



**SABVEST CAPITAL
LIMITED**

Registration number 2020/030059/06

Annual Financial Statements

2023

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 17 to 46, fairly present in all material respects the financial position, financial performance and cash flows of Sabcap in terms of IFRS® Accounting Standards;
- (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 Sabcap and its consolidated subsidiaries have been provided to effectively prepare the financial statements of Sabcap;
- (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
19 March 2024



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 IFRS[®] Accounting Standards, 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 13 to 16 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
19 March 2024



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
19 March 2024

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**SOCIAL, ETHICS AND
TRANSFORMATION COMMITTEE REPORT**

for the year ended 31 December 2023

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 R2,3m in 2023 (2022: R3,3m) 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

19 March 2024

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AUDIT AND RISK COMMITTEE REPORT

for the year ended 31 December 2023

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.
- ◆ In the prior year, following an assessment performed by the Committee, it was concluded that the implementation of Mandatory Audit Firm Rotation was required. Following the conclusion of a tender process, the audit firm PricewaterhouseCoopers (“PwC”), and the audit partner, Mr Pieter Pelcher, were proposed to shareholders at the Company’s Annual General Meeting to be the Group’s auditor and audit partner for the 2023 financial year. Shareholders approved their appointment at this meeting.
- ◆ We reviewed the policies and processes in place between the Company and PwC to ensure that independence is maintained. These included, *inter alia*, the assessment and pre-approval processes for engaging on non-audit services. Our conclusion, following the above assessment, was that the policies and processes were in place to ensure independence and that PwC, and the audit partner Mr Pieter Pelcher, are independent of the Company and could continue as external auditor for the year ended 31 December 2023.
- ◆ 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 7 to the annual financial statements.
- ◆ 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 Committee noted the assessment that the Company’s subsidiaries be reclassified as investment entities under IFRS 10 and approved the change to cease consolidating the subsidiaries which was done incorrectly previously and restate the financial statements.
- ◆ We have further considered the requirements and guidance of the Listings Requirements of the JSE Limited, the Companies Act and the International Federation. The appointment of the external auditor complies with the Companies Act, paragraph 3.84 of the JSE Listings Requirements and with all other legislation relating to the appointment of external auditors.
- ◆ 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 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 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 and the mitigating controls in place.
- ◆ The Committee noted the going concern assessment and is satisfied that the Company will be a going concern for the foreseeable future and has continued to adopt the going concern basis in preparing the financial statements.
- ◆ 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 and related disclosures.



L Mthimunye

Audit and Risk Committee Chairman

Sandton

19 March 2024

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DIRECTORS' REPORT

for the year ended 31 December 2023

Nature of business

Sabcap is an investment holding company.

Results of operations

The results of operations for the year ended 31 December 2023 are reflected in the attached audited annual financial statements.

Subsidiaries

Details of the Company's interest in its 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 Company will be a going concern in the year ahead. Refer to Going Concern note 17.

Investments

Details of the Company's investments are set out in note 1 to the annual financial statements and details of the Company's subsidiaries investments are detailed in note 19.

Directors' interests

The directors' beneficial and non-beneficial direct and indirect holdings in the ordinary shares of the Company at 31 December 2023 were as follows:

	2023 '000's	2022 000's
Executive		
CS Seabrooke	16 000	16 000
L Rood	338	336
K De Matteis	300	290
Non-executive		
K Pillay	79	79
L Mthimunye	20	30
BJT Shongwe	30	30
O Ighodaro	–	–
	16 767	16 765

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 Company and its subsidiaries maintain comprehensive insurance providing cover under directors and officers' liability, public liability and other risks.

Dividends

An interim dividend of 30 cents per share (2022: 30 cents) was declared and paid during the year and a final dividend of 60 cents per share (2022: 60 cents) has been declared subsequent to the year-end, making a total of 90 cents for the year (2022: 90 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 2023

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Share capital

During 2022, the Company repurchased and cancelled 330 000 ordinary shares previously held by its subsidiary, Sabvest Finance and Guarantee Corporation (Pty) Ltd. Accordingly, the number of shares in issue at year-end, was 39 220 000 ordinary shares (31 Dec 2022: 39 400 000 net of treasury shares).

Changes in investment holdings

During the reporting period the Company and its subsidiaries:

- ◆ increased the holding in Transaction Capital Limited (“TC”) by 1m shares to 6m shares, representing 0,7% of TC, for R9,6m;
- ◆ increased the holding in Corero Network Security Plc (“Corero”) by 1m shares to 51m shares, representing 10,0% of Corero, for GBP0,1m (R2,3m).
- ◆ increased the holding in Metrofile Holdings Limited (“Metrofile”) by 1m shares to 57m shares, representing 13,5% of Metrofile, for R2,7m.
- ◆ reorganised the effective interest of 18,50% in ARB by way of a series of transactions, which resulted in a reduction of the holding in Masimong Electrical Holdings (“MEH”) to 35,27% and the acquisition of a direct stake of 8,38% in ARB, investing a net amount of R50,8m, and enabling a reduction of bank debt in MEH;
- ◆ increased the loan funding in Masimong Beverage Holdings (“MBH”) by R35,2m to facilitate the repayment of all deal debt by MBH;
- ◆ increased the term debt by R200m to fund increased investment loans and a repayment of short-term bank debt;
- ◆ received R51m for the reduction in the holding in Masimong Group Holdings (Pty) Ltd (“Masimong”), from 10% to 9%, after a Masimong Group capital restructure which eliminated a class of bank-owned preference shares;
- ◆ acquired a 3,75% indirect holding in Versofy (Pty) Ltd (“Versofy”), through its 25,0% interest in a consortium which has purchased an initial 15% of Versofy, providing initial loan funding of R16,5m (the amount of which may vary as the deal terms are implemented), and which is presently held as a current asset at nominal value in a subsidiary while the Versofy solar business model and strategic alternatives are further developed with management and co-shareholders in the period ahead;
- ◆ entered into an agreement, subject to certain suspensive conditions, which will result in the interest in Sunspray Food Ingredients (Pty) Ltd reducing from 27,67% to 11,1% and being held directly through Sunspray Solutions (Pty) Ltd (and no longer through Famdeem Investments (Pty) Ltd), and which will result in an initial receipt of R80,7m in February 2024, subject to top-up adjustment provisions over three years;
- ◆ disposed of the equity interest in Classic Food Brands (Pty) Ltd for nominal value;
- ◆ reclassified the 16,5% equity interest in Altify UK Limited (previously Revix UK Limited) as held for sale and which is carried at nominal value as in previous periods;
- ◆ made an equity top-up of R3,4m in Valemount Trading (Pty) Ltd (“Valemount”) in terms of the purchase consideration top-up adjustment formula (with no change to Sabcap’s equity interest of 39,3%); and
- ◆ acquired 180 000 Sabcap shares through a shareholder approved buyback programme for R11,8m and cancelled 330 000 ordinary shares held as treasury shares.

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DIRECTORS' REPORT

for the year ended 31 December 2023

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

- ◆ Apex increased its interest in DRA Global Limited to 22,1%;
- ◆ ARB acquired the minority interests in its Eurolux lighting division and acquired 67% of Cable Feeder Systems (Pty) Ltd;
- ◆ DNI:
 - increased its interest in Sim Holdco to 95%;
 - acquired 20% of Vagle and Associates (a security solutions provider), 45,6% of Sebenza Wi-Fi (an e-services connectivity platform for taxis and buses), and the business of Vocall (a sim card and mobile product distributor);
 - increased its interest in AtCommerce (property investment company) from 50% to 100%;
 - increased its shareholding in the Digital Ecosystems technology division from 61,9% to 68,4%; and
 - in its Digital Ecosystems technology division, increased its interests in PayMeNow to 71,5% and in Mobile Content International to 60,5%, acquired 47,2% of Paytime (an earned wage access technology solution provider in Australia), acquired a note convertible into a minimum of 7% of Neem (an early stage Bank-as-a-Service technology platform in Pakistan), and acquired 75% of Digitata Limited (a provider of intelligent pricing, subscriber engagement and mobile network management solutions);
- ◆ Masimong acquired a look-through interest of 20,6% in Chemfin (a manufacturer and distributor of enamels, plastics, coatings and resins, and importer/ distributor of chemicals and ingredients), and through Seriti Green acquired a portfolio of renewable energy projects through the acquisition by Seriti of a controlling interest in Windlab;
- ◆ SA Bias, through Flowmax, acquired 100% of Rob Pond Limited, a distributor of fluid handling products and solutions in the UK and increased its shareholding in Essco Controls Limited from 68,7% to 78,7%; and
- ◆ Valemount acquired the pet food and products business of Drover Investments.

