



**Sabvest Capital
Limited**

**Annual Report
2021**

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CHAIRMAN'S LETTER TO SHAREHOLDERS

Overview

Sabvest Capital Limited ("Sabcap") is an investment group first listed on the JSE in 1988 as Sabvest Limited and as Sabcap from 2020. Details of the group are set out in the Corporate Profile on page 4.

2021 was a good year for Sabcap and its investees as they recovered from the disruption of business and health risks occasioned by the COVID-19 pandemic and the related lockdowns and restrictions. Strong earnings and cash flows were recorded in many of the group's investees and at Sabcap itself. At this date of this report, all of the Group's investee companies are now trading close to or better than pre-COVID levels. Details of the portfolio are set out on pages 7 to 12.

2021 performance

Sabcap recorded very satisfactory results for the year with NAV per share increasing by 25,9% to 9 371 cents per share, with PAT increasing by 131,7% to R679,2m (a new record high for Sabcap) and HEPS and EPS increasing by 138,5% to 1 689,7 and 1 689,6 cents per share respectively.

The favourable results were largely due to strong fair value gains in Apex, Corero, DNI, Flexo, Masimong, Metrofile, Rolfes, SA Bias and Transaction Capital together with higher income flows from investees, the benefits of conservative debt levels and a weaker rand improving the rand translated values of non-RSA holdings.

Interim and final dividends of 20 cents and 55 cents per share respectively have been declared for 2021 which represents a 200% increase relative to the COVID affected 2020 dividends of 25 cents (which had been the first reduction in dividends in 20 years) and a return to the 2019 dividend level. In addition, R66,0m was allocated to buybacks of Sabcap shares during the year at material discounts to NAV.

Medium-term performance

Management and the Board remain focused on achieving sustainable long-term investment returns primarily focused on growth in NAV per share. However, management also targets cash returns to shareholders by way of dividends and by way of share buy backs as appropriate.

The Board is comfortable with the current performance and future prospects of its investees and of new investments in the pipeline. Accordingly, Sabcap expects continued satisfactory growth in the 2022 financial year.

Governance and functions of the Board

The Board and management maintain the highest levels of governance.

The Board is accountable for the approval and execution of the Group's strategy and its operating performance, as well as being the arbiter and monitor of risk and the custodian of its corporate governance policies and procedures.

I guide the Board in these primary functions. Management continues to deliver above-average performance, which facilitates the outcomes required by the Board.

Mr Raymond Pleaner will retire as an executive director of the Company and CFO of the Group with effect from 30 April 2022. He will, however, continue as a Group executive in a corporate finance related role for an agreed period. Ray joined the Group in 1985 and was appointed a director in 1996. The Board is very appreciative of his services and dedication to the Group over this lengthy period and wishes him and his wife, Marcelle, many happy and healthy years ahead when he retires from the Group.

I am pleased to welcome Kyle De Matteis, CA(SA) and CFA charter holder who will be appointed a director of the Company and CFO of the Group with effect from 30 April 2022.

It should be noted that in terms of Sabcap's partnership principle it usually invests alongside a family, operating or financial partner with the result that, in addition to the executive directors running the investment portfolio, that function is supported materially by the partners in each investment.

Shareholders

I am pleased to welcome all new shareholders who have invested in Sabcap during the year.

In addition to the 40% economic shareholding held by The Seabrooke Family Trust, the percentage of shares held by Institutions, Family offices and HNWI's has increased to 46%.

Chairman's letter to shareholders

continued

Ethics and social responsibility initiatives

The Group maintains the highest ethical behaviour in accordance with its code of ethics and requires the same standards of the companies in which it invests.

It also encourages transformation programmes and social responsibility initiatives in all its South African investee companies.

Sabcap's own corporate social responsibility initiatives continue to be noteworthy. Sabcap allocates between 0,5% and 1% of its sustainable PAT annually to chosen initiatives. During 2021, 18 school bursaries were funded and general and specific grants were made for education related initiatives. Donations were also made to the University of Cape Town, Shadow Careers, The Soul Provider Trust, the Masimong Foundation, the Paul Mthimunye Bursary Fund and Oliver's House Education Centre.

Since the commencement of the Sabcap programme, 234 years of schooling have been funded.

Sabcap also encourages its investee companies to maintain and adhere to comprehensive sustainability policies as appropriate.

COVID-19

Infection rates in operations of investees have fortunately continued to be low relative to national averages, but regrettably there have still been a few deaths. On behalf of the Board, I extend my sincerest condolences to the families.

Appreciation

I wish to record my appreciation to my colleagues on the Board and the executive directors for their support during the year.

I also record my personal appreciation to our partners and the directors of our investee companies and our bankers and advisors for their continued support.



Kuben Pillay

Chairman

Sandton

25 March 2022

INTEGRATED REPORT TO STAKEHOLDERS

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Integrated Report to stakeholders

continued

Sabcap is pleased to present its Integrated Report to stakeholders.

The Board of Directors acknowledges its responsibility to ensure the integrity of the Integrated Report. The Integrated Report addresses all material issues of which the Board is aware and presents fairly the performance of the organisation and its impact on stakeholders. The report is presented on behalf of the Board by the Chief Executive Officer (“CEO”). The report also includes the Group’s King IV™ report which it has adopted and with which it complies. The report has been approved and recommended to the Board by the Audit and Risk Committee.

1. Report profile

The report covers the activities of Sabcap and its subsidiaries.

The Board has concluded that the report should not cover the activities of Sabcap’s investee companies except insofar as is relevant to an assessment of Sabcap’s investment interest in those entities as it does not manage or control those entities. However, the socio-economic, ethical and environmental policies and practices of investees are considered when reviewing existing investments and making new investments. It is through this process and representation on investee boards that the company exercises influence on their policies and practices.

The report complies with the requirements of IFRS to the extent references are made to audited figures and to the principles and requirements of King IV™.

In addition to relying on the representations and information provided by management, including the separate assurance statement by the CEO and Chief Financial Officer, the Board has drawn assurance from the external auditors, Messrs Deloitte & Touche, in the course of their annual audit of the Group’s financial statements and their unqualified audit report. It has also relied on KPMG Services (Pty) Ltd who have provided positive assurance to the Audit Committee and the Board on internal financial reporting controls.

2. Corporate profile, structure and investment proposition

2.1 Corporate profile

Sabcap is an investment group first listed on the JSE in 1988 as Sabvest Limited and as Sabcap from 2020. The Seabrooke Family Trust (“SFT”) has voting control of Sabcap through an unlisted Z share and has an economic interest of 40% through its holding in the listed ordinary shares. Institutional Fund Managers, High Net Worth Individuals and Family Offices hold 46% of the ordinary shares. At the year-end Sabcap had 39 530 000 shares in issue net of treasury shares (2020: 40 959 500). The maximum number of Sabvest shares in issue in prior years was 52 327 962, which has been reduced to the current level through buy backs (net of the issue of additional shares when Sabcap listed).

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

2.2 Structure

Sabcap operates in South Africa from its head office in Johannesburg and internationally through its office in Monaco, which it shares with certain of its investees. The investment and other activities of the listed holding company are conducted through four wholly-owned subsidiaries in South Africa and one wholly-owned subsidiary registered in the British Virgin Islands and managed in Monaco.

The Group’s corporate structure and ownership of investments is set out in Annexure 1 on page 39.

2.3 Investment proposition

Sabcap offers investors:

- ◆ Investment access to ten unlisted groups – Apex Partners, Classic Food Brands, DNI, Flexo Line Products, ITL Group, Masimong, Revix UK, Rolfes, SA Bias Industries and Sunspray Food Ingredients.
- ◆ Investment access to three listed holdings – Corero, Metrofile and Transaction Capital;

Integrated Report to stakeholders

continued

- ◆ A sound growth orientated investment portfolio;
- ◆ A Rand hedge – a substantial portion of the Group’s underlying assets is overseas through Corero, ITL, SA Bias/Flowmax and the Sabcap surplus foreign cash/Funds;
- ◆ No cash drag – Sabcap is currently fully invested, with its cash on balance sheet being held for its committed investment in Masimong Electrical for its planned investment in ARB Holdings Limited;
- ◆ The benefit of gearing to enhance returns and facilitate transactions;
- ◆ A lengthy history of dividend payments and share buy backs;
- ◆ Good long-term growth in net asset value per share;
- ◆ A conservative balance sheet; and
- ◆ Strong operational, family and/or financial co-investors in the Group’s investments.

3. Operational environment

The Group’s investment activities are primarily in the Republic of South Africa. However, Sabcap encourages its investee companies to take advantage of international expansion opportunities and export strategies for growth and for the spread of geographic and economic risk.

SA Bias Industries has international operations in the UK, Mandarin/ITL Group in the United States, Canada, China, India, Sri Lanka, Turkey, Bangladesh, Vietnam, Hong Kong, Mexico, Ethiopia, Mauritius, Madagascar, Germany, UK and South Africa, Metrofile in Africa and the Middle East, Transaction Capital in Europe and Australia and Corero in the UK.

The Group is accordingly sensitive to economic growth, the availability of capital for expansion, the cost of that capital, and succession and human resource planning requirements in those regions. All of the business units consider exchange rates and trends in their reporting currencies and are cognisant of empowerment requirements, environmental issues and socio economic factors in the territories in which they operate.

4. Strategies, business model and performance indicators

4.1 Investment strategy

The Group’s approved Investment Policy remained unchanged during the year and is attached marked Annexure 2 on pages 40 to 42.

4.2 Business model and performance indicators

The following is an amplification of the Group’s formal investment policy:

4.2.1 Strategy

- ◆ Our aim is to maintain and grow a portfolio of equity interests primarily comprising industrial and services businesses with sound growth records or potential for growth, that will generate cash and earn above average returns on capital over a period.
- ◆ Our interests in unlisted companies will usually be large minority holdings with sizeable interests held by management, or financial or family shareholders with whom we interact as partners.
- ◆ We also hold listed investments where we are represented on the boards and/or where directors or material shareholders are known to us, or in special situations.
- ◆ We may hold equity investments that are small in percentage terms, but where we are able to exert influence through Board representation or shareholder agreements. Conversely we may hold majority or joint controlling interests but without direct management responsibility. Accordingly, we participate in good businesses with first-class management without being restricted by a required size of holdings.

Integrated Report to stakeholders

continued

- ◆ Our approach to our investments is similar to that of a diversified holding company. However, each business in which we are invested is free standing in financial terms, ring-fenced as to risk and separately assessed.
- ◆ We wish to hold a meaningful level of investments in international currencies directly or indirectly.
- ◆ We do not follow a trading approach to our primary holdings. We do not acquire or dispose of investments in accordance with a private equity philosophy, nor are we constrained by any required balance between listed and unlisted holdings. We hold our investments on a long-term basis subject only to continual review of the quality of the underlying businesses, and to any constraints or obligations in shareholder agreements or JSE closed periods.
- ◆ We will, when necessary, make changes to our holdings or within the businesses in which we are invested notwithstanding any short-term accounting consequences.
- ◆ We do not issue shares for acquisitions or investments, or for the purposes of raising funds unless the value received meaningfully exceeds the value given.
- ◆ In addition to our long-term portfolio of equity investments, any surplus liquidity is invested in cash, listed equities, Funds and debt instruments from time to time.

4.2.2 Performance metrics

Sabcap aims over three to five year periods to:

- ◆ Increase net asset value per share by CPI + 10% per annum;
- ◆ Increase annual dividends to shareholders by CPI + 5% per annum; and
- ◆ Increase headline earnings per share by CPI + 10% per annum.

The dividend target may be varied by the Board in any financial year if material amounts are allocated to share buybacks as a value enhancing return to shareholders.

- ◆ Adhere to its code of ethics;
- ◆ Comply with all applicable laws and regulations;
- ◆ Be a good corporate citizen on all levels and with particular sensitivity to the maturing but volatile socio-economic environment in South Africa; and
- ◆ Maintain the highest levels of corporate governance.

Sabcap believes that it has achieved and complied with all of these metrics. With regard to King IV™, a full compliance report is incorporated in this Integrated Report.

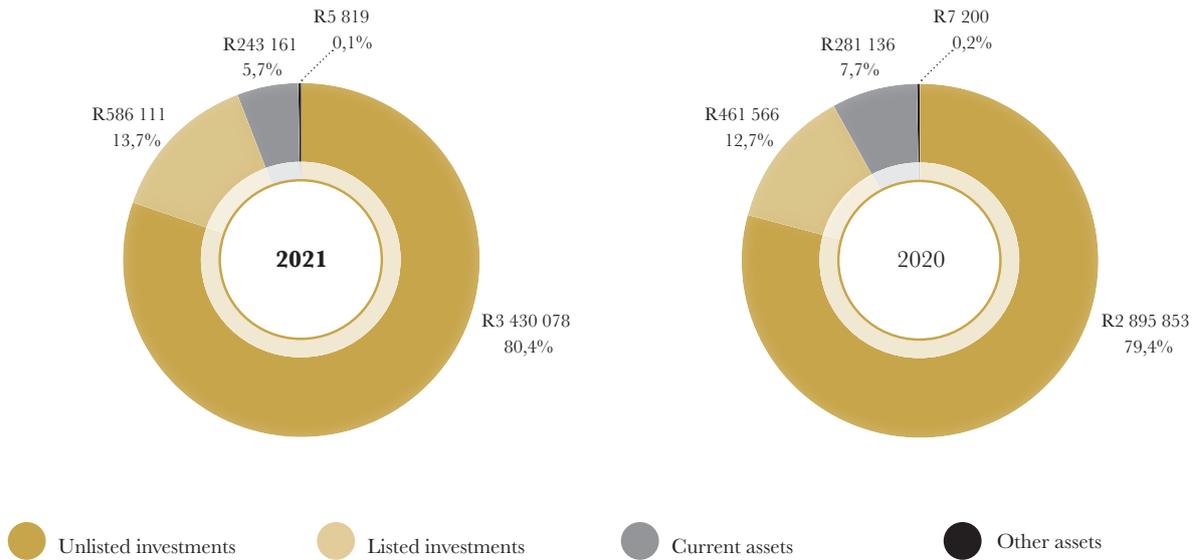
Integrated Report to stakeholders

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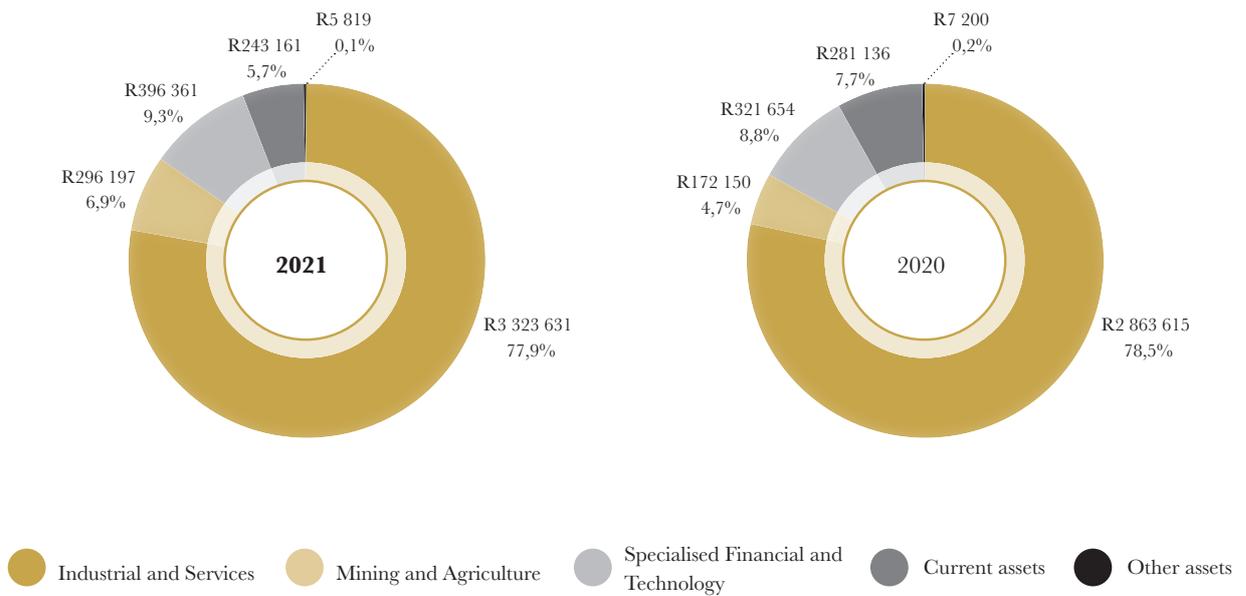
5. Asset profile

