



SABVEST CAPITAL LIMITED

Incorporated in the Republic of South Africa

Registration number 2020/030059/06

“Sabcap” or “the Group” or “the Company”

ISIN: ZAE000283511

JSE share code: SBP

UNAUDITED INTERIM RESULTS

for the period ended 30 June 2023

and cash dividend declaration

Consolidated Summarised Statement of Financial Position

as at 30 June 2023

	Unaudited 30 June 2023 R'000	Unaudited 30 June 2022 R'000	Audited 31 Dec 2022 R'000
Non-current assets	5 299 204	4 665 848	5 046 053
Property, plant and equipment	2 753	3 207	3 077
Right-of-use asset	1 853	2 820	2 337
Finance advances and receivables	18 848	–	43 004
Investment holdings	5 275 750	4 659 821	4 997 635
Unlisted investments	4 989 766	4 184 603	4 541 649
Listed investments	285 984	475 218	455 986
Current assets	81 039	75 744	64 086
Finance advances and receivables	36 820	31 773	14 185
Investment funds offshore	–	43 430	–
Cash balances	44 219	541	49 901
Total assets	5 380 243	4 741 592	5 110 139
Ordinary shareholders' equity	4 515 924	4 100 256	4 340 869
Non-current liabilities	833 166	532 308	628 030
Interest-bearing debt	600 000	270 000	400 000
Provision	10 315	15 586	20 215
Lease liability	1 159	2 267	1 726
Deferred tax liabilities	221 692	244 455	206 089
Current liabilities	31 153	109 028	141 240
Interest-bearing debt	5 045	71 059	107 394
Portfolio finance offshore	–	4 302	–
Current portion of interest-bearing debt	–	30 000	–
Interest-bearing debt	5 045	36 757	107 394
Accounts payable and provisions	24 999	37 010	32 814
Lease liability	1 109	959	1 032
Total equity and liabilities	5 380 243	4 741 592	5 110 139

Consolidated Summarised Statement of Changes in Equity

for the six months ended 30 June 2023

	Share capital R'000	Non- distribu- table reserve R'000	Accumu- lated profit R'000	Total R'000
Balance as at 1 January 2022	1 360 907	(1 218 340)	3 561 760	3 704 327
Total comprehensive profit for the period	–	51 680	627 873	679 553
Shares held in treasury – written back	1 148	–	–	1 148
Shares held in treasury	(10 619)	–	–	(10 619)
Unclaimed dividends – written back	–	–	28	28
Dividends paid	–	–	(33 568)	(33 568)
Balance at 31 December 2022	1 351 436	(1 166 660)	4 156 093	4 340 869
Total comprehensive profit for the period	–	89 657	109 803	199 460
Shares held in treasury – written back	10 619	–	–	10 619
Shares held in treasury	(11 384)	–	–	(11 384)
Dividends paid	–	–	(23 640)	(23 640)
Balance at 30 June 2023	1 350 671	(1 077 003)	4 242 256	4 515 924

Consolidated Summarised Statement of Comprehensive Income

for the six months ended 30 June 2023

	Unaudited 30 June 2023 R'000	Unaudited 30 June 2022 R'000	Audited 31 Dec 2022 R'000
Gross income from operations and investments	188 676	463 068	718 355
Dividends received	114 339	98 467	227 795
Interest received	5 884	6 990	11 289
Foreign exchange gain/(loss)	6 048	(9 399)	(10 883)
Fees	678	654	1 599
Fair value adjustment to investments	61 727	366 356	488 555
– Listed	(195 328)	(82 675)	(119 991)
– Unlisted	257 055	449 031	608 546
Transactional costs	(4 126)	(6 476)	(12 697)
Fair value gain/(loss) on initial recognition and modification of interest-free loans	171	(1 438)	(1 732)
Interest expense	(31 518)	(9 420)	(26 360)
Net income before expenses and exceptional items	153 203	445 734	677 566
Less: Expenditure	(27 797)	(45 214)	(82 893)
Net income before taxation	125 406	400 520	594 673
Taxation – deferred	(15 603)	(5 166)	33 200
Net income for the period attributable to equity shareholders	109 803	395 354	627 873
Other comprehensive income – translation of foreign subsidiary *	89 657	26 296	51 680
Total comprehensive income attributable to equity shareholders	199 460	421 650	679 553

* This item may subsequently be classified to profit and loss.