Basis of preparation of the financial statements

During the current reporting period, management has reassessed the investment entity status of all of the subsidiaries within the Group, based on the requirements as set out in IFRS 10. Based on this assessment, management has concluded that the Company's subsidiaries in fact satisfy the requirements as set out in IFRS 10 and were incorrectly consolidated in terms of IFRS 10 paragraph 32. As such, these subsidiaries have been reclassified as investment entities under IFRS 10 and the financial statements have been restated to cease consolidating the subsidiaries. The Company's investment in Sabvest (Pty) Ltd ("Sabvest") has since been measured at Fair Value Through Profit and Loss ("FVTPL") as opposed to the historical measurement at cost less accumulated impairment loss. Similarly, Sabvest's investments in Sabvest Finance and Guarantee Corporation (Pty) Ltd and Sabvest Investments (Pty) Ltd have been measured on the same basis. The restated net asset value ("NAV") is the same as the NAV of the previously consolidated Group for the comparative periods, as the fair value of the investment entities remain unchanged.

Pursuant to Sabcap accounting as an investment entity, the layouts of Sabcap's statement of financial position, statement of comprehensive income and statement of cash flows were aligned to the disclosure requirements for investment entities under IFRS 10 and to the format presented by other investment entities. This results in fair value accounting now being reflected in the Company financial statements in the investments line as opposed to the previously presented consolidated statements that had some assets and liabilities separately disclosed. As a result of the restatement, no consolidated financial statements are presented. Refer to note 20 for the impact of the restatement.

Audited annual financial statements

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DIRECTORS' REPORT

for the year ended 31 December 2023

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Directorate and governance

Details of the present Board of Directors and the Company Secretary can be found in the Administration section attached.

Mr K Pillay, Mr L Rood and Mr B Shongwe will retire at the forthcoming annual general meeting but, being eligible, offer themselves for re-election.

Auditors

PricewaterhouseCoopers were reappointed as external auditors at the Annual General Meeting held on 18 May 2023.

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 47.

Subsequent events

Subsequent to the reporting period, the Company's subsidiaries:

- ◆ received the R80,6m initial amount resulting from the Sunspray transaction; and
- ◆ prepaid the R70m term loan due 30 June 2025.

Refer to Subsequent Events notes 15 and 19.3.

Special resolutions

The following is a summary of the special resolutions that were passed at the annual general meeting held on 18 May 2023:

Special resolution number 1

Approval of proposed non-executive directors' remuneration for the year ending 31 December 2023

"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 2023 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 2023

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	Year ending 2023 R	Year ended 2022 (annualised) R
Chairman	845 000	790 000
Lead Independent Director	513 000	480 000
Non-executive directors	321 000	300 000
Chairman of the Audit Committee	230 000	215 000
Chairman of the Remuneration Committee	134 000	125 000
Chairman of the Nominations Committee	112 000	105 000
Chairman of the Social, Ethics and Transformation Committee	123 000	115 000
Audit and Risk Committee members/invitees	134 000	125 000
Remuneration Committee members/invitees	80 000	75 000
Nominations Committee members/invitees	77 000	72 000
Social, Ethics and Transformation Committee members/invitees	73 000	68 000
Chairman of the Investment Committee	350 000	350 000
Investment Committee members/invitees	275 000	275 000

The resolution was passed on 18 May 2023.

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 18 May 2023.

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

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DIRECTORS' REPORT

for the year ended 31 December 2023

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limitation by way of lending money, guaranteeing a loan or other obligation, securing any debt obligation or otherwise, 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 18 May 2023.

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 2023

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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 18 May 2023.

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 19 March 2024.

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INDEPENDENT AUDITOR'S REPORT**To the Shareholders of Sabvest Capital Limited****Report on the audit of the financial statements*****Our opinion***

In our opinion, the financial statements present fairly, in all material respects, the financial position of Sabvest Capital Limited standing alone (the "Company") as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards and the requirements of the Companies Act of South Africa.

What we have audited

Sabvest Capital Limited's financial statements of the Company standing alone set out on pages 17 to 46 comprise:

- the statement of financial position as at 31 December 2023;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, including material accounting policy information.

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 financial statements* section of our report.

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

Independence

We are independent of the Company in accordance with the 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' *International Code of Ethics for Professional Accountants (including International Independence Standards)*.

Our audit approach**Overview****Overall materiality**

- Overall materiality: R42.3 million, which represents 1% of *Total Assets*

Key audit matters

- *Valuation of Unlisted Investments*

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

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INDEPENDENT AUDITOR'S REPORT

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Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall materiality	<i>R42.9 million</i>
How we determined it	<i>1% of Total Assets</i>
Rationale for the materiality benchmark applied	<i>We chose total assets as a benchmark because in our view, it is the benchmark against which the performance of the Company is most commonly measured by users. We chose 1% which is consistent with the quantitative materiality thresholds that we consider to be appropriate for companies in this sector.</i>

Key audit matter	How our audit addressed the key audit matter
Valuation of Unlisted Investments	
<p>Refer to the following sections of the financial statements for disclosures as it relates to this key audit matter:</p> <ul style="list-style-type: none"> • 'Investments' Section of the accounting policies • Note 1 in the financial statements • Note 13.7 in the financial statements • Note 19.1 in the financial statements <p>The company holds an interest in several unlisted investments through its wholly owned subsidiaries referenced in Annexure A of the financial statements. The company's investments in its wholly owned subsidiaries are measured at fair value through profit or loss as required by IFRS 10 as the company is an investment entity. Included in the fair value of the wholly owned subsidiaries are unlisted investments with a fair value of R4.65 billion as at 31 December 2023.</p> <p>The fair value of the unlisted investments, as determined by management and approved by the Board of Directors, are determined by applying valuation methodologies, as required by IFRS 13: Fair Value. The methodologies include the determination of EBITDA multiples which are applied to maintainable earnings as the preferred approach as indicated in the Investments section of the accounting policies.</p> <p>We considered the fair value of the unlisted investments to be a matter of most significance to the current year audit due to:</p> <ul style="list-style-type: none"> • The magnitude of the unlisted investments in relation to the financial statements; and • The degree of judgement and estimation applied in determining fair value of the underlying unlisted investments 	<p>Our audit addressed the key audit matter by performing the following procedures:</p> <ul style="list-style-type: none"> • We evaluated the design and implementation of controls over the company's investment valuation process. • We obtained an understanding of the methodology used and utilised our valuations expertise to assess whether the company's valuation techniques are accepted as an appropriate methodology in the industry. • For a sample of unlisted investments, we assessed the reasonableness of the EBITDA multiples and maintainable earnings used in the valuation by leveraging our valuation experts. We independently compared the multiples determined by management to those of similar entities, which have been adjusted for entity specific factors which include size, diversification and country risk adjustments, amongst others. • For a sample of unlisted investments, we independently recalculated the fair values in accordance with the discounted cash flow approach, and compared management's valuations to the amounts we calculated. • We tested the mathematical accuracy of the underlying valuation calculations and noted no material exceptions.

