in the context and form in which they appear; and
- a signed copy of this Circular.

Electronic copies of the abovementioned documents may be requested from the Company Secretary, (at company.secretary@jasco.co.za), or the Corporate Advisor and Sponsor (at annerieb@grindrodbank.co.za), from the date of issue of this Circular until Wednesday, 21 April 2021.

By order of the Board

JASCO ELECTRONICS HOLDINGS LIMITED

Warren Prinsloo
Chief Executive Officer

Midrand
19 March 2021

Registered office

Corner Alexandra Avenue and 2nd Street
Midrand
1685
(PO Box 860, Wendywood, 2144)

HISTORICAL FINANCIAL INFORMATION OF REFLEX FOR THE THREE YEARS ENDED 30 JUNE 2020, 30 JUNE 2019 AND 30 JUNE 2018

Strategic overview and commentary on the Historical Financial Information of Reflex for the three years ended 30 June 2020, 30 June 2019 and 30 June 2018

Strategic overview

Over the financial years ended 30 June 2020, 30 June 2019 and 20 June 2018, Reflex has continued the expansion of its portfolio of IT managed services, hosted IT infrastructure, and cloud services, more recently adding support services to network operators to its portfolio.

From a short-to-medium term outlook perspective, Reflex expects to continue the execution of its strategy which entails a significant increase in investment to focus on meeting an increasing demand for connectivity.

Year on Year commentary

Across the last three financial years ended 30 June 2020, 30 June 2019 and 30 June 2018, Reflex has achieved consistent year-on-year operating margins above 10%.

Future Plans

Over the short-to-medium term, Reflex will continue aligning its growth strategy with the ongoing demand for increased connectivity, which will require immediate significant investment.

Upon the fulfilment of the last of the Conditions Precedent contained in the Put Option Agreement, and the consequent Disposal, Jasco, Reflex and Myriad have agreed that they shall each take all reasonable steps to ensure that Jasco is, as promptly as reasonably possible, released from any and/or all admissions or acknowledgements of indebtedness, including but not limited to instances where Jasco has bound itself as surety and/or co-principal debtor for the due payment by Reflex of all or any sums of money at any time from whatsoever cause arising and/or any interest thereon payable by Reflex to any third party creditor.

Historical Financial Information of Reflex for the three years ended 30 June 2020, 30 June 2019 and 30 June 2018

The historical information of the Reflex set out below has been extracted from the consolidated audited annual financial statements of Reflex. The consolidated audited annual financial statements for the year ended 30 June 2020 were audited by Mazars and reported on without qualification. The consolidated audited annual financial statements for the years ended 30 June 2019 and 30 June 2018 were audited by PricewaterhouseCoopers Inc. and reported on without qualification. The historical financial information is the responsibility of the Directors of Jasco.

Incorporation and background

The company was incorporated on 17 October 2007 and obtained its certificate to commence business on the same day. At the reporting date the group's holding company was Jasco Electronics Holdings Limited which held 51% (2019: 51%) of the group's equity. Jasco Electronics Holdings Limited is incorporated in South Africa. Subsequent to the reporting date, Myriad Capital Communications Proprietary Limited acquired a controlling interest.

The group's ultimate holding company is Myriad Capital Proprietary Limited which is incorporated in South Africa.

Nature of business

Reflex Solutions Proprietary Limited is engaged in computing solutions in all its aspects. The group and company operates in South Africa.

Review of financial results and activities

For the purpose of the circular prepared by Jasco Electronics Holdings Limited (Jasco) relating to the disposal of its 47.7% interest in Reflex Solutions Proprietary Limited, the consolidated annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act 71 of 2008. Refer to accounting policy note 1 for details relating to the transition from the International Financial Reporting Standard for Small and Medium-sized Entities to International Financial Reporting Standards (IFRS for SMEs). All previous annual financial statements were prepared in accordance with IFRS for SMEs.

The operating results and state of affairs of the group and company are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

Dividends

A dividend of R6 660 000 was declared and paid to the shareholders during the year (2019: R Nil, 2018: R7 500 000).

Events after the 30 June 2020 reporting period.

A dividend of R6 782 960.78 was declared to the shareholders on 2 October 2020.

Subsequent to the reporting date, the previous minority shareholders subscribed to an additional 70 shares in the company by way of a rights issue for a total consideration of R10 000 000 resulting in loss of control by Jasco Electronics Holdings Limited on 22 September 2020. A further share swap agreement was concluded which resulted in Myriad Capital Communications Proprietary Limited ("Myriad CC") acquiring the shares that were previously held in by the aforementioned shareholders in their personal capacities. As result on 29 September 2020, Myriad CC obtained a controlling interest in the company. Myriad CC is ultimately held by Myriad Capital Proprietary Limited.

Jasco has exercised a put option which, if approved by its shareholders, will result in Myriad Capital Communications Proprietary Limited acquiring the remaining shares in the company. The Jasco shareholders vote are expected to take place in the second quarter of the 2021 calendar year.

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

Going Concern

The directors believe that the Reflex group has adequate financial resources to continue in operation for the foreseeable future and accordingly the consolidated annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the group is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the group. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the group.

On 11 March 2020, the World Health Organisation ("WHO") declared COVID-19 a pandemic. The outbreak of the global disease resulted in various restrictions, including country-wide lockdown imposed by the South African Government. The unfolding of the pandemic in South Africa is being closely monitored by the directors and the impact to the company is continuously assessed. Due to the nature of the company's operations, the pandemic has had both positive and negative impacts to the business and thus the directors did not believe that the pandemic would have any major impact to the going concern assumption of the company.

The directors continue to monitor the financial impact of COVID-19. Although the outcome is uncertain, the directors are confident that based on the nature of the business and the working capital requirements it has to its disposal, the company has appropriately adopted the going concern assumption for the financial reporting period ended 30 June 2020.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEARS ENDED 30 JUNE 2020, 2019 AND 2018

		Group		
	Notes	2020 R	2019 R	2018 R
Revenue	13	277 305 605	174 234 688	161 074 174
Cost of sales	14	(170 670 225)	(85 994 732)	(89 721 098)
Gross profit		**106 635 380**	**88 239 956**	**71 353 076**
Other income	15	5 137 576	3 154 543	693 997
Goodwill impairment	14	–	–	(2 338 597)
Net provision for estimated credit loss		(2 131 864)	85 600	–
Other operating expenses	14	(85 865 616)	(71 054 939)	(48 431 868)
Operating profit		**23 775 480**	**20 425 158**	**21 276 608**
Finance income	16	1 540 947	656 685	618 696
Finance costs	17	(5 933 033)	(749 505)	(642 343)
Profit before taxation		**19 383 394**	**20 332 338**	**21 252 961**
Taxation	18	(5 015 159)	(3 755 230)	(6 323 692)
Profit for the year		**14 368 235**	**16 577 108**	**14 929 269**
Other comprehensive income		**–**	**–**	**–**
Total comprehensive income for the year		**14 368 235**	**16 577 108**	**14 929 269**

REFLEX SOLUTIONS PROPRIETARY LIMITED ("REFLEX") AND ITS SUBSIDIARY

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2020, 30 JUNE 2019 AND 30 JUNE 2018

			Group	
		2020	**2019**	**2018**
	Notes	**R**	**R**	**R**
ASSETS				
Non-current assets				
Property, plant and equipment	4	26 959 224	23 669 016	12 362 186
Right-of-use assets	5	40 468 480	–	–
Deferred tax	6	4 776 419	122 474	–
		72 204 123	**23 791 490**	**12 362 186**
Current assets				
Inventories	7	7 137 867	5 129 499	4 559 811
Trade and other receivables	8	68 150 557	29 681 100	18 526 564
Enterprise development loan	9	1 452 600	1 451 00	1 450 000
Cash and cash equivalents	10	53 915	8 454 040	5 208 971
		76 794 939	**44 715 639**	**29 745 346**
Total Assets		**148 999 062**	**68 507 129**	**42 107 532**
EQUITY AND LIABILITIES				
EQUITY				
Share capital	11	1 000	1 000	1 000
Retained income		37 282 203	33 226 635	16 649 527
		37 282 203	**33 227 635**	**16 650 527**
Liabilities				
Non-current liabilities				
Lease liabilities *	5	50 981 304	4 733 686	1 813 401
Deferred tax	6	–	–	1 165 174
		50 981 304	**4 733 686**	**2 978 575**
Current liabilities				
Lease liabilities*	5	9 276 384	5 978 907	2 495 868
Trade and other payables	12	48 799 285	24 433 939	19 723 432
Current tax payable	20	67 924	132 962	259 130
Bank overdraft	10	2 591 962	–	–
		60 735 555	**30 545 808**	**22 478 430**
Total Liabilities		**111 716 859**	**35 279 494**	**25 457 005**
Total Equity and Liabilities		**148 999 062**	**68 507 129**	**42 107 532**

*Lease liabilities only include finance lease liabilities for the 2019 and 2018 financial years (refer to Note 5).

REFLEX SOLUTIONS PROPRIETARY LIMITED ("REFLEX") AND ITS SUBSIDIARY

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY AS AT 30 JUNE 2020, 30 JUNE 2019 AND 30 JUNE 2018

	Share capital R	**Retained income R**	**Total Equity R**
Balance as at 1 July 2017	1 000	9 220 258	9 221 258
Profit for the year	–	14 929 269	14 929 269
Other comprehensive income	–	–	–
Total comprehensive income for the year	–	14 929 269	14 929 269
Dividends (refer note 21)	–	(7 500 000)	(7 500 000)
Total distributions to owners of company recognised directly in equity	–	(7 500 000)	(7 500 000)
Balance as at 30 June 2018	**1 000**	**16 649 527**	**16 650 527**
Profit for the year	–	16 577 108	16 577 108
Other comprehensive income	**–**	**–**	**–**
Total comprehensive income for the year	**–**	**16 577 108**	**16 577 108**
Balance as at 30 June 2019	1 000	33 226 635	33 227 635
Adjustments			
IFRS 16 adjustment	–	(5 074 537)	(5 074 537)
Deferred tax on IFRS 16 adjustment	–	1 420 870	1 420 870
Restated balance as at 1 July 2019	**1 000**	**29 572 968**	**29 573 968**
Profit for the year	–	14 368 235	14 368 235
Other comprehensive income	–	–	–
Total comprehensive income for the year	**–**	**14 368 235**	**14 368 235**
Dividends (refer note 21)	–	(6 660 000)	(6 660 000)
Total distributions to owners of company recognised directly in equity	**–**	**(6 660 000)**	**(6 660 000)**
Balance at 30 June 2020	**1 000**	**37 281 203**	**37 282 203**
Note:	11		

REFLEX SOLUTIONS PROPRIETARY LIMITED ("REFLEX") AND ITS SUBSIDIARY

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 30 JUNE 2020, 30 JUNE 2019 AND 30 JUNE 2018

	Notes	2020 R	2019 R	2018 R
Cash flows from operating activities				
Cash generated from operations	19	22 995 555	19 697 302	28 265 367
Finance income	16	1 540 947	656 685	618 696
Finance costs	17	(5 933 033)	(749 505)	(642 344)
Tax paid	20	(8 313 272)	(5 169 046)	(6 831 757)
Net cash generated from operating activities		**10 290 197**	**14 435 436**	**21 409 962**
Cash flows from investing activities				
Purchase of property, plant and equipment	4	(5 232 555)	(8 126 901)	(5 266 683)
Proceeds on sale of property, plant and equipment	4	350 547	173 015	134 665
Payment of enterprise development loan	9	(1 600)	(1 000)	(1 450 000)
Net cash utilised in investing activities		**(4 883 608)**	**(7 954 886)**	**(6 582 018)**
Cash flows from financing activities				
Repayment of shareholders loans		–	–	(2 545 770)
Proceeds from former shareholder loan		–	–	480 000
Lease payments made*	5	(9 738 676)	(3 235 481)	(2 633 955)
Dividends paid	21	(6 660 000)	–	(7 500 000)
Net utilised in cash from financing activities		**(16 398 676**	**(3 235 481)**	**(12 199 725)**
Total cash, cash equivalents and bank overdraft movement for the year		**(10 992 087)**	**3 245 069**	**2 628 219**
Cash, cash equivalents at the beginning of the year		8 454 040	5 208 971	2 056 287
Cash and cash equivalents on business combination		**–**	**–**	524 465
Total cash, cash equivalents and bank overdraft at the end of the year	10	**(2 538 047)**	**8 454 040**	**5 208 971**

* Lease payments made only include finance lease payments for the 2019 and 2018 financial years. (Refer to Note 5)

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEARS ENDED 30 JUNE 2020, 30 JUNE 2019 AND 30 JUNE 2018

ACCOUNTING POLICIES

Corporate information

Reflex Solutions Proprietary Limited and its subsidiary are private companies incorporated in South Africa.

1. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated annual financial statements are set out below.

1.1 Basis of preparation

The consolidated annual financial statements 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 consolidated annual financial statements and the Companies Act 71 of 2008 of South Africa, as amended.

These consolidated annual financial statements comply with the requirements of the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

The consolidated annual financial statements 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 Rands, which is the company's functional currency.

These annual financial statements are the group's first set of annual financial statements to be prepared in accordance with IFRS. IFRS was adopted on 1 July 2019 with a transition date of 1 July 2017.

Refer to note 29 for the basis of transition to IFRS.

1.2 Consolidation

Basis of consolidation

The consolidated annual financial statements incorporate the annual financial statements of the company and its subsidiary.

The results of the subsidiary are included in the consolidated annual financial statements from the effective date of acquisition to the effective date of disposal.

All inter-company transactions, balances, and unrealised gains on transactions between group companies are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.3 Significant judgements and sources of estimation uncertainty

The preparation of consolidated annual financial statements 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 financial statements, are outlined as follows:

Critical judgments in determining the lease term

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

Key sources of estimation uncertainty

Impairment of financial assets

The group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors.

Allowance for slow moving, damaged and obsolete inventory

An allowance for inventory to write inventory down to the lower of cost or net realisable value is made. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the expenses by nature note.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the key assumptions may change which may then impact our estimations and may then require a material adjustment to the carrying value of tangible assets.

The group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount be performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

Residual values and useful lives of assets

Residual values and useful lives of tangible assets are assessed when an indicator is present. Estimates and judgements in this regard are based on the historical experience and expectations of the manner in which the assets are to be used, together with the expected proceeds likely to be realised when the assets are disposed at the end of their useful lives. Such expectations could change over time and, therefore, impact the depreciation charge and carrying values of tangible assets in the future.

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 group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the group to make 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 group to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

Fair value estimation

The carrying value less impairment provision of trade and other receivables, cash and cash equivalents and trade and other payables approximate their fair values due to the short term nature of trade and other receivables, cash and cash equivalents and trade and other payables. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments.

1.4 Property, plant and equipment

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

Cost includes 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.

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.

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	6 – 10 years
Motor vehicles	Straight Line	5 years
Office Equipment	Straight Line	3 years
IT equipment	Straight Line	3 – 5 years
Computer software	Straight Line	5 years
Fibre Infrastructure	Straight Line	10 years

The useful lives and residual values of items of property, plant and equipment are assessed at least annually.

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 group when the item is derecognised.

1.5 Financial instruments

Financial instruments held by the group are classified in accordance with the provisions of IFRS 9 Financial Instruments. IFRS 9 was applied in the 2020 and 2019 financial years. In the 2018 financial year IAS 39 was applied.

Broadly, the classifications adopted by the group, are:

Financial assets:

- Amortised cost. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows).

Financial liabilities:

- Amortised cost.

Note 25 Financial instruments and risk management presents the financial instruments held by the group based on their specific classifications.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

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

Enterprise development loan

Classification

The enterprise development loan (note 9) is classified as a financial asset subsequently measured at amortised cost.

Recognition and measurement

The enterprise development loan is recognised when the group becomes a party to the contractual provisions of the loan. The loan is measured, at initial recognition, at fair value plus transaction costs, if any.

It is subsequently measured at amortised cost.

The amortised cost is the amount recognised on the loan 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.

Application of the effective interest method

Interest income is calculated using the effective interest method, and is included in profit or loss in finance income (note 16).

Impairment

The group recognises a loss allowance for expected credit losses on all loans measured at amortised cost using the general approach. 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 group measures the loss allowance at an amount equal to the lifetime expected credit losses.

The group 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.

Significant increase in credit risk

In assessing whether the credit risk on a loan has increased significantly since initial recognition, the group compares the risk of a default occurring on the loan as at the reporting date with the risk of a default occurring as at the date of initial recognition.

The group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the counterparties operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information.

Irrespective of the outcome of the above assessment, the credit risk on a loan is always presumed to have increased significantly since initial recognition if the contractual payments are more than 30 days past due, unless the group has reasonable and supportable information that demonstrates otherwise.

By contrast, if a loan is assessed to have a low credit risk at the reporting date, then it is assumed that the credit risk on the loan has not increased significantly since initial recognition.

The group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increases in credit risk before the amount becomes past due.