5.1 Graphic presentation of assets

Assets per category expressed as a percentage of total assets at 31 December (R'000)



Assets per investment sector expressed as a percentage of total assets at 31 December (R'000)



Integrated Report to stakeholders

continued

5.2 Investment portfolio

Investments per category at 31 December 2021

	Number of Ordinary shares/units	Economic interest %	Fair value R'000
Unlisted Investments			
Apex Partners Holdings (Pty) Ltd		44,8	303 760
Classic Food Brands (Pty) Ltd		25,0	15 091
DNI-4PL Contracts (Pty) Ltd * ¹		19,1	907 682
Flexo Line Products (Pty) Ltd		47,5	109 611
ITL Holdings Group * ²		34,0	611 239
Masimong Group Holdings (Pty) Ltd		10,0	296 197
Revix UK		15,5	–
Rolfes Holdings (Pty) Ltd * ³		25,1	201 594
SA Bias Industries (Pty) Ltd * ⁴		85,2	906 348
Sunspray Food Ingredients (Pty) Ltd * ⁵		27,7	78 556
			3 430 078
Listed Investments			
Corero Network Security Plc	47 000 000	9,5	126 181
Metrofile Holdings Limited	55 000 000	12,7	189 750
Transaction Capital Limited	6 000 000	0,8	270 180
			586 111
Non-current investment holdings			4 016 189
Current investments			
Capital Group New Perspective Fund (LUX – Equity)	191 662		75 138
Total current investments			75 138
TOTAL HOLDINGS			4 091 327

*¹ Effective interest of 19,1% in DNI through 28,74% of JAAH Investments which indirectly owns 46,12% of DNI through DN Invest (Pty) Ltd and a 5,85% interest in DN Invest (Pty) Ltd which owns 100% of DNI.

*² 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.

*³ Effective interest of 25,1% through 11,0% held directly and 14,1% indirectly through Masimong Chemicals (Pty) Limited

*⁴ Voting interest 49%.

*⁵ Held indirectly through ordinary shares in Famdeen Investments (Pty) Ltd.

Integrated Report to stakeholders

continued

5.2 Investment portfolio (continued)

Investments per sector at 31 December 2021

	Listed/ Unlisted	Number of ordinary shares/units	Economic interest %	Fair value R'000
Industrial and Services				
Apex Partners Holdings (Pty) Ltd	U		44,8	303 760
Classic Food Brands (Pty) Ltd	U		25,0	15 091
DNI-4PL Contracts (Pty) Ltd	U		19,1	907 682
Flexo Line Products (Pty) Ltd	U		47,5	109 611
ITL Holdings Group	U		34,0	611 239
Metrofile Holdings Limited	L	55 000 000	12,7	189 750
Rolfes Holdings (Pty) Ltd	U		25,1	201 594
SA Bias Industries (Pty) Ltd	U		85,2	906 348
Sunspray Food Ingredients (Pty) Ltd	U		27,7	78 556
				3 323 631
Mining and Agriculture				
Masimong Group Holdings (Pty) Ltd	U		10,0	296 197
				296 197
Specialised Financial and Technology				
Corero Network Security Plc	L	47 000 000	9,5	126 181
Revix UK	U		15,5	–
Transaction Capital Limited	L	6 000 000	0,8	270 180
				396 361
Non-current investment holdings				4 016 189
Current investments				
Capital Group New Perspective Fund (LUX – Equity)	L	191 662		75 138
				75 138
TOTAL HOLDINGS				4 091 327

Integrated Report to stakeholders

continued

5.3 Nature of investments

Company		Nature of business
Unlisted associates		
Apex Partners Holdings (Pty) Ltd		Apex is a specialist decentralised industrial holding company with a portfolio of controlling interests in distribution, manufacturing and infrastructure businesses in South Africa. It also provides advisory, investing and lending solutions which may include taking proprietary positions in distressed entities or in group restructures. Apex group entities are broken down into three segments – distribution, engineering and manufacturing. The distribution segment includes Letaba Pumps, TGS, Elephant Lifting and ELB Equipment. The engineering segment includes ELB Construction and Clyde Bergemann Africa (renamed CBZ Solutions). The manufacturing division includes Gabriel SA.
Classic Food Brands (Pty) Ltd		Classic Foods is a food manufacturer specialising in crumbed chicken products distributed mostly through retail outlets and in particular through new national contracts with major supermarket and food chains in South Africa.
DNI/4-PL Contracts (Pty) Ltd		DNI provides technology, logistics and distribution services to the telecoms and related industries and to all network operators in RSA, including sim card starter packs, airtime and handset distribution, tower leasing and technology platforms. Its divisions include Sim Card Distribution, Airtime and VAS, Hardware Distribution and Technology. The Technology division includes the DigiCo Companies such as Airvantage, M4JAM and Paymenow.
Flexo Line Products (Pty) Ltd		Flexo Line Products is a manufacturer of high quality injection moulded plastic products primarily for the spice and food industries locally and internationally.
ITL Group		ITL Group (Intelligent Labelling Solutions) is a market leading international designer, manufacturer and distributor of apparel labelling and identification products and supply chain management solutions including RFID from its factories and marketing offices in the United States, Canada, Mexico, United Kingdom, Germany, China, India, Vietnam, Sri Lanka, Bangladesh, Hong Kong, Turkey, Ethiopia, Mauritius, Madagascar and South Africa for supply to the clothing industry worldwide through multiple international retail group accreditations.
Masimong Group Holdings (Pty) Ltd		Masimong is an investment group with a portfolio of high performing growth assets and in particular its mining interests in Seriti Coal, South 32's South African Energy Coal (now 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 smaller diversified interests including Rolfes and Anchor Capital.
Revix UK		Revix UK offers an investment platform that enables retail investors to obtain direct access and ownership of several individual crypto currencies, ready-made crypto portfolios called "bundles" and crypto-based yield-bearing opportunities. Revix intends to expand its products in 2022 beyond crypto currencies into emerging and disruptive themes including AI, biotech, 5G and eSports.
Rolfes		Rolfes is a specialist provider of agricultural, food, industrial and water chemical solutions and services.
SA Bias Industries (Pty) Ltd		SA Bias Industries is an industrial group operating through: <ul style="list-style-type: none"> – Flowmax which is a group of 15 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 through Narrowtex, Webbing Products, National Braiding (NBI), Specialised Ropes and Apparel Component Manufacturers (ACM). – Sabias Investments BVI which holds the group's offshore cash primarily for the expansion of the group's offshore operations.
Sunspray Food Ingredients (Pty) Ltd		Sunspray provides food ingredient solutions to South African manufacturers by supplying spray dried and blended powdered food and drink products and services. It is the largest independent contract supplier in Africa.
Listed investments held directly	Stock exchange	
Corero Network Security Plc	LSE-AIM	Corero is a LSE listed group focused on cyber security and in particular protection from DDOS attacks.
Metrofile Holdings Limited	JSE	Metrofile is a JSE listed service provider to industry in four categories – secure storage, digital services, business support services and product and solutions.
Transaction Capital Limited	JSE	Transaction Capital is a JSE listed specialised financial group whose operations comprise SA Taxi, TC Risk Services and WeBuyCars.

Integrated Report to stakeholders

continued

5.4 Investment and operational partners

	Operational	Family/Financial
Unlisted		
Apex Partners Holdings	Charles Pettit	Charles Pettit
Classic Foods	Jason Caradas Pano Economou	Peter Gain Jason Caradas Pano Economou
DNI-4PL	Andrew Dunn	Andrew Dunn Peter Gain Mineworkers Investment Company (MIC) RMB Mike Teke Stephen Saad
Flexo Line Products	Graeme Horsfield	Peter Gain
ITL	Team	Peter Gain Carl Coutts-Trotter Neil Henderson RMB
Masimong	Mike Teke Doug Gain	Mike Teke Doug Gain RMB
Rolfes	Richard Buttle and team	Phatisa Mike Teke
SA Bias	Carl Coutts-Trotter	Carl Coutts-Trotter
Sunspray	Rene Cross	RMB Corvest
Listed		
Corero	Team	Jens Montanana Richard Koch Peter Gain
Metrofile	Team	MIC
Transaction Capital	Team	Jonathan Jawno Michael Mendelowitz Rob Rossi

Integrated Report to stakeholders

continued

5.5 Portfolio changes during the year

During the year, Sabcap:

- ◆ disposed of its Brait bonds for GBP2,308m (R48,2m);
- ◆ received R36,0m for 10,9m Rolfes shares which were under option to Phatisa;
- ◆ increased its look through interest in the two Mandarin structures owning the ITL Group from 30% to 34% for \$4,8m (R70,2m) and R0,8m respectively;
- ◆ received early repayment of its redeemable preference shares in Mandarin Holdings of R112,4m and received a net amount of R63,2m after re-investing R48,8m of the proceeds on loan account as part of the funding for the redemption;
- ◆ invested a further R8,7m in Masimong pro rata in a rights issue;
- ◆ increased its interest in Metrofile to 55m shares for R15,0m;
- ◆ increased its shareholding in Corero Network Security Plc (Corero) from 36,3m shares to 47m shares for GBP1,3m (R27,3m);
- ◆ restructured its interests in SA Bias Industries from 59,9% to 85,1% but SA Bias reduced its interests in Flowmax and Narrowtex Group from 100% to 73,9% and 75% respectively, with the result that Sabcap's look through interest in SA Bias' two operating divisions increasing marginally from 59,9% in each to 62,9% in Flowmax and 63,9% in Narrowtex Group;
- ◆ sold 4m Transaction Capital (TC) shares for R142,1m;
- ◆ settled the section 164 appraisal claims in respect of the 251 880 Sabvest shares for an amount of R11,9m; and
- ◆ acquired 1 429 500 Sabcap shares through a shareholder approved buyback program for R66,0m and cancelled 1 450 000 shares (which included the 40 500 ordinary shares held as treasury shares at 31 December 2020), with the number of shares in issue at year end, net of the remaining 20 000 treasury shares, being 39 530 000 ordinary shares.

Subsequent to the reporting date, Sabcap has:

- ◆ disposed of a further 1m TC shares for R48,7m, retaining 5m shares;
- ◆ increased its holding in Corero Network Security Plc by 3m shares to 50m shares, representing 10,1% of Corero, for GBP0,4m (R7,4m);
- ◆ subscribed for a 49,9% equity interest in a subsidiary of Masimong Group Holdings Proprietary Limited, Masimong Electrical Holdings Proprietary Limited (MEH), committing to make shareholder loan funding of R199m and financial guarantees R24,5m available to MEH on demand to facilitate the acquisition of all the shares in ARB Holdings Limited (ARB) not owned by the Alan Burke family for R697m (before transaction costs) through a scheme of arrangement and a delisting and which, if successful, will result in MEH owning 37,07% of ARB;
- ◆ supported, through the issuance of a guarantee, the participation of Apex Partners Holdings (Pty) Limited in the provision of funding for the refinance of Ascendis Healthcare Limited and the subsequent offer by Apex to acquire 100% of the entities comprising the Medical Devices division of Ascendis; and
- ◆ noted that corporate tax rate changed to 27% which will have an effect on the deferred tax liability at the capital gains tax rate for the year ended 31 December 2023, the impact of which cannot be reliably estimated at this time.

Integrated Report to stakeholders

continued

6. Financial overview

6.1 Accounting policies

The Consolidated and Company financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), the requirements of the Companies Act, No. 71 of 2008, the JSE Listings Requirements, SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council. They have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value or at amortised cost. The significant accounting policies and methods of computation are consistent in all material respects with those applied in the previous financial year, other than the standards which were adopted in the current year.

These have been prepared on a historical cost basis, except for financial instruments and investments which are measured at fair value.

The significant accounting policies are available for inspection at the group’s registered office. There has been no material change in judgements or estimates of the amounts reported in prior reporting periods. The preparation of these consolidated and company summarised financial statements were supervised by the Chief Financial Officer, R Pleaner CA (SA).

