

AUDITED ANNUAL FINANCIAL STATEMENTS

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DECLARATION BY THE GROUP CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

Each of the directors, whose names are stated below, hereby confirm that –

- (a) the annual financial statements set out on pages 47 to 98, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;
- (b) to the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
- (c) internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer;
- (d) the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls;
- (e) where we are not satisfied, we have disclosed to the audit committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls, and have taken steps to remedy the deficiencies; and
- (f) we are not aware of any fraud involving directors.

Signed by the CEO and the CFO



CS Seabrooke
Chief Executive Officer

Sandton
16 March 2023



K De Matteis
Chief Financial Officer

Audited annual financial statements

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**DIRECTORS' APPROVAL OF THE
ANNUAL FINANCIAL STATEMENTS****To the shareholders of Sabvest Capital Limited**

The directors are responsible for selecting and adopting sound accounting practices, for maintaining an adequate and effective system of accounting records, for the safeguarding of assets and for developing and maintaining a system of internal control that, among other things, will ensure the preparation of financial statements that achieve fair presentation. After conducting appropriate procedures the directors are satisfied that the Company will be a going concern for the foreseeable future and have continued to adopt the going concern basis in preparing the financial statements.

The directors of the Company are responsible for the preparation and integrity of the annual financial statements and related financial information included in this report. The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), the JSE Limited's Listings Requirements and the requirements of the Companies Act, No. 71 of 2008, as amended ("the Companies Act"). It is the responsibility of the independent auditors to report on the financial statements. Their report to the shareholders of the Company is set out on pages 56 to 59 of the annual financial statements. The financial statements incorporate full and responsible disclosure in line with the accounting philosophy of the Group. There is no reason to believe that the business will not continue as a going concern for the foreseeable future. These financial statements have been approved by the Board of Directors and are signed on its behalf by:



CS Seabrooke
Chief Executive Officer

Sandton
16 March 2023



K De Matteis
Chief Financial Officer

DECLARATION BY COMPANY SECRETARY

The Secretary certifies that the Company has lodged with the Companies and Intellectual Property Commission all such returns as are required of a public company, in terms of the Companies Act, and that all such returns are true, correct and up to date.



Levitt Kirson Business Services (Pty) Ltd
Company Secretary

Sandton
16 March 2023

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**SOCIAL, ETHICS AND
TRANSFORMATION COMMITTEE REPORT**

for the year ended 31 December 2022

The Committee reports that it has adopted appropriate formal terms of reference as its Charter, and has regulated its affairs in compliance with this Charter, and has discharged all of the responsibilities set out therein.

The Committee was established to assist the Board in ensuring that Sabvest Capital Limited (“Sabcap”) is and remains a good and responsible corporate citizen, and to perform the statutory functions required of a Social, Ethics and Transformation Committee in terms of the Companies Act.

The Group supports various initiatives and promotes responsible management in its investees to take account of their stakeholders’ interests and social, environmental and corporate governance (“ESG”) initiatives. Sabcap’s own social responsibility initiatives were funded in an amount of R3,3 million in 2022 (2021: R2,7 million) and were primarily education related.

The Committee has established terms of reference and meets annually to review progress of any ESG initiatives across the Group and where relevant, to agree activities to support relevant programmes undertaken by portfolio companies.

The Committee monitors relevant legislation, other legal requirements and prevailing codes of best practice, specifically with regard to matters relating to social and economic development, good corporate citizenship, the environment, health and public safety, as well as labour and employment.

The Committee is satisfied with the Group’s performance in the categories noted above and will continue to review, assess and report on these areas in the future.

**B Shongwe***Social, Ethics and Transformation Committee Chairman*

Sandton

16 March 2023

Audited annual financial statements

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AUDIT AND RISK COMMITTEE REPORT

for the year ended 31 December 2022

The Audit and Risk Committee (“the Committee”) met three times during the year and the external auditors and internal auditors presented formal reports to the Committee and attended meetings by invitation in accordance with section 94(7)(f) of the Companies Act. The Committee reports as follows:

- ◆ The scope, independence and objectivity of the external auditors were reviewed, having consideration of mandatory audit firm rotation, auditor independence and tenure.
- ◆ The Committee has continued with performing their own rigorous assessment of the independence of the auditor, as required by the current governance requirements covered by the Companies Act. This assessment included consideration of the tenure of the audit engagement and the regularity of audit partner rotation; the extent and nature of non-audit services provided and the competence and expertise of the partner and the team.
- ◆ We reviewed the policies and processes in place between the Company and its incumbent auditor, Deloitte & Touche (“Deloitte”) to ensure that independence is maintained. These included, *inter alia*, the assessment and pre-approval processes for engaging on non-audit services, audit firm tenure of 21 years (Deloitte had been the auditor of Sabcap for 2 years since inception and the auditor of the subsidiaries within the Group for 21 years) and partner rotation, in line with the requirements of the Companies Act and the International Federation of Accountants. Our conclusion, following the above assessment, was that the policies and processes were in place to ensure independence and that Deloitte, and the audit partner Mr André Dennis, are independent of the Company and could continue as external auditor for the year ended 31 December 2022.
- ◆ We have further considered the requirements and guidance of the Listings Requirements of the JSE Limited, the Companies Act and the International Federation. Deloitte has now been the auditor of Sabcap for 3 years since inception and the auditor of the subsidiaries within the Group for 22 years. Our conclusion, following the above assessment, is that the implementation of Mandatory Audit Firm Rotation was required. Following the conclusion of a tender process, we propose the audit firm PricewaterhouseCoopers, and the audit partner, Mr Pieter Pelcher, to be the Group’s auditor and audit partner for the 2023 financial year.
- ◆ The Committee noted the key audit matter set out in the independent auditor’s report, which is the valuation model and inputs applied to unlisted investments carried at fair value.
- ◆ On an ongoing basis, the Committee reviews and approves the fees payable to the external auditors, such fees are disclosed in note 9 to the annual financial statements.
- ◆ The appointment of the external auditor complies with the Companies Act, paragraphs 3.84 and 22.15(h) of the JSE Listings Requirements and with all other legislation relating to the appointment of external auditors.
- ◆ The nature and extent of non-audit services provided by the external auditors have been reviewed to ensure that the fees for such services do not become so significant as to call into question independence.
- ◆ The nature and extent of future non-audit services have been defined and pre-approved.
- ◆ The expertise and experience of the Finance Function and the CFO were assessed and approved.
- ◆ The Committee noted and considered the JSE’s report on proactive monitoring of the Company’s financial statements and implemented changes to the annual financial statements, as appropriate, based on these findings.
- ◆ The Group’s corporate governance procedures were reviewed and approved.
- ◆ The Committee has received and reviewed reports from management and the auditors concerning the Internal Control Environment Systems and Processes, in particular the report from the internal auditors on the internal financial controls informing the declaration by the CEO and CFO.
 - The CEO and CFO and the internal auditors have reviewed the controls over financial reporting, the process of which was concluded post year-end, and have presented their findings to the Committee. A number of internal control deficiencies were identified within certain functions, primarily deriving from the small size of the finance and accounting department not facilitating the division of responsibilities, and not having all the necessary policies and procedures formally documented. These have been reported to the Committee and are being dealt with by management in the ordinary course of business. The Committee is, however, satisfied that none of these deficiencies had a material effect for the purposes of the preparation and presentation of the financial statements for the year under review and the risk is accepted as reasonable given the size of the team.
- ◆ The Committee continued to engage the internal audit services of KPMG Services (Pty) Ltd. The internal audit function is risk rather than compliance based and conducts annual formal enterprise-wide risk assessments, on a rotational basis, based on inherent risk and the Board’s assessment of residual risk.
- ◆ The Committee reviewed and recommended the adoption by the Board of such financial information which is publicly disclosed and included in the annual financial statements, including accounting policies.



L Mthimunye

Audit and Risk Committee Chairman

Sandton

16 March 2023

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DIRECTORS' REPORT

for the year ended 31 December 2022

Nature of business

Sabcap Group's main activities are set out in the corporate profile on page 4.

Results of operations

The results of operations for the year ended 31 December 2022 are reflected in the attached audited annual financial statements.

Subsidiaries

Details of the Company's interest in its consolidated subsidiaries appear in Annexure A, which forms part of the annual financial statements.

Going concern

Based upon solvency, cash resources and forecasts, the Board has concluded that the Group and Company will be a going concern in the year ahead. Refer to Going Concern note 28.

Investments

Details of the Group's investments are set out in note 2 to the annual financial statements.

Directors' interests

The directors' beneficial and non-beneficial direct and indirect holdings in the ordinary shares of the Company at 31 December 2022 were as follows:

	2022 '000's	2021 000's
Executive		
CS Seabrooke	16 000	16 000
L Rood	336,4	300
K De Matteis * ¹	290	–
R Pleaner * ²	–	1 055,2
Non-executive		
K Pillay	78,7	72,4
L Mthimunye	30	30
BJT Shongwe	30	30
O Ighodaro	–	–
	16 765,1	17 487,6

*¹ Appointed effective 30 April 2022.

*² Retired effective 30 April 2022.

Since the end of the financial year to the date of this report, the interests of the directors remained unchanged.

Insurance and directors' indemnity

The Group maintains comprehensive insurance providing cover under directors and officers' liability, public liability and other risks.

Dividends

An interim dividend of 30 cents per share (2021: 20 cents) was declared and paid during the year and a final dividend of 60 cents per share (2021: 55 cents) has been declared subsequent to the year-end, making a total of 90 cents for the year (2021: 75 cents). There were no changes to the dividend policy during the current year.

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DIRECTORS' REPORT

for the year ended 31 December 2022

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Share capital

At 31 December 2021, Sabcap held 20 000 ordinary shares as treasury shares. During 2022, Sabcap repurchased 130 000 ordinary shares. Accordingly, the number of shares in issue at year end, net of treasury shares, was 39 400 000 ordinary shares (31 Dec 2021: 39 530 000).

Changes in investment holdings

During the reporting period Sabcap:

- ◆ disposed of 1m Transaction Capital Limited shares for R48,7m during January 2022, retaining 5m shares;
- ◆ increased its holding in Corero Network Security Plc (Corero) by 3m shares to 50m shares, representing 10,1% of Corero, for GBP0,4m (R7,4m);
- ◆ increased its holding in Metrofile Holdings Limited (Metrofile) by 1m shares to 56m shares, representing 13,1% of Metrofile, for R3,2m;
- ◆ increased its holding in Classic Food Brands (Pty) Ltd from 25% to 40% as a result of a shareholding restructure;
- ◆ acquired an indirect effective interest of 18,5% in ARB Holdings (Pty) Ltd through a new investment of 49,9% in Masimong Electrical Holdings (Pty) Ltd (MEH) for shareholder funding of R199m and guarantees of R24,5m (which were subsequently released during the year), enabling MEH to acquire 37,07% of ARB;
- ◆ acquired an indirect effective interest of 18,95% interest in Halewood International South Africa (Pty) Ltd through a new investment of 41,03% in Masimong Beverage Holdings (Pty) Ltd (MBH), comprising shareholder loans of R117m and financial guarantees of R51m (which were subsequently released during the year), enabling MBH to acquire 46,19% of Halewood through an SPV;
- ◆ increased its effective holding in DNI by 0,8% to 19,99% for R38,3m after a restructure of direct and indirect holdings;
- ◆ acquired a 39,3% equity interest in Valemount Trading Proprietary Limited ("Valemount") through an initial investment in equity and shareholder loans of R44,7m (subject to a top-up adjustment formula to be calculated based on 28 February 2023 audited financial statements once finalised); and
- ◆ acquired 130 000 Sabcap shares through a shareholder approved buyback programme for R9,5m.