Definition of default

For purposes of internal credit risk management purposes, the group consider that a default event has occurred if internal or external information indicates that the counterparty is unlikely to pay its creditors in full (without taking collateral into account).

Irrespective of the above analysis, the group considers that default has occurred when a loan instalment is more than 90 days past due unless there is reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Measurement and recognition of expected credit losses

The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. The exposure at default is the gross carrying amount of the loan at the reporting date.

Lifetime ECL is measured on a collective basis in cases where evidence of significant increases in credit risk are not yet available at the individual instrument level.

If the group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the group measures the loss allowance at an amount equal to 12 month ECL at the current reporting date, and visa versa.

An impairment gain or loss is recognised for all loans in profit or loss with a corresponding adjustment to their carrying amount through a loss allowance account. The impairment loss is included in operating expenses in profit or loss as a movement in credit loss allowance (note 14).

Credit risk

Details of credit risk related to the enterprise development loan are included in the specific notes and the financial instruments and risk management (note 25).

Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

Any gains or losses arising on the derecognition of the enterprise development loan are included in profit or loss in the operating expenses note (note 14).

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, value added taxation and prepayments, are classified as financial assets at amortised cost (note 8).

Recognition and measurement

Trade and other receivables are recognised when the group becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at the amount of consideration applying the IFRS 15 practical expedient not to discount them as they are expected to be settled within a year.

They are subsequently measured at amortised cost.

The group holds trade and other receivables with the objective to collect contractual cash flows.

There were no significant trade receivables with a financing component during the reporting period.

Impairment

The group recognises a loss allowance for expected credit losses on trade and other receivables, excluding, when applicable, value added taxation and prepayments. The amount of expected credit losses is updated at each reporting date.

Measurement and recognition of expected credit losses

The group applies the simplified approach to determine the expected credit losses ("ECL") for trade receivables.

The group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

The group makes use of a provision matrix as a practical expedient to 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.

To measure the ECLs, trade receivables, lease receivables and contract assets are grouped based on shared credit risk characteristics and the days past due to identify non-performing receivables, as follows:

- Small to medium customers – This category of customers is generally represented by small- and medium-sized enterprises with one or few small branches. The credit risk assigned to these entities are medium. Probabilities of default per entity/for entities in this category are based on historical payments and other information available on the financial condition of the entity/entities. Expected credit loss rates for entities within this category generally range between 0% and 4%.
- Large customers – This category of customers is generally represented by large-sized enterprises with multiple branches throughout South Africa or a large footprint in major metropolitans. The credit risk assigned to these entities are low to medium. Probabilities of default per entity/for entities in this category are based on historical payments and other information available on the financial conditions of the entity/entities, this has been assessed to be low. Expected credit loss rates for entities within this category generally range between 0% and 5%.

The group considers an event of default has materialised, and the financial asset is credit impaired, when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay the group without taking into account any collateral held by the group or if the financial asset is more than 60 days past due, unless the group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Details of the provision matrix is presented in note 8.

Write off policy

The group 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 group recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Credit risk

Details of credit risk are included in the trade and other receivables note (note 8) and the financial instruments and risk management note (note 25).

Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

Any gains or losses arising on the derecognition of trade and other receivables is included in profit or loss in the operating expenses note (note 14).

Trade and other payables

Classification

Trade and other payables (note 12), excluding, when applicable, value added taxation and amounts received in advance, are classified as financial liabilities at amortised cost.

Recognition and measurement

They are recognised when the group 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.

Trade and other payables expose the group to liquidity risk, foreign currency risk and possibly to interest rate risk. Refer to note 25 for details of risk exposure and management thereof.

Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

Any gains or losses arising on the derecognition of trade and other payables is included in profit or loss in the operating expenses note (note 14).

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially measured at fair value and subsequently measured at amortised cost.

Bank overdrafts

Bank overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Derecognition

Financial assets

The group 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 group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

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

1.6 Financial instruments (Comparatives under IAS 39)

IFRS 9 was applied in the 2020 and 2019 financial years. In the 2018 financial year IAS 39 was applied. Initial and subsequent measurement was the same as per IFRS 9, except for the manner in determining credit losses. The incurred loss model was used instead of the expected credit loss model of IFRS 9.

Classification

In the 2018 financial year financial assets were carried at amortised cost and classified as loans and receivables. The financial liabilities were classified and measured as other financial liabilities at amortised cost.

Impairment of financial assets

At each reporting date the group assesses all financial assets, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the group, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

Impairment losses are recognised in profit or loss.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in profit or loss.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Trade and other receivables

Trade and other receivables are measured at initial recognition at transaction price, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

Trade and other payables are initially measured at transaction price, and are subsequently measured at amortised cost, using the effective interest rate method.

Trade and other payables are classified as financial liabilities at amortised cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Cash and cash equivalents are classified as loans and receivables.

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 reporting period.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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 that 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 to the extent that it is probable that future taxable profit will be available against which the unused tax losses 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.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated annual financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

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

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 **Leases**

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

Group 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 group is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the group recognises the lease payments as an operating expense (note 14) on a straight-line basis over the term of the lease.

Details of leasing arrangements where the group is a lessee are presented in note 5 Right-of-use assets.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the incremental borrowing rate of the group for these types of assets.

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;
- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

Variable rents are included in operating expenses as and when incurred (note 17).

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. Interest charged on the lease liability is included in finance costs (note 17).

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; and
- any initial direct costs incurred;

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

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the group 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.

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

Group as lessor

Leases for which the group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Lease classification is made at inception and is only reassessed if there is a lease modification.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated by applying IFRS 15.

Operating leases

Lease payments from operating leases are recognised on a straight-line basis over the term of the relevant lease. Operating lease income is included in other income (note 15).

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and are expensed over the lease term on the same basis as the lease income.

1.9 Leases (Comparatives under IAS 17)

Leases were accounted for using IFRS 16 Leases in the 2020 financial year and using IAS 17 Leases in the 2019 and 2018 financial years.

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.

Finance leases – lessee

Finance leases are recognised as assets and liabilities at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments.

The lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the effective interest method.

Operating leases – lessor

Operating lease income is recognised as an income on a straight-line basis over the lease term unless:

- 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.

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.

1.10 Inventories

The group measures serialised inventories based on specific identification. All other inventories are measured at the lower of cost and estimated selling price less costs to complete and sell, on the weighted average cost basis.

1.11 Impairment of non-financial assets

The group 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 group estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

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 is recognised immediately in profit or loss.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit and
- then, to the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

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 other than goodwill 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 is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.12 Share capital and equity

Ordinary shares are classified as equity.

1.13 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, 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.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

1.14 Revenue from contracts with customers

The group recognises revenue from the following major sources:

- Sale of goods
- Rendering of services

It is the group's policy to recognise revenue from a contract with customers when:

- it has been approved by both parties, rights have been clearly identified i.e. the customer has legal title to goods or service and the group has right to payment;
- payment terms have been defined;
- the contract has commercial substance; and
- collectability has been ascertained as probable. Collectability of customer's payments is ascertained based on the customer's historical records, the customer's industry and advance payments made, if any.

Contracts are assessed individually to determine whether the products and services are distinct i.e. the product or service is separately identifiable from the other items in the contract with the customer and whether the customer can benefit from the goods or services either on its own or together with other resources that are readily available. The consideration is allocated between the goods and services in a contract based on management's best estimate of the stand-alone selling prices of the goods and services.

Revenue is recognised at the amount of the transaction price that is allocated to that performance obligation.

The group has applied the practical expedient per IFRS 15 whereby the consideration equals the transaction price as clients are always expected to make payment within 12 months.

Services revenue is divided between fulfilment of service level agreements (SLA), which are recognised on a straight-line basis over the period of the contract, and usage-based services, which are recognised as consumed.

Disaggregation of revenue from contract with customers

The group's activities mainly comprise the sale of IT goods and related services, maintenance and support services, connectivity, telephony, cloud and hosting services. Further details regarding the disaggregation of revenue from contracts with customers are provided below.

Sales of IT goods and related services

The group sells a range of goods to its customers and recognises the revenue when control is transferred to the customer, being when the customer accepts delivery of the goods or completion of installation, at a point in time. General payment terms are 7 to 60 days from invoice date.

In addition, the group sells goods to customers with related services included. Depending on the nature of the contract, the group applies its judgement to conclude whether the goods and services should be treated as a single performance obligation or as two separate performance obligations.

Where the group sells goods and related services to customers and these goods and services are not distinct, i.e. not separately identifiable, the contracts are treated as a single performance obligation. However, where the goods and services are distinct, i.e. separately identifiable, and the customer can benefit from the goods and services either on its own or together with other resources that are readily available, then the goods and services are treated as two separate performance obligations. The transaction price is then split based on the stand-alone selling prices of the goods and related services.

The related services sold, are recognised over time when the services are rendered to the customer, excluding specific services below.

Connectivity and hosting services

The group provides a range of connectivity and hosting services to its customers which include connecting customers to their networks and hosting customers on the group's data centre. The group recognises revenue over time as per the contract with customer. The group recognises revenue over time based on the input method, i.e. costs incurred as a percentage of total estimated costs.

Revenue recognised over time is based on the contracts with customers that cover a specific period over which these services need to be rendered. The revenue recognised over time is measured in accordance with the duration of the contract based on the satisfaction of performance obligations, which occurs when connectivity and hosting services are rendered to a customer.

Revenue from providing other connectivity and hosting services on an ad hoc basis is recognised in the accounting period in which the services are rendered. As these services are performed once-off at a point in time, the related revenue is recognised at the point in time. The standard payment terms are usually within 7 to 60 days from invoice date.

Software related licences revenue

The group sells a range of software licences to its customers, whereby the group acts as a principal in these contracts. The group recognises the revenue when control is transferred to the customer, being when the customer accepts delivery of the licence. The sale and installation of the software are seen as one performance obligation and therefore the group recognises the related revenue at a point in time. General payment terms are 7 to 60 days from invoice date.

The group also provides a range of software services to its customers which provide customers with right of access to software per SLAs that enhances office productivity. The group generally recognises revenue relating to right of access sales over time on a straight-line basis in accordance with the SLAs.

Where the group sells software licences with the right to updates and such updates are not considered critical to the functionality of the software, the group considers that such licences include two performance obligations:

- A licence to the current version of the software product, which is recognised on a principal basis at a point in time; and
- An entitlement for future updates, which is recognised on a principal basis over time on a straight-line basis as this is seen as a stand ready obligation and this is the group's best estimate as to how these revenues are earned.

The transaction price is determined in accordance with the SLA. Contracts that include both the licence and the entitlement for future updates, the transaction price is allocated to each performance obligation. As the group sells the licence to customers, the transaction price of the licence is determined as if it was a stand-alone transaction and the remaining balance of the contract price is then allocated to the future updates of the software.

Dividends are recognised, in profit or loss, when the group's right to receive payment has been established.

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

Revenue is recognised to the extent that the group and 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 group and company. Revenue is measured at the fair value of the consideration received or receivable, excluding sales taxes and discounts.

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

Dividends are recognised, in profit or loss, when the company's right to receive payment has been established.

1.15 Cost of sales

When inventories are sold, the carrying amount of those inventories is 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, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Costs related to services rendered are recognised as incurred or on a straight line basis, where invoiced in advance.

1.16 Borrowing costs

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

1.17 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in inventories or cost of sales, 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 consolidated annual financial statements 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 profit by applying to the foreign currency amount the exchange rate between the loss and the foreign currency at the date of the cash flow.

1.18 **Dividend distribution**

Dividend distribution to the company's shareholders is recognised as a liability in the consolidated annual financial statements in the period in which the dividends are approved by the company's directors.

2. CHANGES IN ACCOUNTING POLICY

Previously the group's consolidated annual financial statements were prepared in terms of International Financial Reporting Standards for Small and Medium-sized Entities (IFRS for SMEs). These financial statements have been prepared in terms of International Financial Reporting Standards (IFRS) for the purposes of inclusion in the circular prepared by Jasco Electronics Holdings Limited in terms of the JSE Listings Requirements relating to the disposal by Jasco of its 47.7% interest in Reflex Solutions Proprietary Limited.

As part of the application of IFRS, the conversion is performed as of 1 July 2017. IFRS 9 and IFRS 15 are adopted in the 2019 financial year. IFRS 16 is adopted in the 2020 financial year.

Application of these standards are described below.

Application of IFRS 9 Financial Instruments

In the financial year ended 30 June 2019, the group has applied IFRS 9 Financial Instruments and the related consequential amendments to other IFRSs. IFRS 9 replaced IAS 39 Financial Instruments and introduced new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) impairment for financial assets and 3) general hedge accounting. Details of these new requirements as well as their impact on the group's financial statements are described below.

The group has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

Classification and measurement of financial assets

The date of initial application was 01 July 2018. Accordingly, the group has applied the requirements of IFRS 9 to instruments that were not been derecognised as at 01 July 2018 and did not apply the requirements to instruments that have already been derecognised as at 01 July 2018. Comparatives in relation to instruments that were not derecognised as at 01 July 2018 have not been restated. Instead, cumulative adjustments to retained earnings have been recognised in retained earnings as at 01 July 2018.

All recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The measurement requirements that are applicable to the group are summarised below:

Debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are subsequently measured at amortised cost.

The group's debt instruments comprises the Enterprise Development Loan (refer to note 9).

Debt instruments that are subsequently measured at amortised cost are subject to new impairment provisions using an expected loss model. This contrasts the incurred loss model of IAS 39.

The directors reviewed and assessed the group's existing financial assets as at 01 July 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had no impact on the group's financial assets as regards to their classification and measurement.

Debt instruments classified as loans and receivables under IAS 39 that were measured at amortised cost continue to be measured at amortised cost under IFRS 9 as they are held within a business model to collect contractual cash flows and these cash flows consist solely of payments and interest on the principal amount outstanding.

Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Specifically, IFRS 9 requires the group to recognise a loss allowance for expected credit losses on debt investments subsequently measured at amortised cost or at fair value through other comprehensive income, lease receivables, contract assets and loan commitments and financial guarantee contracts to which the impairment requirements of IFRS 9 apply. In particular, IFRS 9 requires the group to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. On the other hand, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the group is required to measure the loss allowance for that financial instrument at an amount equal to 12 months expected credit losses. IFRS 9 also provides a simplified approach for measuring the loss allowance at an amount equal to lifetime expected credit losses for trade receivables, contract assets and lease receivables in certain circumstances.

As at 01 July 2018, the directors reviewed and assessed the group's existing financial assets, amounts due from customers and financial guarantee contracts for impairment using reasonable and supportable information that was available without undue cost or effort in accordance with the requirements of IFRS 9 to determine the credit risk of the respective items at the date they were initially recognised, and compared that to the credit risk as at 01 July 2017 and 01 July 2018.

			Cumulative additional loss allowance recognised on:
Items existing on 1 July 2018 that are subject to the impairment provisions of IFRS 9:	**Note**	**Credit risk attributes at 1 July 2018 and 1 July 2019**	**1 July 2018 R**
Trade and other receivables	8	The group is required to measure the loss allowance for that financial instrument at an amount equal to 12 months expected credit losses.	–
Enterprise development loan	9	The group is required to measure the loss allowance for that financial instrument at an amount equal to 12 months expected credit losses.	–
Cash and cash equivalents	10	All bank balances are assessed to have low credit risk at each reporting date as they are held with reputable banking institutions.	–
Total additional loss allowance			–

The additional loss allowance is charged against the respective asset. The application of the IFRS 9 impairment requirements has resulted in additional loss allowance of R Nil to be recognised in the current year.

Classification and measurement of financial liabilities

The application of IFRS 9 has had no impact on the classification and measurement of the group's financial liabilities, although the naming convention changes from other financial liabilities at amortised cost to financial liabilities at amortised cost..

Reconciliation of the reclassifications and remeasurements of financial assets as a result of adopting IFRS 9

The following table presents a summary of the financial assets as at 01 July 2019. The table reconciles the movement of financial assets from their IAS 39 measurement categories and into their new IFRS 9 measurement categories.

	Previous measurement IAS 39	**New Measurement category: IFRS 9**		
	Loans and receivables	**Amortised cost**	**Re-Measurement changes – Adjustments to equity**	**Change attributable to:**
	R	**R**	**R**	
Previously loans and receivables				
Trade and other receivables	17 409 498	17 409 498	–	Change in measurement attribute
Enterprise development loan	1 450 000	1 450 000	–	Change in measurement category
Cash and cash equivalents	5 208 971	5 208 971	–	Change in measurement attribute
	24 068 469	**24 068 469**	–	

Reconciliation of the reclassifications and remeasurements of financial liabilities as a result of adopting IFRS 9

The following table presents a summary of the financial liabilities as at 01 July 2019. The table reconciles the movement of financial liabilities from their IAS 39 measurement categories and into their new IFRS 9 measurement categories.