6.2 Salient financial features of the year

	2021	2020
	RSA	RSA
	cents	cents
RETURNS TO SHAREHOLDERS		
Net asset value per share	9 371	7 444
Headline earnings per share	1 689,7	708,5
Earnings per share	1 689,6	708,4
Normal dividend proposed/paid	75,0	25,0
	R’000	R’000
STATEMENT OF COMPREHENSIVE INCOME		
Headline attributable income	679 252	293 232
Income attributable to equity shareholders	679 201	293 184
STATEMENT OF FINANCIAL POSITION		
Ordinary shareholders’ equity	3 704 327	3 048 991
Investment holdings at fair value	4 091 327	3 500 055

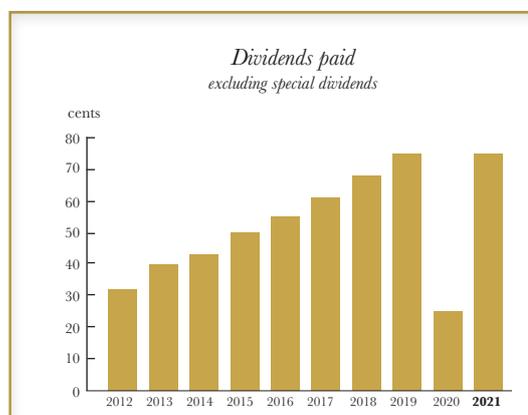
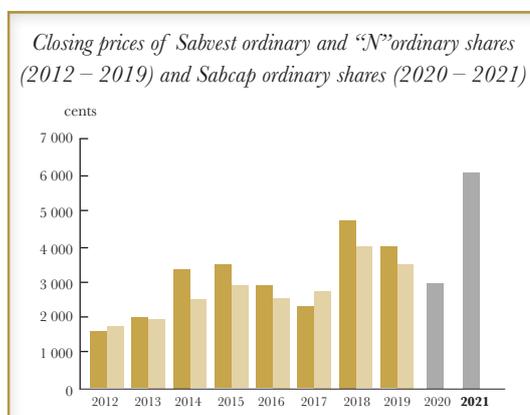
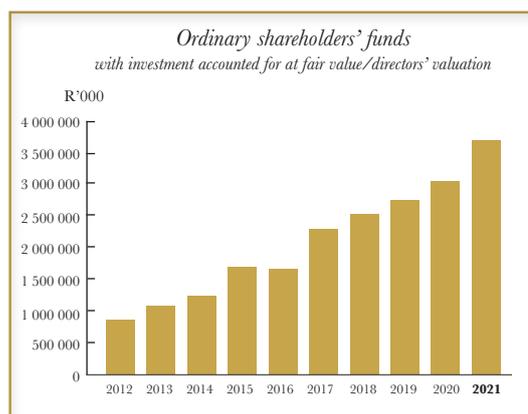
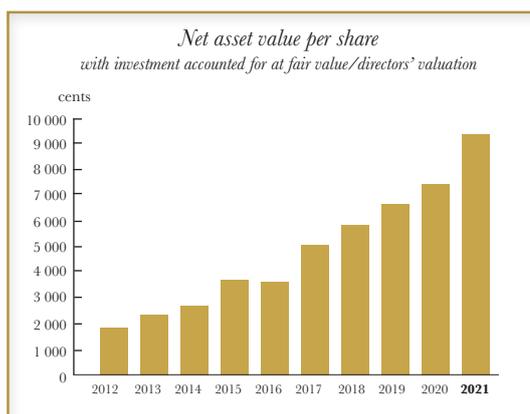
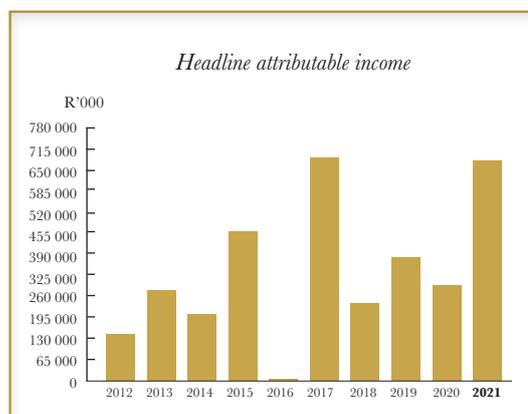
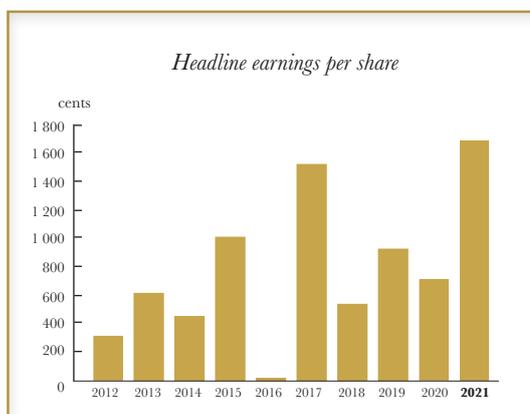
6.3 Ten-year financial review

A ten-year financial review is set out in Annexure 3 on pages 43 and 44.

Integrated Report to stakeholders

continued

6.4 Ten-year graphical review



Sabvest ordinary shares
 Sabvest 'N' ordinary shares
 Sabcap ordinary shares

Integrated Report to stakeholders

continued

6.5 Commentary on the 2021 Financial Results

Sabcap recorded very satisfactory results for the year with NAV per share increasing by 25,9% to 9 371 cents per share, with PAT increasing by 131,7% to R679,2m (a new record high for Sabcap) and HEPS and EPS increasing by 138,5% to 1 689,7 and 1 689,6 cents per share respectively.

The favourable results were largely due to strong fair value gains in Apex, Corero, DNI, Flexo, Masimong, Metrofile, Rolfes, SA Bias and Transaction Capital together with higher income flows from investees, the benefits of conservative debt levels and a weaker rand improving the rand translated values of non-RSA holdings.

With regard to cash income, dividends received included a special dividend of R88,2m from SA Bias which facilitated the restructure at SA Bias referred to in the Changes to Investment Holdings.

Expenditure increased materially due to incentive provisions normalising at the much higher level of profitability and increased costs due to an expansion of the executive team and use of outsourced services. Sabcap targets to maintain expenditure at 1,5% – 2,0% per annum of assets over three year periods. In this regard there are no other ongoing costs to shareholders as there are no share schemes nor separate profit carry share – all incentive schemes are expensed in the annual expenditure.

Interim and final dividends of 20 cents and 55 cents per share respectively have been declared for 2021 which represents a 200% increase relative to the COVID affected 2020 dividends of 25 cents (which had been the first reduction in dividends in 20 years) and a return to the 2019 dividend level. In addition, R66,0m was allocated to buybacks of Sabcap shares during the year at material discounts to NAV.

A portion of the cash receipts from realisations was utilised to prepay R100m of term debt due in 2021 and 2022. The remaining term debt maturities are 2023 – 2025. The balance of the cash receipts were retained to fund new investments and are now earmarked for the MEH/ARB transactions. Surplus operating cash flow was largely utilised to fund share buybacks.

The balance sheet remains strong and under geared. Shareholders' funds increased by 21,5% to R3 704,3m at year-end.

6.6 Growth metrics

Sabcap's primary financial metric is growth in NAV per share. The 15 year compound annual growth rate (CAGR) in NAV per share to the 2021 year-end was 16,9%, calculated without reinvesting dividends. The CAGR after reinvesting dividends was 18,6% (calculated with dividends notionally not paid and the amounts notionally retained by the Company, growing at 10% per annum).

	Cents	PERCENTAGE COMPOUND GROWTH				
		1 year %	3 years %	5 years %	10 years %	15 years %
Net asset value per share	9 371	25,9	17,0	20,8	19,6	16,9

Sabcap's share price is usually at a discount to its NAV per share but the discount narrowed considerably in 2021 from 60,0% at the prior year-end to 34,9% at the current year-end. However, notwithstanding the fluctuating discounts in different periods, the growth in share price itself over different periods is set out in the table below. The growth rate over one year was 105,0% and the CAGR over 15 years was 16,0%.

	Cents	PERCENTAGE COMPOUND GROWTH *				
		1 year %	3 years %	5 years %	10 years %	15 years %
Market price per share	6 100	105,0	12,3	17,9	22,6	16,0

* The 1 year CAGR is calculated using the Sabcap share price, with the remaining CAGRs calculated with reference to the weighted average share prices of the Sabvest ordinary and 'N' ordinary shares.

Integrated Report to stakeholders

continued

6.7 Financial resources

Shareholders' funds amounted to R3,704bn at the year-end.

In South Africa the Group has R240m in term loans falling due 2023 to 2025. Some will be repaid if the group has surplus cash from investment realisations in the ordinary course of business and some will be refinanced.

It has short-term bank facilities of R150m which were unutilised at the year-end. It also has loans from entities associated with the directors, the utilisation of which was R2,8m at the year-end.

The Group had cash and liquid investments of R221,5m at the year-end.

The Group has an offshore facility of GBP6m for listed portfolio finance and which was utilised to the extent of GBP0,6m (R12,7m) at the year-end.

The Group has sufficient financial resources to execute its strategies and is cash flow positive.

6.8 Dividend policy and declaration

Dividends are determined relative to Sabcap's own cash flows from investments and services and capital receipts that are not earmarked for new investments. Dividends are considered twice annually. Interim and final dividends of 20 cents and 55 cents per share respectively have been declared for 2021 which represents a 200% increase relative to the COVID affected 2020 dividends of 25 cents (which had been the first reduction in dividends in 20 years) and a return to the 2019 dividend level. In addition, R66,0m was allocated to buybacks of Sabcap shares during the year at material discounts to NAV.

6.9 Valuation of investments

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

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

The multiples used are unchanged relative to the prior year. Apex has changed its basis of accounting from fair value under IFRS 10 to consolidating.

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

Foreign investments are valued in rands at the closing exchange rate on the reporting date which in the case of ZAR/USD was 15,8976 (31 Dec 2020: 14,6915).

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

6.10 Performance of unlisted investments

With regard to the performance of our unlisted investments:

- ◆ Apex's operations are all now trading at or above pre-COVID levels. The strategy of building a sound cash generative new industrial group in South Africa is being well implemented. Prospects for organic and continued acquisitive growth are strong. Apex also intends to establish Apex UK in the year ahead and will follow the same acquisitive model in the UK in similar industries as currently in RSA.

Valuation summary:	2021	2020
EBITDA valuation multiple/basis of valuation	4,5x	NAV
44,8% equity interest – R'000	303 760	88 485
Investment loans – R'000	–	39 999
Total – R'000	303 760	128 484

Integrated Report to stakeholders

continued

- Classic Food Brand's (CFB) operations were affected by the three COVID waves and its Durban manufacturing facilities were closed but not damaged during the unrest in KwaZulu-Natal. Sales volumes have been affected as a result but are expected to be back to projections by Q2 FY2022. Sabcap is cautiously optimistic on future prospects for CFB.

Valuation summary:	2021	2020
Basis of valuation	NAV	NAV
25% equity interest – R'000	–	–
Investment loans – R'000	15 091	13 290
Total – R'000	15 091	13 290

- DNI has grown well and continues to be highly cash generative and pays a high level of dividends. Jason Goodall took minority shareholdings in Digico and Jason has been appointed its chairman after retiring from Nippon Telegraph and Telephone (NTT) and Dimension Data. DNI remains Sabcap's largest investment. Prospects for organic and acquisitive growth are good.

Valuation summary:	2021	2020
EBITDA valuation multiple	6,5x	6,5x
19,1% equity interest (2020: 19,4%) – R'000	907 682	839 376

- Flexo has grown materially and is increasingly cash generative. Prospects for growth are strong.

Valuation summary:	2021	2020
EBITDA valuation multiple	4,5x	4,5x
47,5% equity interest – R'000	29 882	29 802
Investment loans – R'000	79 729	65 206
Total – R'000	109 611	95 008

- ITL was badly affected by COVID in 2020 with all of its operations worldwide closed during the various international lockdowns. All of its factories had re-opened by the end of Q3 2020. However, although northern hemisphere retail demand rebounded, the order levels only reached or surpassed 2019 levels late in 2021, with the varied product demand mix and geographic sourcing leading to slightly lower margins and profits. This has negatively affected the dollar valuation at the reporting date. Based on order levels and mix at the reporting date, new account wins and increasing demand for RFID, ITL is comfortable that it is back on track to meet its projections. Prospects for a resumption of profit growth in 2022 are good. Trading in the first two months of 2022 has exceeded prior year and budgets. In addition, ITL remains well positioned strategically, geographically and operationally in its industry relative to its competitors.

Valuation summary:	2021	2020
EBITDA valuation multiple	9,0x	9,0x
34,0% equity interest (2020: 30,0%) – R'000	26 139	103 486
Investment loans – R'000	585 100	441 952
Sub-total * – R'000	611 239	545 438
Preference shares – R'000	–	109 635
Total – R'000	611 239	655 073

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

- Masimong had a satisfactory year with a further increase in NAV. Subsequent to the year end a subsidiary of Masimong, owned 50,1% by Masimong and 49,9% by SABCAP directly, has made an offer of R697m for 37,1% of ARB Holdings Limited through a scheme of arrangement and a delisting with the founding Alan Burke family retaining its 62,9% holding and management control. Prospects for continued growth in NAV are strong.

Valuation summary:	2021	2020
Basis of valuation	NAV	NAV
10,0% equity interest – R'000	296 197	172 150

Integrated Report to stakeholders

continued

- ◆ Revox UK has continued to grow steadily despite regulatory hurdles for cryptos in most countries. Revox is hopeful that legislation will be clarified and introduced in the year ahead in the countries in which it will operate which will then enable it to be regulated in appropriate jurisdictions and grow within those frameworks. It expects to reach breakeven revenues in 2022. Revox was one of 21 start-ups worldwide to be accepted into the Berkeley Blockchain Xcelerator and one of only 2 start-ups to join the Founders Factory Africa Accelerator in 2021. Prospects are difficult to determine but developments in 2021 have been positive.

Valuation summary:	2021	2020
Basis of valuation	NAV	NAV
15,5% equity interest (2020: 31,0%)* – R'000	–	–

* Investment loans were converted to equity during the period.

- ◆ Rolles divisions grew satisfactorily in the 2021 financial year and trading in the first half of 2022 has been at record levels and ahead of prior year and budgets. Prospects for continued growth are good.

Valuation summary:	2021	2020
EBITDA valuation multiple	6,0x	6,0x
25,1% equity interest – R'000	201 594	145 452

- ◆ SA Bias is trading satisfactorily at levels in excess of 2019 and 2020 and with good cash generation. It has a liquid balance sheet and is well positioned for continued acquisitions particularly in the UK. Sabcap has restructured SA Bias and its shareholdings to meet the requested changes of its partners, the Coutts-Trotter family. Sabcap previously held 59,9% of SA Bias which owned 99% of Flowmax and 100% of Narrowtex. Sabcap now owns 85,15% of SA Bias which owns 75% of Narrowtex Group and 73,87% of Flowmax with the family having acquired 25%, and 25,01% directly in each respectively and reducing their direct holdings in SA Bias, with management holding the remaining 1,12% in Flowmax. That has resulted in Sabcap's look through shareholdings in Flowmax and Narrowtex Group increasing from 59,9% in each to 62,9% and 63,86% respectively. Prospects for growth in Narrowtex are good and in Flowmax organically and through ongoing acquisitions are strong.

Valuation summary:	2021	2020
EBITDA valuation multiples *	6,0x / 4,5x	6,0x / 4,5x
85,1% equity interest (2020: 59,9%) – R'000	906 348	768 590

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

- ◆ Sunspray recorded a drop in earnings in 2021 for the first time in many years due to various operational and supply chain difficulties. It is projecting to return to growth and exceed 2020 earnings in 2022. Its revised five year plan also shows continued growth and at higher margins due to technical innovations, enhanced production capabilities and a broader product/service offering. Prospects for a resumption of growth in 2022 are good.

Valuation summary:	2021	2020
EBITDA valuation multiple	5,0x	5,0x
27,7% equity interest – R'000	73 316	73 545
Investment loans – R'000	5 240	4 885
Total – R'000	78 556	78 430

6.11 Performance of listed investments

- ◆ Corero continues to grow its revenues satisfactorily and performed strongly in FY21, with revenues expected to be in-line with market expectations and EBITDA anticipated to be ahead of market expectations. In addition, Corero anticipates reporting a maiden profit before taxation. Corero's relationship with Juniper Networks continues to gain traction and facilitate higher volumes and revenues. Prospects for continued growth are good.