Consolidated Summarised Statement of Cash Flows

for the six months ended 30 June 2023

	Unaudited 30 June 2023 R'000	Unaudited 30 June 2022 R'000	Audited 31 Dec 2022 R'000
Cash generated by operating activities	16 530	9 267	82 066
Net income for the period	109 803	395 354	627 873
Adjusted for non-cash items and interest paid	(38 115)	(354 934)	(485 879)
Cash flows from operations	71 688	40 420	141 994
Cash interest paid	(31 518)	(9 420)	(26 360)
Dividends paid – ordinary	(23 640)	(21 733)	(33 568)
Cash flows utilised in investing activities	(123 904)	(231 345)	(413 769)
Purchase of property, plant and equipment	(35)	(1 097)	(1 535)
Proceeds from sale of property, plant and equipment	1	15	15
Purchase of investment holdings and offshore portfolio	(227 913)	(335 333)	(703 334)
Proceeds from sale of investment holdings and offshore portfolio	110 801	116 062	327 255
Increase in finance advances and receivables	(6 758)	(10 992)	(36 170)
Cash effects of financing activities	96 396	76 259	236 643
Long-term loans – capital advances	200 000	300 000	400 000
Long-term loans – capital repayments	–	(240 000)	(240 000)
Other interest-bearing debt – (repayments)/advances	(102 349)	26 719	99 948
Repurchase of company shares	(765)	(3 988)	(9 471)
Repayment of principal portion of lease liability	(490)	(422)	(890)
Offshore portfolio finance – repayments	–	(6 050)	(12 944)
Change in cash and cash equivalents	(10 978)	(145 819)	(95 060)
Currency fluctuations	5 296	–	(1 399)
Cash balances at beginning of period	49 901	146 360	146 360
Cash balances at end of period	44 219	541	49 901

Other Information

as at 30 June 2023

	% increase 30 June 2023 compared to 31 December 2022 – 6 months	% increase 30 June 2023 compared to 30 June 2022 – 12 months	Unaudited 30 June 2023 R'000	Unaudited 30 June 2022 R'000	Audited 31 Dec 2022 R'000
Net asset value per share – cents	4,1	10,4	11 465	10 388	11 017
Shareholders' funds – R'm	4,0	10,1	4 515,9	4 100,3	4 340,9
Gross assets – R'm	5,3	13,5	5 380,2	4 741,6	5 110,1
Dividends per share – cents		–	30	30	90
Profit after taxation – R'm		(72,2)	109,8	395,4	627,9
Headline earnings per share – cents *		(72,2)	278,7	1 001,3	1 591,2
Earnings per share – cents		(72,2)	278,7	1 001,1	1 590,7
Number of shares in issue less held in treasury – 000's			39 390	39 470	39 400
Weighted average number of shares in issue – 000's			39 394	39 490	39 472
Reconciliation of headline earnings (R'000)					
Net income for the period			109 803	395 354	627 873
Loss on sale of property, plant and equipment			–	44	194
Headline earnings for the period			109 803	395 398	628 067

* There are no diluting instruments.

Investment Holdings

as at 30 June 2023

	Number of ordinary shares/units	Economic interest %	Fair value R'000
Unlisted Investments			
Apex Partners Holdings (Pty) Ltd		45,3	559 893
ARB Holdings (Pty) Ltd * ¹		18,5	544 706
Classic Food Brands (Pty) Ltd		40,0	–
DNI-4PL Contracts (Pty) Ltd * ²		19,7	984 219
Flexo Line Products (Pty) Ltd		47,5	12 569
Halewood International South Africa (Pty) Ltd * ³		19,0	138 049
ITL Holdings Group * ⁴		34,4	684 863
Masimong Group Holdings (Pty) Ltd * ⁵		10,0	513 573
Revix UK Limited		11,0	–
Rolfes Holdings (Pty) Ltd * ⁶		25,0	181 370
SA Bias Industries (Pty) Ltd * ⁷		85,2	1 218 422
Sunspray Food Ingredients (Pty) Ltd * ⁸		27,7	95 064
Valemount Trading (Pty) Ltd		39,3	57 038
			4 989 766
Listed Investments			
Corero Network Security Plc	50 000 000	10,1	69 004
Metrofile Holdings Limited	56 000 000	13,2	182 000
Transaction Capital Limited	6 000 000	0,7	34 980
			285 984
TOTAL HOLDINGS			5 275 750

*¹ Effective interest in ARB of 18,50% held indirectly through 35,27% of Masimong Electrical Holdings (Pty) Ltd, which owns 28,69% of ARB, and a 8,38% direct interest in ARB.

*² Effective interest of 19,65% in DNI through 35,98% of JAAH Investments, which indirectly owns 45,35% of DNI through DNI Invest (Pty) Ltd and a 3,34% interest in DN Invest (Pty) Ltd, which owns 100% of DNI.

*³ Effective indirect interest in Halewood South Africa of 18,95% through 41,03% of Masimong Beverage Holdings (Pty) Ltd (MBH), which indirectly owns 46,19% of Halewood South Africa through an SPV.

*⁴ ITL Holdings Limited Jersey held indirectly through Mandarin Investors Limited and directly through Mandarin Industries Limited BVI and ITL Holdings SA (Pty) Ltd held directly through Mandarin Holdings (Pty) Ltd.

*⁵ Economic interest of 9,1% after accounting for participating preference shares in Masimong.

*⁶ Effective interest of 25,0% through 11,0% held directly and 14,0% indirectly through Masimong Chemicals (Pty) Ltd. Reclassified during the current reporting period due to a change in its business mix with the proportion from food chemicals increasing materially (previously classified under Industrial and Services).

*⁷ Joint voting control with the PC-T Trust.

*⁸ Effective indirect interest in Sunspray of 27,7% through 27,7% of Famdeen Investments (Pty) Ltd, which owns 100% of Sunspray.