Audited annual financial statements

continued

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 2023", which includes the Directors' Report, the Audit and Risk Committee's Report and the Declaration by Company Secretary as required by the Companies Act of South Africa, which we obtained prior to the date of this auditor's report, and the other sections of the document titled "Sabvest Capital Limited Annual Report 2023", which is expected to be made available to us after that date. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the 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 that we 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 financial statements¹

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

¹ "The examination of controls over the maintenance and integrity of the Company's website is beyond the scope of the audit of the financial statements. Accordingly, we accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website."

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the 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 PricewaterhouseCoopers Inc. has been the auditor of Sabvest Capital Limited for 1 year.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.

Director: P Pelcher

Registered Auditor

Johannesburg, South Africa

19 March 2024

Audited annual financial statements

continued

STATEMENT OF FINANCIAL POSITION

at 31 December 2023

	Notes	2023 R'000	2022 * ¹ R'000	2021 * ¹ R'000
Non-current assets		4 291 726	4 342 979	3 706 542
Investment in subsidiaries	1	4 291 726	4 342 979	3 706 542
Current assets		444	407	44
Accounts receivable	2	403	367	–
Cash balances	3	41	40	44
Total assets		4 292 170	4 343 386	3 706 586
Share capital	4	1 326 821	1 338 645	1 348 116
Accumulated profit		2 962 435	3 002 224	2 356 211
Ordinary shareholders' equity		4 289 256	4 340 869	3 704 327
Current liabilities		2 914	2 517	2 259
Accounts payable		2 914	2 517	2 259
Total equity and liabilities		4 292 170	4 343 386	3 706 586

*¹ Restated to align with the requirements for investment entities under IFRS 10 Consolidated Financial Statements and to correctly disclose the classification of cash flows (refer to accounting policies for restatement note).

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2023

	Notes	2023 R'000	2022 * ¹ R'000
Dividend revenue	6	110 000	110 000
Interest revenue	6	3	1
Fair value adjustments to investments	7	(105 007)	577 958
Gross income		4 996	687 959
Expenditure		(9 330)	(8 377)
Net (loss)/income before taxation		(4 334)	679 582
Taxation	8	(1)	(1)
Total comprehensive (loss)/income for the year attributable to equity shareholders		(4 335)	679 581

*¹ Restated to align with the requirements for investment entities under IFRS 10 Consolidated Financial Statements (refer to accounting policies for restatement note).

Audited annual financial statements

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STATEMENT OF CASH FLOWS

for the year ended 31 December 2023

	2023 R'000	2022 ^{*1} R'000
Cash flows utilised in operating activities	(44 421)	(42 054)
Net income for the year	(4 335)	679 581
Adjustments for:		
Fair value adjustments to investments	105 007	(577 958)
Taxation	1	1
Dividend revenue	(110 000)	(110 000)
Decrease in finance advances and receivables	(36)	(367)
Increase in accounts payable	397	258
Cash flows utilised in operations	(8 966)	(8 485)
Dividends paid – ordinary	(35 454)	(33 568)
Taxation paid	(1)	(1)
Cash flows from investing activities	44 422	42 050
Loan repayments from subsidiaries	44 422	42 050
Change in cash and cash equivalents	1	(4)
Cash and cash equivalents at beginning of year	40	44
Cash and cash equivalents at end of year	41	40

^{*1} Restated to align with the requirements for investment entities under IFRS 10 Consolidated Financial Statements (refer to accounting policies for restatement note).

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2023

GROUP	Share capital R'000	Accu- mulated profit R'000	Total R'000
Balance as at 1 January 2022 ^{*1}	1 348 116	2 356 211	3 704 327
Total comprehensive income for the year	–	679 581	679 581
Shares held in treasury – written back	1 148	–	1 148
Shares held in treasury	(10 619)	–	(10 619)
Dividends paid	–	(33 568)	(33 568)
Balance as at 1 January 2023 ^{*1}	1 338 645	3 002 224	4 340 869
Total comprehensive income for the year	–	(4 335)	(4 335)
Shares held in treasury – written back	10 619	–	10 619
Shares repurchased and cancelled	(22 443)	–	(22 443)
Dividends paid	–	(35 454)	(35 454)
Balance as at 31 December 2023	1 326 821	2 962 435	4 289 256

^{*1} Restated to align with the requirements for investment entities under IFRS 10 Consolidated Financial Statements (refer to accounting policies for restatement note).

Audited annual financial statements

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ACCOUNTING POLICIES

for the year ended 31 December 2023

Accounting policies

Sabcap is an investment company as defined by IFRS 10: Consolidated Financial Statements. This is due to the Company having received funding from a broad base of shareholders for the sole purpose of investing the funds for capital appreciation and investment income, and measures all of its investments at fair value. Subsidiaries of an investment company who are also investment companies, should be fair valued and not consolidated in terms of IFRS 10. Historically, the main activities of the subsidiaries of the Company were deemed to support the investment activities of the Company as the parent entity and, therefore, the criteria for the subsidiaries to be classified as “investment entities” under IFRS 10 were deemed not to be satisfied.

Basis of presentation and restatement

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. Historically, the main activities of the subsidiaries of the Company were deemed to support the investment activities of the Company as the parent entity and, therefore, the criteria for the subsidiaries to be classified as “investment entities” under IFRS 10 were deemed not to be satisfied.

During the current reporting period, management has reassessed the investment entity status of the Company’s subsidiaries based on the requirements as set out in IFRS 10. Based on this assessment, management has concluded that the Company’s subsidiaries in fact satisfy the requirements as set out in IFRS 10 and were incorrectly consolidated in terms of IFRS 10 paragraph 32. As such, these subsidiaries have been reclassified as investment entities under IFRS 10 and the financial statements have been restated to cease consolidating these subsidiaries. The Company’s investment in Sabvest (Pty) Ltd (“Sabvest”) has since been measured at Fair Value Through Profit and Loss (“FVTPL”) as opposed to the historical measurement at cost less accumulated impairment loss. Similarly, Sabvest’s investments in Sabvest Finance and Guarantee Corporation (Pty) Ltd and Sabvest Investments (Pty) Ltd have been measured on the same basis. The restated net asset value (“NAV”) is the same as the NAV of the previously consolidated Group for the comparative periods, as the fair value of the investment entities remain unchanged.

Pursuant to Sabcap accounting as an investment entity, the layouts of Sabcap’s statement of financial position, statement of comprehensive income and statement of cash flows were aligned to the disclosure requirements for investment entities under IFRS 10 and to the format presented by other investment entities. This results in fair value accounting now being reflected in the Company financial statements in the investments line as opposed to the previously presented consolidated statements that had some assets and liabilities separately disclosed. As a result of the restatement, no consolidated financial statements are presented. Refer to note 20 for the impact of the restatement.

The cash flow statement previously incorrectly reflected loans advanced to subsidiaries and non-cash dividends received processed through loan accounts as cash flows, with the loans repaid by subsidiaries erroneously not reflected as cash inflows on the face of the cash flow statement. The cash flow statement has been restated accordingly.

Investments

All investments (which include investment loans) are accounted for at FVTPL in terms of IFRS 9: Financial Instruments.

The Company’s subsidiary companies are fair valued based on NAV. The underlying investments and other assets and liabilities have been fair valued as below.

Where investments held by the Company’s subsidiary companies 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 held by the Company’s subsidiary companies are unlisted equities, fair value is mostly calculated using the maintainable earnings model but also NAV (where the underlying investee company is also an investment company that has fair valued its investments), discounted cash flow (“DCF”) valuations or recent transaction pricing (“RTP”), 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 and actual rental expenses paid (which are not accounted for in terms of IFRS 16). 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.

Audited annual financial statements

continued

ACCOUNTING POLICIES

for the year ended 31 December 2023

*continued***Financial instruments**

Financial assets and financial liabilities are recognised on the Company's statement of financial position when the Company 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 using the effective interest rate method.

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.

Long-term investments are measured at fair value and the 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 an appropriate valuation model as prescribed in the Investments policy note above.

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.

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.

Impairment provisions

At each reporting date, the Company 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. A reversal of an impairment loss is recognised immediately in profit or loss.