Valuation summary:	2021	2020
Number of ordinary shares	47 000 000	36 250 000
Price per share – GBP	12,5	10,0
Fair value – GBP'000	5 875	3 625
Fair value – R'000	126 181	72 754

Integrated Report to stakeholders

continued

- ◆ Metrofile achieved good results for FY21 despite the continued impacts of the pandemic and the challenging economic environment. Following the successful completion of the rationalisation of its operations and its strategic review and having achieved target gearing levels, with cost reduction initiatives ensuring a more efficient structure, it is expected to show similar growth going forward. Prospects for future growth are good.

Valuation summary:	2021	2020
Number of ordinary shares	55 000 000	50 147 662
Price per share – cents	345	279
Fair value – R'000	189 750	139 912

- ◆ Transaction Capital's resilience and agile response to COVID has enabled all its divisions to continue to trade strongly, resuming its long-term track record of growth in FY21 with operational metrics nearing or exceeding pre-COVID levels. TC is well positioned for growth in line with its pre-COVID track record. Prospects for future growth are strong.

Valuation summary:	2021	2020
Number of ordinary shares	6 000 000	10 000 000
Price per share – cents	4 503	2 489
Fair value – R'000	270 180	248 900

7. Prospects

Sabcap is comfortable with the current performance and future prospects of its investees and of new investments in the pipeline. Accordingly, Sabcap expects continued satisfactory growth in the 2022 financial year.

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

8. Governance and sustainability

8.1 Human resources

RSA executives	Overseas executive management	Staff	Sub-total	Non-executive directors	Total 2021	Total 2020
4	1	4	9	4	13	13

Integrated Report to stakeholders

continued

8.2 Directorate

Executive directors



Christopher Stefan Seabrooke (68)

BCom, BAcc, MBA, FCMA

Chief Executive Officer

Joined the Group in 1980.

Appointed Chief Executive in 1987.

Non-Executive Chairman of Transaction Capital Limited and Non-Executive Director of Metrofile Holdings Limited. Also a director of numerous unlisted companies. Former Chairman of the State Theatre of South Africa and Deputy Chairman of the inaugural National Arts Council of South Africa.



Raymond Pleaner (67)

BCompt(Hons), CA(SA)

Chief Financial Officer

Joined the Group in 1985 and appointed to the Board in 1996.

Retiring from the Board effective 30 April 2022.



Kyle De Matteis (37)

B.Bus.Sc, PGDA, CA(SA), CFA

Deputy Chief Financial Officer

Currently Deputy CFO having joined the Group in October 2020. Previously in various roles with Deloitte in RSA, New York and London, was head of credit at Merchant Capital and most recently was a senior financial manager at Brait.

To be appointed to the Board effective 30 April 2022.



Leon Rood (44)

BCom, LLB

Executive Director

Appointed to the Board in 2019.

In addition to being an admitted attorney, holds diplomas in advanced taxation, corporate and securities law and international taxation. Previously a senior director of Werksmans and held various positions with Cliffe Dekker Hofmeyr and KPMG.

Non-executive directors



Kuben Pillay (61)

BA LLB (Wits), MCJ (Howard School of Law, USA)

Independent Non-Executive Chairman

Chairman of the Nominations Committee and member of the Remuneration and Social and Ethics Committees

Appointed to the Board in 2020.

Non-Executive Director of Transaction Capital Limited, Chairman of Net1 UEPS Technologies Inc and Lead Independent Director of OUTsurance Group. Former Chairman of Cell C Limited, Mineworkers Investment Company and Primedia.



Olufunke Ighodaro (58)

BSc (Hons), CA (England and Wales)

Independent Non-Executive Director

Member of the Audit, Remuneration, Nominations and Social and Ethics Committees

Appointed to the Board in 2020.

Former CFO of Primedia Ltd and Tiger Brands Ltd and former Executive Director of Barloworld Ltd and of 9Mobile (Nigeria's fourth largest telco), former founder and CEO of the private equity business of Kagiso Trust Investment Group. Currently a Non-Executive Director of Massmart Holdings Limited, Old Mutual Limited, Old Mutual Life Assurance Company Ltd, Telkom SOC Limited and Ascential Plc. Formerly a Non-Executive Director of Dataatec Limited and Transaction Capital Limited.



Lindiwe Mthimunye (48)

M.Com, H.Dip Tax Law, CA (SA)

Independent Non-Executive Director

Chairman of the Audit and Risk Committee and member of the Social and Ethics, Nominations and Remuneration Committees.

Appointed to the Board in 2018.

Managing Director of Petroleum Investment Partners (Pty) Ltd and a Non-Executive Director of Massmart Holdings Limited, Metrofile Holdings Limited, Cell C Limited and Old Mutual Investments.



Bheki James Themba Shongwe (66)

BA (Econ), MBA, ACIS, FCIBM

Independent Non-Executive Deputy Chairman

Chairman of the Remuneration Committee, Member of the Audit and Risk, Nominations and Remuneration Committees

Appointed to the Board in 2005.

Chairman of Flow Communications (Pty) Ltd, Executive Chairman of Matsamo Group Ltd, Non-Executive Director of Matsamo Capital (Pty) Ltd, Cigicell (Pty) Ltd and Kaimot Investments (Pty) Ltd.

Integrated Report to stakeholders

continued

9. Corporate governance

The Board of Directors of Sabcap is responsible for the corporate governance framework and Sabcap and its subsidiaries and is accountable to stakeholders for the performance, activities and control of the Group.

King IV™

The King IV Report on Corporate Governance for South Africa was released in November 2016 with early adoption being encouraged by the JSE. King IV™ advocates an outcome based approach and defines corporate governance as the exercise of ethical and effective leadership towards achieving the following governance outcomes:

- ◆ Ethical culture
- ◆ Good performance
- ◆ Effective control
- ◆ Legitimacy

Sabcap has set out its governance structures in line with the 16 principles of King IV™ on an apply and explain basis. The application of recommended practices has been adopted and reported on as appropriate for an investment holding company.

The Board is committed to complying with legislation, regulations, best practices and governance standards relevant to the Group in alignment with the aspirational nature of King IV™ principles.

Principle 1

The governing body should lead ethically and effectively

The Board maintains a high level of individual and collective responsibilities, accountability, fairness and transparency, which together drive a culture of risk awareness, ethical behavior and value creation.

The Board is responsible for the strategic direction of the Group which it considers in conjunction with the Group's ethics charter which is the basis for deliberations, decisions and actions of the Board. The Board endorses and accepts responsibility for achieving the values underpinning good governance, namely, integrity, competence, fairness, responsibility, transparency and accountability.

The Board provides effective and responsible leadership in a way that supports sustainable business and in consideration of the impacts on society, the environment, stakeholders and sustainability.

The Board acts as the custodian of governance and has approved the formal charter that sets out its responsibilities. The Board is responsible for appointing the CEO and for monitoring his management of the performance of the Group's assets against strategic and financial objectives.

The Board delegates specific responsibility to appropriately mandated and constituted committees. The Audit and Risk Committee and the Social and Ethics Committee fulfil the statutory governance requirements for the Group.

Sabcap follows a stakeholder inclusive approach as set out in Principle 16.

Directors are required to disclose in writing any conflicts of interest and shareholdings in the Company or in any other relevant stakeholders between and at Board and Committee meetings, as appropriate.

Principle 2

The governing body should govern the ethics of the organization in a way that supports the establishment of an ethical culture.

Sabcap is committed to achieving the highest standards of ethical behavior in compliance with its code of ethical conduct. The Board, through the Social and Ethics Committee, has approved a code of ethical conduct which is published on its website and communicated to its employees. It maintains a high awareness of the South African Constitution and Bill of Rights. It also endeavours to ensure that the highest ethical behavior is followed by its investee companies.

Integrated Report to stakeholders

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The CEO is the custodian of the charter and is assisted by the group's CFO in his function as ethics officer. The Board reviews the charter annually.

Sabcap maintains a tip off hotline through its Audit Committee Chairman for anonymous or identified calls or contacts. Any reports are investigated by the Audit Committee Chairman using external legal and other resources if required. No incidents were reported during the year.

The setting of specific measurable metrics is not practical as Sabcap is an investment group with a small staff complement.

Adherence to the ethics charter is monitored by the Social and Ethics Committee and no deviations were recorded during the year. Future focus will continue to be maintained on all core values.

Principle 3

The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen

The Company itself and most of its investee companies have SRI programmes to facilitate its role as a responsible corporate citizen.

Sabcap invests between 0,5% and 1% of its own expected sustainable profit after tax directly (and indirectly through SA Bias Industries) in specific programmes encompassing bursaries for education, the funding of educational infrastructure and specific related projects. During 2021 eighteen school bursaries were funded and general and specific grants were made for education related initiatives. Donations were also made to the University of Cape Town, Shadow Careers, The Soul Provider Trust, the Masimong Foundation, the Paul Mthimunye Bursary Fund and Oliver's House Education Centre.

Since the commencement of the Sabcap programme, 234 years of schooling have been funded.

Sabcap also encourages its investee companies to maintain and adhere to comprehensive sustainability policies as appropriate.

Principle 4

The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.

The Board has set out its strategy and associated risks in this integrated report and articulated its core values in alignment with its ethics charter. In directing strategy and pursuing investment opportunities, the Board considers the risks and opportunities in the environment in which the Group operates to create value for all stakeholders. The Board sets key performance criteria and targets for management to assess the implementation of Group strategy.

The Audit and Risk Committee assists the Board with governance and risks and both the Committee and the Board assess the viability of the company relative to capital, solvency and liquidity on an ongoing basis.

In addition to the annual budget being considered and approved by the Board, the Board monitors the company's three year rolling financial plan and execution of its strategy.

Principle 5

The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance and its short, medium and long term prospects.

Based on the recommendations of the Audit and Risk Committee, the Board approves the Integrated Report, the annual financial statements, the King IV™ compliance report and all other reports published by the Company in its integrated annual report, all of which are also available on Sabcap's website.

The Board considers Sabcap's business model and envisaged strategy and the interests of its key stakeholders in all its deliberations.

The Board also directs the Company to issue regular updates on its investment activities to shareholders through SENS announcements at and between scheduled reporting dates.

Integrated Report to stakeholders

continued

Principle 6

The governing body should serve as the focal point and custodian of corporate governance in the organisation

The Board is the focal point of Sabcap's corporate governance framework. Sabcap follows a stakeholder inclusive approach to governance with the Board being ultimately responsible and accountable to stakeholders for the performance, activities and control of the Group.

This is achieved through the direction provided by the application of the Board Charter, Memorandum of Incorporation ("MOI"), the Board members' letters of appointment, its application of the King Code of Corporate Governance and relevant legislation. The Board confirms that it complies with the provisions of the Companies Act 2008 and is operating in terms of the laws relating to its incorporation and in conformity with its MOI. The Board's sub-committees play an integral role in ensuring corporate governance is achieved through the terms and mandates in their respective charters.

The Board Charter authorises Board members to obtain independent external professional advice, to have direct access to the executives, employees and company secretary for information and to meet without the executive directors, or with management, or with advisors when deemed appropriate or necessary. The Company bears the relevant expenses.

Principle 7

The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively

The Board and its Committees

Sabcap employs nine people of whom three are executive directors of the holding company. It also has the benefit of the experience and advice of four independent non-executive directors on the holding company board. The continued independence of directors is assessed annually, with particular attention to those who have served on the Board for longer than nine years. The Board is satisfied that the four directors regarded as independent continue to exert this status vigorously.

The roles of Chairman and CEO are separate. The Chairman is not a member of the Audit and Risk committee and is a member but not the chairman of the Remuneration Committee. The Chairman's non-executive role encompasses being the mentor and counsel to the CEO, the co-ordination of governance activities, the overseer of Board and committee performance and the guide to the Board in its principal functions of the keepers of strategy, the monitors of risk, the custodians of management excellence and the overseers of Company performance. A separate lead director has been appointed who is non-executive and independent.

The directors consider the mix of technical, entrepreneurial, financial and business skills of the directors to be balanced, thus ensuring the effectiveness of the Board. Board composition and the process of nominating directors to the Board is the function of the Nominations Committee. None of the directors has political connections of relevance to the Company or at all. The Board retains full and effective control over the Company and its subsidiaries and monitors the performance and decisions of executive management.

The Board believes that the optimal number of directors for Sabcap is 7 – 8 of which 4 – 5 should be non-executive directors and a majority of those should be independent.

It is the Board's policy to promote diversity within its non-executive directors as follows:

1. **Gender**

A minimum of two female directors.

2. **Race**

A minimum of two black directors.

3. **Culture**

Directors with a culture that supports the ethics of the organisation and its social responsibility initiatives.

Integrated Report to stakeholders

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4. *Age*

A spread of ages.

5. *Field of knowledge*

Skills and experience should include finance, investments, accounting, legal, JSE and general business experience.

In addition, the Company is represented on the Boards of all of its unlisted investees and certain of the directors are directors of most of its major listed investee companies. The Board fully respects the fiduciary duties of these directors to the respective companies and is cognisant of stock exchange rules and insider trading policies for those companies that are listed.

No external advisors are regular attendees at Board meetings.

Directors are subject to election by shareholders at the first opportunity following their appointment. Directors retire by rotation and stand for re-election by shareholders at least once every three years. In accordance with the Company's MOI, the Board also has the ability to remove directors without requiring shareholder approval.

The executive directors have six months' notice periods but no other contractual entitlements.

The Board meets at least twice annually. Additional meetings are held when non-scheduled matters arise. In addition, the Company has an effective Board memoranda process to facilitate consultation with all directors on an ongoing basis and management reports are circulated to the Board monthly as well. Additional scheduled meetings are not regarded as necessary due to this process and the limited movement in portfolio holdings.

The full responsibilities of the Board and of each Committee are set out in written charters adopted by the Board and published on the Company's website. There is clear balance of power and authority at the Board level to ensure that no one director has unfettered powers of decision-making.

Directors participate at meetings in person or by audio conference. During the year directors' attendance at the Board meetings held, was as follows:

	Attendance
O Ighodaro	2/2
K Pillay	2/2
R Pleaner	2/2
L Mthimunye	2/2
L Rood	2/2
CS Seabrooke	2/2
BJT Shongwe	2/2

The profiles of directors are set out on page 20, shareholders on page 93 and remuneration details in note 16 on page 83.

Company Secretary

The role of the Company Secretary is outsourced to Levitt Kirson Business Services (Pty) Limited, which meets the requirements of the Companies Act and the JSE.