Sabcap's unlisted investees have concluded various transactions as follows:

- ◆ Apex acquired an interest in DRA Global;
- ◆ ARB acquired the minority interests in Eurolux;
- ◆ DNI disposed of tower assets in ITC, acquired Infinity Platform assets in ViaMedia and increased its interests in Paymenow and Hyve Mobile;
- ◆ SA Bias acquired YG Prefab in the UK through Flowmax; and
- ◆ Masimong acquired interests in ARB and Halewood.

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DIRECTORS' REPORT

for the year ended 31 December 2022

continued

Directorate and governance

Details of the present Board of Directors and the Company Secretary appear on pages 19 and 101.

Mr CS Seabrooke, Mrs O Ighodaro and Ms L Mthimunye will retire at the forthcoming annual general meeting but, being eligible, offer themselves for re-election.

Mr K De Matteis was appointed an executive director of the Company and Group CFO with effect from 30 April 2022, with Mr R Pleaner, an executive director of the Company and Group CFO, retiring from the Board and as Group CFO with effect from the same date. Mr Pleaner will, however, continue in a corporate finance related role for an agreed period. Mr K De Matteis will retire at the forthcoming annual general meeting but, being eligible, offer himself for re-election.

Auditors

Deloitte & Touche were reappointed as external auditors at the Annual General Meeting held on 30 May 2022.

Corporate governance

Full details regarding the Company's commitment to, and its compliance with, appropriate international corporate governance practices are set out in the Integrated Annual Report.

Controlling entity

The Company has no holding company. A controlling interest in the Company is held by The Seabrooke Family Trust. Details of shareholders are set out on page 98.

Subsequent events

Subsequent to the reporting 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;
- ◆ Sabcap increased its term debt by R100m and used the proceeds to reduce short-term debt by R100m; and
- ◆ The fair value of Transaction Capital was materially impacted. Refer to note 21.7.1 for more details.

Refer to Subsequent Events note 26.

Special resolutions

The following is a summary of the special resolutions that were passed at the annual general meeting held on 30 May 2022:

Special resolution number 1

Approval of proposed non-executive directors' remuneration for the year ending 31 December 2022

“RESOLVED that the remuneration of the non-executive directors in respect of services as directors of the Company for the financial year ending 31 December 2022 be authorised and determined on the basis and the amounts set out below.

Fees are:

- (i) paid to non-executive directors semi-annually;
- (ii) determined by the Board on a market-related basis as recommended by the Sabcap Remuneration and Nominations Committees; and
- (iii) stated excluding VAT and before PAYE (where applicable).

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DIRECTORS' REPORT

for the year ended 31 December 2022

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	Year ending 2022 R	Year ended 2021 (annualised) R
Chairman	790 000	370 000
Deputy Chairman and Lead Independent Director	480 000	319 200
Non-executive directors	300 000	257 500
Chairman of the Audit Committee	215 000	175 000
Chairman of the Remuneration Committee	125 000	103 000
Chairman of the Nominations Committee	105 000	87 500
Chairman of the Social, Ethics and Transformation Committee	115 000	87 500
Audit and Risk Committee members/invitees	125 000	62 000
Remuneration Committee members/invitees	75 000	62 000
Nominations Committee members/invitees	72 000	62 000
Social, Ethics and Transformation Committee members/invitees	68 000	62 000
Chairman of the Investment Committee	350 000	–
Investment Committee members/invitees	275 000	–

The resolution was passed on 30 May 2022.

Special resolution number 2***Authority to provide financial assistance in terms of Section 45 of the Companies Act to any Group company***

“RESOLVED that the Board may, subject to compliance with the Company’s MOI and the requirements of the Companies Act and that the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company) authorise the Company to provide at any time and from time to time during the 2 (two) years commencing on the date of adoption of this special resolution, direct or indirect financial assistance including without limitation by way of lending money, guaranteeing a loan or other obligation, securing any debt obligation or otherwise, as envisaged in Section 45 of the Companies Act, to related or inter-related companies or to members of the related or inter-related corporation, or to persons related to any such company or corporation provided that such financial assistance may be granted up to a limit of R5bn (five billion rand) on a cumulative and additive basis. This authority shall not extend beyond 2 (two) years from the date of this annual general meeting.”

The resolution was passed on 30 May 2022.

Special resolution number 3***Authority to provide financial assistance in terms of section 44 of the Companies Act***

“RESOLVED that the Board may, subject to compliance with the Company’s MOI and the requirements of the Companies Act and that the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company) authorise the Company to provide at any time and from time to time during the 2 (two) years commencing on the date of adoption of this special resolution, direct or indirect financial assistance including without limitation by way of lending money, guaranteeing a loan or other obligation, securing any debt obligation or otherwise,

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DIRECTORS' REPORT

for the year ended 31 December 2022

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to related or inter-related companies or to members of the related or inter-related corporation, or to persons related to any such company or corporation provided that such financial assistance may be granted up to a limit of R5bn (five billion rand) on a cumulative and additive basis. This authority shall not extend beyond 2 (two) years from the date of this annual general meeting.”

The resolution was passed on 30 May 2022.

Special resolution number 4

General authority to repurchase shares

“RESOLVED that the Company and/or any subsidiary of the Company is hereby authorised, by way of a renewable general authority, from time to time, to acquire ordinary shares in the share capital of the Company in accordance with the requirements of the Company’s MOI, the Companies Act and the JSE Listings Requirements, provided that:

- ◆ this general authority shall be valid until the earlier of the last day of the month prior to the Company’s next annual general meeting or the variation or revocation of such general authority by special resolution at any subsequent general meeting of the Company, provided that it shall not extend beyond 15 (fifteen) months from the date of passing this special resolution number four;
- ◆ an announcement will be published as soon as the Company or any of its subsidiaries have together acquired ordinary shares constituting, on a cumulative basis, 3% (three percent) of the number of ordinary shares in issue and for each 3% (three percent) in aggregate of the initial number acquired thereafter, in compliance with paragraph 11.27 of the JSE Listings Requirements;
- ◆ subject to section 48 of the Companies Act, the general authority to repurchase is limited to a maximum of 20% (twenty percent) in the aggregate in any one financial year of the Company’s issued share capital at the beginning of the financial year, provided that the number of shares purchased and held by or for the benefit of a subsidiary or subsidiaries of the Company, taken together, shall not exceed 10% (ten percent) in the aggregate of the number of issued shares in the Company at any time;
- ◆ such general repurchase will be subject to the applicable provisions of the Companies Act in relation to that particular repurchase;
- ◆ shares of the Company may not be acquired at a price greater than 10% (ten percent) above the weighted average of the market value at which such shares are traded on the JSE as determined over the 5 (five) business days immediately preceding the date of acquisition of such shares;
- ◆ the Company has been given authority to repurchase shares by its MOI;
- ◆ the Board of directors authorise the repurchase, the group and the Company passes the solvency and liquidity test and that from the time that the test is done, there will be no material changes to the financial position of the Company;
- ◆ at any point in time, the Company and/or its subsidiaries may only appoint one agent to effect any such repurchase;
- ◆ the Company and/or its subsidiaries will not repurchase any shares during a prohibited period, as defined in the JSE Listings Requirements unless a repurchase programme is in place, where dates and quantities of shares to be traded during the prohibited period are fixed (not subject to any variation) and have been submitted to the JSE in writing. The Company and/or its subsidiaries will entrust an independent third party prior to the commencement of the prohibited period to execute the repurchase programme submitted to the JSE;
- ◆ repurchases will be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counter party (reported trades are prohibited);

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DIRECTORS' REPORT

for the year ended 31 December 2022

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- ◆ that this general authority be valid only until the last day of the month prior to the next annual general meeting or 15 (fifteen) months from the date of the passing of this resolution, whichever is the earlier date;
- ◆ the Board will pass a resolution authorising the repurchase and that the Company and the Group have passed the solvency and liquidity test as set out in section 4 of the Companies Act, and that since the test was done there have been no material changes to the financial position of the Group;
- ◆ any general repurchase is subject to exchange control regulations and approvals in place at that point in time; and
- ◆ the Company is authorised to approve, to the extent necessary, a resolution to acquire shares in the Company by the board of a subsidiary company”.

The resolution was passed on 30 May 2022.

Preparation and approval of financial statements

The preparation of these Consolidated and Company financial statements was supervised by the Chief Financial Officer, K De Matteis CA(SA) and approved by the Board on 16 March 2023.



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INDEPENDENT AUDITOR'S REPORT**To the Shareholders of Sabvest Capital Limited****Report on the Audit of the Consolidated and Separate Financial Statements****Opinion**

We have audited the consolidated and separate financial statements of Sabvest Capital Limited (the Group and Company) set out on pages 60 to 97, which comprise the consolidated and separate statements of financial position as at 31 December 2022, and the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Sabvest Capital Limited and its subsidiaries as at 31 December 2022, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

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 Consolidated and Separate Financial Statements section of our report. We are independent of the Group and Company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters apply to the consolidated financial statements and there were no key audit matters identified for the separate financial statements.