Investment Holdings per Sector

as at 30 June 2023

	Listed/ Unlisted	Number of ordinary shares/units	Economic interest %	Fair value R'000
Industrial and Services				
Apex Partners Holdings (Pty) Ltd	U		45,3	559 893
ARB Holdings (Pty) Ltd	U		18,5	544 706
Classic Food Brands (Pty) Ltd	U		40,0	–
DNI-4PL Contracts (Pty) Ltd	U		19,7	984 219
Flexo Line Products (Pty) Ltd	U		47,5	12 569
Halewood International South Africa (Pty) Ltd	U		19,0	138 049
ITL Holdings Group	U		34,4	684 863
Metrofile Holdings Limited	L	56 000 000	13,2	182 000
SA Bias Industries (Pty) Ltd	U		85,2	1 218 422
Sunspray Food Ingredients (Pty) Ltd	U		27,7	95 064
Valemount Trading (Pty) Ltd	U		39,3	57 038
				4 476 823
Mining, Chemicals and Agriculture				
Masimong Group Holdings (Pty) Ltd	U		10,0	513 573
Rolfes Holdings (Pty) Ltd	U		25,0	181 370
				694 943
Specialised Financial and Technology				
Corero Network Security Plc	L	50 000 000	10,1	69 004
Revix UK Limited	U		11,0	–
Transaction Capital Limited	L	6 000 000	0,7	34 980
				103 984
Non-current investment holdings				5 275 750

PROFILE

Sabvest Capital Limited (“Sabcap”) is an investment group first listed on the JSE in 1988 as Sabvest Limited and as Sabcap from 2020. The Seabrooke Family Trust (“SFT”) has voting control of Sabcap through an unlisted Z share and has an economic interest of 40,5% through its holding in the listed ordinary shares. At the end of the reporting period Sabcap had 39 390 000 shares in issue net of treasury shares (31 Dec 2022: 39 400 000).

Sabcap has long-term interests in thirteen unlisted and three listed investments, all accounted for on a fair value basis. Sabcap’s primary focus is on industrial and service businesses, usually unlisted and co-invested with family, management or financial partners in terms of Sabcap’s Partnership Principle. Sabcap also makes finance advances and holds listed debt, equity and cash portfolios when it has surplus liquidity, and undertakes other fee and profit earning activities from time to time.

CHANGES IN INVESTMENT HOLDINGS

During the reporting period Sabcap:

- increased its holding in Transaction Capital Limited (“TC”) by 1m shares to 6m shares, representing 0,7% of TC, for R8,6m;
- reorganised its effective interest of 18,50% in ARB by way of a series of transactions, which resulted in a reduction of its holding in Masimong Electrical Holdings (“MEH”) to 35,27% and the acquisition of a direct stake of 8,38% in ARB, investing a net amount of R50,8m, and enabling a reduction of bank debt in MEH;
- increased its loan funding in Masimong Beverage Holdings (“MBH”) by R35,2m to facilitate the repayment of all deal debt by MBH;
- increased its term debt by R200m to fund increased investment loans and a repayment of short-term bank debt;
- made an equity top-up of R3,4m in Valemount Trading (Pty) Ltd (“Valemount”) in terms of the purchase consideration top-up adjustment formula; and
- acquired 10 000 Sabcap shares through a shareholder-approved buyback programme for R0,8m.

During the reporting period, Sabcap’s investees have concluded various transactions as follows:

- Apex acquired 19,3% of DRA Global Limited;
- ARB acquired the minority interests in its Eurolux lighting division and acquired 67% of Cable Feeder Systems (Pty) Limited;
- DNI:
 - increased its interest in Sim Holdco to 95%;
 - acquired 20% of Vagle and Associates (a security solutions provider), 23% of Sebenza Wi-Fi (an e-services connectivity platform for taxis and buses), and the business of Vocall (a sim card and mobile product distributor); and
 - through its Digital Ecosystems division, increased its interests in PayMeNow to 71,5% and in Mobile Content International to 60,5%, and acquired 47,2% of Paytime (an earned wage access technology solution provider in Australia), and a note convertible into a minimum of 7% of Neem (an early stage Bank-as-a-Service technology platform in Pakistan);
- Masimong acquired a look-through interest of 20,6% in Chemfin (a manufacturer and distributor of enamels, plastics, coatings and resins, and importer/ distributor of chemicals and ingredients), and through Seriti Green acquired a portfolio of renewable energy projects through the acquisition by Seriti of a controlling interest in Winlab; and
- Valemount acquired the pet food and products business of Drover Investments.

FINANCIAL RESULTS

High inflation, logistical challenges, high raw material prices and higher interest rates continued to provide a challenging environment for the Group’s investees to operate in. However, Apex, ARB and SA Bias performed strongly. Results at DNI, Flexo, Masimong, Metrofile, Rolfes, Sunspray and Valemount were satisfactory. Halewood and ITL’s results were weak in difficult trading conditions. The market value of the shares held in TC fell considerably on the back of its materially increased provisioning requirements and planned restructure of its SA Taxi division. Corero’s share price was also weak although in the context of small trading volumes. Classic Foods and Revix as start-ups are carried at zero.

Despite the above challenges, Sabcap is pleased to be able to report that NAV per share increased to 11 465 cents per share, being a 4,1% increase from NAV per share of 11 017 at 31 December 2022 and a 10,4% increase from NAV per share of 10 388 at 30 June 2022. HEPS and EPS fell 72,2% compared with the prior period. DPS were maintained at 30 cents per share.