The duties of the Company Secretary include:

- ◆ Providing counsel and guidance to the Board on their individual and collective powers and duties as required from time to time;
- ◆ Considering the regulatory universe prepared by internal audit and providing the Board with updates and proposed changes to laws and regulations affecting the Group;
- ◆ Reporting to the Board any non-compliance with the MOI or Companies Act;

Integrated Report to stakeholders

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- ◆ Maintaining proper minutes of shareholder, director and committee meetings;
- ◆ Certifying in the annual financial statements that the Company has filed the required notice and returns timeously in accordance with the Companies Act;
- ◆ Ensuring that the Company's annual financial statements are properly distributed;
- ◆ Carrying out the other functions required of a company secretary by the Companies Act.

The Board has considered and satisfied itself of the competence, qualifications and experience of the Company Secretary. More particularly, the Board is satisfied that the required duties have been carried out effectively.

The Board confirms that the Company Secretary has maintained an arms' length relationship with the Board, is not a director of the Company and performs no other functions on behalf of the Company or the Board.

Audit, Governance and Risk Committee

The Committee operates within defined terms of reference and authority granted to it by the Board in terms of a written charter. It meets at least twice a year, and the external auditors, Deloitte & Touche, and CFO attend as well. The Chief Executive may also attend by invitation from time to time. The external auditors have unrestricted access to the Committee.

Selected scope internal audit services are performed for the Group by KPMG for assurance purposes. KPMG reports to the Chairman of the Committee and administratively to the CEO. The relationship is sound and no disagreements were recorded during the year.

The internal auditors attend when presenting their reports and opinions. The internal auditors follow a plan performed over a three year cycle, focusing on areas identified and prioritised based on those areas viewed as higher risk and where there is an aim to improve internal controls in a specific area. The plan is flexible to accommodate changing circumstances or risk profiles. Their reports provided unqualified assurances to the Audit Committee and Board.

There are no other regular invitees to Committee meetings.

The principle functions of the Committee are to review the interim and annual financial statements and accounting policies, monitor the effects of internal controls, assess the risks facing the business, assess the expertise and experience of the CFO, discuss the findings and recommendations of the auditors and review corporate governance procedures. The Audit Committee also has the responsibility for recommending the appointment of the external auditors and for ensuring that there is appropriate independence relating to non-audit services provided by the auditors. These non-audit services are presently taxation, corporate finance, technical accounting, risk and human resources.

The Committee regards the CFO and Deputy CFO as suitably qualified and experienced and the finance function to be operating effectively.

Due to the size of the Group, a separate risk committee is not regarded as necessary. The Audit Committee monitors the risk registers, risk control procedures and authorities framework of the Group.

The Committee regards the process resulting in the presentation of the Integrated Report to be satisfactory and that the level of combined assurance is appropriate relative to the scale of the Group and its identified risks and mitigating controls.

It regards the relationship between the external assurance providers and the Company as sound and conducive to optimising the level and quality of assurance and no separate external assurance is necessary on sustainability issues due to the limited size and focus of Sabcap's operations as an investment group. The Committee does not regard the Company as having any current unmitigated risks arising from sustainability considerations. The Committee is of the view that it complied with all its legal, regulatory and governance responsibilities during the period.

Integrated Report to stakeholders

continued

The Committee comprises the following members:

	Attendance
L Mthimunye (Independent Non-Executive Chairman)	3/3
O Ighodaro (Independent Non-Executive)	3/3
BJT Shongwe (Independent Non-Executive)	3/3

Remuneration and Nominations Committees

The Remuneration and Nominations Committees operate within defined terms of reference and meet annually.

The Remuneration Committee determines executive remuneration and incentives, reviews staff costs and recommends non-executive directors' fees to shareholders. It conducts appropriate market reviews periodically relative to these assessments.

The Nominations Committee considers the composition and performance of the Board and its Committees and makes recommendations on new appointments.

Succession planning

The Nominations Committee is responsible for formulating and monitoring the succession plans of the Board, the CEO and CFO. The Committee reviews the succession plan annually.

The Remuneration Committee comprises the following members:

	Attendance
BJT Shongwe (Independent Non-Executive Chairman)	1/1
O Ighodaro (Independent Non-Executive)	1/1
K Pillay (Independent Non-Executive)	1/1
L Mthimunye (Independent Non-Executive)	1/1

The Nominations Committee comprises the following members:

	Attendance
K Pillay (Independent Non-executive Chairman)	1/1
L Mthimunye (Independent Non-Executive)	1/1
O Ighodaro (Independent Non-Executive)	1/1
BJT Shongwe (Independent Non-Executive)	1/1

Social, Ethics and Transformation Committee

The Committee has a written charter which meets all the requirements of the Companies Act in the scope of its functions. These included the Group's standing relative to the ten United Nations Global Compact Principles, the OECD recommendations regarding corruption, the Employment Equity Act and the BBBEE Act, good corporate citizenship including the Group's SRI programme, environmental and safety issues and labour relations. The Committee is satisfied that Sabcap has properly considered these issues and taken the appropriate measures to the extent applicable to the Group's activities.

Integrated Report to stakeholders

continued

The Committee comprises the following members:

	Attendance
O Ighodaro (Independent Non-Executive Chairman)	1/1
CS Seabrooke (CEO)	1/1
L Mthimunye (Independent Non-Executive)	1/1
K Pillay (Independent Non-Executive)	1/1
BJT Shongwe (Independent Non-Executive)	1/1

The report of the Committee to shareholders as required by the Companies Act is set out on page 48.

Performance assessments

The performances of the Board, the Committees, directors, Chairman, CEO, CFO and Company Secretary are subject to a 360° review annually. Appropriate feedback is given and discussions held by the Chairman, Committee Chairpersons or CEO, as appropriate. No material issues arose from this process in 2021.

Investment Committee

The Investment Committee is an ad hoc committee activated as needed from time to time by the Board or by management. The Committee comprises at least two non-executive directors and one executive director and an external expert by invitation, if deemed necessary.

The Investment Committee has been activated during the current year.

Principle 8

The governing body should ensure that its arrangements for delegation within its own structures promote independent judgment and assist with balance of power and the effective discharge of its duties

The Board has established a formal authorities matrix which delegates financial and strategic responsibilities to the executive directors for operational and investment purposes, requiring notifications to the Board below the stated limits and authority from the Board above the stated limits.

The governance functions of the Board Committees are outlined in their respective approved Committee terms of reference. The charters are reviewed and approved annually by the Board and the composition of the Committees is also assessed annually. Three independent non-executive directors are members of the Audit and Risk, and four are members of the Nominations, Remuneration and Social and Ethics Committees. There is a balanced distribution of power between the independent non-executive directors as each of the Audit and Risk, Nominations and Remuneration Committees are chaired by a different director. The Audit Committee chairman also chairs the Social and Ethics Committee to facilitate the monitoring of ethics and risks.

Integrated Report to stakeholders

continued

The Board Committees at the date of this report are as follows:

	Nominations	Remuneration	Audit, Risk and Compliance	Social and Ethics	Investment
Chairperson	K Pillay	BJT Shongwe	L Mthimunye	L Mthimunye	K Pillay
Members	BJT Shongwe L Mthimunye O Ighodaro	L Mthimunye K Pillay O Ighodaro	BJT Shongwe O Ighodaro	O Ighodaro K Pillay BJT Shongwe CS Seabrooke	BJT Shongwe L Mthimunye O Ighodaro CS Seabrooke
Functions managed	<ul style="list-style-type: none"> • Directors • People • Succession 	<ul style="list-style-type: none"> • People • Remuneration • Retention 	<ul style="list-style-type: none"> • Accounting, tax and compliance • Information and technology • Internal audit • Risk • Credit 	<ul style="list-style-type: none"> • Transformation • Sustainability • Ethics 	<ul style="list-style-type: none"> • Investment policy and parameters • Current investments • New investments
Number of meetings per year	At least one	At least one	At least three	At least one	Ad hoc as often as required or by round robin
Composition	Independent non-executive directors	Independent non-executive directors	Independent non-executive directors	A majority of independent non-executive directors	A majority of independent non-executive directors

Principle 9

The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness.

Formal performance evaluations of the Board, its Committees, the Company Secretary, the CFO and finance function are conducted annually by means of questionnaires to review the mix of skills, performance during the year, contribution of independent individual directors, and the effectiveness of Committees. Results of the evaluations are considered to determine any improvements or changes required for the following year.

The evaluations are considered by the Nominations Committee which makes recommendations to the Board as appropriate.

Based on the annual evaluations undertaken during November 2021, the Board is satisfied that:

- ◆ All directors are committed to their roles and are performing to acceptable standards.
- ◆ The Board and its Committees are effective and operating to appropriate standards.
- ◆ The Group's risk management framework and processes are effective.
- ◆ All directors and Committee members have appropriate qualifications, experience and skills to fulfil the Board and Committee mandates.
- ◆ Independent non-executive directors meet the criteria for independence in terms of King IV™, including the directors who have served for longer than nine years.
- ◆ The expertise, performance and experience of the Chairman, CEO, CFO, Company Secretary and outsourced internal audit function are acceptable (refer also to principle 7).

Integrated Report to stakeholders

continued

Principle 10

The governing body should ensure that the appointment of and delegation to management contributes to role clarity and effective exercise of authority and responsibilities

There is a formal delegation of authority matrix in place which is reviewed and updated by the Board annually and which sets the direction and parameters and limits which are reserved for the Board and those that are delegated to the executive directors, including financial materiality thresholds.

The Board appoints the CEO who leads the implementation and execution of strategy and policy approved by the Board. The CEO is accountable to the Board which assesses his performance annually.

The Board approves the appointment of the Company Secretary. The function is currently outsourced and the scope of the Company Secretary duties, responsibilities and support functions to the Board are set out in principle 7.

Access to the Company Secretary and relevant independent advice is available to all Board members, when required.

Principle 11

The governing body should govern risk in a way that supports the organisation in setting and achieving its executive objectives. Sabcap has a board approved risk framework, policy, risk appetite and tolerance levels and a process of ongoing risk oversight and monitoring

Full details are contained in the risk report on pages 32 and 33.

Principle 12

The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.

The Board through the Audit and Risk Committee is accountable for governance of information technology. As a small investment group, Sabcap does not require a separate IT charter and policies and similarly no IT Steering Committee is required. The Board and Audit and Risk Committee monitor the effectiveness of the internal controls over the IT environment, which is currently adequate for the company's strategic plans and business model.

The design and maintenance of the Group's IT platform has been managed effectively by an outside contractor, Enterprise Outsourcing, for over twenty years.

The effectiveness of the Group's IT systems was favourably assessed by KPMG in the course of the internal audit services provided to the Group in the prior year and by Deloitte & Touche in the course of its audit. KPMG has also reported to the CFO and the Audit and Risk Committee in the prior year that the Group's disaster recovery and business continuity plans are acceptable.

The CFO has the role of Chief Information Officer, has responsibility for the management of IT and reports on IT matters to the Audit and Risk Committee and the Board.

Sabcap ensures that the integrity of the IT process is maintained, including information security privacy and IT laws, including POPI, that are applicable to Sabcap.

Principle 13

The governing body should govern compliance with applicable laws and adopted standards in a way that supports the organisation being ethically and a good corporate citizen

The Audit and Risk Committee takes responsibility for compliance oversight on behalf of the Board. The CFO has the role of Chief Compliance Officer and ensures that the investment and related activities of Sabcap are managed ethically, in compliance with legislative requirements and in line with best practice governance guidelines. He is assisted by KPMG in monitoring and updating Sabcap's regulatory universe and assurance is also received from Deloitte & Touche in the course of their audit relating to compliance with applicable legislation and regulations. During the year the Compliance Officer did not note any breaches in regulatory compliance.

Integrated Report to stakeholders

continued

The Board does not believe it is necessary for Sabcap as an investment company to adopt formal dispute resolution processes. External disputes are handled through the Group's attorneys and there have been no internal disputes requiring resolution.

The primary regulatory universe applicable to Sabcap includes (but is not limited to):

- ◆ Companies Act.
- ◆ Basic Conditions of Employment Act.
- ◆ JSE Listings Requirements including King IV™.
- ◆ Labour Relations Act.
- ◆ Protection of Personal Information Act.
- ◆ Electronic Communications and Transactions Act.
- ◆ Broad-Based Black Economic Empowerment Act.
- ◆ Employment Equity Act.
- ◆ Financial Markets Act.
- ◆ Tax Administration Act.
- ◆ Income Tax Act.
- ◆ Prevention and Combating of Corrupt Activities Act.
- ◆ National Environmental Act.
- ◆ Unemployment Insurance Act.
- ◆ Exchange Control Regulations.

Principle 14

The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long-term.

The Remuneration Committee is responsible for establishing and overseeing a remuneration policy that promotes the achievement of strategic objectives and encourages individual performance in Sabcap and recruit, retain and motivate the necessary skilled personnel to facilitate the achievement of the Company's strategic objectives in the long-term and short- and medium-term operational requirements to meet those objectives.

Sabcap's remuneration report is presented in three sections:

- ◆ A background statement.
- ◆ An overview of Sabcap's remuneration philosophy and policy.
- ◆ An implementation report of Sabcap's remuneration policy during the period.

The remuneration policy and the implementation report are tabled at annual general meetings for two separate non-binding advisory votes. If either the remuneration policy or the implementation report, or both, are voted against by shareholders exercising 25% or more of the votes exercised, the Board will invite dissenting shareholders to engage with the Remuneration Committee on their concerns.

In addition, shareholder approval is obtained annually at the annual general meeting for the fees payable to non-executive directors.

Integrated Report to stakeholders

continued

Principle 15

The governing body should ensure that assurance services and functions enable an effective control environment and that these support the integrity of information for internal decision-making and of the organisation's external reports

The Audit and Risk Committee is responsible for monitoring the appropriateness of the combined assurance model to monitor and mitigate the risks in the Group and ensuring its effectiveness in order to place continued reliance thereon. The Committee oversees the internal audit services provided to the Group by KPMG and the external audit function undertaken by Deloitte & Touche. The Committee is satisfied that the external auditor remains independent and that the policy in place to address the provision of non-audit services by the external auditor is appropriate.

The Committee considers the financial reporting procedures that are in place and whether these procedures are operating effectively. It also monitors and ensures the integrity of information and external reports. These are also reviewed by Sabcap's external auditors, attorneys, JSE Sponsor and bank advisors, as appropriate or needed.

Principle 16

In the execution of its governance role and responsibilities, the governing body should adopt a shareholder inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.

The Board has responsibility for directing how the relationships with stakeholders in the Group should be conducted. As an investment holding company, Sabcap has one policy approach as a single entity and ensures that this framework is in harmony with other applicable requirements and constraints, for example the Memorandum of Incorporation, authorities framework, investee shareholder agreements, Board and Committee charters and regulatory requirements.

Sabcap's external relationships with stakeholders are primarily with its shareholders, financiers, the Boards of its listed and unlisted investee companies and their Committees. These relationships are actively managed by the executive directors as follows:

- ◆ Shareholders
Through the website, SENS and press announcements, annual reports and general meetings.
- ◆ Financiers
Through regular meetings and submissions.
- ◆ Unlisted investees
Through shareholder agreements, Board and Committee representation and on-site visits.
- ◆ Major listed investees
Through Board and Committee representation, on-site visits and liaison with other material shareholders.
- ◆ Community
Through the Group's code of ethics and SRI programme.