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INDEPENDENT AUDITOR'S REPORT

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KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN THE AUDIT
Valuation of unlisted investments	
<p>The assumptions used in the valuation of unlisted investments require significant judgement and therefore the valuation of unlisted investments is considered a key audit matter.</p> <p>In respect of the unlisted investments, the executive directors prepare valuation workings based on their selected valuation models. The valuation model is either a maintainable earnings model or an attributable net asset value.</p> <p>For the maintainable earnings model, earnings before interest, tax, depreciation and amortisation (EBITDA) is reduced by rental expenses to derive at a pre-IFRS 16 EBITDA. This EBITDA is then multiplied by the determined earnings multiple which is also a pre-IFRS 16 earnings multiple. These valuations incorporated a number of assumptions; the primary assumptions in notes 2 and 21 to the consolidated financial statements being:</p> <ol style="list-style-type: none"> 1. Determination of maintainable earnings; and 2. Earnings multiple. <p>Maintainable earnings are derived from the management account information and budgets of the underlying investments and earnings multiples are derived from market data and analysis of comparable companies.</p>	<p>The consolidated financial statements provide details of the valuation method. The requirements of IFRS 13: Fair value measurements have been considered.</p> <p>We assessed the appropriateness of the valuation methodology applied and the valuations prepared by the executive directors.</p> <p>Where appropriate, we involved our valuation specialists and with their assistance we completed the procedures below:</p> <ol style="list-style-type: none"> 1. assessed the application of the fair value principles of the valuation method; 2. assessed the reasonability of the earnings multiple; 3. assessed the reasonability of the maintainable earnings with reference to the latest management accounts and/or latest budgets available for investee companies; 4. performed procedures to ensure that the management information used in the prior period, agreed materially to the audited financial statements for the investee companies; and 5. assessed whether adjustments processed by management to the maintainable earnings calculation are appropriate and consistent to previous years. <p>We concluded that the valuation method is widely applied and appropriate for valuing unlisted investments. We assessed the earnings and earnings multiples used and found the basis of determination appropriate resulting in a reasonable fair value.</p> <p>Historically, actual earnings was used as a basis for determining maintainable earnings unless the budgeted earnings was projected to be less than actual. In the current year, however, a combination of 2021, 2022 and budgeted 2023 earnings was used. The combination was determined taking into consideration any remaining COVID19 impacts as well as the impact of global economic factors where applicable to the investee and its maintainable earnings.</p> <p>In notes 2 and 21 to the consolidated financial statements details are provided of the valuation method and key assumptions for the level 3 fair value measurements. We assessed the adequacy of the Group's disclosures in relation to the judgement and estimation applied to investments.</p> <p>Based on the audit we performed, we found the overall valuation by the executive directors and disclosure of investments to be appropriate.</p>

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INDEPENDENT AUDITOR'S REPORT*continued***Other Information**

The directors are responsible for the other information. The other information comprises the information included in the document titled "Sabvest Capital Limited Annual Financial Statements for the year ended 31 December 2022", which includes the Directors' Report, the Audit and Risk Committee Report, the Company Secretary's Certificate and the Social, Ethics and Transformation Committee Report as required by the Companies Act of South Africa and the Declaration by the Group Chief Executive Officer and Chief Financial Officer, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 these consolidated and separate financial statements.

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 consolidated and separate financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Audited annual financial statements

continued

INDEPENDENT AUDITOR'S REPORT*continued*

- 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 Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements 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 Group and / or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

From the matters communicated with the directors⁶, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Deloitte & Touche has been the auditor of Sabvest Capital Limited for 3 years since inception and the auditor of the subsidiaries within the Group for 22 years.

**Deloitte & Touche***Registered Auditor**Per: André Dennis**Partner*

16 March 2023

Deloitte & Touche
5 Magwa Crescent
Waterfall City
Waterfall

Audited annual financial statements

continued

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2022

	Notes	2022 R'000	2021 R'000
Non-current assets		5 046 053	4 022 008
Property, plant and equipment	1	3 077	2 515
Right-of-use of asset	1	2 337	3 304
Finance advances and receivables	3	43 004	–
Investment holdings	2	4 997 635	4 016 189
Unlisted investments		4 541 649	3 430 078
Listed investments		455 986	586 111
Current assets		64 086	243 161
Finance advances and receivables	3	14 185	21 663
Investment funds offshore	2	–	75 138
Cash balances	4	49 901	146 360
Total assets		5 110 139	4 265 169
Ordinary shareholders' equity		4 340 869	3 704 327
Share capital	5	1 351 436	1 360 907
Non-distributable reserves	6	(1 166 660)	(1 218 340)
Accumulated profit	6	4 156 093	3 561 760
Non-current liabilities		628 030	499 302
Interest-bearing debt	7	400 000	240 000
Provisions	8	20 215	17 255
Lease liability	11	1 726	2 758
Deferred tax liabilities	10	206 089	239 289
Current liabilities		141 240	61 540
Interest-bearing debt		107 394	20 390
Portfolio finance offshore	7	–	12 944
Interest-bearing debt	7	107 394	7 446
Accounts payable and provisions	8	32 814	40 260
Lease liability	11	1 032	890
Total equity and liabilities		5 110 139	4 265 169

Audited annual financial statements

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**CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME**

for the year ended 31 December 2022

	Notes	2022 R'000	2021 R'000
Gross income from operations and investments		718 355	864 134
Dividends received	16	227 795	253 036
Interest income	16	11 289	18 355
Foreign exchange (loss)/gain		(10 883)	(2 584)
Fees	16	1 599	1 756
Fair value adjustments to investments		488 555	593 571
– Listed		(119 991)	227 173
– Unlisted		608 546	366 398
Transactional costs		(12 697)	(1 117)
Fair value loss on initial recognition and modification of interest-free loans		(1 732)	(3 612)
Interest expense		(26 360)	(19 922)
Net income before operating expenses		677 566	839 483
<i>Less:</i> Expenditure	9	(82 893)	(95 316)
Net income before taxation	9	594 673	744 167
Taxation	10	33 200	(64 966)
Net income for the year attributable to equity shareholders		627 873	679 201
Other comprehensive income – translation of foreign subsidiary * ¹	17	51 680	56 033
Total comprehensive income for the year attributable to equity shareholders		679 553	735 234
Earnings per share – cents * ²	12	1 590,7	1 689,6

*¹ This item may subsequently be classified to profit and loss.*² There are no diluting instruments.

Audited annual financial statements

continued

**COMPANY STATEMENT OF
FINANCIAL POSITION**

at 31 December 2022

	Notes	2022 R'000	2021 R'000
Non-current assets		1 443 375	1 443 375
Investment in subsidiaries	2	1 443 375	1 443 375
Current assets		95 043	26 730
Loans to subsidiaries (Annexure A)		94 636	26 686
Accounts receivable	3	367	–
Cash balances		40	44
Total assets		1 538 418	1 470 105
Share capital	5	1 349 264	1 349 264
Accumulated profit	6	186 637	118 582
Ordinary shareholders' equity		1 535 901	1 467 846
Current liabilities		2 517	2 259
Accounts payable	8	2 517	2 259
Total equity and liabilities		1 538 418	1 470 105

**COMPANY STATEMENT OF
COMPREHENSIVE INCOME**

for the year ended 31 December 2022

	Notes	2022 R'000	2021 R'000
Dividends received	16	110 000	100 000
Interest received	16	1	1
Gross income		110 001	100 001
Expenditure		(8 377)	(6 264)
Net income before taxation	9	101 624	93 737
Taxation	10	(1)	–
Total comprehensive income for the year attributable to equity shareholders		101 623	93 737

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CONSOLIDATED AND COMPANY STATEMENTS OF CASH FLOWS

for the year ended 31 December 2022

	GROUP		COMPANY	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Cash flows from operating activities	82 066	149 816	68 313	80 158
Net income for the year	627 873	679 201	101 623	93 737
Adjustments for:				
Depreciation	1 731	1 778	–	–
Fair value adjustments to investments	(488 555)	(593 571)	–	–
Fair value loss on initial recognition of interest-free loans	1 732	3 612	–	–
Unrealised currency fluctuations	11 412	–	–	–
Interest income	(1 096)	(1 163)	–	–
Interest expense	26 360	19 922	–	–
Deferred taxation	(33 200)	64 966	–	–
Taxation	–	–	1	–
Loss on disposal of property, plant and equipment	194	51	–	–
Provisions	(10 511)	12 450	–	–
Increase/(decrease) in accounts payable	6 054	(3 500)	258	429
Cash flows from operations	141 994	183 746	101 882	94 166
Cash interest paid	(26 360)	(19 922)	–	–
Dividends paid – ordinary	(33 568)	(14 008)	(33 568)	(14 008)
Taxation paid	–	–	(1)	–
Cash flows (utilised in)/from investing activities	(413 769)	168 490	(68 317)	(405)
Purchase of property, plant and equipment	(1 535)	(379)	–	–
Proceeds from sale of property, plant and equipment	15	–	–	–
Purchase of investment holdings and offshore portfolios	(703 334)	(440 414)	–	–
Proceeds from sale of investment holdings and offshore portfolios	327 255	498 746	–	–
Loan advances to subsidiaries	–	–	(67 950)	(405)
(Increase)/decrease in finance advances and receivables	(36 170)	110 537	(367)	–
Cash flows from/(utilised in) financing activities	236 643	(175 797)	–	(79 750)
Long-term loans – capital advances	400 000	–	–	–
Long-term loans – capital repayments	(240 000)	(100 000)	–	–
Other interest-bearing debt – advances/(repayments)	99 948	(22 164)	–	–
Repayment of principal portion of lease liability	(890)	(618)	–	–
Repurchase of Company shares	(9 471)	(65 959)	–	(79 750)
Offshore portfolio finance – (repayments)/advances	(12 944)	12 944	–	–
Change in cash and cash equivalents	(95 060)	142 509	(4)	3
Currency fluctuations	(1 399)	–	–	–
Cash and cash equivalents at beginning of year	146 360	3 851	44	41
Cash and cash equivalents at end of year	49 901	146 360	40	44

Audited annual financial statements

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CONSOLIDATED AND COMPANY STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 December 2022

GROUP	Share capital R'000	Non-distributable reserves R'000	Accumulated profit R'000	Total R'000
Balance as at 1 January 2021	1 426 865	(1 274 373)	2 896 499	3 048 991
Total comprehensive income for the year	–	56 033	679 201	735 234
Shares held in treasury – written back	1 204	–	–	1 204
Shares repurchased and cancelled	(66 014)	–	–	(66 014)
Shares held in treasury	(1 148)	–	–	(1 148)
Unclaimed dividends – written back	–	–	68	68
Dividends paid	–	–	(14 008)	(14 008)
Balance as at 1 January 2022	1 360 907	(1 218 340)	3 561 760	3 704 327
Total comprehensive income for the year	–	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 as at 31 December 2022	1 351 436	(1 166 660)	4 156 093	4 340 869
COMPANY				
Balance as at 1 January 2021	1 429 014	–	38 853	1 467 867
Total comprehensive income for the year	–	–	93 737	93 737
Shares cancelled	(79 750)	–	–	(79 750)
Dividends paid	–	–	(14 008)	(14 008)
Balance as at 1 January 2022	1 349 264	–	118 582	1 467 846
Total comprehensive income for the year	–	–	101 623	101 623
Dividends paid	–	–	(33 568)	(33 568)
Balance as at 31 December 2022	1 349 264	–	186 637	1 535 901

Audited annual financial statements

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ACCOUNTING POLICIES

for the year ended 31 December 2022

Accounting policies

The Consolidated and Company financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), the requirements of the Companies Act, the JSE Listings Requirements, SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council. They have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value or at amortised cost. The significant accounting policies and methods of computation are consistent in all material respects with those applied in the previous financial year, other than the standards which were adopted in the current year.

In line with the proactive monitoring feedback received from the JSE Limited, certain of the notes have been enhanced for more detailed disclosure.

Basis of consolidation

The Consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) as at 31 December each year. Control is achieved when the Company has the power over the investee, is exposed or has rights to variable returns from its involvement with the investee, and has the ability to use its power to affect its returns.

Sabcap is an investment company as defined by IFRS 10: *Consolidated Financial Statements*. Where an entity does not meet the requirements as set out in IFRS 10, the entity is consolidated.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair value. Any excess of the cost at acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If the cost is less than the fair value of the identifiable net assets acquired (i.e. a discount on acquisition), this difference is credited to profit or loss in the period of acquisition.