Provisions

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

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.

Audited annual financial statements

continued

ACCOUNTING POLICIES

for the year ended 31 December 2023

continued

Revenue recognition

Revenue is measured based on the consideration to which the Company expects to be entitled and excludes amounts collected on behalf of third parties. The Company 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.

Treasury shares

Ordinary shares in the Company held by any subsidiary are classified as treasury shares in the statement of changes in equity, with a corresponding adjustment to the fair value of the investments. 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.

Related party transactions

All related party transactions are, unless otherwise disclosed, in the normal course of business. Refer to note 18.

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 Company'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 predominantly accounted for in the Company's subsidiaries and is included in the fair value of investments. 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 reversal of the temporary difference is controllable 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.

Audited annual financial statements

continued

ACCOUNTING POLICIES

for the year ended 31 December 2023

continued

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.

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.

The Company's subsidiaries have been classified as investment entities based on the requirements as set out in IFRS 10 having been satisfied (refer to the Basis of presentation policy). Similar to Sabcap, the subsidiaries' main business purpose is to invest funds received for capital appreciation and measure their investments at fair value.

With regard to the fair value of the investment holdings, both long-term and current, for the listed investments included in the fair value of 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 in the fair value of investments, 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 19.

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 Company's operations and effective for annual reporting periods commencing on 1 January 2023 have been adopted and retrospectively applied. These standards include:

- ◆ IAS 1 – *Presentation of Financial Statements* (amendments effective for annual periods beginning on or after 1 January 2023).
- ◆ IAS 8 – *Accounting policies, changes in accounting estimates and errors* (amendments effective for annual periods beginning on or after 1 January 2023).
- ◆ IAS 12 – *Income Taxes* (amendments effective for annual periods beginning on or after 1 January 2023).
- ◆ IFRS 17 – *Insurance Contracts* (amendments effective for annual periods beginning on or after 1 January 2023).

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 2024
IAS 7	Statement of Cash Flows	1 January 2024
IFRS 7	Financial Instruments: Disclosures	1 January 2024
IFRS 16	Leases	1 January 2024
IAS 21	The Effects of Changes in Foreign Exchange Rates	1 January 2025

The Company 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 2023

	Notes	2023 R'000	2022 R'000
1. Investment holdings			
1.1 Investment holdings comprise:		4 291 726	4 342 979
Investment loan	1.2	137 771	84 017
Sabvest (Pty) Ltd	1.3	4 153 955	4 258 962
1.2 Investment loan			
Closing balance		137 771	84 017
Opening balance		84 017	25 538
Advances during the period		53 754	58 479
1.3 Sabvest (Pty) Ltd			
Investments		4 281 551	4 331 862
Sabvest Investments (Pty) Ltd	1.4	1 714 155	1 481 010
Sabvest Finance and Guarantee Corporation (Pty) Ltd	1.5	2 567 396	2 850 852
Other net assets		10 175	11 117
Loan from Sabcap		(137 771)	(84 017)
		4 153 955	4 258 962
1.4 Sabvest Investments (Pty) Ltd			
Investments		1 809 020	1 545 505
Masimong	19.1	475 805	452 510
Metrofile	19.1	63 544	74 134
SA Bias	19.1	1 269 671	1 018 861
Loan from Sabvest (Pty) Ltd		(109 087)	(92 836)
Deferred tax liability	8.3	(93 972)	(63 936)
Other net liabilities		(893)	(559)
		1 605 068	1 388 174
Investment loan		109 087	92 836
		1 714 155	1 481 010

Audited annual financial statements

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2023

continued

	Notes	2023 R'000	2022 R'000
1. Investment holdings <i>continued</i>			
1.5 Sabvest Finance and Guarantee Corporation (Pty) Ltd			
Investments		3 205 598	3 502 755
Apex	19.1	584 590	504 023
ARB	19.1	357 357	250 256
Classic Food Brands	19.1	–	8 205
DNI	19.1	990 446	1 028 087
Flexo	19.1	30 526	7 033
Halewood South Africa	19.1	91 637	165 586
ITL SA	19.1	34 058	84 418
Metrofile	19.1	107 456	121 865
Rolfes	19.1	160 770	189 289
Sabvest Capital Holdings Limited	1.6	607 177	847 148
Sunspray	19.1	57 558	86 624
Sunspray – held-for-sale	19.1	80 631	–
Transaction Capital	19.1	47 880	165 500
Valemount	19.1	55 512	44 721
Other net assets		48 195	28 706
Interest-bearing borrowings	5	(613 606)	(507 394)
Loan from Sabvest (Pty) Ltd		(1 480 036)	(1 452 799)
Loan from fellow subsidiaries		(19 514)	(31 062)
Deferred tax liability	8.3	(53 277)	(142 153)
		1 087 360	1 398 053
Investment loan		1 480 036	1 452 799
		2 567 396	2 850 852
1.6 Sabvest Capital Holdings Limited			
Investments		564 128	796 523
Corero	19.1	99 039	94 486
ITL UK	19.1	465 089	702 037
Other net assets		1 106	968
Cash		41 943	49 657
		607 177	847 148

Audited annual financial statements

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2023

continued

	2023 R'000	2022 R'000
1. Investment holdings <i>continued</i>		
1.7 Investment holdings summary		
Investment holdings include the fair value of the Company's investment in Sabvest (Pty) Ltd and comprises mainly of the fair value of its investments, assets and liabilities held by its underlying subsidiaries, summarised as follows:		
Investments	4 971 569	4 997 635
Altify (previously Revix UK)	–	–
Apex	584 590	504 023
ARB	357 357	250 256
Classic Food Brands	–	8 205
Corero	99 039	94 486
DNI	990 446	1 028 087
Flexo	30 526	7 033
Halewood South Africa	91 637	165 586
ITL Group	499 147	786 454
Masimong	475 805	452 510
Metrofile	171 000	196 000
Rolfes	160 770	189 289
SA Bias	1 269 671	1 018 861
Sunspray	138 189	86 624
Transaction Capital	47 880	165 500
Valemount	55 512	44 721
Versofy	–	–
Interest-bearing borrowings	(613 606)	(507 394)
Deferred tax liability	(147 249)	(206 089)
Cash on hand	41 943	49 657
Other net assets	39 069	9 170
	4 291 726	4 342 979

Audited annual financial statements

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2023

continued

	2023 R'000	2022 R'000
2. Accounts receivable		
Sundry receivables	403	367
Financial advances and receivables are carried at amortised cost which approximates the fair value.		
3. Cash balances		
Balances with banks – local	41	40
Group cash, included as part of the fair value of subsidiaries, is R42,0m (2022: R49,9m) and is predominantly held offshore by Sabcap's indirectly wholly owned subsidiary, Sabvest Capital Holdings in the amount of R41,9m (2022: R49,7m). Cash is placed with banks having a credit rating of at least BA1.		
4. Share capital		
4.1 Share capital		
The Company has authorised ordinary share capital of 500 000 000 no par shares and 1 Z share.		
There were 39 220 000 (2022: 39 550 000) Sabcap ordinary shares and 1 (2022: 1) Z share in issue at year-end. 5% of the ordinary shares are under the control of the directors until the forthcoming annual general meeting.		
4.2 Reconciliation of number of shares in issue		
<i>Ordinary shares</i>		
At beginning of year	39 550 000	39 550 000
Shares held in treasury		(150 000)
Repurchased and cancelled *	(330 000)	–
	39 220 000	39 400 000
* Sabvest Finance and Guarantee Corporation (Pty) Ltd held 20 000 shares in the Company at the end of 2021, purchased 130 000 in 2022 and 180 000 in 2023 (the "Treasury Shares"). On 22 November 2023 the Company purchased these 330 000 shares at R68,01 (being the previous day's closing price) and cancelled the shares. Refer to Treasury shares accounting policy note.		
4.3 Reconciliation of issued share capital		
At beginning of year	1 338 645	1 348 116
Shares held in treasury – written back	10 619	1 148
Shares held in treasury	–	(10 619)
Shares repurchased and cancelled	(22 443)	–
Share capital	1 326 821	1 338 645

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	2023 R'000	2022 R'000
5. Interest-bearing debt		
5.1 Interest-bearing debt		
The interest-bearing debt is predominantly held by the Company's indirectly wholly owned subsidiary, Sabvest Finance and Guarantee Corporation (Pty) Ltd (see note 1.5). This financial information is not disclosed separately in the primary financial statements and is included in the fair value of equity investments.		
5.2 Long-term		
RSA borrowings	600 000	400 000
Opening balance	400 000	240 000
Capital repayments	–	(240 000)
Capital advances	200 000	400 000
Interest accrued	61 297	24 025
Interest paid	(61 297)	(24 025)
<i>Less:</i> Current portion payable within one year	–	–
	600 000	400 000

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. In early November 2023, the SARB designated ZARONIA as the successor rate to replace JIBAR, however, uncertainty remains as to exactly when and how the transition to ZARONIA will be required by the SARB. The impact of this change cannot be quantified at this stage, but it is unlikely to be material to the Company's subsidiary.