If meetings are held with shareholders or analysts, it is Company policy that they should be attended by at least two Company representatives and notes be made of the meetings.

A stakeholder engagement report will be made annually to the Board. With regard to the annual general meeting, all directors are expected to attend and be available to deal with shareholder queries, and the designated partner of Deloitte & Touche is also present. The minutes of prior annual general meetings are tabled for information and queries.

The results of the annual general meeting, including percentage votes for each resolution, are announced at the annual general meeting and released on SENS.

Integrated Report to stakeholders

continued

10. Risk report

10.1 Approach to risk management

Sabcap defines risk as uncertain future events that could influence its ability to achieve its objectives. Risks, once identified, are considered by the combination of the probability of an event occurring and the consequence thereof. Risk is a condition in which the possibility of loss is inextricably linked to uncertainty. Therefore a framework for managing risk is required to facilitate rational decision-making.

Risk management entails planning and controlling all activities and resources to minimize the negative impact of risks to tolerable levels and conversely to optimise potential opportunities and impacts of risks in the pursuit of achieving Sabcap's strategic objectives.

Risk tolerances are approved by the Board.

10.2 Risk framework and the governance of risk

The Board is responsible for the governance of risk. It delegates responsibility for monitoring risk management to the Audit and Risk Committee and for managing risk to the executive directors.

The CEO functions as the Chief Risk Officer. This function is performed in Sabcap by the CEO and not the CFO as the primary risks relate to the investment portfolio and the funding thereof, which are directly managed by the CEO. The CFO assists as appropriate on other risks.

The Board reviews risks and mitigating controls as presented by management or identified by the Board.

Risk appetite is the amount and type of risk that an organisation is willing to take in pursuit of its strategic objectives.

Risk tolerance is the acceptable performance variation between the actual residual risk profile and the target risk profile in relation to the risks identified and managed through the risk management framework.

When risk tolerance is exceeded executive directors are required to take action to treat, transfer or terminate the associated risk.

The Board regards the monitoring and control of risks by management to be good and part of the ongoing business of the Company. The Group's low/medium risk appetite and low tolerance levels are expressed in its low gearing levels, the boundaries of its business model, its clearly stated and shareholder approved investment policy and the Group's ongoing investment management procedures. The Board is not aware of any risks being allowed that exceed the Company's risk appetite nor were any such risks taken in the year under review.

The Board regards it as sufficient for the risk policy to be known and approved by the Board and not distributed to staff.

Integrated Report to stakeholders

continued

The current risk watch list is as follows:

Risk	Residual risk level after mitigation
• Reduced cash flow from investees	Low
• Lack of liquidity	Low
• Health and safety	High
• Liquidity crises in investees	Low
• Reduction in investee valuations	Low
• Financial controls in investees	Low
• Loss of any key executive in an investee	Low
• Security and crime	Low
• CEO incapacitated or not available	Low
• BEE requirements	Medium
• Exchange rate fluctuations	Low
• Shareholder agreements needing change	Low
• Change in strategies of investees	Low
• Lack of liquidity on the JSE	High
• Subcap internal controls and procedures	Low
• IT systems	Low
• Stock market fluctuations	Medium

The Board is comfortable with the level of combined assurance obtained from management, the Audit and Risk Committee, the external auditors, the internal audit service provider and its attorneys relative to the Group's key risks and its control environment. The Board is of the view that all of the risks listed have been mitigated to the extent feasible and that all residual risks have adequate controls or are monitored closely. The Board is not aware of any impending material risks that have not been disclosed herein.

Nothing has come to the attention of the Audit Committee or the Board that has caused them to believe that the Group's system of internal controls and risk management is not effective.

11. Remuneration report

11.1 Background

The Board has ultimate responsibility for the appropriateness of remuneration policies and the Board has delegated oversight of this responsibility to the Remuneration Committee, the composition and details of which are set out in Principle 7.

The Remuneration Committee's mandate is to ensure that the Group's remuneration policies:

- ◆ are fair, responsible and transparent;
- ◆ target, motivate, reward and retain human capital;
- ◆ promote the achievement of strategic objectives within Sabcap's risk appetite;
- ◆ promote positive outcomes; and
- ◆ promote an ethical culture and responsible corporate citizenship.

The Committee seeks to strike a balance between the interests of shareholders and executives. The Committee assesses the mix of fixed and variable remuneration and long-term incentives to ensure continued motivation to the enhancement of shareholder value.

Integrated Report to stakeholders

continued

11.2 Remuneration philosophy and policy

The following principles are applied to remuneration:

- ◆ The remuneration policy is approved by the Remuneration Committee (“Remcom”) and the Board.
- ◆ No differential compensation applies to gender, race or location and the principle of equal work for equal pay is applied.
- ◆ Compensation is defined on a cost-to-company basis with all benefits included and fully taxed.
- ◆ Research and benchmarking are performed from time to time.
- ◆ Remuneration is aligned to individual outputs.
- ◆ Performance incentives are used to drive strategy aligned growth behaviour to meet defined goals.
- ◆ No employees or directors have employment terms exceeding six months’ notice.
- ◆ Sabcap has no obligations to make exit payments to leaving executives or staff although this may be considered on a case by case basis. Subject to the Remuneration Committee’s approval, good leavers may receive a *pro rata* benefit of long-term incentives subject to each tranche’s performance requirements having been met.
- ◆ Non-executive directors receive fees based on Board and Committee responsibilities and with no additional amounts for attendances. The fees are benchmarked from time to time against organisations in similar industries and of similar sizes.

Sabcap’s policy is to pay cost-to-company packages in the upper quartile for comparable positions.

The quantitative Short Term Incentive Plan (“STIP”) is calculated on PAT. The CEO receives 2,0% and other executives receive 0,3% to 1% of PAT. The awards were not capped. As indicated in the 2020 annual report it was the intention to change this policy in 2021. These STIP awards were not previously capped due to the volatility in valuations year to year and therefore the volatility in PAT. It was proposed to introduce a cap from 2021 calculated on a three year moving average to deal with annual valuation volatility. An indicative cap of 150% was proposed. However, as the percentages awarded to each executive differ and are not linear relative to the percentage differences in CTC packages, the cap for the CEO has been set at 200% over a three year period and 100% – 150% for other executives. By way of example, if the CEO receives 2% and an executive director receives 1%, the outcome is not linear as the CEO’s package is not double that of the executive director. The range between 100% and 200% deals with that to an acceptable extent.

In addition, the CEO may receive up to 25% of CTC if dividends grow at more than CPI +4% p.a. over three year periods, but with Remcom discretion if cash is utilised for share buy backs instead of growth in dividends.

The CEO also has an incentive through which he can earn up to 0,5% of PAT based on progress in reducing the share price discount to NAV and other relevant shareholder variables.

The executive directors (other than the CEO) may receive qualitative incentives up to 25% of CTC based on preset KPI’s which may be varied at the discretion of the CEO and Remuneration Committee and relative to which outperformance may be possible.

The Long Term Incentive Plan (“LTIP”) comprises notional awards of between 10% and 100% of the CTC packages of executives and staff annually which is “invested” in the Group’s net asset value per share. They only vest if a hurdle rate of CPI +4% per annum growth in net asset value 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 and loss annually. The awards are not capped.

All of the executives are shareholders in the Company. The CEO and the CFO previously received allocations from the Share Trust or the SARS scheme and the other executives also own shares in the Company.

Accordingly, the STIP and LTIP combined with the ownership of shares by executives directly motivate management to achieve growth in NAV per share and in share price.

Integrated Report to stakeholders

continued

The SARS share trust and share option schemes are dormant and there are accordingly no dilutive incentive schemes. In addition all incentives are variable costs accounted for annually as overheads and there are no private equity type profit carry schemes.

Since the formation of Sabvest in 1988, it was agreed that the CEO may hold directorships and investments independently as well as directorships as a representative of the Group. These enhance the Group's influence materially, have improved the Group's access to attractive new investments over the years, have facilitated the partnership principle in investees, have resulted in income and gains to the Group, and material growth in NAV per share. The CEO may retain the fees from those board appointments separately from any fees that may be paid to Sabcap by its investees.

Non-executive directors receive annual fees for their roles as directors, as Board Committee members and for sitting on the boards of investees on behalf of the Group. The Board does not regard separate attendance fees as appropriate or necessary unless the time allocation to meetings expected of directors is materially more than normal in a particular year.

The Company secretarial function has been outsourced and is charged to the group on a time basis.

11.3 Implementation report

The following table shows a breakdown of the annual remuneration of executive directors, including STIP and LTIP awards, for the 2021 financial year and the comparatives for 2020.

	CS Seabrooke		R Pleaner		L Rood		Total	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000	2021 R'000	2020 R'000	2021 R'000	2020 R'000
<i>Executive directors</i>								
Salaries	2 785	2 704	2 352	2 284	3 310	3 214	8 447	8 202
Retirement and medical	449	435	408	395	314	305	1 171	1 135
Other benefits	1 573	1 527	600	582	524	509	2 697	2 618
Basic remuneration	4 807	4 666	3 360	3 261	4 148	4 028	12 315	11 955
Incentive bonuses								
– Short-term	12 452	–	5 340	815	5 537	1 507	23 329	2 322
– Provision * ¹	6 150	7 300	2 630	3 074	2 630	2 574	11 410	12 948
– LTIP * ²	3 884	3 071	2 137	1 443	–	–	6 021	4 514
Total remuneration	27 293	15 037	13 467	8 593	12 315	8 109	53 075	31 739
<i>Non-executive directors</i>								
Fees as directors							2 341	2 693
L Mthimunye							619	750
K Pillay							582	489
O Ighodaro * ³							506	–
DNM Mokhobo * ³							–	755
BJT Shongwe							634	699
							55 416	34 432

*¹ The LTIP is calculated over the four years to the prior year end and paid out in Q1 of the current year. Therefore the amounts paid in 2021 are the 2017 awards calculated to 31/12/2020.

*² Paid in 2022 relative to 2021 financial year (and prior year paid in 2021 relative to 2020 financial year).

*³ Mrs Dawn Mokhobo retired as Chairman of Sabcap, as a director and as a member of the Board committees on 31 December 2020 and Mrs Olufunke (Funke) Ighodaro was appointed as an independent non-executive director with effect from the same date.

Integrated Report to stakeholders

continued

The introduction of the cap reduced the amount payable to the CEO relative to 2021 PAT but did not affect the calculation for other executives.

With regard to Mr Seabrooke's other incentives he received the full 25% of the CTC award based on growth in dividends which is calculated based on growth in dividends but with Remcom discretion if cash is allocated to share buy backs instead of increasing dividends. In 2021 buy backs were approximately R65m and the Rand value of dividends approximately R30m, i.e. R95m compared to 2018, being the commencement of the three year testing period, dividends of R28,4m and buy backs of R1,3m, i.e. R29,7m.

He received the full 0,5% of PAT (2020: 0,375%) that is awarded for the reduction in the share price discount to NAV and other relevant shareholder issues. The discount is calculated based on the share price at the financial year end relative to the last publicly reported NAV per share six months prior. The discount at 31/12/2020 was 55% and at 31/12/2021 was 33%. The target is currently better than a 25% discount.

Messrs Pleaner and Rood received full qualitative bonuses of 25% of CTC based on the Committee's assessment of their performance against the stated criteria.

There were no special incentives or bonuses paid in the period.

LTIP awards were all per formula based on growth in NAV per share over four years with no variations.

Staff members other than executive directors receive annual bonuses of one to three months of CTC as determined by the CEO and also participate in the LTIP.

All South African employees are members of the Group retirement fund and have a choice of but must be a member of a medical aid scheme.

Increases in CTC packages for 2022 are 5% for executives and staff other than the Deputy CFO who will receive a benchmarked CFO CTC when he takes over this role in 2022.

With regard to the NED fees, these were benchmarked against the IoDSA 2021 survey and found to be materially low. The fee levels in 2022 have been set based on the medium market cap 50% median as determined by IoDSA for each category of fee. In addition, the ad hoc Investment Committee has been reactivated with an expected term of twelve months. The last time it was activated was in 2017/2018 when the Mandarin/ITL and DNI transactions were in progress.

Share Trust, SARS scheme and loans

The share trust is in the process of being dissolved and neither the share trust nor the SARS scheme are operative.

Currently the LTIP scheme takes the place of the share trust and SARS schemes, combined with loans to facilitate the procurement of Sabcap shares prior to LTIP's vesting and paying out.

The current loans outstanding are:

L Rood – R5m interest free from prior to his employment with Sabcap.

K De Matteis – R2m interest free from prior to his employment with Sabcap and R4m interest-bearing subsequent to his employment with Sabcap.

Messrs Rood and De Matteis own 300 000 and 270 000 Sabcap shares respectively, facilitated by the above loans and also by interest free loans from The Seabrooke Family Trust.

Integrated Report to stakeholders

continued

12. Code of share dealing

A written code of share dealing has been approved by the Board.

No director, executive or employee may deal directly or indirectly in Sabcap shares where that person may be aware of unpublished price sensitive information. In addition, there are closed periods where dealings are not permitted. These commence at the end of the interim and final reporting periods until the release of the Group's results and at any time when Sabcap has issued a cautionary announcement.

Sabcap's directors and Sabcap are similarly restricted relative to any listed investments it may have from time to time. Sabcap and its CEO are restricted relative to other investees where the CEO is a director in his personal capacity.

Directors require prior approval from the Chairman or CEO in order to deal in Sabcap shares or those of listed investees.

The Board has established parameters for a limited non-discretionary share purchase programme during closed periods executed by the Group's brokers without any intervention by the Company, as permitted by JSE regulations. The parameters and pricing are set before the financial reporting closed periods commence. However, no such programme was in place for the closed period from 1 January 2022 to the publication of the results.

13. Shareholder profile

At the year-end Sabcap's 39 530 000 shares in issue, net of treasury shares, were held by 2 085 shareholders (as profiled in Annexure B to the annual financial statements). This includes increased holdings by institutional, family office and HNWI shareholders.

The shareholdings of directors are recorded in the directors' report.

14. Future investments, share issues and share buy backs

Sabcap remains focused on unlisted industrial and service companies but may invest in listed companies where it is represented on the boards and/or has influence to execute particular strategies, or in other sectors if attractive opportunities arise.

Sabcap's current capital is fully allocated to its existing portfolio and portfolio commitments. Sabcap anticipates deploying future receipts from realisations within its existing portfolio at the present time.

Sabcap may issue new shares but only if the value exchange in the capital allocation decision is compelling. Like most listed investment companies at the present time, Sabcap's share price is at a material discount to its NAV per share. During 2021 Sabcap repurchased 1 429 500 shares and cancelled 1 450 000 (which included the 40 500 ordinary shares held as treasury shares at 31 December 2020), with the remaining 20 000 held as treasury shares at year-end.