All inter-company transactions and balances are eliminated on consolidation.

Investments

All investments (which include investment loans) are accounted for at Fair Value Through Profit and Loss (“FVTPL”) in terms of IFRS 9: *Financial Instruments*.

Where investments are listed equities, fair value is calculated as market value. Should the disposal of any investment be restricted, then the market value is reduced by a discount to arrive at fair value. Gains and losses arising from changes in the fair value are included in the statement of comprehensive income for the period.

Where investments are unlisted equities, fair value is mostly calculated using the maintainable earnings model but also net asset value (“NAV”), discounted cash flow (“DCF”) valuations or recent transaction pricing, as appropriate. Maintainable earnings are based on historic and projected Earnings Before Interest, Taxation, Depreciation and Amortisation (“EBITDA”), as appropriate. Earnings have been normalised for one-off items, IFRS 16 and the effects of COVID-19 as long as there has been no permanent damage to the business models and relative to the periods by which pre-COVID-19 volumes and earnings are expected to be achieved. The multiples are selected after considering peer group multiples and adjusting as appropriate. The resultant valuations are then adjusted for net cash or net debt balances. They may be measured for reasonableness against NAV (if this is a relevant metric), recent transaction prices and/or DCF valuations.

For other unlisted investments, fair value is determined using an appropriate valuation model.

Audited annual financial statements

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ACCOUNTING POLICIES

for the year ended 31 December 2022

*continued***Financial instruments**

Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group has become a party to the contractual provisions of the instrument.

Financial instruments recognised on the statement of financial position include cash and cash equivalents, investments, finance advances and receivables, accounts payable and borrowings.

Equity instruments issued are recorded as the proceeds received net of direct issue costs.

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

Interest-bearing loans and overdrafts are recorded as the amounts of the proceeds received, net of direct raising costs. Finance charges, including premiums payable on settlement or redemption, are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Originated loans, finance advances and receivables are measured initially at cost. The loans, finance advances and receivables are measured subsequently at amortised cost using the effective interest rate method. If the terms of a loan, finance advance or receivable are not market-related, the payments are discounted at a market-related rate to determine the fair value at initial recognition and the amount of the discount is included in the statement of comprehensive income.

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, offset by other current interest-bearing debt.

Long-term investments are measured at fair value. They are recognised as being held for trading purposes and gains or losses in fair value are included in the statement of comprehensive income for the period. Where investments are listed equities, the fair value is calculated using market value, and where the investments are unlisted equities, the fair value is calculated using inputs that are observable either directly or indirectly.

On disposal of investments the difference between the consideration received and the fair value of the investment at the commencement of the financial year is accounted for in the statement of comprehensive income as a gain or loss in fair value.

Redeemable or callable reset bonds purchased to hold to maturity or to call/reset dates are recognised at cost. Any surplus or discount to the maturity or call values are accounted for over the period to maturity/call and the investments are accounted for accordingly. The fair values calculated on this basis are regarded as appropriate estimates of fair value at the reporting date.

A loss allowance for expected credit losses on finance advances or investments is recognised when, in the opinion of the directors, taking into account that as a result of one or more events that may occur after the initial recognition of the asset, an expected loss exists. The amount of estimated credit losses is updated at each reporting date to reflect changes in the credit risk since initial recognition of the respective financial instrument.

Audited annual financial statements

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ACCOUNTING POLICIES

for the year ended 31 December 2022

continued

Treasury shares

Ordinary shares in Sabvest Capital Limited held by any subsidiary are classified as treasury shares in the Statement of Changes in Equity. Treasury shares are treated as a reduction from the issued and weighted average number of shares in issue and the cost price of the shares is presented as a deduction from equity.

Property, plant and equipment

Property, plant and equipment is reflected at cost less accumulated depreciation and any recognised impairment loss on the following basis:

Office furniture, equipment, computers and leasehold improvements	10% – 33%
Motor vehicles	20%

Depreciation is charged so as to write off the cost or valuation of assets to residual value over their estimated useful lives, using the straight-line basis.

The gain or loss arising on disposal of assets is determined as to the difference between the sale proceeds and the carrying amount of the assets and is recognised in profit or loss.

Foreign currencies

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Rands, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at each reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period, except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Rands using exchange rates prevailing at the end of each reporting date. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and transferred to the Group's translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Audited annual financial statements

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ACCOUNTING POLICIES

for the year ended 31 December 2022

*continued***Impairment provisions**

At each reporting date, the Group reviews the carrying amounts of its other tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

A provision for the long-term incentive plan (“LTIP”), measured annually and calculated on the growth in the notional investments, is expensed annually and the total amount expected to be paid is shown as a liability.

The amount recognised as a provision is a best estimate of the consideration to settle the obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a service to a customer.

Revenue also includes dividends which are recorded in accordance with IFRS 9. Dividends are recognised in profit or loss when:

- (a) the entity’s right to receive payment of the dividend is established;
- (b) it is probable that the economic benefits associated with the dividend will flow to the entity; and
- (c) the amount of the dividend can be measured reliably.

Interest is recognised on a time proportion basis.

Capitalisation shares elected in lieu of a cash dividend are accounted for in investment income at the cash dividend equivalent.

Fees relate to fees received from investees and other entities for services as they are rendered, recorded in accordance with IFRS 15.

Audited annual financial statements

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ACCOUNTING POLICIES

for the year ended 31 December 2022

continued

Lease agreements

Future lease payments discounted at market-related rates are recognised as a right-of-use asset (ignoring variable costs), with a matching financial liability.

The right-of-use asset is depreciated over the period of the lease and the depreciation is debited to the Consolidated Statement of Comprehensive Income.

Interest at market-related rates calculated on the value of the financial liability is debited to the Consolidated Statement of Comprehensive Income and credited to the financial liability.

Rentals paid during the year are debited to the financial liability.

Related party transactions

All related party transactions are, unless otherwise disclosed, in the normal course of business. Refer to note 22.

Retirement benefits and medical aid schemes

Payments to defined contribution retirement benefit plans are charged and expensed as they fall due.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates, long-term and short-term investments and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Cash and cash equivalents

Cash and cash equivalents represent cash at bank.

Audited annual financial statements

continued

ACCOUNTING POLICIES

for the year ended 31 December 2022

*continued***Borrowing costs**

Borrowing costs are recognised in profit and loss in the period in which they are incurred.

Critical judgements and key estimates

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are detailed in the notes to the financial statements, where applicable.

With regard to the fair value presentation of the investment holdings, both long-term and current, for the listed investments, critical judgement and estimates are limited as external observable market data is used to determine carrying value.

In respect of the unlisted investments which are carried at fair value, significant judgement and estimate is used to select the appropriate valuation model, determine maintainable earnings and estimate the earnings multiple. Details of the judgements are set out in note 21.

With regard to investments held through other entities or instruments, critical judgement is used to consider the underlying investments of the entity/instrument to ensure the appropriate classification of the investment in the Group is attained.

New/Revised International Financial Reporting Standards Issued

All new and revised standards and interpretations issued by IASB and the IFRS Interpretations Committee (“IFRIC”) of the IASB that are relevant to the Group’s operations and effective for annual reporting periods commencing on 1 January 2022 have been adopted and retrospectively applied. These standards include:

- ◆ IFRS 3 – *Business Combinations* (amendments effective for annual periods beginning on or after 1 January 2022).
- ◆ IAS 16 – *Property, Plant and Equipment* (amendments effective for annual periods beginning on or after 1 January 2022).
- ◆ IAS 37 – *Provisions, Contingent Liabilities and Contingent Assets* (amendments effective for annual periods beginning on or after 1 January 2022).

Their adoption has not had a significant impact on the presentation of the financial statements.

At the date of authorisation of these financial statements, the following standards and amendments were in issue but not yet effective for the annual periods commencing on or after the specified dates:

		Effective date
IAS 1	Presentation of Financial Statements	1 January 2023
IAS 8	Accounting policies, changes in accounting estimates and errors	1 January 2023
IAS 12	Income Taxes	1 January 2023
IFRS 17	Insurance Contracts	1 January 2023

The Group does not expect these new or revised accounting standards to have a material impact on the results or financial position.

Audited annual financial statements

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2022

	Motor vehicles R'000	Office furniture, equipment, computers and leasehold improvements R'000	Total R'000
1. Property, plant and equipment and right-of-use asset			
1.1 Property, plant and equipment			
2022 GROUP			
Beginning of year			
Cost	1 330	6 332	7 662
Accumulated depreciation	(1 054)	(4 093)	(5 147)
Net book value	276	2 239	2 515
Current year movements			
Additions	–	1 535	1 535
Disposals cost	–	(483)	(483)
Disposal – accumulated depreciation	–	274	274
Depreciation	(221)	(543)	(764)
Total movement	(221)	782	561
End of year			
Cost	1 330	7 384	8 714
Accumulated depreciation	(1 275)	(4 362)	(5 637)
Net book value	55	3 022	3 077
2021 GROUP			
Beginning of year			
Cost	1 330	6 087	7 417
Accumulated depreciation	(833)	(3 594)	(4 427)
Net book value	497	2 493	2 990
Current year movements			
Additions	–	379	379
Disposals cost	–	(134)	(134)
Disposal – accumulated depreciation	–	83	83
Depreciation	(221)	(582)	(803)
Total movement	(221)	(254)	(475)
End of year			
Cost	1 330	6 332	7 662
Accumulated depreciation	(1 054)	(4 093)	(5 147)
Net book value	276	2 239	2 515

As required by IAS 16 – *Property, Plant and Equipment*, the Group has reviewed the residual values and remaining useful lives used for the purposes of depreciation calculations in the light of the definition of residual value in the standard. The review did not highlight any requirement for an adjustment to the residual values or useful lives used in the current period. In line with the standard's requirements, these residual values and useful lives will be reviewed and updated annually in the future.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2022

continued

	GROUP	
	2022 R'000	2021 R'000
1. Property, plant and equipment and right-of-use asset <i>continued</i>		
1.2 Right-of-use asset		
Beginning of year		
Cost	4 836	4 767
Accumulated depreciation	(1 532)	(557)
Net book value	3 304	4 210
Current year movements		
Recognition of right-of-use asset	–	69
Depreciation	(967)	(975)
Total movement	(967)	(906)
End of year		
Cost	4 836	4 836
Accumulated depreciation	(2 499)	(1 532)
Net book value	2 337	3 304

The nature of the leases are all leases for premises.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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	GROUP		COMPANY	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
2. Investment holdings *				
2.1 Investment in subsidiaries				
Shares at cost less impairments (refer Annexure A)	–	–	1 443 375	1 443 375
2.2 Investment holdings				
<i>Unlisted</i>				
Fair value	4 541 649	3 430 078	–	–
Opening balance	3 430 078	2 895 853	–	–
Acquisitions	646 251	257 298	–	–
Realisations	(183 984)	(131 218)	–	–
Currency fluctuations	40 758	42 362	–	–
Fair value movement for the year	608 546	365 783	–	–
<i>Held-for-sale</i>				
Fair value	–	–	–	–
Opening balance	–	35 435	–	–
Realisations	–	(36 050)	–	–
Fair value movement for the year	–	615	–	–
<i>Unlisted – Total</i>				
Fair value	4 541 649	3 430 078	–	–
Opening balance	3 430 078	2 931 288	–	–
Acquisitions	646 251	257 298	–	–
Realisations	(183 984)	(167 268)	–	–
Currency fluctuations	40 758	42 362	–	–
Fair value movement for the year	608 546	366 398	–	–