	Previous measurement IAS 39	**New Measurement category: IFRS 9**		
	Other financial liabilities at amortised cost	**Amortised cost**	**Re-Measurement changes – Adjustments to equity**	**Change attributable to:**
	R	**R**	**R**	
Previously financial liabilities at amortised cost				
Trade and other payables	14 814 466	14 814 466	–	Change in measurement attribute

Application of IFRS 15 Revenue from contracts with customers

In the financial year ended 30 June 2019, the group has applied IFRS 15 Revenue from Contracts with Customers and the related consequential amendments to other IFRSs.

IFRS 15 introduced a 5-step approach to revenue recognition. Far more prescriptive guidance was added in IFRS 15 to deal with specific scenarios. Refer to the revenue accounting policy for additional details.

The group has applied IFRS 15 with an initial date of application of 01 July 2018 in accordance with the cumulative effect method, by recognising the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of equity at 01 July 2018. The comparative information has therefore not been restated.

The group has applied the practical expedient per IFRS 15 whereby the consideration equals the transaction price as clients are always expected to make payment within 12 months.

There was no impact of adopting IFRS 15, other than additional disclosure requirements.

Application of IFRS 16 Leases

In the current year, the group adopted IFRS 16 Leases with the date of initial application being 01 July 2019.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset and a lease liability at the lease commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements are described in the accounting policy for leases. The impact of the adoption of IFRS 16 on the group's consolidated annual financial statements is described below.

The group has applied the practical expedient available in IFRS 16 which provides that for contracts which exist at the initial application date, an entity is not required to reassess whether they contain a lease. This means that the practical expedient allows an entity to apply IFRS 16 to contracts identified by IAS 17 and IFRIC 4 as containing leases; and to not apply IFRS 16 to contracts that were not previously identified by IAS 17 and IFRIC 4 as containing leases.

IFRS 16 has been adopted by applying the modified retrospective approach, whereby the comparative figures are not restated. Instead, cumulative adjustments to retained earnings have been recognised in retained earnings as at 01 July 2018.

Leases where group is lessee

Leases previously classified as operating leases

The group undertook the following at the date of initial application for leases which were previously recognised as operating leases:

- recognised a lease liability, measured at the present value of the remaining lease payments, discounted at the group's incremental borrowing rate at the date of initial application.
- recognised right-of-use assets measured on a lease by lease basis, at either the carrying amount (as if IFRS 16 applied from commencement date but discounted at the incremental borrowing rate at the date of initial application) or at an amount equal to the lease liability adjusted for accruals or prepayments relating to that lease prior to the date of initial application.

The group applied IAS 36 to consider if these right-of-use assets are impaired as at the date of initial application.

The group applied the following practical expedients when applying IFRS 16 to leases previously classified as operating leases in terms of IAS 17. Where necessary, they have been applied on a lease by lease basis:

- when a portfolio of leases contained reasonably similar characteristics, the group applied a single discount rate to that portfolio;
- leases which were expiring within 12 months of 01 July 2019 were treated as short term leases, with remaining lease payments recognised as an expense on a straight-line basis or another systematic basis which is more representative of the pattern of benefits consumed;
- initial direct costs were excluded from the measurement of right-of-use assets at the date of initial application.
- hindsight was applied where appropriate. This was specifically the case for determining the lease term for leases which contained extension or termination options.
- For leases that include both lease and non-lease components, the group accounts for non-lease components as operating expenses and are recognised in the statement of profit or loss and other comprehensive income as they are incurred.

Leases previously classified as finance leases

For leases that were classified as finance leases applying IAS 17, the group measured the carrying amount of the right-of-use asset and the lease liability at the date of initial application as the carrying amount of the leased asset and lease liability immediately before that date measured applying IAS 17. For those leases, the group accounts for the right-of-use asset and the lease liability applying IFRS 16 from the date of initial application.

Leases where group is lessor

IFRS 16 does not change substantially how a lessor accounts for leases. Under IFRS 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently. However, IFRS 16 has changed and expanded the disclosures required, in particular regarding how a lessor manages the risks arising from its residual interest in the leased assets. These additional disclosures have been made by the group.

Under IFRS 16, an intermediate lessor accounts for the head lease and the sublease as two separate contracts. The intermediate lessor is required to classify the sublease as a finance or operating lease by reference to the right-of-use asset arising from the head lease (and not by reference to the underlying asset as was the case under IAS 17).

Impact on consolidated annual financial statements

On transition to IFRS 16, the group recognised an additional R 45 716 805 of right-of-use assets and R50 791 342 of lease liabilities.

When measuring lease liabilities, group discounted lease payments using its incremental borrowing rate at 01 July 2019. The weighted average rate applied is 10%, being the prime rate of interest at commencement of the leases.

Reconciliation of previous operating lease commitments to lease liabilities under IFRS 16

	01 July 2019 **R**
Operating lease commitment at 30 June 2019 as previously disclosed	79 066 773
Discounted using the incremental borrowing rate at 01 July 2019	(28 150 108)
Add finance lease liabilities recognised as at 30 June 2019	10 712 593
	–
Less recognition exemption for:	
Leases of low value assets	(125 324)
Lease liabilities recognised at 01 July 2019	**61 503 934**

3. **NEW STANDARDS AND INTERPRETATIONS**

3.1 **Other standards and interpretations effective and adopted in the current year**

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

Amendments to IAS 12 Income Taxes: Annual Improvements to IFRS 2015 – 2017 cycle

The amendment specifies that the income tax consequences on dividends are recognised in profit or loss, other comprehensive income or equity according to where the entity originally recognised the events or transactions which generated the distributable reserves.

The effective date of the amendment is for years beginning on or after 01 January 2019.

The group has adopted the amendment for the first time in the 2020 consolidated annual financial statements.

The impact of the amendment is not material on the consolidated annual financial statements.

IFRIC 23 – Uncertainty over Income Tax Treatments

The interpretation clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments. Specifically, if it is probable that the tax authorities will accept the uncertain tax treatment, then all tax related items are measured according to the planned tax treatment. If it is not probable that the tax authorities will accept the uncertain tax treatment, then the tax related items are measured on the basis of probabilities to reflect the uncertainty. Changes in facts and circumstances are required to be treated as changes in estimates and applied prospectively.

The effective date of the interpretation is for years beginning on or after 01 January 2019.

The group has adopted the interpretation for the first time in the 2020 consolidated annual financial statements.

There were no uncertain tax positions identified and therefore the interpretation did not impact the group.

3.2 **Standards and interpretations not yet effective**

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

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

The amendment changes the requirements to classify a liability as current or non-current. If an entity has the right at the end of the reporting period, to defer settlement of a liability for at least twelve months after the reporting period, then the liability is classified as non-current.

If this right is subject to conditions imposed on the entity, then the right only exists, if, at the end of the reporting period, the entity has complied with those conditions.

In addition, the classification is not affected by the likelihood that the entity will exercise its right to defer settlement. Therefore, if the right exists, the liability is classified as non-current even if management intends or expects to settle the liability within twelve months of the reporting period. Additional disclosures would be required in such circumstances.

The effective date of the amendment is for years beginning on or after 01 January 2023.

The group expects to adopt the amendment for the first time in the 2024 consolidated annual financial statements.

It is unlikely that the amendment will have a material impact on the consolidated annual financial statements.

Amendment to IAS 1 – 'Presentation of financial statements' and IAS 8 – 'Accounting policies, changes in accounting estimates and errors'

The amendment clarifies and aligns the definition of 'material' and provides guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards.

The effective date of the amendment is for years beginning on or after 01 January 2020.

The group expects to adopt the amendments for the first time in the 2021 consolidated annual financial statements.

It is unlikely that the amendments will have a material impact on the consolidated annual financial statements.

4. **PROPERTY, PLANT AND EQUIPMENT**

	2020			2019		
	Cost R	Accumulated depreciation R	Carrying value R	Cost R	Accumulated depreciation R	Carrying value R
Furniture and fittings	8 849 463	(2 396 534)	6 452 929	5 794 780	(1 754 938)	4 039 842
Motor vehicles	2 246 754	(1 972 303)	274 451	2 249 254	(1 734 616)	514 638
Office equipment	402 518	(151 375)	251 143	226 550	(78 649)	147 901
IT equipment	50 703 984	(31 654 189)	19 049 795	41 515 227	(22 788 316)	18 726 911
Computer software	–	–	–	360 000	(120 276)	239 724
Fibre infrastructure	938 729	(7 823)	930 906	–	–	–
Total	**63 141 448**	**(36 182 224)**	**26 959 224**	**50 145 811**	**(26 476 795)**	**23 669 016**

	2018		
	Cost R	Accumulated depreciation R	Carrying value R
Furniture and fittings	3 358 256	(1 339 327)	2 018 929
Motor vehicles	2 209 282	(1 501 305)	707 977
Office equipment	193 818	(38 202)	155 816
IT equipment	26 686 199	(17 426 535)	9 259 664
Computer software	220 000	–	220 000
Fibre infrastructure	–	–	–
Total	**32 667 555**	**(20 305 369)**	**12 362 186**

Reconciliation of property, plant and equipment – 2020

	Opening balance R	Additions R	Disposals R	Depreciation R	Closing balance R
Furniture and fixtures	4 039 842	3 054 683	–	(641 596)	6 452 929
Motor vehicles	514 638	–	(2 066)	(238 121)	274 451
Office equipment	147 901	175 969	–	(72 727)	251 143
IT equipment	18 726 911	9 555 603	(305 844)	(8 926 875)	19 049 795
Computer software	239 724	–	–	(239 724)	–
Fibre infrastructure	–	938 729	–	(7 823)	930 906
	23 669 016	**13 724 984**	**(307 910)**	**(10 126 866)**	**26 959 224**

Reconciliation of property, plant and equipment – 2019

	Opening balance R	Additions R	Disposals R	Depreciation R	Closing balance R
Furniture and fixtures	2 018 929	2 436 525	–	(415 612)	4 039 842
Motor vehicles	707 977	39 972	–	(233 311)	514 638
Office equipment	155 616	32 732	–	(40 447)	147 901
IT equipment	9 259 664	15 116 477	(133 572)	(5 515 658)	18 726 911
Computer software	220 000	140 000	–	(120 276)	239 724
	12 362 186	**17 765 706**	**(133 572)**	**(6 325 304)**	**23 669 016**

Reconciliation of property, plant and equipment – 2018

	Opening balance R	Additions R	Disposals R	Depreciation R	Closing balance R
Furniture and fixtures	189 769	1 921 303	–	(92 143)	2 018 929
Motor vehicles	503 103	406 897	(2 325)	(199 698	707 977
Office equipment	27 526	141 100	–	(13 010)	155 616
IT equipment	6 265 961	6 424 907	(22 184)	(3 409 020)	9 259 664
Computer software	–	220 000	–	–	220 000
	6 986 359	**9 114 207**	**(24 509)**	**(3 713 871)**	**12 362 186**

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

5. RIGHT-OF-USE ASSETS

The group leases office and data centre premises. The average lease term is 10 years (2019: 10 years; 2018: 10 years).

Details pertaining to leasing arrangements, where the group is a lessee are presented below:

The group adopted IFRS 16 for the first time in the current financial period. Comparative figures have been accounted for in accordance with IAS 17 and accordingly, any assets recognised under finance leases in accordance with IAS 17 for the comparative have been recognised as part of property, plant and equipment. The information presented in this note for right-of-use assets therefore only includes the current period.

Net carrying amounts of right-of-use assets

The carrying amounts of right-of-use assets are included in the following line items:

	2020 R	2019 R	2018 R
Buildings/Premises	40 468 480	–	–

Reconciliation of right-of-use assets – 2020

	Opening balance R	Adoption of IFRS 16 R	Additions R	Disposals R	Deprecia-tion R	Closing balance R
Buildings/Premises	–	45 716 805	–	–	(5 248 325)	40 468 480
	–	**45 716 805**	**–**	**–**	**(5 248 325)**	**40 468 480**

Other disclosures

	2020 R	2019 R	2018 R
Interest expense on lease liabilities	5 913 707	743 930	441 736
Expenses on short term leases included in operating expenses	699 729	–	–
Leases of low value assets included in operating expenses	45 206	–	–
Income from subleasing right-of-use assets	(1 440 666)	–	–
Total cash outflow from leases	(7 159 954)	(3 979 411)	(3 075 691)

Lease Liabilities*

	2020 R	2019 R	2018 R
Lease liabilities have been included on the statement of financial position.	–	–	–
The maturity analysis of lease liabilities is as follows:			
– Within one year	14 002 461	5 978 907	2 495 868
– In second to fifth year inclusive	41 396 180	6 471913	2 429 114
– More than five years	29 635 670	–	–
	85 034 311	12 450 820	4 924 982
Less: future finance charges	(24 776 623)	(1 738 227)	(615 713)
Present value of minimum lease payments	**60 257 688**	**10 712 593**	**4 309 269**
Non-current liabilities	50 981 304	4 733 686	1 813 401
Current liabilities	9 276 384	5 978 907	2 495 868
	60 257 688	**10 712 593**	**4 309 269**

* Lease liabilities only include finance lease liabilities for the 2019 and 2018 financial years.

Reconciliation of lease liabilities*

	2020 R	2019 R	2018 R
Opening balance	10 712 593	4 309 269	3 095 700
Adoption of IFRS 16	50 791 342	–	–
Adjustment due to amendment of lease	–	–	–
New leases entered into in the current year	–	9 638 805	3 847 524
Interest expense for the year	5 913 707	743 930	441 736
Repayments for the year	(7 159 954)	(3 979 411)	(3 075 691)
	60 257 688	**10 712 593**	**4 309 269**

* The 2019 and 2018 financial years include finance lease liabilities only.

It is group policy to lease certain property and buildings, motor vehicles, fixtures and equipment.

The amounts owing are secured by instalment sale agreements over motor vehicles, fixtures and equipment with a book value of R14 956 769 (2019: R12 787 760, 2018: R3 708 825), bearing interest at rates linked to the prime overdraft rate and are repayable in monthly instalments of R665 094 (2019: 444 532, 2018: R252 982).

Jasco Electronics Holdings Limited has given surety amounting to R16 354 000 (2019: R13 500 000, 2018: R13 500 000) for the obligations of the group towards FirstRand Bank Limited.

Comparative information for lease liabilities under IAS 17

The information presented for lease liabilities for the comparative period has been prepared on the basis of IAS 17, and therefore only represents the liability as at that date for finance leases and not for operating leases. In addition to the information presented in the table above, IAS 17 required an entity to present a reconciliation of the present value of lease payments for finance leases. This information is presented in the table which follows:

	R	R
Minimum lease payments due		
Within one year	5 978 907	2 495 868
In second to fifth year inclusive	6 471 913	2 429 114
Less: future finance charges	(1 738 227)	(615 713)
	10 712 593	**4 309 269**

Exposure to liquidity risk

Refer to note 25 Financial instruments and risk management for the details of liquidity risk exposure and management for lease liabilities.

Exposure to interest rate risk

Refer to note 25 Financial instruments and risk management for details of interest rate risk exposure and management for lease liabilities.

6. DEFERRED TAX

	2020 R	2019 R	2018 R
Deferred tax liability			
Property, plant and equipment	(844 409)	(543 886)	(385 107)
Income received in advanced	(769 511)	(947 751)	(859 571)
Doubtful debt allowance	(175 473)	(7 268)	(17 327)
Loan receivable	–	–	(739 200)
Prepayments	(62 097)	–	–
Total deferred tax liability	**(1 851 490)**	**(1 498 905)**	**(2 001 205)**
Deferred tax asset			
Right-of-use asset	2 229 431	–	–
Provisions	4 398 478	1 621 379	835 019
Prior period under provision	–	–	1 012
Total deferred tax asset	**6 627 909**	**1 621 379**	**836 031**
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:			
Deferred tax liability	(1 851 490)	(1 498 905)	(2 001 205)
Deferred tax asset	6 627 909	1 621 379	836 031
Total net deferred tax asset/(liability)	**4 776 419**	**122 474**	**(1 165 174)**
Reconciliation of deferred tax asset/(liability)		–	–
At beginning of year	122 474	(1 165 174)	(372 939)
Prior period under provision	–	–	(1 012)
Charged through the statement of changes in equity	1 420 870		
Charged through the statement of profit or loss and other comprehensive income	3 233 075	1 287 648	(52 023)
	4 776 419	122 474	(425 974)
Other:			
Arising on business combinations	–	–	(739 200)
At end of year	**4 776 419**	**122 474**	**(1 165 174)**

7. **INVENTORIES**

	2020 R	2019 R	2018 R
Finished goods	7 497 751	6 100 931	5 136 190
Rental stock	(359 884)	(221 645)	(175 630)
	7 137 867	**5 879 286**	**4 960 560**
Inventories (write-downs)	–	(749 787)	(400 749)
	7 137 867	**5 129 499**	**4 559 811**

The cost of inventories recognised as an expense and included in cost of sales amounted to R111 071 375 (2019: R 40 338 957, 2018: R56 285 611).

Amount of write down of inventory recognised as an expense R507 514 (2019: R355 569, 2018: R1 566).