15. Additional investee alignment

One or more of the Chairman, CEO, CFO and/or other directors of eight of Sabcap's investees are now also personally and directly shareholders of Sabcap. Three of the individuals each hold in excess of 1% of Sabcap shares in issue.

16. Directors' share encumbrances

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

Integrated Report to stakeholders

continued

17. Directorate and governance

Shareholders are advised that Mr Ray Pleaner will retire as an executive director of the Company and CFO of the Group with effect from 30 April 2022. He will, however, continue as a Group executive in a corporate finance related role for an agreed period.

Ray joined the Group in 1985 and was appointed a director in 1996. The Board is very appreciative of his services and dedication to the Group over this lengthy period and wishes him and his wife, Marcelle, many happy and healthy years ahead when he retires from the Group.

The Board is pleased to advise that Mr Kyle De Matteis (38) will be appointed a director of the Company and CFO of the Group with effect from 30 April 2022. Kyle is currently Deputy CFO having joined the Group in October 2020. He holds a Bachelor of Science degree and a Post Graduate Diploma in Accounting and is a CA(SA) and CFA. He was previously in various roles with Deloitte & Touche in RSA, New York and London, was head of credit at Merchant Capital and most recently was a senior financial manager at Brait. The Board welcomes Kyle to his new position.

18. Commentary and conclusion

Performance will be enhanced through encouraging and facilitating the growth of the Group's investee companies in partnership with like-minded investors.

Shareholders are referred to section 7 for the outlook for the financial year.

For and on behalf of the Board



Christopher Seabrooke

Chief Executive

Sandhurst

31 March 2022

Integrated Report to stakeholders

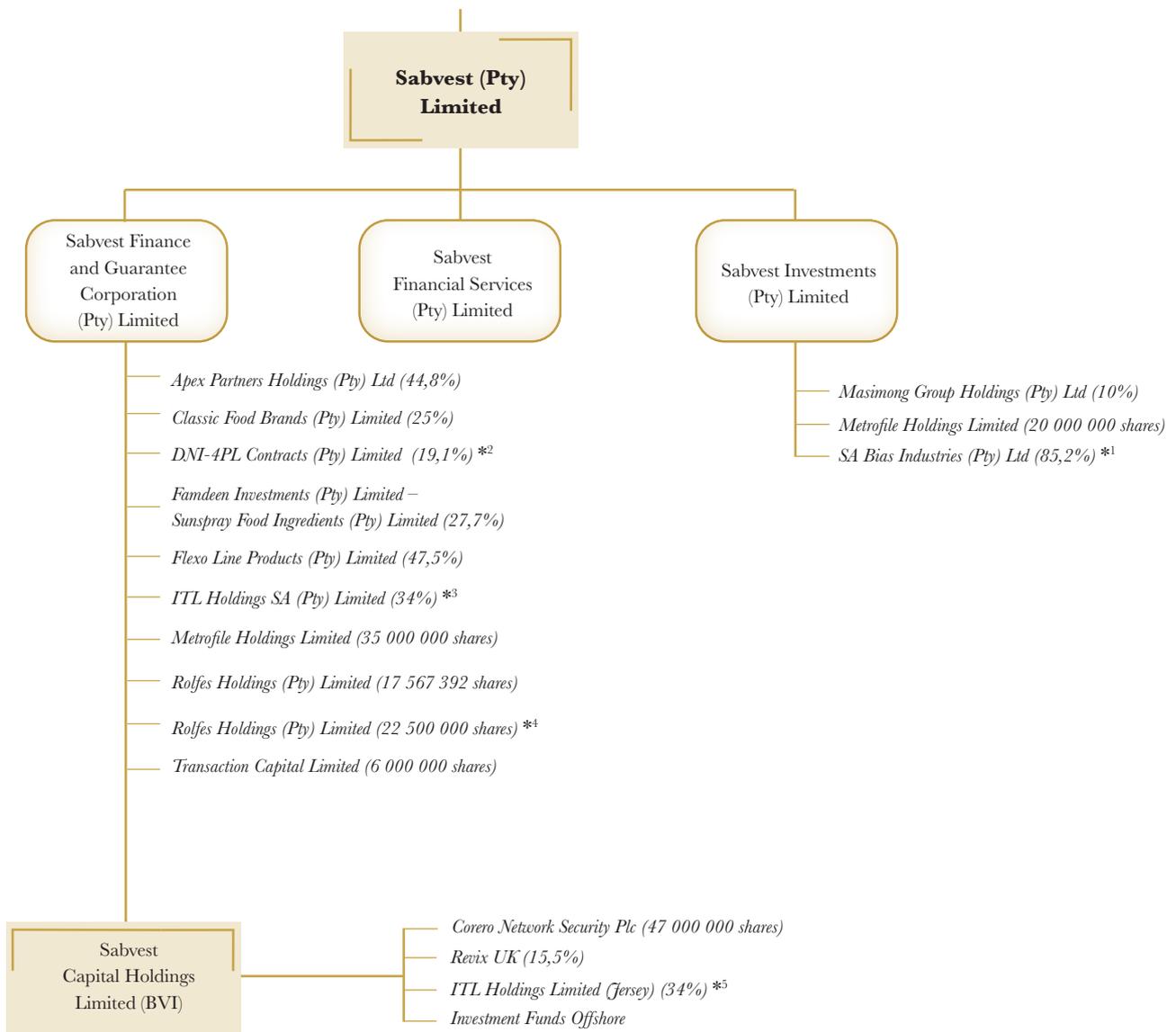
continued

ANNEXURE 1

CORPORATE STRUCTURE



Sabvest Capital Limited



*¹ 49% Voting.

*² Effective interest of 19,1% in DNI through 28,74% of JAAH Investments which indirectly owns 46,95% of DNI through DN Invest (Pty) Ltd and a 5,85% interest in DN Invest (Pty) Ltd which owns 100% of DNI.

*³ Effective interest of 34% in ITL Holdings SA (Pty) Ltd through Mandarin Holdings (Pty) Limited.

*⁴ Held indirectly through participating preference shares in Masimong Chemicals (Pty) Limited linked to the performance of 22,5m shares in Rolfes Holdings Limited.

*⁵ Held through Mandarin Industries Limited BVI and Mandarin Investors Limited BVI.

Integrated Report to stakeholders

continued

ANNEXURE 2

SABVEST CAPITAL LIMITED (“Sabcap”)

INVESTMENT POLICY

1. Background and rationale

- 1.1** Sabcap is an investment holding company formed in 2020 to acquire all the shares in Sabvest Limited (Sabvest) – an investment group which had been listed on the JSE since 1988. Sabcap’s shares were listed in May 2020 and are quoted in the Financials – Equity Investment Instruments sector.
- 1.2** Section 15 of the JSE Listings Requirements requires investment companies to have an Investment Policy approved by shareholders.

2. Investment parameters and scope

2.1 Investment focus

Sabcap:

- a) has a primary investment focus of maintaining and growing a portfolio of significant equity interests in listed and unlisted companies with sound growth records or potential for growth that are expected to earn above average returns over a period;
- b) has a secondary investment focus of holding cash, bonds, short term investments, debt instruments and fund participations, as well as growth, early-maturity stage, greenfield and special situation investments, depending on market conditions, availability of suitable opportunities, the investment maturity cycles of its portfolio, excess liquidity not invested in its primary portfolio and relevant macro-economic cycles;
- c) will also engage in corporate finance and acquisition and disposal activities with investees which may include making finance advances to previous, current and potential investee companies and their affiliates.

2.2 Sectors

Sabcap’s primary equity investments will usually be in the industrial, services, IT and financial sectors, but other sectors will be considered if attractive opportunities arise.

2.3 Geographies

- a) Sabcap wishes to hold a meaningful level of investments in international currencies either directly or indirectly through the foreign operations of South African investee companies.
- b) Foreign investments held directly will usually be in businesses headquartered in the United Kingdom and Europe.
- c) The location of foreign investments owned indirectly will be determined by the international strategies of the relevant investees as approved by Sabcap.

2.4 Size, spread and stage

Sabcap:

- a) aims to invest in good businesses with first-class management without being restricted by any required absolute size or level of percentage holdings;
- b) may hold equity instruments that are small in percentage terms but where the Group is able to exercise influence through Board representation or shareholder agreements;
- c) may hold majority or joint controlling interests but without direct management responsibility;
- d) will not be constrained by any required balance between listed and unlisted holdings;
- e) will not be constrained by any required sector spread;
- f) will be unlikely to make new investments that exceed 15% of its portfolio or 25% of shareholders’ equity.

Integrated Report to stakeholders

continued

ANNEXURE 2

(continued)

- 5.4 Shareholder approval will not be required for any purchase and sale transactions if these are as a result of the terms of shareholders' agreements which have been approved by Sabcap shareholders, or have been advised to Sabcap shareholders if the original transactions fall within the approved Investment Policy. It is intended that this will relate to come along, go along, tag/drag, pre-emptive, put and call, finance and subscription provisions contained in shareholder agreements between Sabcap and other shareholders in investees.
- 5.5 Notwithstanding paragraph 5.4, the JSE Listings Requirements for shareholder approvals and communications will apply if the transaction is categorised as a reverse take-over in terms of Section 9.5(c).
- 5.6 Any required notifications to shareholders or shareholder approvals may be effected or obtained at the time of the original transactions or subsequently.

6. Communication of investment transactions

- 6.1 Communications with shareholders will be in accordance with JSE regulations for Category 1 and Category 2 transactions, except that:
 - a) subject to paragraphs 2 and 5, no circulars will be required for any size transaction as long as the requirements of 6.2 or 6.3 are met, unless the transaction is categorised as a reverse take-over in terms of Section 9.5(c) of the JSE Listings Requirements;
 - b) a Stock Exchange News Service ("SENS") announcement will only be required for non-related party transactions less than 10% of market capitalisation if they are regarded by the Board of Sabcap as price sensitive.

For the avoidance of doubt, to the extent a transaction with a non-related party is concluded in the ordinary course of business and constitutes less than 10% of the market capitalisation of Sabcap, such transaction will not be categorised in accordance with the JSE Listings Requirements for communication purposes but will be subject to the general obligations in the disclosure provisions of the JSE Listings Requirements.

- 6.2 Notwithstanding the provisions of 6.1, the information required to be disclosed for a prelisting statement must be provided to shareholders if a transaction is a Category 1 transaction which results in an issue of securities that, together with any other securities of the same class issued during the previous three months, would increase the securities issued by more than the maximum threshold contained in accordance with Section 9.22 of the JSE Listings Requirements.
- 6.3 All transactions will be summarised for shareholders in the interim and final results announcements and in the annual report.

7. Communication of Investment Policy

This Investment Policy and any subsequent changes will be published on SENS, published on Sabcap's website and included in the annual report.

8. Approval of investment policy

Any future material changes must be approved by shareholders by way of ordinary resolution.

Approved by shareholders

24 May 2021

Notes:

1. "**Category one**" means transactions with a size greater than 30% of market capitalisation.
2. "**Category two**" means transactions with a size of 5% to 30% of market capitalisation.
3. "**Investment**" or "**transaction**" means equity, preference share, loan, option and guarantee commitments aggregated.
4. "**JSE**" means JSE Limited.

Integrated Report to stakeholders

continued

ANNEXURE 3

TEN-YEAR FINANCIAL REVIEW

at 31 December 2021

	2012 R'000	2013 R'000	2014 R'000	2015 R'000	2016 R'000	2017 R'000	2018 R'000	2019 R'000	2020 R'000	2021 R'000
CONSOLIDATED STATEMENT OF FINANCIAL POSITION										
Non-current assets	975 780	1 289 083	1 380 032	1 896 073	2 009 727	1 135 885	2 367 060	2 957 198	3 364 619	4 022 008
Property, plant and equipment	971	962	1 529	1 369	1 365	1 050	2 688	3 610	2 990	2 515
Right-of-use asset	–	–	–	–	–	–	–	483	4 210	3 304
Share trust receivables	2 759	–	–	–	–	–	–	–	–	–
Investment holdings	972 050	1 225 441	1 378 503	1 894 704	2 008 362	1 134 835	2 364 372	2 953 065	3 357 419	4 016 189
Unlisted investments	741 600	978 000	1 070 973	1 252 040	1 421 820	652 547	1 707 546	2 358 579	2 895 853	3 430 078
Listed investments	230 450	247 441	307 530	642 664	474 492	332 279	566 699	529 461	461 566	586 111
Listed investments held indirectly	–	–	–	–	112 050	150 009	90 127	65 025	–	–
Current assets	64 304	173 669	175 714	202 427	158 207	1 514 928	452 538	267 072	281 136	243 161
Finance advances and receivables	22 061	14 959	11 545	7 319	3 858	1 388 447	34 987	124 614	134 649	21 663
Offshore investment holding	38 489	151 107	164 018	140 077	151 262	126 423	–	–	56 295	75 138
Short-term investments/ investments held for sale	–	–	–	–	–	–	65 985	71 072	86 341	–
Bond portfolio	–	–	–	–	–	–	101 993	68 261	–	–
Cash at bank	3 754	7 603	151	55 031	3 087	58	249 573	3 125	3 851	146 360
Total assets	1 040 084	1 400 072	1 555 746	2 098 500	2 167 934	2 650 813	2 819 598	3 224 230	3 645 755	4 265 169
Ordinary shareholders' equity	854 652	1 085 011	1 233 073	1 701 382	1 659 255	2 303 945	2 446 148	2 759 456	3 048 991	3 704 327
Non-current liabilities	168 776	175 699	237 859	356 556	413 689	235 807	277 109	372 976	509 306	499 302
Interest-bearing debt	40 000	–	60 000	100 000	90 000	110 000	100 000	300 000	330 000	240 000
Provisions	–	–	–	–	–	–	–	–	4 983	17 255
Deferred tax liability	128 776	175 699	177 859	256 556	323 689	125 807	177 109	72 976	174 323	239 289
Current liabilities	16 656	139 362	84 814	40 562	94 990	111 061	96 341	91 798	87 458	61 540
Interest-bearing debt	8 697	127 555	69 040	9 240	77 732	70 897	66 176	49 278	39 610	20 390
Accounts payable	7 959	11 807	15 774	31 322	17 258	40 164	30 165	42 520	47 848	41 150
Total equity and liabilities	1 040 084	1 400 072	1 555 746	2 098 500	2 167 934	2 650 813	2 819 598	3 224 230	3 645 755	4 265 169

For years 2012 to 2013 unlisted investments (previously associates) are accounted for on a fair value basis; for 2011 and prior the unlisted investments were equity accounted.