* In line with the proactive monitoring feedback received from the JSE Limited, this note has been enhanced for more detailed disclosure.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2022

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	GROUP		COMPANY	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
2. Investment holdings <i>continued</i>				
2.3 Investment holdings				
<i>Listed</i>				
Fair value	455 986	586 111	–	–
Opening balance	586 111	461 566	–	–
Acquisitions	57 083	42 342	–	–
Realisations	(78 555)	(141 827)	–	–
Currency fluctuations	(3 763)	7 371	–	–
Fair value movement for the year	(104 890)	216 659	–	–
<i>Held-for-sale</i>				
Fair value	–	–	–	–
Opening balance	–	50 906	–	–
Realisations	–	(48 513)	–	–
Currency fluctuations/variations	–	1 096	–	–
Fair value movement for the year	–	(3 489)	–	–
<i>Investment funds offshore</i>				
Market value	–	75 138	–	–
Opening balance	75 138	56 295	–	–
Acquisitions	–	140 774	–	–
Realisations	(64 716)	(141 138)	–	–
Currency fluctuations	4 679	5 204	–	–
Fair value movement for the year	(15 101)	14 003	–	–
<i>Listed – Total</i>				
Fair value	455 986	661 249	–	–
Opening balance	661 249	568 767	–	–
Acquisitions	57 083	183 116	–	–
Realisations	(143 271)	(331 478)	–	–
Currency fluctuations	916	13 671	–	–
Fair value movement for the year	(119 991)	227 173	–	–

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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	GROUP		COMPANY	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
3. Finance advances and receivables				
Finance advances	56 737	21 388	–	–
– short-term	13 733	21 388	–	–
– long-term	43 004	–	–	–
Sundry receivables	452	275	367	–
	57 189	21 663	367	–
Interest-free loans				
Gross advances	18 152	19 461	–	–
Fair value loss on initial recognition	(7 610)	(6 172)	–	–
Fair value loss on modification	(2 569)	(2 267)	–	–
Notional interest earned	4 780	3 684	–	–
Currency fluctuations	(56)	(56)	–	–
	12 697	14 650	–	–

The interest-free loans are included in finance advances.

No finance advances and receivables are past due.

The estimated credit losses were assessed and found not to be material.

Financial advances and receivables are carried at amortised cost which approximates the fair value.

	GROUP		COMPANY	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
4. Cash balances				
Balances with banks *				
– local	227	146 344	40	44
– offshore	49 674	16	–	–
	49 901	146 360	40	44

* Cash is predominantly held by Sabcap's indirectly wholly owned subsidiary, Sabvest Capital Holdings Limited. In the prior year, cash was predominantly held by the Company's wholly owned subsidiary, Sabvest Finance and Guarantee Corporation (Pty) Ltd. Cash is placed with banks having a credit rating of at least Baa3.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2022

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5. Share capital

5.1 Share capital

The Company has authorised ordinary share capital of 500 000 000 no par shares and 1 Z share.

There were 39 550 000 (2021: 39 550 000) Sabcap ordinary shares and 1 (2021: 1) Z share in issue at year end. Net of shares held in treasury, there were 39 400 000 (2021: 39 530 000) ordinary shares and 1 (2021: 1) Z share issued.

5% of the ordinary shares are under the control of the directors until the forthcoming annual general meeting.

	GROUP		COMPANY	
	2022	2021	2022	2021
5.2 Reconciliation of number of shares in issue				
<i>Ordinary shares</i>				
At beginning of year	39 550 000	41 000 000	39 550 000	41 000 000
Repurchased and cancelled *	–	(1 450 000)	–	(1 450 000)
	39 550 000	39 550 000	39 550 000	39 550 000
Treasury shares held	(150 000)	(20 000)	–	–
	39 400 000	39 530 000	39 550 000	39 550 000

	GROUP		COMPANY	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
5.3 Reconciliation of issued share capital				
At beginning of year	1 360 907	1 426 865	1 349 264	1 429 014
Shares held in treasury – written back	1 148	1 204	–	–
Shares repurchased and cancelled *	–	(66 014)	–	(79 750)
Shares held in treasury *	(10 619)	(1 148)	–	–
Share capital	1 351 436	1 360 907	1 349 264	1 349 264

* During the year the Group repurchased 130 000 shares at an average price per share of R72,85 (2021: 1 429 500 shares at an average price per share of R46,14). In the prior year, 1 409 500 shares were cancelled (which included the 40 500 shares held as treasury at the beginning of that year). No shares were cancelled during the current year.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2022

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	GROUP		COMPANY	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
6. Reserves				
6.1 Non-distributable reserves				
On translation of foreign subsidiary				
– prior years	219 118	163 085	–	–
– current year	51 680	56 033	–	–
Accumulated loss in share trust				
– prior years	(640)	(640)	–	–
Variation of interest in subsidiary				
– prior years	5 144	5 144	–	–
Reverse acquisition reserve	(1 442 524)	(1 442 524)	–	–
Capital redemption reserve fund	562	562	–	–
	(1 166 660)	(1 218 340)	–	–
6.2 Accumulated profit				
Accumulated profit at beginning of year	3 561 760	2 896 499	118 582	38 853
Unclaimed dividends written back	28	68	–	–
Accumulated profit less dividend paid for the year	594 305	665 193	68 055	79 729
Accumulated profit at end of year	4 156 093	3 561 760	186 637	118 582
Total reserves	2 989 433	2 343 420	186 637	118 582

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2022

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	GROUP		COMPANY	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
7. Interest-bearing debt *				
7.1 Long-term				
RSA borrowings	400 000	240 000	–	–
Opening balance	240 000	340 000	–	–
Capital repayments	(240 000)	(100 000)	–	–
Capital advances	400 000	–	–	–
Interest accrued	24 025	18 454	–	–
Interest paid	(24 025)	(18 454)	–	–
<i>Less:</i> Current portion payable within one year	–	–	–	–
	400 000	240 000	–	–

The loans bear interest at between JIBAR plus 3,00% and JIBAR plus 3,25% payable quarterly on 31 March, 30 June, 30 September and 31 December of each financial year.

The Group prepaid the loans of R60 million due on 30 April 2022 and R30 million due on 30 June 2022 during the prior year. The remaining loans were refinanced during the current year and are repayable as to R70 million on 30 June 2025, R70 million on 30 June 2026, R60 million on 30 June 2027 and R200 million on 30 September 2027.

The Group complies with the covenants required as per the bank facility agreements, with sufficient headroom available. The agreements require a minimum ratio of value of investments to total value of interest-bearing debt.

** In line with the proactive monitoring feedback received from the JSE Limited, this note has been enhanced for more detailed disclosure.*

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2022

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	GROUP		COMPANY	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
7. Interest-bearing debt <i>continued</i>				
7.2 Short-term				
Other borrowings and related party borrowings	107 394	7 446	–	–
Opening balance	7 446	39 610	–	–
Capital repayments	–	(32 164)	–	–
Capital advances	99 948	–	–	–
Interest accrued	1 993	889	–	–
Interest paid	(1 993)	(889)	–	–
Portfolio finance offshore	–	12 944	–	–
Opening balance	12 944	–	–	–
Capital repayments	(12 944)	–	–	–
Capital advances	–	12 944	–	–
Interest accrued	114	146	–	–
Interest paid	(114)	(146)	–	–

The South African bank loans are secured by inter-company guarantees between the Company and all the South African subsidiaries, have no fixed terms of repayment and bear interest at rates varying between prime rate and prime minus 1% payable monthly in arrears. None of the South African assets are encumbered.

Estimated losses on guarantees were assessed and considered immaterial.

The other interest-bearing debt, including from related parties, is unsecured, has no fixed terms of repayment and bears interest at prime minus 0,25%, payable monthly in arrears.

The equity portfolio finance offshore is secured by the listed investments in Sabvest Capital Holdings Limited (BVI) (refer to note 20.1).

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2022

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	GROUP		COMPANY	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
8. Accounts payable and provisions				
Provision for long-term incentive plan * ¹	2 071	6 548	–	–
Other provisions * ²	6 551	15 546	–	–
Accounts payable	24 192	18 166	2 517	2 259
	32 814	40 260	2 517	2 259
Provision for long-term incentive plan				
Opening balance	6 548	6 007	–	–
Plus: prior year long-term portion	17 255	4 983	–	–
Utilised during the year	(15 503)	(6 007)	–	–
Increase in provision for the year	13 986	18 820	–	–
Less: long-term portion	(20 215)	(17 255)	–	–
Closing balance	2 071	6 548	–	–
Other provisions				
Opening balance	15 546	15 909	–	–
Utilised during the year	(46 981)	(15 863)	–	–
Increase in provision for the year	37 986	15 500	–	–
Closing balance	6 551	15 546	–	–

*¹ Refer to remuneration policy and note 15. The current portion is expected to be settled within the next six months, with no material change expected to the balance. The long-term portion will be settled in line with the remuneration policy, with the balance to be determined based on the Company's net asset value in line with this policy.

*² Other provisions comprise mainly provisions for audit fees and incentive bonuses to executives, which are expected to be settled within the next six months. No material changes are expected to these balances.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2022

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	GROUP		COMPANY	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
9. Net income before taxation				
This is stated after taking into account:				
Loss on disposal of property, plant and equipment	(194)	(51)	–	–
Auditors' remuneration – audit fees – current year	2 635	2 410	–	–
Consulting fees	972	289	–	–
Depreciation (refer to note 1)	1 731	1 778	–	–
Payroll costs	56 952	76 892	–	–
Expenses disclosed are classified as follows:				
Operating costs – fixed	41 584	35 412	–	–
Operating costs – variable	39 578	58 126	–	–
Depreciation	1 731	1 778	–	–
10. Taxation				
10.1 Charged for the year				
South African normal taxation	–	–	1	–
Deferred taxation – current year	(25 567)	64 966	–	–
Deferred taxation – change in tax rate	(7 633)	–	–	–
	(33 200)	64 966	1	–
10.2 Movement in deferred tax				
Provision for capital gains tax on fair value adjustments to current and non-current investment holdings	(33 200)	64 966	–	–
	(33 200)	64 966	–	–
Two of the Group's subsidiaries have assessed losses and CGT losses for taxation purposes. The unutilised estimated losses and CGT losses of the subsidiaries amount to R53 million (2021: R60 million) and R100 million (2021: R42 million) respectively. The deferred tax asset has not been accounted for as this tax loss has been taken into account in assessing the exposure for taxation on fair value measurements recorded.				
10.3 Deferred tax liabilities				
Provision for capital gains tax on fair value adjustments to investments after use of assessed losses	(206 089)	(239 289)	–	–
	(206 089)	(239 289)	–	–

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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	GROUP		COMPANY	
	2022 %	2021 %	2022 %	2021 %
10. Taxation <i>continued</i>				
10.4 Taxation rate reconciliation				
Standard rate of taxation	28,0	28,0	28,0	28,0
Rate of taxation for the year affected by non-taxable income	(28,0)	(28,0)	(28,0)	(28,0)
Deferred tax on investments	(4,3)	8,7	–	–
Deferred tax – change in tax rate	(1,3)	–	–	–
Effective rate of taxation	(5,6)	8,7	–	–

The charge for current tax is based on the results for the year adjusted for items which are tax exempt or are not tax deductible. Tax is calculated using rates that have been enacted or substantively enacted by the financial year-end. Deferred tax is 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 that have been enacted or substantively enacted by the end of the reporting period. As such, the corporate tax rate change to 27% from 28% used in the prior year has had an effect on the deferred tax liability at the capital gains tax rate for the year ended 31 December 2022. Non-taxable income relates primarily to dividend income and unrealised fair value gains.