The loans are repayable as to R70 million on 30 June 2025, R50 million on 31 May 2026, R70m on 30 June 2026, R50m on R31 May 2027, R60m on 30 June 2027, R200m on 30 September 2027 and R100m on 31 January 2028.

Covenants required as per the bank facility agreements are complied with, with sufficient headroom available. The agreements require the ratio of the value of investments to total value of interest-bearing debt to be in excess of 3,5 times and the consolidated net asset value to be in excess of R2,0bn. At 31 December 2023, the ratio was in excess of 7,3 times (2022: 8,0 times) and the net asset value was R4,3bn (2022: R4,3bn).

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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	2023 R'000	2022 R'000
5. Interest-bearing debt <i>continued</i>		
5.3 Short-term		
Other borrowings and related party borrowings	13 606	107 394
Opening balance	107 394	7 446
Capital repayments	(93 788)	–
Capital advances	–	99 948
Interest accrued	5 284	1 993
Interest paid	(5 284)	(1 993)

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).

	2023 R'000	2022 R'000
6. Revenue		
Revenue comprises dividends received from Sabvest (Pty) Ltd and interest on bank balances	110 003	110 001

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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	Notes	2023 R'000	2022 R'000
7. Fair value adjustments to investments			
7.1 Sabvest (Pty) Ltd			
Fair value		4 153 955	4 258 962
Opening balance		4 258 962	3 681 004
Fair value movement for the year	7.2	(105 007)	577 958
7.2 Fair value movement for the year			
The fair value movement predominantly comprises income and expenses in the subsidiaries as follows:			
		(105 007)	577 958
Dividends received		175 933	227 795
Interest income		10 567	11 288
Foreign exchange gain		82 796	40 797
Fees		2 942	1 599
Fair value adjustments to investments		(212 511)	488 555
– Listed		(167 337)	(119 991)
– Unlisted		(45 174)	608 546
Transactional costs		(6 160)	(12 697)
Interest expense		(66 746)	(26 360)
Operating costs – fixed ^{*1}		(32 569)	(33 207)
Operating costs – variable		(6 282)	(39 578)
Depreciation		(1 631)	(1 731)
Deferred taxation		58 840	33 200
Dividends paid		(110 000)	(110 000)
Other		(186)	(1 703)

^{*1} Includes the audit fees paid to PricewaterhouseCoopers Inc of R3,2m (2022: Rnil). No non-audit services have been performed.

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	2023 R'000	2022 R'000
8. Taxation		
8.1 Charged for the year		
South African normal taxation	1	1
	1	1

	2023 %	2022 %
8.2 Taxation rate reconciliation		
Standard rate of taxation	27,0	27,0
Rate of taxation for the year affected by non-taxable income	(27,0)	(27,0)
Effective rate of taxation	–	–

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. Non-taxable income relates primarily to dividend income and unrealised fair value gains.

	2023 R'000	2022 R'000
8.3 Deferred taxation		
Deferred taxation is raised by the Company's indirectly wholly owned subsidiaries, Sabvest Finance and Guarantee Corporation (Pty) Ltd and Sabvest Investments (Pty) Ltd, in relation to the investments they hold. 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. The table below provides a reconciliation of the provision for capital gains tax on fair value adjustments to current and non-current investment holdings. This financial information is not disclosed separately in the primary financial statements and is included in the fair value of equity investments.		
Deferred tax liability opening balance	206 089	239 289
Movement during the year	(58 840)	(33 200)
Deferred tax liability closing balance	147 249	206 089

The Company's subsidiaries have assessed losses and CGT losses for taxation purposes. The unutilised estimated losses and CGT losses of the subsidiaries amount to R185m (2022: R53m) and R100m (2022: R100m), 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.

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	2023 cents	2022 cents
9. Earnings and headline 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. 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. There are no such adjustments in the current or prior periods.		
(Loss)/earnings and headline (loss)/earnings per share * ¹	(11,0)	1 721,7
The weighted average number of shares used in the calculation for the current year is 39 354 244 (2022: 39 472 033). There are no potentially dilutive shares or options.	39 354	39 472
^{*1} 2022 restated to align with the disclosure requirements for investment entities under IFRS 10 Consolidated Financial Statements (refer to accounting policies).		
10. Dividends per share		
Dividends per share (final of 60 cents proposed after year-end) (cents) * ²	90	90
^{*2} 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.		
11. Net asset value per share		
Net asset value per share – cents *	10 936	11 017
Number of shares in issue – 000's	39 220	39 400
[*] Represents the net asset value of the Company per issued ordinary share (excluding treasury shares). This is a non-IFRS measure. The Company confirms its adoption of net asset value per share as the Company's relevant measure for trading statement purposes.		

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	CS Seabrooke		R Pleaner * ¹		L Rood		K De Matteis * ²		Total	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000	2023 R'000	2022 R'000	2023 R'000	2022 R'000	2023 R'000	2022 R'000
12. Directors' emoluments										
<i>Executive directors</i>										
Salaries	3 108	2 926	–	823	3 754	3 476	2 648	1 583	9 510	8 808
Retirement and medical	516	459	–	121	357	330	252	150	1 125	1 060
Other benefits	1 767	1 652	–	210	550	550	956	172	3 273	2 584
Basic remuneration	5 391	5 037	–	1 154	4 661	4 356	3 856	1 905	13 908	12 452
Incentive bonuses										
– Short-term	3 583	13 951	–	–	1 165	6 289	964	4 633	5 712	24 873
– Provision * ³	715	1 477	–	–	617	2 084	245	1 130	1 577	4 691
– LTIP * ⁴	2 469	3 344	–	–	2 131	2 886	846	–	5 446	6 230
Total remuneration	12 158	23 809	–	1 154	8 574	15 615	5 911	7 668	26 643	48 246
<i>Non-executive directors</i>										
Fees as directors									4 732	4 500
L Mthimunye									1 056	1 052
K Pillay									1 385	1 388
O Ighodaro									1 227	915
BJT Shongwe									1 064	1 145
									31 375	52 746

Executive directors earn remuneration for services to the Company and all its subsidiaries 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 Company's subsidiaries' investee companies from some of which they receive remuneration or fees separate from the consulting fees received by the respective Company subsidiaries for services provided to them by executive directors and staff of these Company subsidiaries. Directors' interest in the equities of the Company are set out on page 6.

Refer to note 18 for loan amounts owing to the Company's subsidiaries by respective directors.

*¹ Retired as a director on 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 is calculated on Group combined profit after tax (excluding translation gains or losses) ("PAT") and NAV for the LTIP awards. 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 in the subsidiaries, which is included in the fair value of investments of the Company. This is paid in the following year once the final PAT and NAV figures have been calculated.