Overheads reduced in the reporting period largely due to lower incentive provisions expected in the current financial year. Interest payable increased due to higher interest rates and levels of borrowing.

Net debt increased to R561m arising mostly from increased loan funding to MBH, which funding was utilised for the settlement of all acquisition bridging debt in MBH, a restructure of interests in MEH and ARB and a reduction in MEH acquisition bridging debt, top-up purchase consideration for Valemount and a small increase in shareholding in TC. Net debt remains conservative at 10% of gross assets and with a well spread maturity ladder. In addition, there are some investment disposals in progress, the proceeds of which are likely to be applied to an early settling of some of the term debt. Utilisation under transactional guarantees for investees increased from R40m at the 31 December reporting date to R80m.

GROWTH METRICS

Sabcap’s primary financial metric is growth in NAV per share. This is measured annually and growth rates over different periods are included in the year-end results.

The 15-year compounded annual growth rate in NAV per share to the 2022 year-end was 17,0%, calculated without re-investing dividends. The compounded annual growth rate in NAV per share over 15 years with dividends reinvested was 18,1%*. The 15-year compound annual growth rate in the share price was 16,3%^.

* Calculated with dividends notionally not paid and the amounts notionally retained by the Company growing at 10% per annum.

^ Calculated with reference to the weighted average share prices of the Sabvest ordinary and 5N ordinary shares.

VALUATION OF INVESTMENTS

Listed investments are valued at market prices at the reporting date.

Unlisted investments have been valued using the maintainable earnings model or at cost or attributable net asset value if more appropriate. The valuations are done on a pre-IFRS 16 basis. The maintainable earnings model is based on normalised maintainable EBITDA to which an appropriate multiple is applied taking account for each investee individually its size, industry, geography, growth rate, comparable and recent transactions, and then adjusted for normalised net cash/debt.

The multiples used are unchanged relative to the prior year.

Masimong continues to account on a fair value basis mainly using discounted cash flows for its mining and agricultural operations. Therefore, Sabcap values Masimong at fair value as a percentage of its NAV.

Foreign investments are valued in Rands at the closing exchange rate on the reporting date, which in the case of ZAR/USD was 18,8704 (31 Dec 2022: 16,9807) (30 Jun 2022: 16,3669).

Deferred Capital Gains Tax ("CGT") has been raised on all fair value gains except where there are offsetting tax losses or expected CGT exemptions. CGT is accordingly not raised on gains relating to Corero, ITL International and Flowmax UK (in SA Bias), nor in Apex for as long as tax losses exceed the notional gains, nor relative to Masimong which itself raises the required CGT provisions.

LISTED INVESTMENTS

- **CORERO** is an LSE-listed group focused on cyber and network security and, in particular, protection from DDOS attacks.

Corero continues to perform satisfactorily.

Corero's relationship with Juniper Networks continues to gain traction and facilitate higher volumes and revenues.

Corero's share price decreased to 5,75p in volatile small volume trade (31 Dec 2022: 9,25p) (30 Jun 2022: 10,75p).

Valuation summary:	30 Jun 2023	31 Dec 2022	30 Jun 2022
Number of ordinary shares	50 000 000	50 000 000	50 000 000
Price per share – GBP	5,75	9,25	10,75
Fair value – GBP'000	2 875	4 625	5 375
Fair value – R'000	69 004	94 486	106 868

- **METROFILE** is a JSE-listed service provider to industry in four categories – secure storage, digital services, business support services and product and solutions. Metrofile achieved satisfactory results for FY22 despite the challenging economic environment and continues to perform satisfactorily. Metrofile's share price decreased to 325 cents (31 Dec 2022: 350 cents) (30 Jun 2022: 330 cents).

Valuation summary:	30 Jun 2023	31 Dec 2022	30 Jun 2022
Number of ordinary shares	56 000 000	56 000 000	56 000 000
Price per share – cents	325	350	330
Fair value – R'000	182 000	196 000	184 800

Dividend summary:	6 months to 30 Jun 2023	12 months to 31 Dec 2022	6 months to 30 Jun 2022
Ordinary dividends received during the period – R'000	5 040	9 990	4 950

- **TRANSACTION CAPITAL** is a JSE-listed specialised financial group whose operations comprise SA Taxi, TC Risk Services and WeBuyCars.

Nuten continues to trade strongly. WBC's results were down slightly despite good volumes but is expected to return to its growth path. The whole group was affected by a material drop in share price after its announcement of the need for materially increased provisioning, resultant losses and a restructuring of its SA Taxi division due to materially worsened industry dynamics. TC's share price decreased to 583 cents at reporting date (31 Dec 2022: 3 310 cents) (30 Jun 2022: 3 671 cents).

Sabcap increased its shareholding from 5m to 6m shares during the period.