10.5 Capital gains tax on investments

Cumulative deferred tax of R206 million (2021: R239 million) has been raised through the statement of comprehensive income for tax on investments that are accounted for on a fair value basis if they were sold at market values except where assessed losses are available for use, or where investees' foreign subsidiaries may be sold to foreign buyers, or where investees are likely to sell their businesses and have raised deferred CGT themselves.

	GROUP		COMPANY	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
11. Lease liability *				
Maturity analysis (undiscounted cash flows):				
Not later than one year	1 193	1 118	–	–
Later than one year and not later than five years	1 819	3 012	–	–
	3 012	4 130	–	–
<i>Less:</i> interest	(254)	(482)	–	–
<i>Less:</i> current portion	(1 032)	(890)	–	–
Long-term lease liability	1 726	2 758	–	–
Reconciliation of lease liability	2 758	3 648	–	–
Opening balance	3 648	4 302	–	–
Capital repayments	(890)	(618)	–	–
Interest accrued	228	285	–	–
Interest paid	(228)	(285)	–	–

* In line with the proactive monitoring feedback received from the JSE Limited, this note has been enhanced for more detailed disclosure.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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	GROUP	
	2022 cents	2021 cents
12. Earnings per share		
Earnings per share represents the profits in cents attributable to each share and comprises net income for the year attributable to ordinary shareholders divided by the weighted average number of shares in issue during the year.		
Earnings per share	1 590,7	1 689,6
The weighted average number of shares used in the calculation for the current year is 39 472 033 (2021: 40 199 669). There are no potentially dilutive shares or options.	39 472	40 200
13. Dividends per share		
Dividends per share (final of 60 cents proposed after year-end) (cents) *	90	75
<i>* 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 48 cents per ordinary share to non-exempt shareholders.</i>		
	2022 R'000	2021 R'000
14. Headline earnings per share		
Headline earnings per share comprise attributable income adjusted by certain exceptional losses attributable to ordinary shareholders divided by the weighted average number of shares in issue as follows:		
Net income for the year attributable to equity shareholders	627 873	679 201
Loss on disposal of property, plant and equipment	194	51
Headline earnings for the year	628 067	679 252
Headline earnings per share (cents)	1 591,2	1 689,7
The taxation impact of the adjusting items is either not material or not applicable and therefore no tax impact is presented.		
The weighted average number of shares used in the calculation for the current year is 39 472 033 (2021: 40 166 669).		

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2022

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	CS Seabrooke		R Pleaner *¹		L Rood		K De Matteis *²		Total	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000	2022 R'000	2021 R'000	2022 R'000	2021 R'000	2022 R'000	2021 R'000
15. Directors' emoluments										
<i>Executive directors</i>										
Salaries	2 926	2 785	823	2 352	3 476	3 310	1 583	–	8 808	8 447
Retirement and medical	459	449	121	408	330	314	150	–	1 060	1 171
Other benefits	1 652	1 573	210	600	550	524	172	–	2 584	2 697
Basic remuneration	5 037	4 807	1 154	3 360	4 356	4 148	1 905	–	12 452	12 315
Incentive bonuses										
– Short-term	13 951	12 452	–	5 340	6 289	5 537	4 633	–	24 873	23 329
– Provision * ³	1 477	6 150	–	2 630	2 084	2 630	1 130	–	4 691	11 410
– LTIP	3 344	3 884	–	2 137	2 886	–	–	–	6 230	6 021
Total remuneration	23 809	27 293	1 154	13 467	15 615	12 315	7 668	–	48 246	53 075
<i>Non-executive directors</i>										
Fees as directors									4 500	2 341
L Mthimunye									1 052	619
K Pillay									1 388	582
O Ighodaro									915	506
BJT Shongwe									1 145	634
									52 746	55 416

Executive directors earn remuneration for services to all companies within the Group and therefore represents the total remuneration in relation to these services.

Some of the directors are also executives and/or directors of certain of the Group's investee companies from some of which they receive remuneration or fees separate from the consulting fees received by Sabcap for services provided to them by executive directors and staff of Sabcap. Directors' interest in the equities of the Group are set out on page 50.

Refer to note 22 for loan amounts owing to the Group by respective directors.

*¹ Retired 30 April 2022 and therefore emoluments are only for the 4-month period.

*² Appointed 30 April 2022 and therefore emoluments are only for the 8-month period.

*³ As per the remuneration policy, part of the executive bonuses are calculated on profit after tax and NAV. As these figures are only finalised once the financial statements have been audited, interim bonuses are paid before the year-end based on a conservatively estimated PAT and NAV and an accrual is created for the estimated balance and this is paid in the following year once the final PAT and NAV figures have been calculated.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2022

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	GROUP		COMPANY	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
16. Revenue				
Revenue comprises dividends, fees and interest	240 683	273 147	110 001	100 001

	GROUP	
	2022 R'000	2021 R'000
17. Other comprehensive income		
Items that may subsequently be classified in profit and loss		
Translation of foreign subsidiary	51 680	56 033

	GROUP	
	2022 R'000	2021 R'000
18. Net asset value per share		
Net asset value per share – cents *	11 017	9 371
Number of shares in issue (less held in treasury) – 000's	39 400	39 530

* Represents the net asset value of the Group per issued ordinary share (excluding treasury shares). This is a non-IFRS measure.

19. Contingent liabilities and commitments

- 19.1** The Group has rights and obligations in terms of shareholder or purchase and sale agreements relating to its present or former investments.
- 19.2** A subsidiary has given guarantees on behalf of certain investees in the ordinary course of business for deal and operational credit in amounts totalling R140m (31 Dec 2021: R150m) and which were utilised at reporting date in the amount of R40m (31 Dec 2021: Rnil).
- 19.3** A subsidiary had given an undertaking to follow a rights issue in an investee of up to \$3 million if so required by its bankers before 31 December 2022. This was released during the year.

20. Hypothecations

- 20.1** The investment funds and listed equities offshore are encumbered in favour of the lenders of the offshore portfolio finance as security for the funding facilities provided to Sabvest Capital Holdings Limited (BVI). No guarantees have been provided by any of the South African companies.
- 20.2** The facilities provided in South Africa have been guaranteed by each of the South African companies. None of the assets of the South African companies have been encumbered and non-encumbrance agreements have been given to the Group's RSA bankers and lenders.

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for the year ended 31 December 2022

*continued***21. Financial instruments****21.1 Capital risk management**

The Group manages its capital to ensure that entities in the Group would be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2009.

The capital structure of the Group consists of cash and cash equivalents, equity attributable to ordinary shareholders comprising issued share capital, reserves and accumulated profit (as disclosed in notes 5 and 6) and interest-bearing borrowings (as disclosed in note 7). The undrawn short-term facilities available to the Group are set out in note 21.6.

	GROUP		COMPANY	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
21.2 Categories of financial instruments				
<i>Financial assets</i>				
Fair value through profit or loss				
Held for trading – investment holdings	4 997 635	4 016 189	–	–
– investment funds offshore	–	75 138	–	–
Amortised cost				
Investment in subsidiaries	–	–	1 443 375	1 443 375
Finance advances and receivables	57 189	21 663	367	–
Cash at bank	49 901	146 360	40	44
<i>Financial liabilities</i>				
Amortised cost				
Interest-bearing debt – medium-term	400 000	240 000	–	–
– portfolio finance offshore	–	12 944	–	–
– interest-bearing debt	107 394	7 446	–	–
Accounts payable and lease liability	26 950	21 814	2 517	2 259

21.3 Foreign currency risk

The Group's financial statements are prepared using Rand as its presentation currency. The Group's foreign subsidiary has USD (US\$) as its functional currency. Therefore the Group's predominant exposure to foreign exchange fluctuations is related to the sensitivities of movements in the presentation value as a result of using Rand as its presentation currency.

The Group's foreign subsidiary may also hold assets and liabilities in currencies other than its functional currency, resulting in exposure to foreign exchange rate fluctuations. The Group does not seek to hedge the carrying value of these assets or liabilities but will consider hedging strategies for cash flows denominated in foreign currencies which are deemed significant for the Group.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2022

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21. Financial instruments *continued*

21.3 Foreign currency risk *continued*

It is the policy of the Group to enter into forward exchange contracts to cover 100% of foreign currency repayments. Forward exchange contracts are taken as and when it receives the foreign exchange. As at 31 December 2022 and 31 December 2021, the Group's South African and foreign operations had no material foreign exchange exposure.

21.4 Interest rate risk

The Group has long-term borrowings from third parties in the amount of R400 million (2021: R240 million). The short-term interest-bearing borrowings comprise mainly short-term bank facilities in the amount of R93,4 million (2021: Rnil), those from related parties (refer note 22) in the amount of R6,2 million (2021: R2,8 million) and from third parties in the amount of R7,8 million (2021: R17,6 million). The Group is exposed to interest rate risk as it borrows funds at floating interest rates. The Group manages the interest rate cost by monitoring cash flows on a daily basis and by borrowing on overnight call and term loans to match the cash flows. If interest rates during the year had been 1% higher or lower and other variables were held constant then the profit for the year would decrease/increase by R5,1 million (2021: R2,6 million). Interest rate risk in relation to financial assets, which is predominantly due to the loans to investees that are linked to prime, is not considered material to the Group.

21.5 Credit risk management

Credit risk refers to risk that a counter-party would default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only lending money to its investees or related parties of investees, the companies in which it holds long-term investments and for participating in the funding of the purchase of consumer book debt. Credit exposure is controlled by counter-party limits that are reviewed and approved by the Board annually.

The expected credit losses associated with its debt instruments carried at amortised cost are assessed on a forward-looking basis. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the simplified approach permitted by IFRS 9 is applied, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The carrying amount of the financial asset is reduced by the expected credit loss directly only when all legal avenues have been exhausted and there is no possibility of an additional recovery. Changes in the carrying amount and subsequent recoveries of amounts previously written off are recognised in profit or loss.

For financial assets carried at amortised cost, the expected credit loss is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of financial assets recorded in the financial statements, which is net of expected credit losses, represents the Group's maximum exposure to credit risk.