8. **TRADE AND OTHER RECEIVABLES**

	2020 R	2019 R	2018 R
Financial Instruments:			
Trade receivables	69 676 620	29 003 158	17 438 231
Less: expected credit loss	(2 506 762)	(374 898)	(460 498)
	67 169 858	28 628 260	16 977 733
	–	45 687	431 765
Non- financial Instruments:			
Deposits	498 775	490 525	490 525
Employee costs in advance	15 528	33 030	500
Prepayments	425 582	483 598	626 041
Value added taxation	40 814	–	–
	68 150 557	**29 681 100**	**18 526 564**

The group has an overdraft facility amounting to R5 000 000 (2019: R1 500 000, 2018: R1 500 000). FirstRand Bank Limited has first cession of any and all rights which the company has towards its trade receivables, which acts as security for the aforementioned overdraft facility.

Exposure to credit risk

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

Each customer is analysed individually for creditworthiness before terms and conditions are offered. Customer credit limits are set for each customer based on the results of internal or external assessment. The compliance with credit limits by customers are regularly monitored by management.

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

The average credit period on trade receivables is between 30 to 60 days (2019: between 30 to 60 days; 2018: between 30 to 60 days). Interest is charged on outstanding trade receivables, based on the client's Master Services Agreement (MSA).

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. Trade receivables which have been written may be subject to enforcement activities.

The group measures the loss allowance for trade receivables by applying the simplified approach which is prescribed by IFRS 9. In accordance with this approach, the loss allowance on trade receivables is determined as the12 month expected credit losses on trade receivables. These lifetime expected credit losses are estimated using a provision matrix, which is presented below. The provision matrix has been developed by making use of past default experience of debtors but also incorporates forward looking information and general economic conditions of the industry as at the reporting date.

The estimation techniques explained have been applied for the first time in the prior financial period, as a result of the adoption of IFRS 9. Trade receivables were previously impaired only when there was objective evidence that the asset was impaired. The impairment was calculated as the difference between the carrying amount and the present value of the expected future cash flows.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The group's historical credit loss experience does not show significantly different loss patterns for different customer segments. The impact of COVID-19 has been factored into expected credit loss assessments as the group considers the impact of the pandemic on customers. The provision for credit losses is therefore based on past due status without disaggregating into further risk profiles. The loss allowance provision is determined as follows:

	2020	2020	2019	2019	2018	2018
Expected credit loss rate:	**Estimated gross carrying amount at default R**	**Loss allowance (12 month expected credit loss) R**	**Estimated gross carrying amount at default R**	**Loss allowance (12 month expected credit loss) R**	**Estimated gross carrying amount at default R**	**Loss allowance (12 month expected credit loss) R**
Not past due: 1,08% (2019: 0,01%, 2018: 0,01%)	48 223 162	(519 763)	22 114 806	(1 499)	13 385 941	(1 930)
Less than 30 days past due: 1,75% (2019: 0%, 2018: 0%)	10 500 387	(183 752)	5 117 571	–	3 083 924	(115)
31 – 60 days past due: 6,10% (2019: 0%, 2018: 20,12%)	3 873 691	(236 285)	763 916	(20)	468 715	(94 315)
61 – 90 days past due: 15,06% (2019: 0,67%, 2018: 82,67%)	1 166 305	(175 646)	323 883	(2 180)	181 566	(150 102)
More than 90 days past due: 23,53% (2019: 54,45%, 2018: 67,29%)	5 913 085	(1 391 316)	682 982	(371 199)	318 085	(214 036)
Total	**69 676 620**	**(2 506 762)**	**29 003 158**	**(374 898)**	**17 438 231**	**(460 498)**

Due to the nature of the group's services and management of its trade receivables, the group historically experienced consistent low levels of credit losses.

During the 2018 financial year the group acquired an interest in Jasco ICT-Datafusion Proprietary Limited ("Datafusion"). The trade receivables relating to Datafusion represented a greater risk than those previously experienced by the group. The probability of default expected relating to Datafusion's trade receivables were higher in comparison to the rest of the group for the 2018 and 2019 financial years.

For the 2020 financial year, management have assessed a greater probably of default and/or delay in payment by trade receivables affected by the Covid-19 pandemic. These clients include both small and medium to large businesses in the retail and training sectors.

Reconciliation of loss allowances

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

	2020 R	2019 R	2018 R
Opening balance in accordance with IAS 39 Financial Instruments: Recognition and Measurement	**–**	**460 498**	**360 193**
Adjustments upon application of IFRS 9	–	–	–
Opening balance in accordance with IFRS 9	**374 898**	**460 498**	
Acquired in business combination	–	–	212 973
Provision raised on new trade receivables	2 486 852	(24 901)	(31 613)
Amounts written off as uncollectable	(352 132)	(1 772)	–
Unused amounts reversed	(2 856)	(58 927)	(81 054)
Closing Balance	**2 506 762**	**374 898**	**460 498**

Credit quality of trade and other receivables

The credit quality of trade and other receivables that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

Trade receivables fully performing

At 30 June 2018, R13 384 012 trade receivables were fully performing.

At 30 June 2018, R3 593 721 were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

	2018 R
1 month past due	3 083 809
2 months past due	374 401
3 months past due	31 463
Over 3 months past due	104 048
	3 593 721

Trade and other receivables impaired

As of 30 June 2018, trade and other receivables of R460 498 were impaired and provided for.

The amount of the provision was R460 498 as of 30 June 2018.

The ageing of these trade receivables is as follows:

	2018 R
Not past due	1 930
1 month past due	115
2 months past due	94 315
3 months past due	150 102
Over 3 months past due	214 036
	460 498

Reconciliation of provision for impairment of trade and other receivables

	2018 R
Opening balance	360 193
Acquired in business combination	212 973
Provision for impairment	(31 614)
Amounts written off as uncollectable	–
Unused amounts reversed	(81 054)
	460 498

9. ENTERPRISE DEVELOPMENT LOAN

	2020 R	2019 R	2018 R
Enterprise development loan	1 452 600	1 451 000	1 450 000

The loan is unsecured, interest free with no repayment terms.

Exposure to credit risk

The Enterprise Development Loan was provided per a mandate set out in terms of the Enterprise Development Memorandum of Understanding ("MOU"). The loan could not be unlocked for any purpose other than per the MOU.

Management are satisfied that the mandate was not actioned, that the MOU will be terminated and expect that the loan will be settled in the foreseeable future. No expected credit loss has been raised as the full amount is assessed as being recoverable on termination of the MOU.

Refer to note 25 Financial instruments and risk management for details of credit risk exposure and management for the enterprise development loan.

10. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

	2020 R	2019 R	2018 R
Bank balances	53 915	8 454 040	5 208 971
Bank overdraft	(2 591 962)	–	–
	(2 538 047)	**8 454 040**	**5 208 971**
Current assets	53 915	8 454 040	5 208 971
Current liabilities	(2 591 962)	–	–
	(2 538 047)	**8 454 040**	**5 208 971**

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

	2020 R	2019 R	2018 R
Credit rating			
First National Bank Limited: Ba1 (2019: Baa3, 2018: Baa3)	(2 538 047)	8 071 440	5 136 853
Bidvest Bank: Ba1 (2019: Baa3, 2018: Baa3)	–	381 627	71 378
Mercentile Bank: Ba1 (2019: Baa3, 2018: Baa3)	–	973	740
	(2 538 047)	**8 454 040**	**5 208 971**

Exposure to credit risk

Refer to note 25 Financial instruments and risk management for details of credit risk exposure and management for cash and cash equivalents.

No expected credit loss has been raised on cash at bank and short term deposits due to the short term nature and high credit ratings of the institutions used.

Exposure to liquidity risk

Refer to note 25 Financial instruments and risk management for details of liquidity risk exposure and management for bank overdrafts.

Exposure to interest rate risk

Refer to note 25 Financial instruments and risk management for details of interest rate risk exposure and management for cash and cash equivalents and bank overdrafts.

11. SHARE CAPITAL

	2020 R	2019 R	2018 R
Authorised			
4 000 ordinary shares of R1 each	4 000	4 000	4 000

3 000 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 R1 each	1 000	1 000	1 000

All issued shares are fully paid.

Subsequent to the 30 June 2020 reporting period an additional 70 shares were issued. Refer to note 27.

12. TRADE AND OTHER PAYABLES

	2020 R	2019 R	2018 R
Financial instruments:			
Trade payables	32 188 743	16 557 816	14 741 701
Sundry payables	349 202	–	17 165
Non-financial instruments			
Payroll related accruals	6 909 427	2 885 415	2 722 509
Accrued expenses	7 769 801	4 685 114	1 700 463
Deferred revenue	800 226	–	-
Warrantee accrual	46 634	43 634	43 634
Value added taxation	738 252	261 960	497 960
	48 799 285	**24 433 939**	**19 723 432**

Exposure to liquidity risk

Refer to note 25 Financial instruments and risk management for details of liquidity risk exposure and management for trade and other payables.

13. REVENUE

	2020 R	2019 R	2018 R
Revenue from contracts with customers			
Sale of goods	128 818 958	54 348 375	76 267 710
Rendering of services	148 486 647	119 886 313	84 806 464
	277 305 605	**174 234 688**	**161 074 174**
Disaggregation of revenue from contracts with customers			
The group and company disaggregate revenue from customers as follows:			
Sale of goods			
Sales of goods	128 818 958	54 348 375	
Rendering of services			
Connectivity and hosting services	109 256 978	86 237 158	
Maintenance and support services	17 565 205	19 741 373	
Software related licences	12 644 001	6 131 011	
Telephony services	9 020 463	7 776 771	
	148 486 647	**119 886 313**	
Total revenue from contracts with customers	**277 305 605**	**174 234 688**	
Timing of revenue recognition			
Sale of goods	128 818 962	54 348 375	
Connectivity and hosting services	61 246 002	36 611 167	
Maintenance and support services	143 517	524 074	
Software related licences	30 809	104 189	
Telephony services	6 307 826	7 137 840	
	196 547 116	**98 725 645**	
Over time			
Connectivity and hosting services	48 010 976	49 625 911	
Maintenance and support services	17 421 688	19 217 299	
Software related licences	12 613 192	6 026 822	
Telephony services	2 712 633	638 931	
	80 758 489	**75 509 043**	
Total revenue from contracts with customers	**277 305 605**	**174 234 688**	

There are no performance obligations that are unsatisfied or partially unsatisfied at the reporting date.

14. EXPENSES

	2020 R	2019 R	2018 R
Expenses within operating expenses include:			
Auditors remuneration	115 000	103 900	117 291
Bad debts	2 485 649	58 402	–
Consulting fees	5 006 248	5 298 727	1 369 316
Depreciation on property, plant and equipment	15 375 191	6 325 304	3 713 871
Employee costs – short-term benefits	50 188 740	41 134 801	34 447 995
IT expenses	1 879 256	1 544 094	978 370
Lease charges on low value assets and short-term leases	3 242 121	9 413 029	3 946 552
Loss on foreign exchange differences	255 220	27 229	9 520
Training costs	5 494 052	4 081 263	1 219 079
Expenses comprising cost of sales are detailed as follows:			
Direct cost of services	57 481 726	43 013 617	31 420 611
Cost of inventories expensed	110 578 890	40 694 525	56 287 177
Cost of non-stocking items expensed	2 609 609	2 286 590	2 013 310
Cost of Sales	**170 670 225**	**85 994 732**	**89 721 098**

15. OTHER INCOME

	2020 R	2019 R	2018 R
Income within other income include:			
Employment tax incentive income	1 547 692	1 950 000	200 000
Operating lease income	1 440 666	567 000	–
Bad debts recovered	39 306	37 355	81 054
Utilities recovered	389 460	–	–
Secondment of non-core staff	1 505 508	–	–

16. FINANCE INCOME

	2020 R	2019 R	2018 R
Interest Income			
Bank	1 094 547	656 685	618 696
Interest charged on trade and other receivables	446 400	–	–
	1 540 947	**656 685**	**618 696**

17. FINANCE COSTS

	2020 R	2019 R	2018 R
Trade and other payables	–	–	67 638
Finance liabilities*	5 913 707	743 930	441 736
Bank	1 798	1 076	1 319
Other interest	17 528	4 499	131 369
South African Revenue Services	–	–	281
Shareholder loans	–	-	131 369
	5 933 033	**749 505**	**642 343**

* Lease liabilities includes interest on only finance lease liabilities for the 2019 and 2018 financial years.

18. TAXATION

	2020 R	2019 R	2018 R
Major components of the tax expense			
Current			
South African normal tax – current period	8 226 170	5 042 878	6 271 066
South African normal tax – prior period (over) under provision	22 064	–	(409)
	8 248 234	**5 042 878**	**6 270 657**
Deferred			
Originating and reversing temporary differences	(3 233 075)	(1 287 648)	52 023
Prior period under provision	–		1 012
	(3 233 075)	**(1 287 648)**	**53 035**
	5 015 159	**3 755 230**	**6 323 692**
Reconciliation of the tax expense			
Reconciliation between accounting profit and tax expense			
Accounting profit	19 383 394	20 332 338	21 252 961
Tax at the applicable tax rate of 28% (2019:28%, 2018:28%)	5 427 350	5 693 055	5 950 829
Tax effect of adjustments on taxable income			
Exempt income			
(Assessed loss utilised)/deferred tax asset not raised on assessed loss	–	(2 677 025)	418 400
Non-taxable income	(412 191)	–	(46 140)
Capital gains tax	–	739 200	–
Prior period provision – current tax	–	–	(409)
Prior period provision – deferred tax	–	–	1 012
	5 015 159	**3 755 230**	**6 323 692**

19. CASH GENERATED FROM OPERATIONS

	2020 R	2019 R	2018 R
Profit before taxation	19 383 394	20 332 338	21 252 961
Adjustments for:			
Depreciation on property, plant and equipment and right-of-use assets	15 375 191	6 325 304	3 713 871
Profit on disposal of property, plant and equipment	(42 637)	(39 443)	(110 156)
Finance income	(1540 947)	(656 685)	(618 696)
Finance costs	5 933 033	749 505	642 343
Impairment loss	–	–	2 862 133
Changes in working capital			
Inventories	(2 008 368)	(569 688)	(1 696 152)
Trade and other receivables	(38 469 457)	(11 154 536)	(3 666 639)
Trade and other payables	24 365 346	710 507	5 885 702
	22 995 555	**19 697 302**	**28 265 367**

20. TAX PAID

	2020 R	2019 R	2018 R
Balance at beginning of the tear	(132 962)	(259 130)	(820 230)
Current tax for the year recognised in profit or loss	(8 248 234)	(5 042 878)	(6 270 657)
Balance at the end of the year	67 924	132 962	259 130
	(8 313 272)	**(5 169 046)**	**(6 831 757)**

21. DIVIDENDS PAID

	2020 R	2019 R	2018 R
Paid to shareholders	(6 660 000)	–	(7 500 000)
Dividend per share	6 660		7 500

22. NET DEBT RECONCILIATION

	2020 R	2019 R	2018 R
Analysis of net debt and movements of net debt for each period presented:			
Cash and cash equivalents	53 915	8 454 040	5 208 971
Lease liabilities	(60 257 688)	(10 712 593)	(4 309 269)
Bank overdraft	(2 591 962)	–	–
	(62 795 735)	**(2 258 553)**	**899 702**

	Cash and Cash equivalents R	Lease liabilities R	Loan from share-holders R	Bank Overdraft R	Total R
Net debt as at 1 July 2017	2 056 287	(3 095 701)	(2 454 770)	–	(3 494 184)
Cash flows	2628 219	(1 213 568)	2 454 770	–	3 869 421
Cash flows from business combination	524 465	–	–	–	524 465
Net debt as at 30 June 2018	5 208 971	(4 309 269)	–	–	899 702
Cash Flows	3 245 069	(6 403 324)	–	–	(3 158 255)
Net debt as at 30 June 2019	8 454 040	(10 712 593)	–	–	(2 258 553)
Cash flows	(8 400 125)	8 759 642	–	(2 591 962)	(2 232 445)
Non-cash flows	–	(58 304 737)	–	–	(58 304 737)
Net debt as at 30 June 2020	**53 915**	**(60 257 688)**	**–**	**(2 591 962)**	**(62 795 735)**

23. COMMITMENTS

	2020 R	2019 R	2018 R
Short-term/Low value lease commitments- as lessee			
Minimum lease payments due			
– Within one year	162 761	7 018 065	6 586 235
– In second to fifth year inclusive	735 627	32 745 613	30 728 700
– Later than five years	–	39 303 096	48 338 073
	898 388	**79 066 774**	**85 653 008**

From 1 July 2019, the group has recognised right-of-use assets for most of these leases, except for certain low-value leases, see note 5 and note 2. The 2019 and 2018 financial years include the commitments for operating leases per IAS 17.