*⁴ The Long-Term Incentive Plan ("LTIP") comprises notional awards of 100% of the CTC packages of executives, which are "invested" in the Group's net asset value per share. They only vest if a hurdle rate of CPI + 4% per annum growth in NAV, is achieved over a four-year period. There is no retesting. Adjustments are made to account for the notional reinvestment of dividends. The awards are cash settled and accounted for in profit or loss annually. The awards are not capped.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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*continued***13. Financial instruments****13.1 Capital risk management**

The Company manages its capital to ensure its ability to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

	2023 R'000	2022 R'000
13.2 Categories of financial instruments		
<i>Financial assets</i>		
Fair value through profit or loss		
Investment holdings	4 291 726	4 342 979
Amortised cost		
Finance advances and receivables	403	367
Cash at bank	41	40
<i>Financial liabilities</i>		
Amortised cost		
Accounts payable and lease liability	2 914	2 517

13.3 Foreign currency risk

The Company's financial statements are prepared using Rand as its presentation currency. The Company's foreign subsidiary has USD (US\$) as its functional currency. Therefore, the Company's predominant exposure to foreign exchange fluctuations, which will be included in the fair value adjustments, is related to the sensitivities of movements in the translation of this foreign subsidiary. A 10% increase/decrease in the USD/ZAR exchange rate would result in an increase/decrease in the translation of the foreign subsidiary of R92,4m (2022: R77,5m).

The Company's subsidiaries also hold investments, assets and liabilities in currencies other than their functional currency, resulting in exposure to foreign exchange rate fluctuations, which will be included as part of the fair value adjustments. A 10% increase/decrease in the USD/ZAR and GBP/ZAR exchange rates would result in an increase/decrease in the fair value of the foreign investments of R159,2m (2022: R164,5m). The Company does not seek to hedge the carrying value of these investments, assets or liabilities but will consider hedging strategies for cash flows denominated in foreign currencies which are deemed significant.

13.4 Interest rate risk

The Company's subsidiary has long-term borrowings from third parties in the amount of R600m (2022: R400m). The short-term interest-bearing borrowings comprise mainly short-term bank facilities in the amount of R5,9m (2022: R93,4m, those from related parties in the amount of R7,7m (2022: R6,2m) and from third parties in the amount of Rnil (2022: R7,8m). The Company's subsidiary is exposed to interest rate risk as it borrows funds at floating interest rates. The interest rate cost is managed 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 fair value movement for the year on the Company's investments would decrease/increase by R6,1m (2022: R5,1m). 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.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2023

*continued***13. Financial instruments****13.5 Credit risk management**

Credit risk refers to risk that a counterparty would default on its contractual obligations resulting in financial loss. A policy has been adopted of only lending money to investees or related parties of investees, the companies in which long-term investments are held 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 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. Changes in the carrying amount and subsequent recoveries of amounts previously written off are recognised in profit or loss in the respective subsidiary and will be included in the fair value of equity investments and fair value gain/loss in the income statement of the Company.

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.

Unless otherwise indicated, the maximum exposure to credit risk is the carrying value of the Company's investment.

13.6 Liquidity risk management

The Company manages liquidity risk through its subsidiaries 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 2023 the Company's subsidiaries had R194,1m of undrawn facilities (2022: R106,6m and R42,0m cash at bank (2022: R49,9m at their disposal to further reduce liquidity risk.

The liabilities of the Company subsidiaries, other than the long-term borrowings, may be payable within the next year if so determined by the lender.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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13. Financial instruments *continued*

13.7 Fair value investments

13.7.1 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 or attributable NAV).

There are no financial assets or liabilities that are categorised as Level 1 or 2 in the current year or prior year.

Financial fair value hierarchy as at 31 December 2023				
	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>				
Investments	–	–	4 291 726	4 291 726
Total	–	–	4 291 726	4 291 726

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>				
Investments	–	–	4 342 979	4 342 979
Total	–	–	4 342 979	4 342 979

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

	Change in the maintainable earnings		Change in the EBITDA multiple	
	Increase by 10% Rm	Decrease by 10% Rm	Increase by 10% Rm	Decrease by 10% Rm
Increase/(decrease) in fair value 31 December 2023	460,0	(460,0)	460,0	(460,0)
Increase/(decrease) in fair value 31 December 2022	462,5	(459,4)	462,5	(459,4)

Should the market price of the listed investments held directly by the Company's subsidiaries have been 10% higher or lower at 31 December 2023, the fair value amount of the Company's investments would have increased or decreased by R31,8m (2022: R45,6m).

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*continued***13. Financial instruments** *continued***13.7 Fair value investments****13.7.2 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.

	31 December 2023		31 December 2022	
	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>	444	444	407	407
Accounts receivable	403	403	367	367
Cash balances	41	41	40	40
Financial liabilities				
<i>Financial liabilities held at amortised cost</i>	2 914	2 914	2 517	2 517
Accounts payable	2 914	2 914	2 517	2 517

14. Borrowing powers

The borrowing powers of the Company and its subsidiaries are not limited.

15. Subsequent events

Up to the date of issuing this report, there were no material events after the reporting period related to the Company.

16. Operating segments

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

17. Going concern

Based on current revenues and projected revenues, the Company's subsidiaries have sufficient unveiled liquidity over the period to ensure liquidity at comfortable levels and to ensure the recoverability of loans. Further, there is sufficient available funding within the Company's subsidiaries to assist the Company in settling any short-term liabilities as they become due. The Company's current and expected solvency is accordingly affirmed.

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18. 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 46.

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 12 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 5) 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 2023							
K De Matteis Individual * ¹	–	–	–	–	–	3 729	–
CS Seabrooke and family							
Individual	–	–	–	–	443	–	6 504
Company	59	–	–	–	49	–	347
L Rood Individual * ¹	–	–	–	–	89	3 597	849
Other	–	–	–	1 704	–	–	–
Investees	1 882	–	165 853	6 329	–	46 000	–

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	–

*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 R6m 2022: R6m) and R5m (2022: R5m), respectively.

*² Dividends received from short-term, non-related party investments totalled R10,1m (2022: R12,5m) 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 in the prior 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***19. Financial information that is relevant to understand the performance of the investment portfolio**

The financial information disclosed in these notes relates to the unconsolidated subsidiaries (included in Annexure A) who are themselves investment entities and that render investment-related services to the Group. This financial information is not disclosed separately in the primary financial statements and are included in the fair value of equity investments and fair value gain/loss in the income statement. The information is considered to be important to understand the performance of the investment portfolio given that the subsidiaries render investment-related services to the Company:

19.1 Investments valuation summaries

Listed investments valuation summaries	2023	2022
Corero – a LSE-listed group focused on cyber and network security and, in particular, protection from DDOS attacks.		
Number of ordinary shares * ¹	51 000 000	50 000 000
Price per share – GBP pence	8,25	9,25
Fair value – GBP'000	4 208	4 625
Fair value – R'000	99 038	94 486
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 * ²	57 000 000	56 000 000
Price per share – cents	300	350
Fair value – R'000 * ²	171 000	196 000
Transaction Capital – a JSE-listed specialised financial group whose operations comprise SA Taxi, Nutun and WeBuyCars.		
Number of ordinary shares * ³	6 000 000	5 000 000
Price per share – cents	798	3 310
Fair value – R'000	47 880	165 500
Total listed fair value – R'000	317 918	455 986

*¹ Increased holding during the year by 1m shares to 51m shares, representing 10,0% of Corero, for GBP0,1m (R2,3m).

*² Increased holding during the year by 1m shares to 57m shares, representing 13,5% of Metrofile, for R2,7m. Sabvest Investments (Pty) holds 21,2m shares with a fair value of R63,5m (2022: 21,2m shares with a fair value of R74,1m) (refer to note 1.4) and Sabvest Finance and Guarantee Corporation (Pty) Ltd holds 35,8m shares with a fair value of R107,5m (2022: 34,8m shares with a fair value of R121,9m) (refer to note 1.5).

*³ Increased holding during the year by 1m to 6m shares, representing 0,8% of Transaction Capital (“TC”), for R9,6m.