Valuation summary:	30 Jun 2023	31 Dec 2022	30 Jun 2022
Number of ordinary shares	6 000 000	5 000 000	5 000 000
Price per share – cents	583	3 310	3 671
Fair value – R'000	34 980	165 500	183 550

Dividend summary:	6 months to 30 Jun 2023	12 months to 31 Dec 2022	6 months to 30 Jun 2022
Ordinary dividends received during the period – R'000	–	3 500	1 650

UNLISTED INVESTMENTS

- **APEX PARTNERS** is an industrial group with controlling interests in distribution, engineering and construction businesses in South Africa. The distribution segment comprises Letaba Pumps, TGS, Elephant Lifting and ELB Equipment. The construction and engineering segment comprises ET-X Projects and CBZ Solutions. It also holds special situation financial assets.

The strategy of building a sound cash generative industrial group is being well implemented.

Sabcap's economic interest in Apex increased during the period to 45,3% (31 Dec 2022: 44,8%) (30 Jun 2022: 44,8%) as a result of a buyback of shares.

Apex has established Apex UK and will follow the same acquisitive model in the UK and Europe as in RSA.

In December 2022 and during the period, Apex has acquired an interest of 19,3% in DRA Global Ltd, which is a consulting, engineering, project delivery and operations management group focused on the mining and minerals resources sector to a global customer base.

The EBITDA valuation multiple is unchanged at 5,5 times.

Prospects for organic and continued acquisitive growth are strong.

Valuation summary:	30 Jun 2023	31 Dec 2022	30 Jun 2022
EBITDA valuation multiple	5,5x	5,5x	5,5x
45,3% equity interest (31 Dec 2022: 44,8%) (30 Jun 2022: 44,8%) – R'000	559 893	504 023	443 460

Dividend summary:	6 months to 30 Jun 2023	12 months to 31 Dec 2022	6 months to 30 Jun 2022
Ordinary dividends received during the period – R'000	18 119	17 931	8 966

- **ARB HOLDINGS** is a distributor of electrical, lighting and related products to the mining, industrial, construction, parastatal, retail and domestic markets in Southern Africa. ARB Electrical Wholesalers is one of Southern Africa's largest distributors of electrical products in three main categories: power and instrumentation cable; overhead line equipment and conductors; and general low-voltage and solar products. Eurolux and Radiant are leading distributors of energy-saving, LED, halogen and fluorescent lamps; light fittings; electrical accessories; cut cable and ancillary products, including fans and lighting components.

During the period, Sabcap reorganised its effective interest of 18,5% in ARB by way of a series of transactions, which resulted in a reduction of its holding in MEH to 35,27% and the acquisition of a direct stake of 8,38% in ARB, investing a net amount of R50,8m.

ARB performed very strongly with growth in its electrical division and material expansion of its solar operations resulting in a substantial increase in revenues and profitability. It also acquired the minorities in its Eurolux lighting division and 67% of Cable Feeder Systems (Pty) Ltd.

Prospects for growth are strong.

Valuation summary:	30 Jun 2023	31 Dec 2022	30 Jun 2022
EBITDA valuation multiple/basis of valuation	6,5x	6,5x	COST
18,5% equity interest – R'000	415 414	13 930	–
Investment loans – R'000	129 292	236 326	207 869
Total – R'000	544 706	250 256	207 869

Dividend summary:	6 months to 30 Jun 2023	12 months to 31 Dec 2022	6 months to 30 Jun 2022
Ordinary dividends received during the period – R'000 *	1 251	–	–

* Dividends received from ARB during the period in relation to Sabcap's direct 8,38% equity interest. During the period, MEH received R11,8m in dividends (31 Dec 2022: R29,2m), with Sabcap's look-through share of these dividends being R5,9m (31 Dec 2022: R14,6m).

- **CLASSIC FOOD BRANDS** ("CFB") is a food manufacturer specialising in crumbed chicken products distributed mostly through retail outlets, including major supermarket and food chains in South Africa.

CFB as a start-up business, and which was also materially affected by COVID, continues to perform below expectations and is carried for now at a nil fair value.

Management remains confident that consistent profitability will be achieved by Q-4 2023.

Valuation summary:	30 Jun 2023	31 Dec 2022	30 Jun 2022
Basis of valuation	NAV	NAV	NAV
40% equity interest – R'000	–	–	–
Investment loans – R'000	–	8 205	9 428
Total – R'000	–	8 205	9 428

- **DNI** technology and distribution services to the telecoms, retail, banking and related sectors. Its divisions include Mobile Product Distribution, VAS, Hardware Distribution and Technology. The Technology division is housed under DigiCo and includes Hyve Mobile, Cellfind Panacea Mobile, ViaMedia, Airvantage, M4Jam, Paymenow, Paytime, Digitata and a small investment into Neem. The tower leasing business was sold at the end of June 2022.

DNI continues to perform well, particularly in its DigiCo operations. Its traditional businesses were affected by softer demand in the telecoms industry with a temporary negative affect on profit growth. However, it continues to be highly cash generative and maintained dividend levels.

Sabcap's direct and indirect shareholding was decreased to 19,7% during the period following some restructuring within the DNI group.

Prospects for growth remain good.

Valuation summary:	30 Jun 2023	31 Dec 2022	30 Jun 2022
EBITDA valuation multiple	6,5x	6,5x	6,5x
19,7% equity interest (31 Dec 2022: 19,9%) (30 Jun 2022: 19,1%) – R'000	984 219	1 028 087	1 014 452

Dividend summary:	6 months to 30 Jun 2023	12 months to 31 Dec 2022	6 months to 30 Jun 2022
Ordinary dividends received during the period – R'000	28 332	52 213	24 165
Special dividends received during the period – R'000	7 763	50 188	8 552
Total – R'000	36 095	102 401	32 717

- **FLEXO LINE PRODUCTS** is a manufacturer of high quality injection moulded plastic products primarily for the spice and food industries locally and internationally and is the largest manufacturer of these products in the southern hemisphere.