24. **RELATED PARTIES**

Relationships

Ultimate holding company	Myriad Capital Proprietary Limited
Holding company	Myriad Capital Communications Proprietary Limited
Subsidiary	Jasco ICT – Datafusion Proprietary Limited
Minority shareholder	Jasco Electronics Holdings Limited*
Entities controlled by directors	KXL Trading Proprietary Limited (previously KXL Trading CC)
	Dunkeld Portfolio Proprietary Limited
	Automation Exchange Proprietary Limited
	FTTX Web Connection Proprietary Limited
	Open Fibre Proprietary Limited
	Myriad BB Proprietary Limited
Fellow subsidiaries	Jasco Trading Proprietary Limited
	Jasco Carrier Solutions Proprietary Limited
	Jasco Networks Proprietary Limited
	Jasco Enterprise Proprietary Limited
	Webb Industries Proprietary Limited
	Jasco Systems Proprietary Limited
	Jasco Distributors Proprietary Limited
	Datavoice Proprietary Limited
	Jasco Security and Fire Solutions Proprietary Limited (previously MV Fire Protection Services Proprietary Limited)
	New Telco South Africa Proprietary Limited
Members of key management	DE Robinson
	GM Wilson
	W Prinsloo
	Y Mahomed

* Refer to note 27 Events after the reporting period.

Related party balances

Amounts included in trade receivables/(trade payables) regarding related parties

	2020 R	2019 R	2018 R
Automation Exchange Proprietary Limited	(17 250)	(13 513)	(4 313)
Automation Exchange Proprietary Limited	3 251 435	2 716 443	1 582 677
Dunkeld Portfolio Proprietary Limited	(1 636)	14 412	13 726
FTTX Web Connection Proprietary Limited	(32 990)	46 992	35 286
Jasco Carrier Solutions Proprietary Limited	–	–	749
Jasco Enterprise Proprietary Limited	614 164	165 238	580 897
Jasco Enterprise Proprietary Limited	(30 486)	(6 943)	(32 142)
Jasco Networks Proprietary Limited	–	369 045	296 528
Jasco Security and Fire Solutions Proprietary Limited	69 072	–	
Jasco Systems Proprietary Limited	–	377	–
Jasco Trading Proprietary Limited	5 275 611	1 897 634	642 145
Jasco Trading Proprietary Limited	(88 573)	(17 278)	(250)
KXL Trading Proprietary Limited	(7 706)	(114 119)	(6 123)
KXL Trading Proprietary Limited	40 376	15 255	–
Myriad Capital Communications Proprietary Limited	(34 712)	–	–
Myriad Capital Proprietary Limited	1 912	498	–
NewTelco South Africa Proprietary Limited	1 426	713	–

	2020 R	2019 R	2018 R
Open Fibre Proprietary Limited	(61 544)	–	–
Open Fibre Proprietary Limited	3 484 826	73 316	17 311
Webb Industries Proprietary Limited	–	1 179	50 883
	12 463 925	**5 149 249**	**3 177 374**
Related party Transactions			
Services rendered by related parties			
Automation Exchange Proprietary Limited	142 773	225 962	308 431
Jasco Fire Solutions Proprietary Limited	–	7 510	–
Myriad Capital Communications Proprietary Limited	121 667	–	–
Myriad Capital Proprietary Limited	4 009 894	4 722 510	–
Open Fibre Proprietary Limited	160 359	101 250	–
	4 443 693	**5 057 232**	**308 431**
Service provided and stock sold to related parties			
Automation Exchange Proprietary Limited	30 786 925	17 387 489	5 894 800
Datavoice Proprietary Limited	–	48 020	–
FTTX Web Connection Proprietary Limited	146 052	334 839	129 827
Jasco Carrier Solutions Proprietary Limited	1 900	41 066	24 775
Jasco Distributors Proprietary Limited	–	1 771	–
Jasco Enterprise Proprietary Limited	1 239 774	2 936 417	1 352 790
Jasco Networks Proprietary Limited	29 700	3 748 836	1 746 726
Jasco Security and Fire Solutions Proprietary Limited	86 337	52 459	–
Jasco Systems Proprietary Limited	–	11 359	–
Jasco Trading Proprietary Limited	5 832 640	6 842 563	4 873 869
KXL Trading Proprietary Limited	215 927	28 883	–
Myriad Capital Proprietary Limited	29 211	4 201	–
NewTelco South Africa Proprietary Limited	7 440	7 360	–
Open Fibre Proprietary Limited	4 205 650	1 207 239	651 938
Webb Industries Proprietary Limited	398 109	303 430	261 962
	42 979 665	**32 955 932**	**14 936 687**
Rent paid to related parties			
Dunkeld Portfolio Proprietary Limited	209 170	144 421	135 120
Jasco Enterprise Proprietary Limited	78 242	72 446	27 950
KXL Trading Proprietary Limited	10 622 523	6 448 814	4 049 289
	10 909 935	**6 665 681**	**4 212 359**
Administration fees received from related parties			
Jasco Trading Proprietary Limited	61 996	101 980	96 997
Rent received from related parties			
Automation Exchange Proprietary Limited	1 175 655	567 000	–
Open Fibre Proprietary Limited	601 842	–	–
	1 777 497	**567 000**	**–**
Interest received from related parties			
Jasco Enterprise Proprietary Limited	25 525	–	–
Jasco Security and Fire Solutions Proprietary Limited	2 706	–	–
Jasco Trading Proprietary Limited	217 270	–	–
Open Fibre Proprietary Limited	151 025	–	–
	396 526	**–**	**–**

	2020 R	2019 R	2018 R
Interest paid to related parties			
Jasco Enterprise Proprietary Limited	**494**	–	–

25. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

	Notes	Amortised cost R	Total R
Categories of financial instruments			
Categories of financial assets			
2020			
Trade and other receivables	8	67 169 858	67 169 858
Cash and cash equivalents	10	53 915	53 915
Enterprise development loan	9	1 452 600	1 452 600
		68 676 373	**68 676 373**
2019			
Trade and other receivables	8	28 673 947	28 673 947
Cash and cash equivalents	10	8 454 040	8 454 040
Enterprise development loan	9	1 451 000	1 451 000
		38 578 987	**38 578 987**
2018 IAS 39 comparatives			
Trade and other receivables	8	17 409 498	17 409 498
Cash and cash equivalents	10	5 208 971	5 208 971
Enterprise development loan		1 450 000	1 450 000
		24 068 469	**24 068 469**
Categories of financial liabilities			
2020			
Bank Overdraft	10	2 591 962	2 591 962
Trade and other payables	12	32 537 945	32 537 945
		35 129 907	**35 129 907**
2019			
Trade and other payables	12	16 557 816	16 557 816
2018 IAS 39 comparatives			
Trade and other payables	12	14 758 866	14 758 866
Pre-tax gains and losses on financial instruments			
Gains and losses on financial assets			
2020			
Recognised in profit or loss:			
Finance income	16	1 540 947	1 540 947
2019			
Recognised in profit or loss:			
Finance income	16	656 685	656 685
2018			
Recognised in profit or loss:			
Finance income	16	618 696	618 696

	Notes	Amortised cost R	Total R
Gains and losses on financial liabilities			
2020			
Recognised in profit or loss:			
Finance costs	17	1 400 900	1 400 900
2019			
Recognised in profit or loss:			
Finance costs	17	749 505	749 505
2019			
Recognised in profit or loss:			
Finance costs	17	642 343	642 343

Capital risk management

The primary objective of the group's capital management is to ensure that the group remains a going concern, complies with its debt covenant, it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The capital structure of the group consists of debt, which includes lease liabilities disclosed in note 5, cash and cash equivalents and bank overdrafts disclosed in note 10 and equity as disclosed in the statement of financial position.

Refer to note 22 for a breakdown of the net debt.

The group manages its capital structure and makes adjustments to it, in light of changing economic conditions. To maintain or adjust the capital structure, the group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The group optimises the management of its capital through a centralised treasury function which is managed by the Chief Financial Officer.

Financial risk management

Overview

The group 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 has overall responsibility for the establishment and oversight of the group's risk management framework.

The group's risk management policies are established to identify and analyse the risks faced by the group, 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 group's activities.

Credit risk

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

Credit risk consists mainly of cash and cash equivalents, trade and other receivables and the enterprise development loan.

The group only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Credit risk for exposures other than those arising on cash and cash equivalents, are managed by making use of credit approvals, limits and monitoring. The group only deals with reputable counterparties with consistent payment histories. Sufficient collateral or guarantees are also obtained when necessary. Each counterparty is analysed individually for creditworthiness before terms and conditions are offered. The analysis involves making use of information submitted by the counterparties as well as external bureau data (where available). Counterparty credit limits are in place and are reviewed and approved by credit management committees. The exposure to credit risk and the creditworthiness of counterparties is continuously monitored.

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

		2020			2019		
	Notes	**Gross carrying amount R**	**Credit loss allowance R**	**Amortised cost/fair value R**	**Gross carrying amount R**	**Credit loss allowance R**	**Amortised cost/fair value R**
Trade and other receivables	8	69 676 620	(2 506 762)	67 169 858	29 048 845	(3 74 898)	28 673 947
Enterprise development loan	9	1 452 600	–	1 452 600	1 451 000	–	1 451 000
Cash and cash equivalents	10	53 915	–	53 915	8 454 040	–	8 454 040
		71 183 135	**(2 506 762)**	**68 676 373**	**38 953 885**	**(374 898)**	**38 578 987**

		2018		
	Notes	**Gross carrying amount R**	**Credit loss allowance R**	**Amortised cost/fair value R**
Trade and other receivables	8	17 869 996	(460 498)	17 409 498
Enterprise development loan	9	1450 000	–	1450 000
Cash and cash equivalents	10	5 208 971	–	5 208 971
		24 528 967	**(460 498)**	**24 068 469**

Amounts are presented at amortised cost or fair value depending on the accounting treatment of the item presented. The gross carrying amount for debt instruments at fair value through other comprehensive income is equal to the fair value because the credit loss allowance does not reduce the carrying amount. The credit loss allowance is only shown for disclosure purposes. Debt instruments at fair value through profit or loss do not include a loss allowance. The fair value is therefore equal to the gross carrying amount.

Liquidity risk

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

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities.

Cash flow forecasting is performed in the operating entities of the group and aggregated by group finance. Group finance monitors rolling forecasts of the group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the group's debt financing plans, covenant compliance, compliance with internal statement of financial position ratio targets and, if applicable external regulatory or legal requirements – for example, currency restrictions.

The maturity profile of contractual cash flows of non-derivative financial liabilities, and financial assets held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.

2020	**Notes**	**Less than 1 year R**	**2 to 5 years R**	**Over 5 years R**
Non-current liabilities				
Lease liabilities*	5	–	41 396 180	29 635 670
Current liabilities				
Lease liabilities*	5	14 002 461	–	–
Bank overdraft	10	2 591 962	–	–
Trade and other payables	12	32 537 945	–	–
		49 132 368	**41 396 180**	**29 635 670**

2019	**Notes**	**Less than 1 year R**	**2 to 5 years R**
Non-current liabilities			
Lease liabilities*	5	–	6 470 613
Current liabilities			
Trade and other payables	5	16 557 816	–
Lease liabilities*	12	5 978 907	–
		22 536 723	**6 470 613**

2018 IAS 39 comparatives	**Notes**	**Less than 1 year R**	**2 to 5 years R**
Non-current liabilities			
Lease liabilities*	5	–	2 432 610
Current liabilities			
Lease liabilities*	5	2 495 868	–
Trade and other payables	12	14 758 866	–
		17 254 734	**2 432 610**

* Lease liabilities only include finance lease liabilities for the 2019 and 2018 financial years.

Foreign currency risk

The group is exposed to foreign currency risk as a result of certain transactions which are denominated in foreign currencies. Exchange rate exposures are managed within approved policy parameters utilising foreign forward exchange contracts where necessary. It is the group's policy not to enter into foreign currency contracts until a firm commitment is in place. The forward currency contract must be in the same currency as the hedged item. The foreign currencies in which the group deals primarily are US Dollars and Euro.

It is the group's policy to negotiate the terms of the hedge derivatives to match the terms of the hedged items to maximise hedge effectiveness. The group does not apply hedge accounting as per IFRS 9.

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:

	2020 **R**	**2019** **R**	**2018** **R**
Current liabilities			
Trade payables: US Dollar	423 737	655 642	126 556
Exposure in foreign currency amounts			
The net carrying amounts, in foreign currency of the above exposure was as follows:			
US Dollar exposure:			
Current liabilities			
Trade payables: US Dollar	25 304	43 568	9 843
Exchange rates			
The following closing exchange rates were used for conversion of foreign items:			
Rand per unit of foreign currency:			
USD	16,746	15,049	12,858

Interest rate risk

Borrowings issued at variable rates expose the group to cash flow interest rate risk. Borrowings issued at fixed rates expose the group to fair value interest rate risk. During 2020, 2019 and 2018, the group's borrowings at variable rates were denominated in Rand.

The group's interest rate risk arises from fluctuations in interest rates from cash and cash equivalents, lease liabilities and bank overdrafts.

The group is exposed to interest rate risk as it borrows and places funds at floating interest rates linked to prime. The risk is managed by matching financing periods to the asset's expected useful life, which are normally medium-term (3 years) in nature.

Interest rate profile

The interest rate profile of interest bearing financial instruments at the end of the reporting period was as follows:

	Notes	Average effective interest rate	Carrying amount				
		2020	2019	2018	2020 R	2019 R	2018 R
Variable rate instruments:							
Assets							
Cash and cash equivalents	10	3.90%	6.60%	6.05%	53 915	8 454 040	5 208 971
Liabilities							
Lease liabilities	5	7.25%	10.25%	11.00%	(60 257 688)	(10 712 593)	(4 309 269)
Bank overdraft	10	7.25%	10.25%	11.00%	(2 591 962)	–	–
					(62 849 650)	**(10 712 593)**	**(4 309 269)**
Net variable rate financial instruments					**(62 795 735)**	**(2 258 553)**	**889 702**
Variable rate financial assets as a percentage of total interest bearing financial instruments					–%	(374.31)%	578.97%
Variable rate financial liabilities as a percentage of total interest bearing financial instruments					100,00%	474.31%	(478.97)%
					100,00%	**100,00%**	**100,00%**

Interest rate sensitivity analysis

The following sensitivity analysis has been prepared using a sensitivity rate which is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. All other variables remain constant. The sensitivity analysis includes only financial instruments exposed to interest rate risk which were recognised at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

	2020 R	2020 R	2019 R	2019 R	2018 R	2018 R
Increase or decrease in rate	**Increase**	**Decrease**	**Increase**	**Decrease**	**Increase**	**Decrease**
Impact on profit or loss:						
Cash and cash equivalents 1% (2019:1%, 2018:1%)	539	(530)	84 540	(84 540)	52 090	(52 090)
Lease liabilities 1% (2019: 1%, 2018:1%)	(118 270)	118 270	(107 126)	107 126	(43 093)	43 093
Bank overdraft 1% (2019: 1%, 2018:1%)	(25 920)	25 920	–	–	–	–
	(143 651)	**143 651**	**(22 586)**	**22 586**	**8 997**	**(8 997)**

Price risk

The group is not exposed to equity securities price risk because there are no investments held by the group and classified on the statement of financial position at fair value through profit or loss.

26. GOING CONCERN

The directors believe that the group and company has adequate financial resources to continue in operation for the foreseeable future and accordingly the consolidated annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the group and company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the group and company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the group and company.

On 11 March 2020, the World Health Organisation ("WHO") declared COVID-19 a pandemic. The outbreak of the global disease resulted in various restrictions, including country-wide lockdown imposed by the South African Government. The unfolding of the pandemic in South Africa is being closely monitored by the directors and the impact to the company is continuously assessed. Due to the nature of the company's operations, the pandemic has had both positive and negative impacts to the business and thus the directors did not believe that the pandemic would have any major impact to the going concern assumption of the company.

The directors continue to monitor the financial impact of COVID-19. Although the outcome is uncertain, the directors are confident that based on the nature of the business and the working capital requirements it has to its disposal, the company has appropriately adopted the going concern assumption for the financial reporting period ended 30 June 2020.

27. EVENTS AFTER THE REPORTING PERIOD

A dividend of R6 782 960.78 was declared to the shareholders on 2 October 2020.

Subsequent to the reporting date, the previous minority shareholders subscribed to an additional 70 shares in the company by way of a rights issue, for a total consideration of R10 000 000 resulting in loss of control by Jasco Electronics Holdings Limited on 22 September 2020. A further share swap agreement was concluded which resulted in Myriad Capital Communications Proprietary Limited ("Myriad CC") acquiring the shares that were previously held in by the aforementioned shareholders in their personal capacities. As result on 29 September 2020, Myriad CC obtained a controlling interest in the Company. Myriad CC is ultimately held by Myriad Capital Proprietary Limited.

Jasco Electronics Holdings Limited has exercised a put option which, if approved by its shareholders, will result in Myriad Capital Communications Proprietary Limited acquiring the remaining shares in the company. The Jasco shareholders vote is expected to take place in the second quarter of 2021.