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19. Financial information that is relevant to understand the performance of the investment portfolio *continued*

19.1 Investments valuation summaries *continued*

Unlisted Investments valuation summaries ^{*1}	2023	2022
Altify (previously Revix UK)^{*2} – 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
16,1% equity interest ^{*2} (31 Dec 2022: 11,0%) – R'000	–	–
Apex – an investment holding company, investing permanent capital into distribution and engineering businesses. The distribution segment includes ELB Equipment, Letaba Pumps, TGS, Elephant Lifting. The engineering and construction segment includes ETX Projects and CBZ Solutions. It also holds a position in DRA Global.		
EBITDA valuation multiple	5,5x	5,5x
45,3% equity interest ^{*3} (31 Dec 2022: 44,8%) – R'000	584 590	504 023
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. It has also acquired a 67% interest in Cable Feeder Systems. (ARB was acquired in June 2022).		
EBITDA valuation multiple/basis of valuation	6,5x	6,5x
18,5% equity interest ^{*4} – R'000	228 065	13 930
Investment loans – R'000	129 292	236 326
Fair value – R'000	357 357	250 256

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

^{*2} Revix has changed its name to Altify pursuant to its merger with the Austrian business of Coinpanion. The equity interest increased during the period as a result of an additional subscription for equity. Altify continues to be carried at zero value and has been classified as a current asset held for sale at the end of the reporting period.

^{*3} Increased during the year as a result of a buyback of shares.

^{*4} Reorganised its effective interest of 18,50% in ARB by way of a series of transactions, which resulted in a reduction of its holding in Masimong Electrical Holdings (“MEH”) to 35,27% (from 49,90% at 31 December 2022) and the acquisition of a direct stake of 8,38% in ARB, investing a net amount of R50,8m, and enabling a reduction of bank debt in MEH. MEH owns 28,69% of ARB (31 December 2022: 37,07%).

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19. Financial information that is relevant to understand the performance of the investment portfolio *continued*19.1 Investments valuation summaries *continued*

Unlisted investments valuation summaries <i>continued</i>	2023	2022
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 *1	N/A	NAV
40% equity interest *1 (31 Dec 2022: 40%) – R'000	–	–
Investment loans *2 – R'000	–	8 205
Fair value – R'000	–	8 205
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
19,7% equity interest (31 Dec 2022: 19,9%) *2 – R'000	990 446	1 028 087
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	–	–
Investment loans – R'000	30 526	7 033
Fair value – R'000	30 526	7 033
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 Belgravina, 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	7,25x	7,25x
19,0% equity interest *3 – R'000	–	–
Investment loans – R'000	91 637	165 586
Fair value – R'000	91 637	165 586

*1 The Group disposed of its equity interest during the current year for nominal value.

*2 Effective interest of 19,65% (2022:19,99%) through 35,98% of JAAB Investments (2022: 35,98%), which indirectly owns 45,35% of DNI (2022: 46,12%) through DNI Invest (Pty) Ltd and a 3,34% interest in DN Invest (Pty) Ltd (2022: 3,40%), which owns 100% of DNI. Shareholding decreased in the current year as a result of some restructuring within the DNI group.

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

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2023

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19. Financial information that is relevant to understand the performance of the investment portfolio *continued*

19.1 Investments valuation summaries *continued*

Unlisted investments valuation summaries <i>continued</i>	2023	2022
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 – R'000	–	167 600
Investment loans – R'000	499 147	618 854
Fair value – R'000	499 147	786 454
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, Chemfin and Anchor Capital.		
Basis of valuation	NAV	NAV
9,1% equity interest (31 Dec 2022: 10,0%) *2 – R'000	475 805	452 510
Rolfes Holdings – a specialist manufacturer and distributor of agricultural, food, industrial and water chemical solutions and services.		
EBITDA valuation multiple	5,5x	5,5x
24,7% equity interest (31 Dec 2022: 25,0%) *3 – R'000	160 770	189 289

*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.*

*2 *Comprises the fair value of ITL SA, held by Sabvest Finance and Guarantee Corporation (Pty) Ltd, of R34,1m (2022: R84,4m) (refer to note 1.5) and the fair value of ITL UK, held by Sabvest Capital Holdings Limited, of R456,1m (2022: R702,0m) (refer to note 1.6).*

*3 *Equity interest decreased during the current year following a restructure within the Masimong Group which included the settlement of the participating preference shares and a share issue and repurchase which included the repurchase of 1% from Sabvest Investments (Pty) Ltd.*

*4 *Effective interest of 24,7% (31 Dec 2022: 25,0%) through 10,8% (31 Dec 2022: 11,0%) held directly and 13,9% (31 Dec 2022: 14,0%) indirectly through Masimong Chemicals (Pty) Ltd. Equity interest decreased during the period as a result of shares issued to management.*

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for the year ended 31 December 2023

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19. Financial information that is relevant to understand the performance of the investment portfolio *continued*19.1 Investments valuation summaries *continued*

Unlisted investments valuation summaries <i>continued</i>	2023	2022
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 / 5,0x	6,0x / 4,5x
85,2% equity interest ^{*2} – R'000	1 269 671	1 018 861
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.		
Basis of valuation ^{*3} /EBITDA valuation multiple	RTP	5,0x
11,1% equity interest (31 Dec 2022: 26,7%) ^{*3} – R'000	57 558	32 424
16,6% equity interest held-for-sale ^{*3} – R'000	74 235	48 491
Investment loans held-for-sale ^{*3} – R'000	6 396	5 709
Fair value – R'000	138 189	86 624
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).		
EBITDA valuation multiple/basis of valuation	6,0x	COST
39,3% equity interest ^{*4} – R'000	30 512	19 548
Investment loans – R'000	25 000	25 173
Fair value – R'000	55 512	44 721
Total unlisted investments fair value – R'000	4 653 650	4 541 649

^{*1} Flowmax is valued at 6,0 times and Narrowtex at 5,0 times (31 Dec 2022: 4,5 times). The EBITDA valuation multiple for Narrowtex has been increased from 4,5 times to 5,0 times due to a change in its business mix with the proportion

^{*2} Joint voting control with the PC-T Trust.

^{*3} Entered into an agreement, subject to certain suspensive conditions, which will result in Sabcap's interest in Sunspray Food Ingredients (Pty) Ltd reducing from 27,67% to 11,1% and being held directly through Sunspray Solutions (Pty) Ltd (and no longer through Famdeem Investments (Pty) Ltd). The value of the remaining 11,1% has been determined based on the rights and formula as per the new shareholders' agreement (recent transaction pricing – RTP). An amount of R80,6m relating to the 15,6% sold is a current asset in Sabvest Finance and Guarantee Corporation (Pty) Ltd at 31 December 2023 (refer to note 1.5) and has been received subsequent to the year-end.

^{*4} Acquired a 39,3% equity interest in Valemount Trading (Pty) Ltd ("Valemount") in the prior year through an initial investment in equity and shareholder loans of R44,7m and an equity top-up during the current year of R3,4m in terms of the purchase consideration top-up adjustment formula.

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19. Financial information that is relevant to understand the performance of the investment portfolio *continued***19.1 Investments valuation summaries** *continued*

Unlisted investments valuation summaries <i>continued</i>	2023	2022
Versofy – one of the largest home and SME solar installation and power solutions groups in South Africa, offering Solar as a Service (SAAS) and rent to buy (RTB) solutions. (Versofy was acquired in December 2023).		
Basis of valuation	NAV	–
3,8% equity interest * ¹ – R'000	–	–
Investment loans – R'000	–	–
Fair value – R'000	–	–

*¹ Acquired a 3,75% indirect holding in Versofy (Pty) Ltd, through its 25,0% interest in a consortium which has purchased an initial 15% of Versofy. Sabcap has provided initial funding of R16,6m, which may vary as the deal terms are implemented. It is carried as a current asset at nil value due to the early stage of the business plan of the entity and various alternative strategies and funding structures that are likely to follow in the coming financial year.