Difficult trading conditions have persisted in the first half of the calendar year, and revenues and profitability continue to be adversely affected by decreased household demand after the pandemic, logistical issues and the impact of load shedding on production.

The fair value is stated after an impairment provision.

Prospects for a return to higher profitability and growth by Q-4 2023 are satisfactory.

Valuation summary:	30 Jun 2023	31 Dec 2022	30 Jun 2022
EBITDA valuation multiple	4,5x	4,5x	4,5x
47,5% equity interest – R'000	–	–	26 468
Investment loans – R'000	12 569	7 033	39 729
Total – R'000	12 569	7 033	66 197

- **HALEWOOD SOUTH AFRICA** is a manufacturer of a wide range of premium award-winning alcoholic, non-alcoholic and RTD (Ready-To-Drink) beverages including brands such as Belgravia, Whitley Neill, Red Square, Caribbean Twist and Buffelsfontein. It is also an importer of finished goods brands from the UK, France, Italy and Mexico. It was established in 1999.

Revenues and profitably for the financial year ended June 2023 were adversely affected by macroeconomic factors in RSA and by changed product mix demand due to the cyclical nature of the liquor industry. Halewood is budgeting for improved performance in FY24.

Shareholder funding in MBH was increased during the period to facilitate the repayment of deal bank loans in MBH and all Sabvest guarantees were released. The investment is stated after an impairment provision.

Prospects for growth are satisfactory.

Valuation summary:	30 Jun 2023	31 Dec 2022	30 Jun 2022
EBITDA valuation multiple/basis of valuation	7,25x	7,25x	COST
19,0% equity interest – R'000	–	–	–
Investment loans – R'000	138 049	165 586	116 539
Total – R'000	138 049	165 586	116 539

- **ITL GROUP** (Intelligent Labelling Solutions) is a market leading international designer, manufacturer and distributor of apparel labelling and identification products and supply chain management solutions, including RFID, from its factories and marketing offices in the United States, Canada, Mexico, United Kingdom, Germany, China, India, Vietnam, Sri Lanka, Bangladesh, Hong Kong, Turkey, Mauritius, Madagascar and South Africa for supply to the clothing industry worldwide through multiple international retail chain accreditations.

Trading conditions have been abnormally challenging since the second half of 2022 due to logistical and supply issues, the negative effects of the Chinese COVID lockdown and the material disruptions to the workforce after the lifting of restrictions, international customer ordering moving geographically due to geo-political and economic considerations, and continued weaker demand and changed demand mix in the context of lower northern hemisphere retail trading levels. Results for the reporting period were accordingly abnormally low but changing demand patterns, new customer wins and materially increased RFID demand are expected to result in higher and normal revenues and profit levels by Q-4 2023. ITL remains well positioned strategically, geographically and operationally relative to its competitors.

Prospects for a resumption of growth are good.

Valuation summary:	30 Jun 2023	31 Dec 2022	30 Jun 2022
EBITDA valuation multiple	9,0x	9,0x	9,0x
34,4% equity interest – R'000	2 864	167 600	164 551
Investment loans – R'000	681 999	618 854	604 227
Total * – R'000	684 863	786 454	768 778

* The equity interest and investment loans need to be considered together as the investment loans increased pursuant to an internal capital restructure.

- **MASIMONG GROUP HOLDINGS** is an investment group with a portfolio of high performing growth assets and, in particular, its mining interests in Seriti Coal, Seriti Power and Lephalale Coal and Power, and its agricultural interests in Mouton Citrus, Carmien Tea, Southern Cross Investment Holdings (which owns grape and date farms) and Winfield United South Africa (which is a provider of specialist crop input products and services including crop protection, plant nutrition, soil conditioning, fumigation and seeds). It also holds diversified interests including Rolfes, ARB, Halewood South Africa, Anchor Capital and Chemfin.

Most of Masimong's holdings performed well during the period, particularly its Seriti interests.

Sabcap's shareholding in Masimong was unchanged during the period.

Masimong's valuations are mostly DCF based, independently prepared by industry experts and separately audited, and depending on shareholder agreements, are stated after liquidity and minority discounts. Full deferred CGT provisions are raised by Masimong.

Prospects for continued growth in NAV are strong.

Valuation summary:	30 Jun 2023	31 Dec 2022	30 Jun 2022
Basis of valuation	NAV	NAV	NAV
10,0% equity interest – R'000	513 573	452 510	365 885

Dividend summary:	6 months to 30 Jun 2023	12 months to 31 Dec 2022	6 months to 30 Jun 2022
Ordinary dividends received during the period – R'000	–	10 920	–

- **REVIX UK** offers an investment platform that enables retail investors to obtain direct access to and ownership of several individual crypto currencies, ready-made crypto portfolios called “bundles” and crypto-based yield-bearing opportunities.