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

28. **DIRECTORS' REMUNERATION**

Executive

2020	**Emoluments**	**Expense allowance**	**Bonus share**	**Provident fund**	**Other benefits**	**Total**
	R	**R**	**R**	**R**	**R**	**R**
For services as directors	4 540 883	408 317	1 659 000	46 800	378 000	7 033 000

2019	**Emoluments**	**Expense allowance**	**Bonus share**	**Provident fund**	**Other benefits**	**Total**
	R	**R**	**R**	**R**	**R**	**R**
For services as directors	4 432 351	368 827	1 729 000	62 693	–	6 592 871

2018	**Emoluments**	**Expense allowance**	**Bonus share**	**Provident fund**	**Other benefits**	**Total**
	R	**R**	**R**	**R**	**R**	**R**
For services as directors	3 359 000	290 000	1 355 000	56 000	–	5 060 000

29. **FIRST-TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS**

The group converted its basis of preparation from IFRS for SMEs to IFRS, for the sole use in the circular prepared by Jasco Electronics Holdings Limited in terms of the JSE Listings Requirements relating to the disposal by Jasco of its 47.7% interest in Reflex Solutions Proprietary Limited.

As stated in note 1.1 of the accounting policies, these are the group's first consolidated annual financial statements prepared in accordance with IFRS.

The accounting policies set out in note 1 have been applied in preparing the consolidated annual financial statements for the year ended 30 June 2020, the comparative information presented in these consolidated annual financial statements for the years ended 30 June 2019 and 30 June 2018 and in the preparation of an opening IFRS statement of financial position at 1 July 2017 (the group's date of transition).

The following key line items of the consolidated annual financial statements were affected by the transition from IFRS for SMEs to IFRS:

Revenue:

Under IFRS for SMEs the group recognised revenue when the outcome of the transaction involving the rendering of service could be estimated reliably and with reference to the stage of completion method. In line with the stage of completion method revenue is recognised over the period during which the service is performed.

IFRS 15, requires the group to recognise revenue when it transfers control of a product or service to a customer. The group transfers control of a service over time, thus revenue is recognised over time as the binder functions are performed. Therefore the amount of revenue determined under IFRS 15 is the same as the amount of revenue determined under IFRS for SMEs.

Thus, no adjustment to revenue is required for the period ending 30 June 2019.

Financial assets:

The group's financial assets consist of the following:

- Trade and other receivables.
- Enterprise development loan.
- Cash and cash equivalents.

Under IFRS for SMEs these financial assets were classified as trade and other receivables, measured at amortised cost. Under IFRS 9 these assets are classified as financial assets measured at amortised cost. This classification change has had no impact on the initial recognition and measurement of the group's financial assets.

Impairment of financial assets

Under IFRS for SMEs credit losses are only recognised when a credit loss event occurs (incurred loss model). Under IFRS 9 expected credit losses on trade receivables who are expected to be settled in the short term, are estimated on an unbiased and probability-weighted amount by evaluating the range of possible outcomes (expected credit loss model). Factors such as past events, current conditions and reasonable and supportable forecasts of future economic conditions are considered.

Financial liabilities:

The group's financial liabilities consist mainly of lease liabilities, trade and other payables, loan to group company and bank overdraft. Under IFRS for SMEs these financial liabilities were classified as financial liabilities measured at amortised cost. The same classification will be applied under IFRS 9.

General:

Apart from the above mentioned items affected by the transition to IFRS as at 1 July 2019, there has been no other impact on the measurement and recognition of the various consolidated annual financial statement line items in its statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity. This transition to IFRS had no impact on retained earnings as at 1 July 2019.

In preparing its opening IFRS statement of financial position, no adjustments were noted between IFRS for SMEs and the application of IFRS. An illustration of how the transition from previous IFRS for SMEs and IFRS has affected the group's financial position, financial performance and cash flows is set out in the following tables:

Reconciliation of equity at 01 July 2017 – date of transition

	As reported under previous IFRS for SME R	Effect of transition to IFRS R	IFRS R
Total assets	25 839 437	–	25 839 437
Total Liabilities	(16 618 179)	–	(16 618 179)
Equity	(9 221 258)	–	(9 221 258)
	–	**–**	**–**

Reconciliation of equity at 30 June 2018

	As reported under previous IFRS for SME R	Effect of transition to IFRS R	IFRS R
Total assets	42 107 532	–	42 107 532
Total Liabilities	(25 457 005)	–	(25 457 005)
Equity	(16 650 527)	–	(16 650 527)
	–	–	–

Reconciliation of equity at 30 June 2019

	As reported under previous IFRS for SME R	Effect of transition to IFRS R	IFRS R
Total assets	68 507 129	–	68 507 129
Total Liabilities	(35 279 494)	–	(35 279 494)
Equity	(33 227 635)	–	(33 227 635)
	–	–	–

Statement of Profit or Loss and Other Comprehensive Income – 30 June 2019

	As reported under previous IFRS for SME R	Effect of transition to IFRS R	IFRS R
Revenue	174 234 688	–	174 234 688
Profit before tax	20 332 338	–	20 332 338
Total comprehensive income	16 577 108	–	16 577 108
	–	–	–

There are no material adjustments to the cash flow statement for the year ending 30 June 2019.

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE HISTORICAL CONSOLIDATED FINANCIAL INFORMATION OF REFLEX SOLUTIONS PROPRIETARY LIMITED

The Directors of Jasco Electronics Holdings Limited
Cnr Alexandra Avenue and, 2nd St
Halfway House Estate
Midrand
1685

9 March 2021

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE HISTORICAL CONSOLIDATED FINANCIAL INFORMATION OF REFLEX SOLUTIONS PROPRIETARY LIMITED INCLUDED IN THE CIRCULAR TO JASCO ELECTRONICS SHAREHOLDERS

Introduction

This Reporting Accountant's Report on the Historical Consolidated Financial Information of Reflex Solutions Proprietary Limited is prepared to comply with the Listings Requirements of the JSE Limited and for inclusion in the Circular to be issued to shareholders of Jasco Electronics Holdings Limited on or about 19 March 2021.

At your request and for the purposes of Jasco Electronics Holdings Limited ("the Company") Circular, we have:

- audited the historical consolidated financial information of Reflex Solutions Proprietary Limited ("the Subject Matter") whose shares are fully being sold by the Company after the year ended 30 June 2020 as presented in Annexure 1 to the Circular dated 19 March 2021 ("the Circular");
- reviewed the historical consolidated financial information of the Subject Matter in respect of the year ended 30 June 2019 as presented in Annexure 1 to the Circular; and
- reviewed the historical consolidated financial information of the Subject Matter for the year ended 30 June 2018 as presented in Annexure 1 to the Circular.

Historical Consolidated Financial Information for the year ended 30 June 2020

Opinion

The historical consolidated financial information in respect of the year ended 30 June 2020 as presented in Annexure 1 to the Circular comprises the consolidated statement of financial position as at 30 June 2020, and the consolidated statement of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the historical consolidated financial information, including the accounting policies.

In our opinion, the historical consolidated financial information presents fairly, in all material respects, the consolidated statement of financial position of the Subject Matter as at 30 June 2020, and its consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended in accordance with the basis of preparation paragraph in note 1.1 of Annexure 1 and the JSE 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 Auditor's Responsibilities for the Audit of the Historical Consolidated Financial Information for the year ended 30 June 2020 section of our report. We are independent of the Subject Matter in accordance with 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 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 International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Directors' responsibility for the historical combined financial information

The Company's directors are responsible for the preparation and fair presentation of the historical consolidated financial information for the year ended 30 June 2020 in accordance with the basis of preparation and the JSE Listings Requirements, and for such internal control as the directors determine is necessary to enable the preparation of historical consolidated financial information that is free from material misstatement, whether due to fraud or error.

In preparing the historical consolidated financial information, the directors are responsible for assessing the Subject Matter'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 Subject Matter or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the historical consolidated financial information for the year ended 30 June 2020

Our objectives are to obtain reasonable assurance about whether the historical consolidated financial information for the year ended 30 June 2020 as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 the historical consolidated 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 historical consolidated 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 Subject Matter's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 Subject Matter's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the historical consolidated 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 auditor's report. However, future events or conditions may cause the Subject Matter to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the historical consolidated financial information, including the disclosures, and whether the historical consolidated financial information represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors 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 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, related safeguards.

Historical consolidated financial information for the years ended 30 June 2019 and 30 June 2018

We have reviewed the historical consolidated financial information of the Subject Matter, as presented in Annexure 1 to the Circular, which comprise the consolidated statements of financial position as at 30 June 2019 and 30 June 2018 and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, including a summary of significant accounting policies and explanatory notes.

Directors' responsibility for the historical consolidated financial information

The directors are responsible for the preparation and fair presentation of the historical consolidated financial information in accordance with the basis of preparation and the JSE Listings Requirements, and for such internal control as the directors determine is necessary to enable the preparation of historical consolidated financial information that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the historical consolidated financial information for the years ended 30 June 2019 and 30 June 2018

Our responsibility is to express a conclusion on the historical consolidated financial information. We conducted our review in accordance with International Standards on Review Engagements (ISRE) 2400, Engagements to Review Financial Statements. ISRE 2400 requires us to conclude whether anything has come to our attention that causes us to believe that the historical consolidated 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 financial information in accordance with ISRE 2400 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 performed 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 historical consolidated financial information.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the historical consolidated financial information of the Subject Matter for the years ended 30 June 2019 and 30 June 2018 do not present fairly, in all material respects, the consolidated financial position of the Subject Matter as at 30 June 2019 and 30 June 2018, and its financial performance and cash flows for the years then ended, in accordance with the basis of preparation in note 1.1 of Annexure 1 and the JSE Listings Requirements.

Purpose of the report

The purpose of our report is for the Circular of Jasco Electronics Holdings Limited and is not to be used for any other purpose.

Mazars
Registered Auditors

Gareth Jackson
Registered Auditor

Partner
Mazars
54 Glenhove Road
Melrose Estate
Johannesburg
South Africa

9 March 2021

PRO FORMA FINANCIAL INFORMATION

The tables below set out the *pro forma* financial information of Jasco based on the published audited Jasco annual group financial results for the year-ended 30 June 2020. The *pro forma* financial information has been prepared for illustrative purposes only and because of its *pro forma* nature, may not fairly present Jasco's financial position, changes in equity, results of operations and cash flows; nor the effect and impact of the Disposal. For the purposes of the *pro forma* financial information, it has been assumed that the Disposal took place with effect from 1 July 2019 for the statement of comprehensive income and 30 June 2020 for the statement of financial position.

The *pro forma* statements of comprehensive income and financial position have been prepared using accounting policies that comply with International Financial Reporting Standards and that are consistent with those applied in the published audited Jasco group annual financial results for the year ended 30 June 2020.

The directors of Jasco are responsible for the compilation, contents and preparation of the *pro forma* financial information contained in this Circular and for the financial information from which it has been prepared. Their responsibility includes determining that the *pro forma* financial information has been properly compiled on the basis stated, which is consistent with the accounting policies of Jasco and that the *pro forma* adjustments are appropriate for purposes of the *pro forma* financial information disclosed pursuant to the Listings Requirements

The *pro forma* statement of financial position as at 30 June 2020 and the *pro forma* income statement for the year then ended, should be read in conjunction with the Independent Reporting Accountant's assurance report thereon contained in Annexure 4 to this Circular.

Pro *Forma* statement of comprehensive income for Jasco for the year ended 30 June 2020

R'000	Before (Note 1)	Reflex *Pro forma* (Note 2)	Consol adjustments *Pro forma* (Note 3)	Profit on Disposal (Note 4)	Disposal Considera-tion (Note 5)	Other adjustments (Note 6)	Trans-action costs (Note 7&8)	*Pro forma* After the Disposal (Note 10)
Revenue	939 213	(277 306)	7 135					669 042
Cost of sales	(652 533)	170 671	(4 102)					(485 964)
Gross profit	286 680	(106 635)	3 033	–	–	–	–	183 078
Other income	17 999	(5 138)	78	24 555			(2 000)	35 495
Selling and distribution costs	(2 252)	104						(2 148)
Administrative expenses	(240 614)	64 484	(6 971)			(360)		(183 461)
Other expenses	(118 024)	22 569	3 768					(91 687)
Net impairment loss on trade receivables	(4 121)	2 485						(1 636)
Operating (loss)/profit	(60 332)	(22 131)	(92)	24 555	–	(360)	(2 000)	(60 360)
Finance income	3 726	(1 541)	246					2 431
Finance costs	(36 079)	1 401	4 286		8 004			(22 387)
Equity accounted share of (loss)/profit from associate	33	–						33
(Loss)/profit before taxation	(92 652)	(22 271)	4 440	24 555	8 004	(360)	(2 000)	(80 283)
Taxation	(9 983)	5 824	(1 243)		(831)	101		(6 132)
(Loss)/profit for the year	(102 635)	(16 447)	3 197	24 555	7 174	(259)	(2 000)	(86 415)
Other comprehensive loss	–	–	–	–	–	–	–	–
Total comprehensive (loss)/ income for the year	(102 635)	(16 447)	3 197	24 555	7 174	(259)	(2 000)	(86 415)
(Loss)/profit for the year attributable to:								
– non-controlling interests	8 228	(8 059)	1 566	–	–	–	–	1 735
– ordinary shareholders of the parent	(110 863)	(8 388)	1 630	24 555	7 174	(259)	(2 000)	(88 151)
	(102 635)	(16 447)	3 197	24 555	7 174	(259)	(2 000)	(86 415)

R'000	Before (Note 1)	Reflex *Pro forma* (Note 2)	Consol adjustments *Pro forma* (Note 3)	Profit on Disposal (Note 4)	Disposal Considera-tion (Note 5)	Other adjustments (Note 6)	Trans-action costs (Note 7&8)	*Pro forma* After the Disposal (Note 10)
Total comprehensive (loss)/ income attributable to:								
– non-controlling interests	8 228	(8 059)	1 566	–	–	–	–	1 735
– ordinary shareholders of the parent	(110 863)	(8 388)	1 630	24 555	7 174	(259)	(2 000)	(88 151)
	(102 635)	(16 447)	3 197	24 555	7 174	(259)	(2 000)	(86 415)
Earnings per share (cents) basic	(49,4)							(39,3)
Diluted earnings per share (cents)	(49,4)							(39,9)
Reconciliation of Headline earnings								
Net earnings attributable to equity holders of the parent	**(110 863)**	**(8 388)**	**1 630**	**24 555**	**7 174**	**(259)**	**(2 000)**	**(88 151)**
Headline earnings adjustments:	**11 101**	**43**	**–**	**(24 555)**	**–**	**–**	**2 000**	**(11 411)**
– loss/(profit) on disposal of subsidiary	**77**	**–**	**–**	**(24 555)**	**–**	**–**	**2 000**	**(22 478)**
– recycle FCTR on disposal of subsidiary	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**-**
– Impairment of goodwill	**10 251**	**–**	**–**	**–**	**–**	**–**		**10 251**
– net after-tax loss/(profit) on disposal of fixed assets	**773**	**43**	**–**		**–**	**–**	**–**	**816**
Headline Earnings	**(99 762)**	**(8 345)**	**1 630**	**–**	**7 174**	**(259)**	–	(99 562)
Headline earnings per share (cents) basic	(44,5)							(44,4)
Diluted headline earnings per share (cents)	(44,5)							(44,4)

Notes to the *pro forma* statement of comprehensive income for Jasco for the year ended 30 June 2020

1. The "Before" column has been extracted, without adjustment, from Jasco's published audited final results for the year ended 30 June 2020.
2. The "Reflex" column represents the disposal of Reflex and is based on the audited historical financial information of Reflex for the year ended 30 June 2020.
3. The "Consol adjustments" column represents the reversal of consolidation/elimination journal entries relating to the Reflex investment for the year ended 30 June 2020.
4. The disposal of Reflex results in the recognition of a profit on disposal of Reflex calculated as follows:

	R'000
– The Disposal Consideration as per Put Option Agreement	72 767
– The Disposal of the Sale Assets and Assumed Liabilities	(48 212)
Profit on Disposal	**24 555**

5. The Disposal Consideration cash portion of R72.8 million is applied against the Jasco Corporate Bond (R45.8 million) and the Working Capital Facility (R27.0 million) with a weighted cost of debt of 11% with a resultant interest cost saving of R8.0 million (R5 million relates to the Jasco Corporate Bond and R3.0 million to the Working Capital Facility). Jasco has assumed that no change needs to be made to the disposal consideration, as the dividend of R3.2 million has been paid in line with the put option agreement.