21.6 Liquidity risk management

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecasts and actual cash flows and matching the maturity or current liquidity profiles of financial assets and liabilities and listed investments.

At 31 December 2022 the Group had R106,6 million of undrawn facilities (2021: R150 million) and R49,9 million cash at bank (2021: R146,4 million) at its disposal to further reduce liquidity risk.

The liabilities, other than the long-term borrowings, are payable within the next year.

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21. Financial instruments *continued*

21.7 Fair value investments *¹

21.7.1 Fair value of financial assets and liabilities measured at fair value on a recurring basis:

IFRS 13 provides a hierarchy that classifies inputs employed to determine fair value. Investments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities (i.e. valued using quoted prices on various stock exchanges).

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 – Inputs for the asset or liability that are not based on observable market data (valued at fair value using either the maintainable earnings model *² or attributable NAV).

There are no financial assets or liabilities that are categorised as Level 2 in the current year or prior year.

Level 1 – Listed investments valuation summaries	2022	2021
Corero – a LSE listed group focused on cyber and network security and, in particular, protection from DDOS attacks		
Number of ordinary shares * ³	50 000 000	47 000 000
Price per share – GBP	9,25	12,5
Fair value – GBP'000	4 625	5 875
Fair value – R'000	94 486	126 181
Metrofile – a JSE listed service provider to industry in four categories – secure storage, digital services, business support services and products and solutions		
Number of ordinary shares * ⁴	56 000 000	55 000 000
Price per share – cents	350	345
Fair value – R'000	196 000	189 750
Transaction Capital – a JSE listed specialised financial group whose operations comprise SA Taxi, TC Risk Services and WeBuyCars		
Number of ordinary shares * ⁵	5 000 000	6 000 000
Price per share – cents	3 310	4 503
Fair value * ⁶ – R'000	165 500	270 180
Total listed fair value – R'000	455 986	586 111

*¹ In line with the proactive monitoring feedback received from the JSE Limited, this note has been enhanced for more detailed disclosure, whereas it was abbreviated in prior years.

*² Level of maintainable earnings based on historic and future projections and normalisation of earnings, where appropriate. The higher the multiples used the higher the value.

*³ Increased holding during the year by 3m shares to 50m shares, representing 10,1% of Corero, for GBP0,4m (R7,4m).

*⁴ Increased holding during the year by 1m shares to 56m shares, representing 13,1% of Metrofile, for R3,2m.

*⁵ Disposed of 1m shares during the year for R48,7m, retaining 5m shares, as part of Sabcap's liquidity and portfolio balancing decisions.

*⁶ In a SENS announcement released on 14 March 2023, Transaction Capital ("TC") advised shareholders that the cyclical headwinds facing its SA Taxi division post the disruption of COVID, together with the ongoing effects of load shedding and adverse economic conditions, necessitate a simplification of its business model to a lower and more variable cost base, higher quality loan origination and a lower number of new loans. As a consequence, TC has advised of the need for one-off provisions against SA Taxi's loan book and repossessed inventory, and signaled lower TC core EPS in the coming reporting period. The TC share price dropped materially after the announcement. As a result, the fair value of Sabcap's investment in TC has reduced from R165,5m at 31 December 2022 to R73,0m at 15 March 2023 (being the last practicable date before the release of Sabcap's 2022 results). After adjusting for deferred tax of R20,0m on this movement, the net impact of R72,5m on Shareholders Equity is equivalent to a reduction of 184c in Sabcap NAV per share of 11 017c at the reporting date.

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21. Financial instruments *continued*21.7 Fair value investments *continued*

21.7.1 Fair value of financial assets and liabilities measured at fair value on a recurring basis:

Level 1 – Listed investments valuation summaries <i>continued</i>	2022	2021
Investment fund offshore – investment in the Capital Group		
New Perspective Fund (LUX – Equity)		
Number of units	–	191 662
Price per unit – USD	–	24,66
Fair value – USD'000	–	4 726
Fair value – R'000	–	75 138
Total investment funds offshore fair value – R'000	–	75 138

Level 3 – Unlisted Investments valuation summaries * ¹	2022	2021
Apex – an industrial group with controlling interests in distribution, engineering and manufacturing businesses in South Africa. The distribution segment comprises Letaba Pumps, TGS, Elephant Lifting and ELB Equipment. The engineering segment comprises ET-X Projects and CBZ Solutions. The manufacturing division includes Gabriel SA. It also holds special situation financial assets.		
EBITDA valuation multiple * ²	5,5x	4,5x
44,8% equity interest – R'000	504 023	303 760
ARB Holdings – 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 projects 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.. (ARB was acquired in June 2022)		
EBITDA valuation multiple/basis of valuation	6,5x	–
18,5% equity interest * ³ – R'000	13 930	–
Investment loans – R'000	236 326	–
Fair value – R'000	250 256	–

*¹ Equity interests unchanged from prior year unless otherwise stated.

*² Apex previously applied the investment entity exemption under IFRS 10, with its investments treated by it as portfolio holdings. Therefore, in measuring its investments at fair value in its financial statements it had already applied the maintainable earnings model and multiples to its holdings and it was therefore appropriate for Sabcap to take the NAV after Apex had revalued under IFRS 10. In 2021, it changed its strategy and model to be an industrial group controlling and growing its business units and switched to consolidated accounting without valuing on a portfolio basis under IFRS10. Therefore Sabcap switched to doing a maintainable earnings valuation based on the new consolidated accounts, as it does with all its other industrial investees. The provisional multiple applied to Apex of 4,5x was reassessed to 5,5x at the 30 June 2022 reporting date after taking into consideration annualised sales revenues then close to R2 billion and the multiples of a comparative group of South African industrial businesses.

*³ Acquired an indirect effective interest of 18,5% in ARB Holdings (Pty) Ltd during the year through a new investment of 49,9% in Masimong Electrical Holdings (Pty) Ltd (MEH) for shareholder funding of R199m and guarantees of R24,5m (which were subsequently released during the year), enabling MEH to acquire 37,07% of ARB.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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21. Financial instruments *continued***21.7 Fair value investments** *continued***21.7.1 Fair value of financial assets and liabilities measured at fair value on a recurring basis:**

Level 3 – Unlisted investments valuation summaries <i>continued</i>	2022	2021
Classic Food Brands – a food manufacturer specialising in crumbed chicken products distributed mostly through retail outlets, including major supermarket and food chains in South Africa.		
Basis of valuation	NAV	NAV
40% equity interest * ¹ (31 Dec 2021: 25%) – R'000	–	–
Investment loans – R'000	8 205	15 091
Fair value * ² – R'000	8 205	15 091
DNI – a leading distribution and technology company operating in emerging market economies but mostly in South Africa at present. The DNI group provides and distributes products and services to the telecommunications, banking and retail sectors. The group has four main operating segments, being Mobile distribution, Hardware distribution, Technology, and Value-added services		
EBITDA valuation multiple	6,5x	6,5x
19,9% equity interest (31 Dec 2021: 19,1%) * ³ – R'000	1 028 087	907 682
Flexo Line Products – 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.		
EBITDA valuation multiple	4,5x	4,5x
47,5% equity interest – R'000	–	29 882
Investment loans – R'000	7 033	79 729
Fair value * ² – R'000	7 033	109 611
Halewood South Africa – 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. (Halewood South Africa was acquired in June 2022).		
EBITDA valuation multiple/basis of valuation	7,25x	–
19,0% equity interest * ⁴ – R'000	–	–
Investment loans – R'000	165 586	–
Fair value – R'000	165 586	116 539

*¹ Increased holding in current year from 25% to 40% as a result of a shareholding restructure.

*² Fair values are net of impairments to investment loans.

*³ Effective interest of 19,99% (2021: 19,1%) through 35,98% of JAAH Investments (2021: 28,74%), which indirectly owns 45,35% of DNI (2021: 46,12%) through DNI Invest (Pty) Ltd and a 3,32% interest in DN Invest (Pty) Ltd (2021: 5,85%), which owns 100% of DNI. Shareholding increased in the current year as a result of a restructure of direct and indirect holdings. Increased effective holding in DNI during the year by 0,8% to 19,99% for R38,3m, after a restructure of direct and indirect holdings.

*⁴ Acquired an indirect effective interest of 18,95% interest in Halewood International South Africa (Pty) Ltd during the year through a new investment of 41,03% in Masimong Beverage Holdings (Pty) Ltd (MBH), comprising shareholder loans of R117m and financial guarantees of R51m (which were subsequently released during the year), enabling MBH to acquire 46,19% of Halewood through an SPV.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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21. Financial instruments *continued*21.7 Fair value investments *continued*

21.7.1 Fair value of financial assets and liabilities measured at fair value on a recurring basis:

Level 3 – Unlisted investments valuation summaries <i>continued</i>	2022	2021
ITL Group (Intelligent Labelling Solutions) – 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		
EBITDA valuation multiple	9,0x	9,0x
34,4% equity interest * ¹ (31 Dec 2021: 34%) – R'000	167 600	26 139
Investment loans – R'000	618 854	585 100
Fair value – R'000	786 454	611 239
Masimong Group Holdings – 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 and Anchor Capital		
Basis of valuation	NAV	NAV
10% equity interest – R'000	452 510	286 197
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		
Basis of valuation	NAV	NAV
11,0% equity interest * ² (31 Dec 2021: 15,1%) – R'000	–	–
Rolfes Holdings – a specialist manufacturer and distributor of agricultural, food, industrial and water chemical solutions and services.		
EBITDA valuation multiple	5,5x	6,0x
25,0% equity interest * ³ – R'000	189 289	201 594

*¹ *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. The percentage look-through shareholding in ITL Group increased from 34,0% to 34,4% due to share buy backs from retiring executives. It is expected that these may be reissued in future periods.*

*² *Sabcap elected not to follow the latest funding rounds and to accept a dilution in its interests to 11,0%. However, it is probable that it will follow the next round which should be Revix's last funding requirement.*

*³ *Effective interest of 25,0% through 11,0% held directly and 14,0% indirectly through Masimong Chemicals (Pty) Ltd. The EBITDA valuation multiple has been reduced from 6,0 x to 5,5 x due to a change in its business mix with the proportion from food chemicals increasing materially.*

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2022

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21. Financial instruments *continued***21.7 Fair value investments** *continued***21.7.1 Fair value of financial assets and liabilities measured at fair value on a recurring basis:**

Level 3 – Unlisted investments valuation summaries <i>continued</i>	2022	2021
SA Bias – 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.		
EBITDA valuation multiple ^{*1}	6,0x / 4,5x	6,0x / 4,5x
85,2% equity interest ^{*2} – R'000	1 018 861	906 348
Sunspray – 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.		
EBITDA valuation multiple	5,0x	5,0x
27,7% equity interest – R'000	80 915	73 316
Investment loans – R'000	5 709	5 240
Fair value – R'000	86 624	78 556
Valemount – the largest manufacturer and distributor of bird seed and related feeder products in South Africa and is also rapidly expanding the range of products it supplies to the wider pet market. (Valemount was acquired in December 2022).		
Basis of valuation	COST	–
39,3% equity interest ^{*3} – R'000	19 548	–
Investment loans – R'000	25 173	–
Fair value – R'000	44 721	–
Total unlisted investments fair value – R'000	4 541 649	3 430 078

^{*1} Flowmax is valued at 6,0 times and Narrowtex at 4,5 times.^{*2} Joint voting control with the PC-T Trust.^{*3} Acquired a 39,3% equity interest in Valemount Trading (Pty) Ltd (“Valemount”) during the year through an initial investment in equity and shareholder loans of R44,7m (subject to a top-up formula to be calculated based on their 28 February 2023 audited financial statements once finalised).