Revix’s growth was affected by wide gyrations in crypto currency prices and the corporate collapses in the industry internationally. In particular, the freezing of crypto withdrawals by one of its service providers, Haru Invest in South Korea, required Revix to place a withdrawal reserve on a percentage of client crypto balances. However, continued client loyalty, client growth and new technology related revenue streams are expected to enable Revix to target profitability in the next calendar year.

With regard to funding, Sabvest elected not to follow the last two rounds but holds an already funded Advance Subscription Note which will convert to equity in due course, allowing Sabvest to retain an equity holding in excess of 10%. The valuation of Revix as a start-up is stated as zero after a full impairment provision. Prospects are difficult to determine at this stage.

Valuation summary:	30 Jun 2023	31 Dec 2022	30 Jun 2022
Basis of valuation	NAV	NAV	NAV
11,0% equity interest – R’000	–	–	–

- **ROLFES HOLDINGS** is a specialist manufacturer and distributor of agricultural, food, industrial and water chemical solutions and services.

Trading in 2023 has continued to be challenging, mainly due to the substantial drop in many commodity prices and the effect on margins. Profitability was accordingly lower than in the prior record year but Rolfes is budgeted to achieve higher profitability in the next financial year.

Prospects for continued growth are satisfactory.

Valuation summary:	30 Jun 2023	31 Dec 2022	30 Jun 2022
EBITDA valuation multiple	5,5x	5,5x	5,5x
25,1% equity interest – R’000	181 370	189 289	228 883

Dividend summary:	6 months to 30 Jun 2023	12 months to 31 Dec 2022	6 months to 30 Jun 2022
Ordinary dividends received during the period – R’000	18 029	18 008	12 020

- **SA BIAS INDUSTRIES** is an international industrial group comprising:

- Flowmax, which is a group of 16 companies in the United Kingdom and Europe engaged in the manufacture, distribution and servicing of medium technology fluid handling equipment, consumables and measurement systems, and solutions for other industrial variables such as heat management and control.
- Narrowtex Group, which is a South African manufacturer and exporter of a range of narrow fabric products including webbings, strapping, tapes and braids, and of lingerie components, elastics and accessories.

SA Bias traded well in both divisions with higher than expected growth in profitability. It has a very liquid balance sheet, with most surplus funds held in US Dollars and sterling, and is well positioned for continued acquisitions, particularly in the UK and Europe.

Prospects for growth in Narrowtex, aided in particular by its export division, and in Flowmax organically and through acquisitions, are strong.

Valuation summary:	30 Jun 2023	31 Dec 2022	30 Jun 2022
EBITDA valuation multiple *	6,0x / 4,5x	6,0x / 4,5x	6,0x / 4,5x
85,2% equity interest – R’000	1 218 422	1 018 861	885 134

* Flowmax is valued at 6,0 times and Narrowtex at 4,5 times.

Dividend summary:	6 months to 30 Jun 2023	12 months to 31 Dec 2022	6 months to 30 Jun 2022
Ordinary dividends received during the period – R’000	35 805	35 805	25 575
Special dividends received during the period – R’000	–	8 525	8 525
Total – R’000	35 805	44 330	34 100

- **SUNSPRAY FOOD INGREDIENTS** provides food ingredient solutions to South African and African manufacturers by supplying spray dried and blended powdered food and drink products and services. It is the largest independent contract supplier in Africa.

Sunspray completed a large capex project in its Industria facility at the end of the 2022 calendar year, materially expanding its spray drying capacity and, in particular, for dairy products. The new facility will come online in Q-3 2023 and is expected to facilitate a material increase in revenues and profitability. Prospects for continued growth are satisfactory.

Valuation summary:	30 Jun 2023	31 Dec 2022	30 Jun 2022
EBITDA valuation multiple	5,0x	5,0x	5,0x
27,7% equity interest – R'000	89 034	80 915	72 534
Investment loans – R'000	6 030	5 709	5 444
Total – R'000	95 064	86 624	77 978

Dividend summary:	6 months to 30 Jun 2023	12 months to 31 Dec 2022	6 months to 30 Jun 2022
Ordinary dividends received during the period – R'000	–	8 215	4 065

- **VALEMOUNT TRADING** is a pet food and product manufacturer and supplier to leading retail chains, specialist pet stores and major co-ops in South Africa. In particular through its Westerman and Animal Zone brands, Valemount is the largest manufacturer and distributor of bird seed and related feeder products in the country. The expansion of its range of products supplied to the wider pet market is supported by its international partners, M-PETS, Beeztees and Pet Rebels. Its distribution centres also provide outsourced logistical services to numerous independent pet product suppliers.

A number of acquisitions are being considered to augment Valemount's existing strong organic growth and to widen its product range.

The initial purchase consideration was adjusted during the period relative to a top-up formula, calculated based on 28 February 2023 audited financial statements. Sabcap has also committed to increase its Rand investment to facilitate expansion and acquisitions.

Prospects for growth are strong.

Valuation summary:	30 Jun 2023	31 Dec 2022	30 Jun 2022
EBITDA valuation multiple/basis of valuation	6,0x	COST	–
27,7% equity interest – R'000	32 038	19 548	–
Investment loans – R'000	25 000	25 173	–
Total – R'000	57 038	44 721	–

SABCAP CURRENT ASSETS

With regard to Sabcap's current assets:

- Finance advances and receivables relate primarily to funding to investees, potential investees and co-shareholders and management in investees.
- Cash balances are currently held in US Dollars offshore.