   The taxation charge of R0.8 million calculated at 28% of the net interest impact excluding the portion of the interest paid related to the corporate bond of R45.8 million which is not a deductible expense for income taxation purposes.
6. Jasco anticipates that R0.4 million of additional group costs will be incurred as a consequence of the Disposal with a corresponding tax effect of R0.1 million calculated at 28% of the cost, to meet the minimum purchasing commitment in terms of the Master Services Agreement. No additional costs are expected arising from the Guarantee and Indemnity Agreement.
7. The transaction costs column represents non-recurring transaction costs relating to the Disposal of R2.0 million.
8. Transactional related costs (non-deductible for tax purposes)

		Rands
8.1	JSE fees	80 609
8.2	Ince printing, publication & distribution costs	58 342
8.3	Corporate advisor fees – Grindrod	750 000
8.4	Reporting Accountants fees	500 000
8.5	Legal fees – Stein Scop Inc.	500 000
8.6	Miscellaneous other	111 049
		2 000 000

9. All adjustments are recurring unless otherwise indicated.
10. The "After" column reflects the impact of the pro forma adjustments on Jasco as a consequence of the Disposal. The effects of the Disposal are calculated on the assumption that the initial Disposal Consideration of R72.8 million will be utilised to reduce the Jasco Corporate Bond with R45 million and the Working Capital Facility with R27.8 million.
11. For the purposes of calculating the basic, diluted, headline and diluted headline earnings per share, the effect of the Disposal is done on the basis that it was effective 1 July 2019.

Pro *Forma* Statement of Financial Position for Jasco the year ended 30 June 2020

R'000	Before (Note 1)	Reflex (Note 2)	Consol adjust-ments relating to Reflex (Note 3)	Disposal Consider-ation (Note 4)	Trans-action costs (Note 5)	*Pro forma* after the Disposal (Note 6&7)
ASSETS						
Non-current assets	327 277	(29 506)	(79 834)	–	–	217 937
Plant and equipment	74 675	(26 959)	395	–	–	48 111
Rights of use assets	106 124	–	(40 468)	–	–	65 656
Intangible assets	117 772	–	(40 307)	–	–	77 465
Investment in subsidiaries	–	–	–	–	–	–
Investment in joint venture/ associate	–	–	–	–	–	–
Deferred income tax	21 981	(2 547)	546	–	–	19 980
Other non-current contract assets	1 664	–	–	–	–	1 664
Other non-current assets	5 061	–	–		–	5 061
Current assets	309 208	(76 795)	6 076	–	(2 000)	236 489
Inventories	101 113	(7 138)	–	–	–	93 975
Contract assets	11 927	–	–	–	–	11 927
Trade and other receivables	159 646	(69 604)	6 076	–	–	96 118
Amounts owing by group companies	–	–	–	–	–	–
Taxation refundable	11 938	–	–	–	–	11 938
Short-term portion of other non-current assets	3 258	–	–	–	–	3 258
Cash and cash equivalents	21 326	(53)	–	–	(2 000)	19 273
Total assets	**636 485**	**(106 301)**	**(73 758)**	**–**	**(2 000)**	**454 425**
EQUITY AND LIABILITIES						
Shareholders' equity	59 626	(43 015)	(31 403)	72 767	(2 000)	55 975
Share capital	281 283	(1)	1	–	–	281 283
Treasury shares	(3 083)	–	–	–	–	(3 083)
Non- distributable reserves	7 051	–	–	–	–	7 051
Retained (loss)/earnings	(259 358)	(43 015)	(6 882)	72 767	(2 000)	(238 487)
Equity attributable to equity holders of the parent	25 893	(43 015)	(6 881)	72 767	(2 000)	46 764
Non-controlling interests	33 733	–	(24 522)	–	–	9 211
Non-current liabilities	**121 743**	**(5 200)**	**(48 431)**	**–**	**–**	**68 112**
Interest-bearing liabilities	6 218	(5 200)	–	–	–	1 018
Lease liabilities	110 871	–	(48 431)	–	–	62 440
Contract liabilities	2 333	–	–	–	–	2 333
Deferred income tax	2 321	–	–	–	–	2 321

R'000	Before (Note 1)	Reflex (Note 2)	Consol adjust-ments relating to Reflex (Note 3)	Disposal Consider-ation (Note 4)	Trans-action costs (Note 5)	*Pro forma* after the Disposal (Note 6&7)
Current liabilities	455 116	(58 086)	6 076	(72 767)	–	330 339
Trade and other payables (5)	172 446	(48 799)	6 076	–	–	129 723
Provisions (6)	5 891	–	–	–	–	5 891
Amounts owing to group companies	–	–	–	–	–	–
Taxation	4 970	(68)	–	–	–	4 902
Contract Liabilities	42 509	–	–	–	–	42 509
Short-term borrowings	455 116	(58 086)	6 076-	(72 767)	–	330 339
Lease Liabilities	26 280	–	–	–	–	26 280
Total equity and liabilities	**636 485**	**(106 301)**	**(73 758)**	**–**	**(2 000)**	**454 425**
Shares in issue (thousands)	229 319					229 319
less: Treasury shares (thousands)	4 873					4 873
Net shares in issue (thousands)	224 446					224 446
Net asset value per share (cents)	11,5					20,8
Net tangible asset value per share (cents)	(49,7)					(21,5)

Notes to the pro forma statement of financial position of Jasco for the year ended 30 June 2020

1. The "Before" column has been extracted, without adjustment, from Jasco's published audited results for the year ended 30 June 2020.
2. The "Reflex" column represents the disposal of the Reflex and is based on the audited historical financial information of Reflex for the year ended 30 June 2020.
3. The "Consol adjustments" column represents the consolidation journal entries relating to the Reflex investment for the year ended 30 June 2020.
4. The Disposal Consideration cash portion of R72,8 million is applied against the Jasco Corporate Bond and the Working Capital Facility.
5. The transaction costs column represents non-recurring transaction costs relating to the Disposal of R2.0 million.
6. The "After" column reflects the impact of the pro forma adjustments on Jasco as a consequence of the Disposal. The effects of the Disposal are calculated on the assumption that the initial Disposal Consideration of R72.8 million will be utilised to reduce the Jasco Corporate Bond and the Working Capital Facility.
7. For the purposes of calculating the net asset value per share and net tangible asset value per share, the effect of the Disposal is done on the basis that it was effective 30 June 2020.
8. No post balance sheet trading or corporate actions have been taken into account in the preparation of these pro forma financial effects.
9. The tax effects of the adjustments have been taken into account in the calculation of the pro forma financial effects. Jasco Electronics Holdings Limited has an unutilised calculated capital gains tax loss which exceeds the capital gain calculated on the disposal of Reflex Solutions.

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE COMPILATION OF *PRO FORMA* FINANCIAL INFORMATION

9 March 2021

The Directors of Jasco Holdings Limited
Cnr Alexandra Avenue and, 2nd St
Halfway House Estate
Midrand
1685

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF THE *PRO FORMA* FINANCIAL INFORMATION OF THE GROUP

We have completed our assurance engagement to report on the compilation of *pro forma* financial information of Jasco Holdings Limited ("Jasco" or "the Group") by the directors.

The *pro forma* financial information, as set out in Annexure 4 of the Circular, consist of a Consolidated Statement of Comprehensive Income and a Consolidated *Pro Forma* Statement of Financial Position and related assumptions. The *pro forma* financial information has been compiled on the basis of the applicable criteria specified in the JSE Limited (JSE) Listings Requirements.

The *pro forma* financial information has been compiled by the directors to illustrate the impact of the corporate action or event, described in the Circular, on the group's financial position as at 30 June 2020 for purposes of the Statement of Financial Position and 1 July 2019 for the Statement of Comprehensive Income. As part of this process, information about the group's financial position and financial performance has been extracted by the directors from the Group's financial statements for the period ended 30 June 2020, on which an unmodified auditor's report was issued on 19 March 2021

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL INFORMATION

The directors are responsible for compiling the *pro forma* financial information on the basis of the applicable criteria specified in the JSE Limited (JSE) Listings Requirements and described in Annexure 4 of the Circular and the SAICA Guide on *Pro forma* Financial Information, revised and issued in September 2014 ("Applicable Criteria").

OUR INDEPENDENCE AND QUALITY CONTROL

We have complied with the independence and other ethical requirements of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code), which is founded on the 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).*

Mazars applies the 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.

INDEPENDENT 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 Limited (JSE) Listings Requirements 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 which is applicable to an engagement of this nature. This standard requires that we comply with the ethical requirements and 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 of the Applicable Criteria.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in the compiling of 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 P*ro Forma* Financial Information.

As the purpose of *pro forma* financial information included in a circular is solely to illustrate the impact of a significant corporate action or event on unadjusted financial information of the entity as if the corporate action or event has occurred or had been undertaken at an earlier date selected for purposes of the illustration, we do not provide any assurance that the actual outcome of the event or transaction at 30 June 2020 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 procedure to assess whether the applicable criteria used in the compilation of the *pro forma* financial information provides a reasonable basis for presenting the significant effects directly attributable to the corporate action or event, 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.

Our procedures selected depend on our judgement, having regard to our understanding of the nature of the group, the corporate action or event 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 of 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 (JSE) Listings Requirements and described in Annexure 3.

RESTRICTION OF USE

This report has been prepared for the purpose of satisfying the requirements of the JSE Listings Requirements, and for no other purpose.

MAZARS

Registered Auditors
Partner: Susan Truter

Registered Auditor
Chartered Accountants (SA)

9 March 2021

Mazars House, 54 Glenhove Road, Melrose Estate

MATERIAL LOANS AND BORROWINGS

Details of the material loans and borrowings of the Jasco Group are set out below:

Interest bearing liabilities of Jasco

	2020 R000
Interest bearing liabilities	
Secured	204 847
Corporate bond	45 250
Term loan: Working Capital Facility	145 675
Principal amounts owing in respect of instalment sale agreements	13 922
– Gross minimum lease payments	15 448
– Finance charges	(1 526)
Total	**204 847**
Current portion transferred to short-term borrowings	(198 629)
– Finance lease agreements	–
– Instalment sale agreements	(7 704)
– Jasco Corporate Bond and term loan	(45 250)
– Term loan	(145 675)
Non-current	**6 218**

Finance lease agreements have been reclassified to leave liabilities.

Particulars

The unlisted Jasco Corporate Bond was issued on 30 January 2015, bears interest at the three-month month JIBAR plus 3,25%. Interest is repaid quarterly and the entire capital plus any accrued interest is repayable on 31 January 2021. The repayment date was subsequently extended to 31 July 2021.

Under the Jasco Corporate Bond, the group is required to comply with the following financial covenant conditions:

- Interest cover ratio being EBIT divided by net finance charges at minimum of 2.0 times. 2020: (3.06) (2019: 0.76).
- Debt to EBITDA ratio at a maximum of 3.5 times. 2020: 5.55 (2019: 3.51).
- Debt to equity ratio, being debt divided by equity, at a maximum of 60%. 2020: 307.8% (2019: 77%)

The Jasco Corporate Bond holders condoned the breach of the loan covenants subsequent to the year-end, noted above, at 30 June 2020. The Disposal proceeds expected from the Reflex Disposal will be utilised to settle the remaining balance of the Jasco Corporate Bond on 30 April 2021.

The Working Capital Facility of R150 million from the Bank of China was raised on 13 May 2017. The loan is secured by a cession of the debtors of the major subsidiaries of the group and bears interest at the three-month JIBAR plus 330 basis points, which is payable on a quarterly basis. The capital is repayable in one instalment by 27 December 2021.

Under the Working Capital Facility, the group is required to comply with the following financial covenant conditions:

- Debt to equity ratio to not exceed a level of 150%. 2020: 344% (2019: 77%).
- Current and quick ratios not to reduce below 1.2:1 and 0.80:1 respectively. 2020: 1.3 and 0.9 (2019: 0.97 and 0.71).

- Interest cover to be maintained at a minimum of 1.5 times. Profit before interest and tax divided by net finance costs. 2020: (1.7) (2019: 0.76).
- Debtors in 0 – 90 days to provide 100% cover on the outstanding Working Capital Facility balance at all times. 2020: 90% (2019: 99%).

The Bank of China has condoned the breach of the loan covenants at 30 June 2020 subsequent to the year-end. However, due to the extension of the facility being received after 30 June 2020, the related borrowings remained as a current liability at 30 June 2020. The Working Capital Facility has been reduced to R130 million and extended until 27 December 2021 on which date one lump sum payment on the entire capital portion of this loan and any outstanding interest will be repaid to the Bank of China. A repayment of R10 million was made in October 2020 reducing the Working Capital Loan to R135 million at 31 December 2020. The Working Capital Facility is in the process of being renegotiated with the Bank of China to be replaced by a senior amortising loan for a maximum of R50 million from the Bank of China and a general short term banking facility for a maximum of R80 million from a major South African based financial institution. This is expected to be concluded by 30 June 2021.

The instalment sale agreements bear interest at the prime overdraft interest rate, and are repayable in equal instalments over periods between one to three years. These liabilities are secured over motor vehicles and equipment with a net book value of R17 775 933 (2019: R15 107 247).

Myriad Loan Agreement:

Post year end Jasco entered into the Myriad Loan Agreement as detailed in the Circular. The Myriad Loan Agreement is a short term loan of up to R25 million. On 20 October 2020 an amount of R21 767 000 was advanced by Myriad to Jasco in terms of the Myriad Loan Agreement. The Myriad loan is secured by a pledge of the Disposal Shares in favour of Myriad (as well as a suretyship provided by Jasco Trading in favour of Myriad) and will be settled by Jasco on receipt of the Disposal Consideration, provided that the Disposal Effective date falls on or before 30 April 2021. The outstanding loan amount (including any accrued interest) will be set off against the total Disposal Consideration as detailed in paragraph 5.2 of this Circular.

In terms of the Myriad Loan Agreement, the loan will accrue interest at a rate of prime plus 4% from the advance date to the earlier of the date of final repayment or the Disposal Effective Date (where the Disposal Effective Date falls on or before 30 April 2021). If the Disposal Effective Date occurs on a date after 30 April 2021, the loan will accrue interest at a rate of prime plus 10% from the advance date to the date of final repayment save that if the Disposal Consideration is due and payable and has not been paid by Myriad on or before 15 May 2021, the interest rate increase from prime plus 4% to prime plus 10% will only apply if the loan amount and accrued interest is repaid by Jasco after 30 June 2021.

MATERIAL CONTRACTS

The Jasco Group entered into the following agreements, in the three years preceding the last practicable date of this circular:

1.1 **ACQUISITION OF RAMM TECHNOLOGIES PROPRIETARY LIMITED**

As announced on SENS on 23 February 2018, Jasco entered into a sale of shares agreement ("Transaction Agreement") with Sudant Investments CC, Mr. Lindsay Welham and Mr. Quinton Ramsay ("the Vendors") and Ramm Technologies Proprietary Limited ("Ramm"). In terms of the Transaction Agreement, Jasco acquired 51% of Ramm for a maximum aggregate purchase price of R30,6 million ("the Ramm Transaction").

Vendor details relating to the Ramm Transaction

Vendors*	Sudant Investments CC (Registration number: 1989/024298/23); Mr Lindsay Grant Welham (the sole owner of Sudant Investments CC); and Mr Quinton Allan Ramsay.
Addresses of Vendors	Mr Ramsay: 9 Saint Joseph Street, Hurlyvale, Edendvale, 1609 Mr Welham: 21 Lagoon Edge, Swellendam Road, Hermanus, 7200
Cash amount paid to each vendor	R26.01 million to M Welham via Sudant Investments CC R4.59 million to Mr Ramsay
Effective date	1 March 2018
Any restraint of trade measures	24 Month restraint period applicable to the Vendors to not carry on and not have any involvement in any entity that carries on business in competition with Ramm in such countries in which Ramm is operational.

* none of the Vendors are related parties of Jasco

The Ramm Transaction Agreement contained legal warranties and indemnities which are considered normal in respect of a transaction of this nature. The assets were acquired by the Vendors prior to the three years preceding this circular.

No promotor or director had any beneficial interest, direct or indirect, in the Ramm Transaction. The interest in Ramm has been transferred into the name of Jasco's wholly owned subsidiary Jasco Trading. The assets have not been ceded or pledged as security.

The fair values of the assets and liabilities of the acquired subsidiaries as at date of acquisition were as follows:

Ramm	**R'000**
Assets	
Plant and Equipment	1 030
Cash and Cash Equivalents	3 200
Trade and other receivables	2 710
Inventories	1 456
Customer related intangibles	20 811
	29 207

Ramm	R'000
Liabilities	
Trade and other payables	434
Deferred tax liability	5 827
Interest-bearing liabilities	2 509
Taxation payable	124
	8 894
Total identifiable net assets at fair value	20 313
Non-controlling interest	(9 953)
Goodwill/loss arising on acquisition	18 625
Purchase consideration	28 985

Provisional amounts are used for RAMM due to the fact that the acquisition was close to year-end. There were no subsequent adjustments to the provisional amounts recognised above.

With effect from 1 March 2018, the group acquired 51% of the shares in RAMM Systems Proprietary Limited for a maximum undiscounted purchase consideration of R30 600 000, discounted value being R28 984 735. RAMM provides real-time asset monitoring and measurement services to a major municipality in the Western Cape.

The purchase consideration is split into two equal tranches, with the first tranche settled on 31 August 2018, and the second tranche was settled in February 2019.