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21. Financial instruments *continued***21.7 Fair value investments** *continued*

If the notable unobservable inputs to the valuation model were changed, as noted in the table below, while all other variables were held constant, the fair value amount of the investments measured on Level 3 inputs would change as follows:

	Change in the maintainable earnings		Change in the price earnings ratio	
	Increase by 10% Rm	Decrease by 10% Rm	Increase by 10% Rm	Decrease by 10% Rm
Increase/(decrease) in fair value 31 December 2022	462,5	(459,4)	462,5	(459,4)
Increase/(decrease) in fair value 31 December 2021	338,7	(338,7)	338,7	(338,7)

Should the market price of both the listed investments held directly and the offshore listed shares have been 10% higher or lower at 31 December 2022, the value of shares would have increased or decreased by R45,6 million (2021: R66,1 million).

Should the market price of the investment funds offshore have been 10% higher or lower at 31 December 2021, the value would have increased or decreased by R7,5 million.

21.7.2 Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required).

The directors consider the carrying amounts of the financial assets and financial liabilities recognised in the consolidated financial statements to approximate their fair values.

	GROUP			
	31 December 2022		31 December 2021	
	Carrying amount R'000	Fair value R'000	Carrying amount R'000	Fair value R'000
Financial assets				
<i>Financial assets held at amortised cost</i>	107 090	107 090	168 023	168 023
Finance advances and receivables	57 189	57 189	21 663	21 663
Cash balances	49 901	49 901	146 360	146 360
Financial liabilities				
<i>Financial liabilities held at amortised cost</i>	534 344	534 344	285 949	285 949
Interest-bearing debt – long-term	400 000	400 000	240 000	240 000
Portfolio finance offshore	–	–	12 944	12 944
Interest-bearing debt	107 394	107 394	7 446	7 446
Accounts payable and lease liability	26 950	26 950	21 814	21 814

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for the year ended 31 December 2022

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21. Financial instruments *continued***21.7 Fair value investments** *continued*

	COMPANY			
	31 December 2022		31 December 2021	
	Carrying amount R'000	Fair value R'000	Carrying amount R'000	Fair value R'000
Financial assets				
<i>Financial assets held at amortised cost</i>	95 043	95 043	26 730	26 730
Loans and receivables	95 003	95 003	26 686	26 686
Cash balances	40	40	44	44
Financial liabilities				
<i>Financial liabilities held at amortised cost</i>	2 517	2 517	2 259	2 259
Accounts payable	2 517	2 517	2 259	2 259

IFRS 13 provides a hierarchy that classifies inputs employed to determine fair value. Financial assets and financial liabilities are classified and disclosed as follows:

	Financial fair value hierarchy as at 31 December 2022			
	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
Financial assets				
<i>Fair value through profit and loss</i>				
Listed investments	455 986	–	–	455 986
Unlisted investments	–	–	4 541 649	4 541 649
Investment funds offshore	–	–	–	–
Total	455 986	–	4 541 649	4 997 635

	Financial fair value hierarchy as at 31 December 2021			
	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
Financial assets				
<i>Fair value through profit and loss</i>				
Listed investments	586 111	–	–	586 111
Unlisted investments	–	–	3 430 078	3 430 078
Investment funds offshore	75 138	–	–	75 138
Total	661 249	–	3 430 078	4 091 327

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22. Related party transactions

Related party transactions can exist between subsidiaries and the holding company, fellow subsidiaries, associated companies and key management personnel. The subsidiaries of the Group are identified in Annexure A on page 97.

Transactions between the holding company, its subsidiaries and fellow subsidiaries relate to fees, dividends and interest. The income and loans are regarded as intergroup transactions and are eliminated on consolidation. Refer to Annexure A for indebtedness of subsidiaries.

Transactions between the holding company, its subsidiaries, and investees relate to fees, dividends and interest and these are reflected as income in the statement of comprehensive income.

Short-term loans are included in finance advances and receivables.

Transactions with directors relate to fees as disclosed in note 15 and fees and incentives as set out in this note. Monies lent to the Group by entities controlled by directors are included in interest-bearing debt (refer note 7) in the statement of financial position.

During the year Group entities entered into the following transactions with related parties that are not members of the Group:

	Fees received R'000	Fees paid R'000	Dividends received * ² R'000	Interest received R'000	Interest paid R'000	Amounts owed by related parties R'000	Amounts owed to related parties R'000
31 December 2022							
K De Matteis							
Individual * ¹	–	–	–	–	9	3 396	–
R Pleaner							
Individual * ³	–	–	–	–	154	–	1 925
CS Seabrooke and family							
Individual	–	–	–	–	123	–	6 556
Company	54	–	–	–	11	–	382
L Rood							
Individual * ¹	–	–	–	–	43	3 179	488
Investees	1 738	345	215 295	5 317	–	36 582	–

31 December 2021

R Pleaner and family							
Individual	–	–	–	–	116	–	1 771
CS Seabrooke and family							
Individual	–	–	–	–	58	–	338
Company	136	369	–	–	13	–	145
L Rood							
Individual * ¹	–	–	–	–	39	3 785	529
Investees	1 509	800	253 036	14 206	–	–	–

*¹ In terms of IFRS, interest-free loans are recorded at their present value. The gross amounts owing by K De Matteis and L Rood were R6 million (2021: n/a) and R5 million (2021: R5 million) respectively.

*² Dividends received from short-term, non-related party investments totalled R12,5m (2021: Rnil) during the period.

*³ While Mr Pleaner retired as a director of the Company on 30 April 2022, he was still deemed a related party for the reporting period. Mr Pleaner earned a total basic remuneration of R3,5m and total incentive bonuses of R9,0m for the 2022 financial year.

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*continued***23. Retirement benefit information**

Eight employees are members of the Group's retirement fund which operates on a defined contribution basis. Employee benefits are determined according to each member's equitable share of the total assets of the fund. Employees contribute 7,5% and the company contributes 9,5% of pensionable salary. The fund is reviewed on an annual basis and every three years a statutory valuation is performed and submitted to the Registrar of Pension Funds. The fund is governed by the Pension Fund Act of 1956. Retirement costs are expensed in the year in which they are incurred, which amounted to R1 264 672 (2021: R1 189 065).

The Group has no post-retirement medical aid commitments.

24. Capital commitments

The investment cost in Valemount Trading is subject to a top-up adjustment formula based on their 28 February 2023 audited financial statements once finalised. The top-up is not expected to exceed R10m. There are no other capital commitments.

25. Borrowing powers

The borrowing powers of the Group are not limited.

26. Subsequent events

Subsequent to the report period:

- 26.1** 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;
- 26.2** Sabcap increased its term debt by R100m and used the proceeds to reduce short-term debt by R100m; and
- 26.3** The fair value of Transaction Capital was materially impacted. Refer to note 21.7.1 for more details.

27. Operating segments

No operating segments have been disclosed in the annual financial statements as management view the business as one segment.

28. Going concern

Based on current revenues and projected revenues, the continuing build up in forward order books, the assumption of no further lockdowns of businesses and taking into consideration solvency, cash resource, forecasts, and the impact of COVID-19 on the Group's investee companies, the Board has concluded that the Group and Company will be a going concern in the year ahead. Refer to note 7 and note 21.6.

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ANNEXURE A

SCHEDULE OF CONSOLIDATED SUBSIDIARIES

Nature of business	Amount of issued capital R	Held directly or indirectly		Book value of interest shares		Indebtedness *		
		2022 %	2021 %	2022 R'000	2021 R'000	2022 R'000	2021 R'000	
Subsidiaries of Sabvest Capital Limited								
Sabvest Limited	Investment holding company	851	100	100	1 443 375	1 443 375	94 636	26 686
Investment in subsidiaries				1 443 375	1 443 375	–	–	
Indebtedness included in the company's assets						94 636	26 686	
Subsidiaries of Sabvest Limited								
Sabvest Investments (Pty) Limited	Investment holding company	4 000	100	100	4	4	92 836	91 225
Sabvest Financial Services (Pty) Limited	Corporate services	5 000	100	100	1	1	12 336	9 586
	Gross						28 739	29 219
	Impairment						(16 403)	(19 634)
Sabvest Finance and Guarantee Corporation (Pty) Limited	Finance investments and guarantees	6 000	100	100	5 000	5 000	1 452 799	1 435 971
Investment in subsidiaries				5 015	5 015			
Indebtedness included in the company's assets						1 557 971	1 536 782	
Subsidiaries of Sabvest Finance and Guarantee (Pty) Ltd								
Sabvest Capital Holdings Limited (BVI)	Investment holding company and corporate financier	US\$ 3	100	100	–	–	–	–
Aggregate net income after taxation, attributable to Sabvest Capital Limited's interest in its subsidiaries						636 250	685 465	

* Refer to note 22 – Related party transactions.

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*ANNEXURE B***SHARES AND SHAREHOLDERS****Shareholder analysis at 31 December 2022**

Category	Ordinary shares		
	Number of share-holders	% of total of share-holders	Number of shares held
Banks and nominee companies	22	0,8	3 168 218
Investment and trust companies	128	4,6	25 082 560
Other corporate bodies	142	5,1	5 770 332
Individuals	2 497	89,5	5 528 890
	2 789	100,0	39 550 000

Major shareholders

Shareholders whose holdings of ordinary shares in the Company total more than 5% of the ordinary shares in issue:

Category	Ordinary shares	
	Number of shares held	% of issued shares
The Seabrooke Family Trust	16 000 000	40,5
Eric Ellerine Trust and Ellerine Group Investments	3 752 541	9,5
InsingerGilissen Bankiers N.V.	2 928 789	7,4
	22 681 330	57,4

Shareholder spread

Category	Ordinary shares		
	Number ordinary share-holders	Number ordinary shares in issue	% ordinary shares in issue
Non-public shareholders			
Directors	6	16 765 176	42,4
Total non-public shareholders	6	16 765 176	42,4
Public shareholders	2 783	22 784 824	57,6
	2 789	39 550 000	100,0

Note: Directors' holdings are set out on page 50.

Stock exchange performance

Category	Subcap ordinary shares	
	2022	2021
Closing price (cents)	8 360	6 100
Highest price (cents)	8 500	6 100
Lowest price (cents)	5 700	2 700
Total number of shares traded ('000)	2 291	4 652
Total value of shares traded (R'000)	157 936	208 608
Total number of transactions recorded	3 084	3 229
Total volume of shares traded as a percentage of total issued shares (%)	5,8	11,8