PARTNERSHIP PRINCIPLE

Sabcap invests alongside family, operating and financial partners. Its partners in each investment are recorded in the annual integrated report on the Sabcap website.

DIRECTORS' SHARE ENCUMBRANCES

None of the shares in Sabcap held by any of the Sabcap directors or any of their related parties, including SFT, are encumbered.

RELATED PARTIES

Related party transactions exist between subsidiaries and the holding company, fellow subsidiaries and investee companies, and comprise fees, dividends and interest. Dividends received from investees during the six-month period were R114,3m (twelve months to 31 Dec 2022: R227,8m) (six months to 30 Jun 2022: R98,5m).

Amounts owed by investees at the end of the period, included in current assets, were R35,5m (31 Dec 2022: R36,6m) (30 Jun 2022: R15,8m). Fees received from investees during the six-month period were R0,7m (twelve months to 31 Dec 2022: R1,7m) (six months to 30 Jun 2022: R0,7m).

Transactions with directors relate to fees and monies lent to the Group by individuals and by companies and trusts associated with the directors.

DIVIDENDS

An interim dividend of 30 cents per share has been declared, being in line with the 2022 interim dividend of 30 cents per share. In addition, R0,8m (twelve months to 31 Dec 2022: R9,5m) (six months to 30 Jun 2022: R4,0m) was allocated to buybacks of Sabcap shares during the period.

ACCOUNTING POLICIES

The unaudited consolidated interim financial statements have been prepared in accordance with the framework concepts and the recognition and measurement criteria of International Financial Reporting Standards (IFRS) and comply with the minimum disclosure requirements of International Accounting Standard 34: Interim Financial Reporting Guides issued by the Accounting Practices Committee and Financial Pronouncements issued by the Financial Reporting Council, the JSE Listings requirements and the requirements of the Companies Act of South Africa.

The accounting policies are in terms of IFRS and are consistent with those applied by Sabcap in the previous financial statements. The interim financial statements have been prepared on a historical cost basis, except for financial instruments and investments which are measured at fair value. The preparation of these consolidated condensed financial statements were supervised by the chief financial officer, Mr K De Matteis CA(SA).

CONTINGENT LIABILITIES AND COMMITMENTS

As at 30 June 2023, the Group had the following contingent liabilities and commitments:

- The Group has rights and obligations in terms of shareholder or purchase and sale agreements relating to its present and former investments.
- A subsidiary has given guarantees on behalf of certain investees in the ordinary course of business for deal and operational credit in amounts totaling R80m (31 Dec 2022: R140m) (30 Jun 2022: R216m) and which were utilised at the reporting date in the amount of R80m (31 Dec 2022: R40m) (30 Jun 2022: R116m).

DIRECTORATE AND GOVERNANCE

There have been no changes to the Board or committees during the period.

KING IV™ COMPLIANCE

Sabvest's King IV™ compliance report is on the Sabcap website and in the Sabcap 2022 integrated report.

PROSPECTS

Sabcap is satisfied with the performance of most of its unlisted investees in difficult trading conditions, and confident that the few negatively affected to date will show stronger trading positions by year-end. The values of its three listed investments are determined by market prices.

Accordingly, Sabcap expects moderate growth in NAV per share for the 2023 financial year.

Management regards Sabcap as fully invested at the present time.

References to future financial information in this announcement have not been reviewed or reported on by the Group's auditors.

For and on behalf of the Board

Kuben Pillay

Chairman

Sandton

17 August 2023

Christopher Seabrooke

CEO

Kyle De Matteis

CFO

CASH DIVIDEND DECLARATION

Notice is hereby given that an interim dividend of 30 cents (2022: 30 cents) per ordinary share for the six months ended 30 June 2023 has been declared out of income reserves.

The issued share capital of the Company at the declaration date is 39 550 000 ordinary shares. The income tax number of the Company is 9660061186.

Withholding tax on dividends at a rate of 20% will be deducted for all shareholders who are not exempt in terms of the applicable legislation. This will result in a final net cash dividend of 24 cents per ordinary share to non-exempt shareholders.

Last date to trade "CUM" dividend Tuesday, 12 September 2023

Trading "EX" dividend commences Wednesday, 13 September 2023

Record date Friday, 15 September 2023

Dividend payment date Monday, 18 September 2023

No dematerialisation or rematerialisation of share certificates will be allowed during the period Wednesday, 13 September 2023 to Friday, 15 September 2023, both days inclusive.

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Directors:

K Pillay # (*Chairperson*), O Ighodaro # (*Lead Independent Director*), CS Seabrooke * (*Chief Executive*), BJT Shongwe #, L Mthimunye #, K De Matteis *, L Rood *

**Executive* #*Independent*

Sponsor:

Rand Merchant Bank (A division of FirstRand Bank Limited), 1 Merchant Place, Corner of Fredman Drive and Rivonia Road, Sandton 2196

Company Secretary:

Levitt Kirson Business Services (Pty) Ltd

www.sabvestcapital.com