The purchase consideration was discounted using an assumed discount rate of 10%.

The fair values of the customer-related intangibles for RAMM were determined using a discounted cash flows technique. The significant unobservable inputs (level 3 inputs) used were as follows:

- An assumed discount rate of 21.7%
- An EBIT margin of 15%
- A growth rate of 5%

Disposal of the Electrical Manufacturers Division of the group

Shareholders are referred to the circular dated 19 December 2019, which provided details of the Disposal of the Electrical Manufacturers Division of Jasco Trading (a wholly owned subsidiary of Jasco), to African Zaibatsu Corporation Proprietary Limited for a maximum expected disposal consideration of R65 Million.

Shareholder approval for this disposal was obtained at the general meeting of shareholders held on Tuesday, 21 January 2020. Subsequent to the shareholder approval being obtained, shareholders were advised on 23 June 2020, that African Zaibatsu Corporation Proprietary Limited, failed to settle the disposal consideration for the transaction, by the Closing Date thereof and as a result, the sale of business agreement between the parties was cancelled on 22 June 2020 with retrospective effect from 26 September 2019.

JASCO ELECTRONICS HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)
(Registration number: 1987/003293/06)
Share code: JSC
ISIN: ZAE000003794
("**Jasco**" or "**the Company**")

NOTICE OF SHAREHOLDERS' MEETING

The "Definitions and Interpretations" commencing on page 4 of the Circular to which this notice of general meeting of shareholders is attached and forms part apply *mutatis mutandis* to this notice of general meeting of shareholders.

Notice is hereby given that a general meeting of shareholders of Jasco will be held entirely via a remote interactive electronic platform, on Wednesday, 21 April 2021 at 15:00, or any other adjourned or postponed time determined in accordance with the provisions of subsections 64(4) or 64(11)(a)(i) of the Companies Act, to consider and, if deemed fit, pass, with or without modification, the Resolutions set out hereunder, which meeting is to be electronically participated in and voted at by shareholders as at the record date of Friday, 16 April 2021. Accordingly, the last day to trade in order to be eligible to vote at the general meeting is Tuesday, 13 April 2021.

If you are in any doubt as to what action to take in regard to this notice, please consult your Central Securities Depository Participant ("CSDP"), broker, banker, accountant, attorney or other professional adviser immediately and refer to the instructions set out at the conclusion of this notice

ORDINARY RESOLUTION NUMBER 1 – APPROVAL OF THE DISPOSAL TRANSACTION

"RESOLVED THAT, the Disposal, in accordance with the provisions of paragraph 9.20 of the Listings Requirements, details of which are fully disclosed in the Circular to which this notice forms part, be and is hereby approved."

In terms of the MOI of the company, as read with the Act, for ordinary resolution number 1 to be adopted, it must be supported by at least 50% of the voting rights exercised at the General Meeting in person or in proxy.

Reason and effect

The reason for ordinary resolution number 1 is that the Transaction is categorised as a category 1 transaction for Jasco in terms of the paragraphs 9.5, 9.6 and 9.20 of the Listings Requirements. Consequently, Shareholders are required to approve the Disposal by way of an ordinary resolution in terms of paragraph 9.20 of the Listings Requirements.

The effect of ordinary resolution number 1, if passed, will be to grant the necessary Shareholder approval for the Disposal in terms of the Listings Requirements.

ORDINARY RESOLUTION NUMBER 2 – AUTHORISATION TO IMPLEMENT ORDINARY RESOLUTION NUMBER 1

"RESOLVED THAT, any director or the Company Secretary of the company be and is hereby authorised and empowered to do all such things, sign all such documents and take all such actions as may be necessary for or incidental to the implementation of ordinary resolution number 1 and anything already done in this respect be and is hereby ratified to the fullest extent permissible in law."

In terms of the MOI of the company, as read with the Act, for ordinary resolution number 2 to be adopted, it must be supported by at least 50% of the voting rights exercised on the resolution.

Reason and effect

The reason for and effect of ordinary resolution number 2 is to authorise any Director or the Company Secretary of Jasco to do all such things and sign all such documents as are deemed necessary or desirable to implement ordinary resolution number 1 set out in the Notice of General Meeting, which requires the approval of the Shareholders.

VOTING

Every Jasco shareholder who is present in person, by proxy or represented at the general meeting shall have one vote (irrespective of the number of ordinary shares held), and on a poll, every Jasco shareholder present in person, by proxy or represented at the general meeting, shall have one vote for every ordinary share held. The votes of shares held by share trusts classified as schedule 14 trusts in terms of the JSE Listings Requirements will not be taken into account at the general meeting for approval of any resolution proposed in terms of the JSE Listings Requirements.

Shareholders wishing to participate electronically in the general meeting are required to deliver written notices to the Company at the corner of Alexandra Avenue and 2nd Street Halfway House (marked for the attention of the Chief Financial Officer), by no later than 13:00 on Friday, 16 April 2021, that they wish to participate via electronic communication at the General Meeting ("the electronic notice").

In order for the electronic notice to be valid, it must contain:

- if the Shareholder is an individual, a certified copy of his/her identity document and/or passport;
- if the Shareholder is not an individual, a certified copy of a resolution by the relevant entity and a certified copy of the identity documents and/or passports of the persons who passed the relevant resolution;
- the relevant resolution must set out who from the relevant entity is authorised to represent the relevant entity at the General Meeting via electronic communication; and
- a valid email address and/or facsimile number ("the contact address/number").

Participants connecting to the general meeting will be able to participate in the general meeting but will not be able to cast their votes electronically. Accordingly, and in order for their votes to be recorded, Certified Jasco shareholders and Dematerialised Jasco shareholders with "own name" registration making use of the electronic participation facility must submit their duly completed forms of proxy to the Transfer Secretaries as soon as possible and as indicated in the Notice of general meeting included in the circular to shareholders regarding the Disposal.

Dematerialised Jasco shareholders, other than those with "own name" registration, making use of the electronic participation facility must provide instructions to their duly appointed Participant or Broker, as soon as possible and as indicated in the Notice of general meeting.

Those Dematerialised Jasco shareholders, other than those with "own name" registration, who wish to be classified as attending in person, must obtain letters of representation from their Participant or Broker, and voting forms from the Transfer Secretaries, and must submit both to the Transfer Secretaries. These Shareholders must also connect to the general meeting electronically as explained above.

Shareholders are further encouraged to submit any questions via email to company.secretary@jasco.co.za. Said questions will be addressed at the General meeting and will be responded to by return email.

RECORD DATE

The record date in terms of section 59 of the Act for shareholders to be recorded in the Jasco shareholders' register in order to have been sent the Circular, to which this notice is attached, is Friday, 12 March 2021.

The record date in terms of section 59 of the Act for shareholders to be recorded in the Jasco shareholders' register in order to be able to electronically participate and vote at the general meeting is Friday, 16 April 2021.

IDENTIFICATION

In terms of section 63(1) of the Act, any person electronically participating in a shareholders' meeting, must present reasonably satisfactory identification and the person presiding at such meeting must be reasonably satisfied that the right of that person to participate and vote, either as a shareholder, or as a proxy to a shareholder, has been reasonably verified.

ELECTRONIC PARTICIPATION BY SHAREHOLDERS

Shareholders are encouraged to connect to the general meeting by utilising the virtual meeting facility that will be used to accommodate the process. Please contact the Company Secretary on the email company.secretary@jasco.co.za or telephonically on +27 11 266 1678 with your contact details no later than 17:00 on Monday, 19 April 2021 should you wish to obtain the link to the general meeting.

In-person registration of meeting participants will not be carried out at the registered office of the Company. Participants should note that access to the electronic communication may be at the expense of the participants who wish to utilise the facility.

PROXIES

A shareholder entitled to electronically participate in and vote at the general meeting is entitled to appoint one or more proxies to electronically participate in and vote at the general meeting in his or her stead. A proxy need not be a shareholder of the company. For the convenience of holders of certificated shares and holders of dematerialised shares with own-name registration, a form of proxy *(blue)* is attached to the circular to which this notice of general meeting is attached. Duly completed forms of proxy must be lodged with and received by the transfer secretaries (at either the transfer secretaries' physical or postal address set out below) by 15:00 on Monday, 19 April 2021 emailed to the Transfer Secretary of the general meeting before the appointed proxy exercises any of the relevant shareholder's rights at the general meeting (or any adjournment of the general meeting), provided that should the transfer secretaries receive a shareholder's form of proxy less than 48 hours before the general meeting, such shareholder will also be required to furnish a copy of such form of proxy to the Transfer Secretary before the appointed proxy exercises any of such shareholder's rights at the general meeting (or any adjournment of the general meeting).

Holders of dematerialised shares without own-name registration who wish to electronically participate in 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. Holders of dematerialised shares without own-name registration who do not wish to electronically participate in the general meeting but who wish to be represented at the general meeting should advise their CSDP or broker of their voting instructions and should not complete the form of proxy *(blue)* attached to the circular to which this notice of general meeting is attached. Holders of dematerialised shares without own-name registration should contact their CSDP or broker with regard to the cut-off time for their voting instructions.

By order of the Board

JASCO ELECTRONICS HOLDINGS LIMITED

MCP Managerial Services
Company Secretary
19 March 2021

Registered office
Corner Alexandra Avenue and 2nd Street
Midrand
1685
(PO Box 860, Wendywood, 2144)

Transfer secretaries
JSE Investor Services Proprietary Limited
13th Floor,
19 Ameshoff Street
Braamfontein
Johannesburg
2001
(PO Box 4844, Johannesburg, 2000)

JASCO ELECTRONICS HOLDINGS LIMITED
(Incorporated in the Republic of South Africa)
(Registration number: 1987/003293/06)
Share code: JSC
ISIN: ZAE000003794
("**Jasco**" or "**the Company**")

FORM OF PROXY – SHAREHOLDERS' MEETING

Unless otherwise stated or the context otherwise indicates, words and expressions used in this form of proxy shall bear the meanings ascribed to them in the Circular to which this form of proxy is attached.

For use at the general meeting to be held at **15:00 on Wednesday, 21 April 2021**, entirely via a remote interactive electronic platform. **To be completed by holders of Certificated Shares and holders of Dematerialised Shares with own name registration only**

If you are a holder of Dematerialised Shares without own-name registration you must not complete this form of proxy but must instruct your CSDP or Broker as to how you wish to vote. This must be done in terms of the Custody Agreement between you and your CSDP or Broker.

I/We (Please PRINT names in full) ____________________

of (address) ____________________

____

Telephone (work) ____________________ Telephone (home) ____________________

Cellphone number ____________________

being the holder(s) of [ ] Certificated Shares or Dematerialised Shares with own-name registration do hereby appoint (see notes 1 and 2):

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 at the general meeting (or any adjournment thereof).

I/We desire to vote as follows (see note 3):

	Number of votes (one vote per Ordinary Share)		
	For	**Against**	**Abstain**
Ordinary Resolution Number 1 Approval of the Disposal transaction			
Ordinary Resolution Number 2 Authorisation to implement ordinary resolution number 1			

(Please indicate instructions to proxy in the space provided above by the insertion therein of the relevant number of votes exercisable.)

If you return this form duly signed without any specific voting directions indicated in the appropriate spaces above, you will be deemed to authorise and direct the chairman of the general meeting, if your proxy is the chairman, to vote in favour of all the resolutions proposed at the general meeting. If the chairman is not your proxy, then the proxy will be entitled to vote or abstain from voting at the general meeting as he/she thinks fit.

My/our proxy may not delegate his/her authority to act on my/our behalf to any other person.

Signed at: ____________________ on ____________________ 2021

Signature ____________________

Capacity of signatory (where applicable) ____________________

Note: Authority of signatory to be attached – see notes 8 and 9.

Assisted by me (where applicable) ____________________

Full name ____________________

Capacity ____________________

Signature ____________________

Please read the below summary of the rights contained in section 58 of the Companies Act and the below notes to this form of proxy.

SUMMARY OF RIGHTS CONTAINED IN SECTION 58 OF THE ACT

In terms of section 58 of the Act:

- a shareholder of a company may, at any time and in accordance with the provisions of section 58 of the 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 proxy may delegate her or his authority to act on behalf of a shareholder to another person, subject to any restriction set out in the instrument appointing such proxy (see note 15);
- 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 (see note 5);
- 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 (see note 3); and
- 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 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 TO THE FORM OF PROXY

1. Each Jasco shareholder is entitled to appoint one (or more) proxies (none of whom need be Jasco shareholders) to participate, speak and vote in place of that Jasco shareholder at the general meeting.
2. A Jasco shareholder may insert the name of a proxy or the names of two alternative proxies of the Jasco shareholder's choice in the space/s provided, with or without deleting "the Chairman of the general meeting", but the Jasco 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 Jasco shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by the Jasco shareholder in the appropriate box provided. Failure to comply with the above will be deemed to authorise and direct the chairman of the general meeting, if the chairman is the authorised proxy, to vote in favour of all the resolutions proposed at the general meeting, or, if the chairman is not so authorised, the proxy will be entitled to vote or abstain from voting at the general meeting as he/she deems fit, in respect of all the Jasco shareholder's votes exercisable at the general meeting. A Jasco shareholder is not obliged to use all the votes exercisable by him, but the total of the votes cast and abstentions recorded may not exceed the total number of the votes exercisable by the relevant Jasco shareholder.
4. Completed forms of proxy and the authority (if any) under which they are signed must be lodged with or posted to and received by the transfer secretaries at 13th Floor, 19 Ameshoff Street, Braamfontein, Johannesburg, 2001 (PO Box 4844, Johannesburg, 2000) by 15:00 on Monday, 19 April 2021 or emailed to the Transfer Secretary before the appointed proxy exercises any of the relevant Jasco shareholder's rights at the general meeting (or any adjournment of the general meeting), provided that should the transfer secretaries receive a Jasco shareholder's form of proxy less than 48 hours before the general meeting, such Jasco shareholder will also be required to furnish a copy of such form of proxy to the chairman of the general meeting before the appointed proxy exercises any of such Jasco shareholder's rights at the general meeting (or any adjournment of the general meeting).
5. The completion and lodging or posting of this form of proxy will not preclude the relevant Jasco shareholder from electronically participating in the general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such Jasco 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 company's Memorandum of Incorporation.
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 the company 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 registered by the company or either the transfer secretaries or waived by the chairman of the general meeting.
10. Where ordinary shares are held jointly, all joint holders are required to sign this form of proxy.
11. A minor Jasco shareholder must be assisted by his/her parent/guardian, unless the relevant documents establishing his/her legal capacity are produced or have been registered by the company or the transfer secretaries.
12. If you are a holder of dematerialised shares without own-name registration you must not complete this form of proxy but must instruct your CSDP or broker as to how you wish to vote. This must be done in terms of the Custody Agreement between you and your 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 used at the general meeting from which it was adjourned for any reason other than it was not lodged timeously for the meeting from which the adjournment took place. 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 or mental disorder 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, insanity, revocation or transfer as aforesaid shall have been received by the company or the transfer secretaries before the commencement of the general meeting or adjourned general meeting at which the proxy is used.
15. Any proxy appointed pursuant to this form of proxy may not delegate his/her authority to act on behalf of the relevant Jasco shareholder.
16. In terms of section 58 of the 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.
17. If the general meeting is adjourned or postponed, valid forms of proxy submitted for the initial general meeting will remain valid in respect of any adjournment or postponement of the general meeting.

APPLICATION FORM FOR ELECTRONIC PARTICIPATION AT THE ANNUAL GENERAL MEETING

JASCO ELECTRONICS HOLDINGS LIMITED
(Incorporated in the Republic of South Africa)
(Registration number: 1987/003293/06)
Share code: JSC
ISIN: ZAE000003794
("**Jasco**" or "**the Company**")

SHAREHOLDERS' MEETING – 21 April 2021 ("General Meeting')

Capitalised terms which are not defined herein shall bear the meanings assigned in the notice of general meeting (the "General Meeting") to which this form is attached and forms part.

Instructions

Shareholders or their proxies, have the right, as provided for in the Company's Memorandum of Incorporation and the Companies Act, 2008 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 specialprojects@jseinvestorservices.co.za and to the Company at company.secretary@jasco.co.za as soon as possible, but in any event by no later than 15:00 on Monday, 19 April 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 Google Meet meeting invitation required to access the General Meeting.

Jasco will send each Participant a Google Meet meeting invitation with a link to "meet.google.com" on 19 April 2021 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 (found at page 91) and lodging the completed Form of Proxy 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 Jasco 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 Google Meet meeting invitation required to access the General Meeting electronically
Cellphone 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 Form of Proxy found at page 91.
Indicate (by marking with an 'X') whether: ☐ votes will be submitted by proxy (in which case, please enclose the duly completed Form of Proxy 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 Jasco's General Meeting.
Signed at ____________________ on ____________________ 2020
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 Form of Proxy has been submitted in accordance with the instructions on that form, and as envisaged in the notice of the General Meeting, a copy of which Form of Proxy follows Annexure A of the notice.
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.

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