19.2 Capital commitments

The Company's subsidiary's investment cost in Versofy (Pty) Ltd is subject to vary as the deal terms are implemented. The additional cost is not expected to exceed R10m. There are no other capital commitments.

19.3 Subsequent events

Subsequent to the reporting period, the Company's subsidiaries:

19.3.1 received the R80,6m initial amount resulting from the Sunspray transaction; and

19.3.2 prepaid the R70m term loan due 30 June 2025.

19.4 Contingent liabilities and commitments

19.4.1 The Company's subsidiaries have rights and obligations in terms of shareholder or purchase and sale agreements relating to its present or former investments.

19.4.2 A Company subsidiary has given guarantees on behalf of certain investees in the ordinary course of business for deal and operational credit in amounts totalling R80m (31 Dec 2022: R140m) and which were utilised at reporting date in the amount of R80m (31 Dec 2022: R40m).

19.5 Hypothecations

19.5.1 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.

19.5.2 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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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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20. Restatement**20.1 Restatement impact on the Company statement of financial position**

	Previously reported R'000	Restatement adjustment R'000	Restated R'000
2021			
Non-current assets	1 443 375	2 263 167	3 706 542
Investment holdings	1 443 375	2 263 167	3 706 542
Current assets	26 730	(26 686)	44
Loans to subsidiaries	26 686	(26 686)	–
Accounts receivable	–	–	–
Cash balances	44	–	44
Total assets	1 470 105	2 236 481	3 706 586
Share capital	1 349 264	(1 148)	1 348 116
Accumulated profit	118 582	2 237 629	2 356 211
Ordinary shareholders' equity	1 467 846	2 236 481	3 704 327
Current liabilities	2 259	–	2 259
Accounts payable	2 259	–	2 259
Total equity and liabilities	1 470 105	2 236 481	3 706 586

	Previously reported R'000	Restatement adjustment R'000	Restated R'000
2022			
Non-current assets	1 443 375	2 899 604	4 342 979
Investment holdings	1 443 375	2 899 604	4 342 979
Current assets	95 043	(94 636)	407
Loans to subsidiaries	94 636	(94 636)	–
Accounts receivable	367	–	367
Cash balances	40	–	40
Total assets	1 538 418	2 804 968	4 343 386
Share capital	1 349 264	(10 619)	1 338 645
Accumulated profit	186 637	2 815 587	3 002 224
Ordinary shareholders' equity	1 535 901	2 804 968	4 340 869
Current liabilities	2 517	–	2 517
Accounts payable	2 517	–	2 517
Total equity and liabilities	1 538 418	2 804 968	4 343 386

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2023

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20. Restatement *continued*

20.2 Restatement impact on the Company statement of comprehensive income

2022	Previously reported R'000	Restatement adjustment R'000	Restated R'000
Dividends received	110 000	–	110 000
Interest received	1	–	1
Fair value adjustments to investments	–	557 958	577 958
Gross income	110 001	577 958	687 959
Expenditure	(8 377)	–	(8 377)
Net income before taxation	101 624	577 958	679 582
Taxation	(1)	–	–
Total comprehensive income for the year attributable to equity shareholders	101 623	577 958	679 582

20.3 Restatement impact on the Company's statement of cash flows

2022	Previously reported R'000	Restatement adjustment R'000	Restated R'000
Cash flows from operating activities	68 313	(110 367)	(42 054)
Net income for the year	101 623	577 958	679 581
Adjustments for:			
Fair value adjustments to investments	–	(577 958)	(577 958)
Taxation	1	–	1
Dividend income	–	(110 000)	(110 000)
Decrease in finance advances and receivables	–	(367)	(367)
Increase in accounts payable	258	–	258
Cash flows from operations	101 882	(110 367)	(8 485)
Dividends paid – ordinary	(33 568)	–	(33 568)
Taxation paid	(1)	–	(1)
Cash flows (utilised in)/from investing activities	(68 317)	110 367	42 050
Loan advances to subsidiaries	(67 950)	67 950	–
Loan repayments from subsidiaries	–	42 050	42 050
Decrease in finance advances and receivables	(367)	367	–
Change in cash and cash equivalents	(4)	–	(4)
Cash and cash equivalents at beginning of year	44	–	44
Cash and cash equivalents at end of year	40	–	40

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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 *		
		2023 %	2022 %	2023 R'000	2022 R'000	2023 R'000	2022 R'000	
Subsidiaries of Sabvest Capital Limited								
Sabvest (Pty) Ltd	Investment holding company	851	100	100	1 443 375	1 443 375	137 771	94 636
Investment in subsidiaries				1 443 375	1 443 375	–	–	
Indebtedness included in the company's assets						137 771	94 636	
Subsidiaries of Sabvest Limited								
Sabvest Investments (Pty) Ltd	Investment holding company	4 000	100	100	4	4	109 487	92 836
Sabvest Financial Services (Pty) Ltd #	Corporate services	5 000	100	100	1	1	11 421	12 336
	Gross						28 227	28 739
	Impairment						(16 807)	(16 403)
Sabvest Finance and Guarantee Corporation (Pty) Ltd	Investment holding company	6 000	100	100	5 000	5 000	1 480 036	1 452 799
Investment in subsidiaries				5 005	5 005			
Indebtedness included in the company's assets						1 600 544	1 557 971	
Subsidiaries of Sabvest Finance and Guarantee (Pty) Ltd								
Sabvest Capital Holdings Limited (BVI)	Investment holding company and corporate financier	US\$ 3	100	100	–	–	–	–

* Refer to note 18 – Related party transactions.

Consolidated into Sabvest (Pty) Ltd.

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ANNEXURE B**SHARES AND SHAREHOLDERS****Shareholder analysis at 31 December 2023**

Category	Ordinary shares		
	Number of share-holders	% of total of share-holders	Number of shares held
Banks and nominee companies	25	0,9	3 432 602
Investment and trust companies	147	5,2	25 139 835
Other corporate bodies	159	5,6	5 084 688
Individuals	2 485	88,2	5 562 875
	2 816	100,0	39 220 000

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	40,8
Eric Ellerine Trust and Ellerine Group Investments	3 468 675	8,8
InsingerGilissen Bankiers N.V.	2 878 789	7,3
	22 347 464	57,0

Shareholder spread

Category	Ordinary shares		
	Number ordinary share-holders	Number ordinary shares in issue	% ordinary shares in issue
Non-public shareholders			
Directors	6	16 696 735	42,6
Total non-public shareholders	6	16 696 735	42,6
Public shareholders	2 810	22 523 265	57,4
	2 789	39 220 000	100,0

Note: Directors' holdings are set out on page 6.

Stock exchange performance

Category	Subcap ordinary shares	
	2023	2022
Closing price (cents)	7 700	8 360
Highest price (cents)	9 779	8 500
Lowest price (cents)	6 011	5 700
Total number of shares traded ('000)	2 711	2 291
Total value of shares traded (R'000)	200 593	157 936
Total number of transactions recorded	2 467	3 084
Total volume of shares traded as a percentage of total issued shares (%)	6,9	5,8

SHAREHOLDERS' DIARY

Announcement of 2023 results	20 March 2024
Publication of 2023 annual report	29 March 2024
Annual general meeting	23 May 2024
Financial year-end	31 December

ADMINISTRATION

Sabvest Capital Limited

Registration number: 2020/030059/06
 ISIN: ZAE000283511
 JSE share code: SBP

Directorate

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

* *Executive*

Secretary

Levitt Kirson Business Services (Pty) Ltd

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Bankers

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 FirstRand Bank
 Standard Bank
 UBS

Attorneys and legal advisors

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 Cliffe Dekker Hofmeyer, Sandton
 Werksmans Attorneys, Sandton

Auditors

PricewaterhouseCoopers Inc

Internal auditors

KPMG, Johannesburg

Corporate advisors

Apex Management Services (Pty) Ltd



www.sabvestcapital.com