Integrated Report to stakeholders

continued

ANNEXURE 3

(continued)

TEN-YEAR FINANCIAL REVIEW (continued)

at 31 December 2021

	2012 R'000	2013 R'000	2014 R'000	2015 R'000	2016 R'000	2017 R'000	2018 R'000	2019 R'000	2020 R'000	2021 R'000
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME										
Gross income from operations and investments	220 180	360 562	246 857	590 256	111 329	570 934	364 351	373 794	492 075	864 134
Dividends received	37 788	46 617	47 114	91 585	63 340	94 273	53 557	115 422	107 226	253 036
Interest received	739	3 473	5 425	5 062	10 980	7 117	27 758	23 609	18 834	18 355
Income/(loss) on financial instruments and shares	26 335	9 518	17 972	57 312	5 313	(22 558)	68 405	5 028	(7 118)	–
Fees and sundry income	2 730	2 067	2 461	2 920	1 147	1 362	2 047	2 157	1 771	1 756
Foreign exchange gain/(loss)	–	–	–	–	–	–	21 681	(4 622)	6 525	(2 584)
Fair value adjustment to investments	152 588	298 887	173 885	433 377	30 549	490 740	190 903	232 200	364 837	593 571
Transactional costs	(1 284)	(1 939)	(1 066)	(525)	(518)	(633)	(11 877)	(6 525)	(12 785)	(1 117)
IFRS adjustments	–	–	–	–	–	–	(3 907)	(231)	(688)	(3 612)
Impairments	(1 279)	(57)	(35)	(17)	–	1 506	(851)	(686)	–	–
Interest paid	(5 275)	(5 101)	(7 328)	(7 445)	(15 175)	(15 839)	(16 752)	(26 634)	(27 667)	(19 922)
Net income before expenses and exceptional items	214 900	353 579	238 498	582 303	95 636	552 956	332 666	341 090	450 935	839 483
Less: Expenditure	22 385	26 831	31 732	43 689	24 329	62 474	43 281	63 337	56 404	95 316
Operating costs	22 263	26 683	31 453	43 392	23 943	62 108	42 709	61 368	54 489	93 538
Depreciation	122	148	279	297	386	366	572	1 969	1 915	1 778
Net income before taxation	192 515	326 748	206 766	538 614	71 307	490 482	289 385	277 753	394 531	744 167
Taxation	50 164	46 922	2 160	78 697	67 133	(197 882)	51 302	(104 133)	101 347	64 966
Net income attributable to equity shareholders	142 351	279 826	204 606	459 917	4 174	688 364	238 083	381 886	293 184	679 201
Headline attributable income	142 233	279 825	204 436	459 917	4 179	688 364	237 928	381 878	293 232	679 252
RETURNS TO SHAREHOLDERS										
Headline earnings per share – cents	308,4	607,9	444,7	1 003,9	9,2	1 517,3	530,9	920,0	708,5	1 689,7
Earnings per share – cents	308,6	607,9	445,0	1 003,9	9,2	1 517,3	531,3	920,0	708,4	1 689,6
Special dividend per share – cents	–	100,0	100,0	–	–	–	100,0	–	–	–
Dividends per share – paid or proposed – cents	32,0	40,0	43,0	50,0	55,0	61,0	68,0	75,0	25,0	75,0
Net asset value per share – cents	1 855	2 358	2 683	3 719	3 646	5 085	5 852	6 648	7 444	9 371
Number of shares in issue – 000's	46 061	46 015	45 960	45 748	45 513	45 306	41 802	41 508	40 960	39 530
Weighted number of shares in issue – 000's	46 126	46 031	45 975	45 815	45 600	45 368	44 813	41 508	41 387	40 200

For years 2012 to 2013 unlisted investments (previously associates) are accounted for on a fair value basis; for 2011 and prior the unlisted investments were equity accounted.

AUDITED ANNUAL FINANCIAL STATEMENTS

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DECLARATION BY THE GROUP CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

The directors, whose names are stated below, hereby confirm that –

- (a) the annual financial statements set out on pages 47 to 93, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;
- (b) no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
- (c) internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer; and
- (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 within the combined assurance model pursuant to principle 15 of the King Code. Where we are not satisfied, we have disclosed to the audit committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors, and have taken the necessary remedial action.

Signed by the CEO and the CFO



CS Seabrooke
Chief Executive Officer

Sandton
16 March 2022



R Pleaner
Chief Financial Officer

Audited annual financial statements

continued

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

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

The directors of the Company are responsible for the preparation and integrity of the annual financial statements and related financial information included in this report. The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), the JSE Limited's Listings Requirements and the requirements of the Companies Act, No. 71 of 2008. 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 49 to 52 of the annual financial statements. The financial statements incorporate full and responsible disclosure in line with the accounting philosophy of the Group. There is no reason to believe that the business will not continue as a going concern for the foreseeable future. These financial statements have been approved by the Board of Directors and are signed on its behalf by:



CS Seabrooke
Chief Executive Officer

Sandton
16 March 2022



R Pleaner
Chief Financial Officer

DECLARATION BY COMPANY SECRETARY

The Secretary certifies that the Company has lodged with the Companies and Intellectual Property Registration Office all such returns as are required of a public company, in terms of the Companies Act, No 71 of 2008, and that all such returns are true, correct and up to date.



Levitt Kirson Business Services (Pty) Ltd
Company Secretary

Sandton
16 March 2022

Audited annual financial statements

continued

**SOCIAL, ETHICS AND
TRANSFORMATION COMMITTEE REPORT**

for the year ended 31 December 2021

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, No. 71 of 2008, (“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 R2,7 million in 2021 (2020: R3,3 million) and were primarily education related.

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

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

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

**L Mthimunye***Social, Ethics and Transformation Committee Chairman*

Sandton

16 March 2022

Audited annual financial statements

continued

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

We have audited the consolidated and separate financial statements of Sabvest Capital Limited (the Group and Company) set out on pages 60 to 92, which comprise the consolidated and separate statements of financial position as at 31 December 2021, and the consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Sabvest Capital Limited and its subsidiaries as at 31 December 2021, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Opinion

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

Key Audit Matters

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

Audited annual financial statements

continued

INDEPENDENT AUDITOR'S REPORT

continued

KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN THE AUDIT
Valuation of unlisted investments	
<p>By nature the assumptions used in the valuation of unlisted investments requires significant judgement and therefore the valuation of unlisted investments is considered a key audit matter.</p> <p>In respect of the unlisted investments, the executive directors prepare valuation workings based on their selected valuation models. The valuations models are either a maintainable earnings model or attributable net asset value.</p> <p>For the maintainable earnings model, earnings before interest, tax, depreciation and amortisation (EBITDA) is reduced by rental expenses to derive at a pre-IFRS 16 EBITDA. This EBITDA is then multiplied by the determined earnings multiple which is also a pre-IFRS 16 earnings multiple. These valuations incorporated a number of assumptions, the primary assumptions in notes 2, 4 and 22 to the consolidated financial statements being:</p> <ol style="list-style-type: none"> 1. Determination of maintainable earnings; and 2. Earnings multiple. <p>Maintainable earnings are derived from the management account information and budgets of the underlying investments and earnings multiples are derived from market data and analysis of comparable companies.</p>	<p>The consolidated financial statements provide details of the valuation method. The requirements of IFRS 13: <i>Fair value measurements</i> has been considered.</p> <p>We assessed the appropriateness of the valuation methodology applied and the valuations prepared by the executive directors.</p> <p>Where appropriate, we involved our valuation specialists and with their assistance we completed the procedures below:</p> <ol style="list-style-type: none"> 1. assessed the application of the fair value principles of the valuation method; 2. assessed the reasonability of the earnings multiple; 3. assessed the reasonability of the maintainable earnings with reference to the latest management accounts and/or latest budgets available for investee companies; 4. performed procedures to ensure that the management information used in the prior period, agreed materially to the audited financial statements for the investee companies; and 5. assessed whether adjustments processed by management to the maintainable earnings calculation are appropriate and consistent to previous years and whether the effects of COVID-19 was appropriately taken into account. <p>We concluded that the valuation method is widely applied and appropriate for valuing unlisted investments. We assessed the earnings and earnings multiples used and found the basis of determination appropriate resulting in a reasonable fair value.</p> <p>Historically, actual earnings was used as a basis for determining maintainable earnings unless where budgeted earnings was projected to be less than actual. In 2020 the earnings used varied per investee as COVID-19 impacts varied and a combination of 2019, 2020 and budgeted 2021 earnings was used depending on the entity and what was considered to be maintainable earnings. This approach has remained consistent in the current year, however, a combination of 2021 and budgeted 2022 earnings was used depending on the entity and what is considered to be maintainable earnings.</p> <p>In notes 2, 4 and 22 to the consolidated financial statements details are provided of the valuation method and key assumptions for the level 3 fair value measurements. We assessed the adequacy of the Group's disclosures in relation to the judgement and estimation applied to investments.</p> <p>Based on the audit we performed, we found the overall valuation by the executive directors and disclosure of investments to be appropriate.</p>

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 Audited Annual Financial Statements for the year ended 31 December 2021", which includes the Directors' Report, the Audit and Risk Committee Report, the Company Secretary's Certificate and the Social, Ethics and Transformation Committee Report as required by the Companies Act of South Africa and the Declaration by the Group Chief Executive Officer and Chief Financial Officer, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

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

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

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

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

Audited annual financial statements

continued

INDEPENDENT AUDITOR'S REPORT*continued*

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and / or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Deloitte & Touche has been the auditor of Sabvest Capital Limited for 2 years since inception and the auditor of the subsidiaries within the Group for 21 years.

**Deloitte & Touche***Registered Auditor**per André Dennis**Partner*

16 March 2022

Deloitte, 5 Magwa Crescent, Waterfall City, Waterfall

DIRECTORS' REPORT

at 31 December 2021

Nature of business

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

Results of operations

The results of operations for the year ended 31 December 2021 are reflected in the attached audited annual financial statements.

Subsidiaries

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

Going concern

Based upon solvency, cash resources and forecasts, and taking into consideration the impact of COVID-19 on the Group's investee companies, the Board has concluded that the Group and Company will be a going concern in the year ahead. Refer to Going Concern note 29.

Investments

Details of the Group's investments are set out in notes 2 and 4 to the annual financial statements.

Directors' interests

The directors' beneficial and non-beneficial direct and indirect holdings in the ordinary shares of the Company at 31 December 2021 were as follows:

	2021 '000's	2020 000's
Executive		
L Rood	300	171,6
CS Seabrooke	16 000	16 000
R Pleaner	1 055,2	1 055,2
Non-executive		
K Pillay	72,4	67,8
L Mthimunye	30	30
BJT Shongwe	30	30
DNM Mokhobo * ¹	–	30
O Ighodaro	–	–
	17 487,6	17 384,6

*¹ Retired effective 31 December 2020.

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

Insurance and directors' indemnity

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

Dividends

An interim dividend of 20 cents per share (2020: 10 cents) was declared and paid during the year and a final dividend of 55 cents per share (2020: 15 cents) has been declared subsequent to the year-end, making a total of 75 cents for the year (2020: 25 cents). There were no changes to the dividend policy during the current year.

DIRECTORS' REPORT

at 31 December 2021

continued

Share capital

At 31 December 2020, Sabcap held 40 500 ordinary shares as treasury shares. During 2021, Sabcap repurchased 1 429 500 ordinary shares and cancelled 1 450 000 of these ordinary shares. Accordingly, the number of shares in issue at year end, net of treasury shares, was 39 530 000 ordinary shares. The maximum number of Sabvest shares in issue in prior years was 52 327 962, which has been reduced to the current level through buy backs (net of the issue of additional shares when Sabcap listed).

Changes in investment holdings

During the reporting period Sabcap:

- ◆ disposed of its Brait bonds for GBP2,308m (R48,2m);
- ◆ received R36,0m for 10,9m Rolfes shares which were under option to Phatisa;
- ◆ increased its look through interest in the two Mandarin structures owning the ITL Group from 30% to 34% for \$ 4,8m (R70,2m) and R0,8m respectively;
- ◆ received early repayment of its redeemable preference shares in Mandarin Holdings of R112,4m and received a net amount of R63,2m after re-investing R48,8m of the proceeds on loan account as part of the funding for the redemption;
- ◆ invested a further R8,7m in Masimong *pro-rata* in a rights issue;
- ◆ increased its interest in Metrofile to 55m shares for R15,0m;
- ◆ increased its shareholding in Corero Network Security Plc (Corero) from 36,3m shares to 47m shares for GBP1,3m (R27,4m);
- ◆ restructured its interests in SA Bias Industries from 59,9% to 85,1% but SA Bias reduced its interests in Flowmax and Narrowtex Group from 100% to 73,9% and 75,0% respectively, with the result that Sabcap's look through interest in SA Bias' two operating divisions increasing marginally from 59,9% in each to 62,9% in Flowmax and 63,9% in Narrowtex Group;
- ◆ sold 4m Transaction Capital (TC) shares for R142,1m;
- ◆ settled the section 164 appraisal claims in respect of the 251 880 Sabvest shares for an amount of R11,9m; and
- ◆ acquired 1 429 500 Sabcap shares through a shareholder approved buyback program for R66,0m.

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

- ◆ Apex acquired Clyde Bergemann Africa and provided convertible loan funding to Turnmill Proquip Engineering;
- ◆ SA Bias acquired Buckley International through Flowmax and Specialised Ropes through Narrowtex; and
- ◆ Masimong increased its interests in Mouton Citrus, Southern Farms and Anchor Group (which was delisted), and varied its interests in Intelichem through a merger of Intelichem with Villa Crop Protection to form Winfield United RSA (majority owned by Land Ó Lakes USA).

COVID-19

Sabcap and its investee companies have adhered to all health protocols and lockdown regulations worldwide. The infection rates in the operations of investees have fortunately been low relative to national averages but regrettably there have been a few deaths. The Board extends its sincerest condolences to the families.

At the date of this report, all of the Group's investee companies are now trading close to or better than pre-COVID levels.

DIRECTORS' REPORT

at 31 December 2021

continued

Directorate and governance

Details of the present Board of Directors and the Secretary appear on pages 19 and 96.

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

Mr K De Matteis will be appointed an executive director of the Company and Group CFO with effect from 30 April 2022, with Mr R Pleaner, an executive director of the company and Group CFO, retiring from the Board and as Group CFO with effect from the same date. Mr K De Matteis will retire at the forthcoming annual general meeting but, being eligible, offer himself for re-election.

Auditors

Deloitte & Touche were reappointed as external auditors at the General Meeting held on 24 May 2021.

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 94.

Subsequent events

Disposed of a further 1m TC shares for R48,7m, retaining 5m shares and subscribed for a 49,9% equity interest in a subsidiary of Masimong Group Holdings Proprietary Limited, Masimong Electrical Holdings Proprietary Limited (MEH), committing to make shareholder loan funding of R199m and financial guarantees R24,5m available to MEH on demand to facilitate the acquisition of 37,07% of ARB Holdings Limited (ARB) by way of a scheme of arrangement and a subsequent delisting of ARB from the JSE. Sabcap also increased its holding in Corero Network Security Plc (Corero) by 3m shares to 50m shares, representing 10,1% of Corero, for GBP0,4m (R7,4m) and issued a deal related guarantee on behalf of an investee. Refer to Subsequent Events note 27.

Special resolutions

The following is a summary of the special resolutions that were passed at the general meeting held on 24 May 2021:

Special resolution number 1

Approval of proposed non-executive directors' remuneration for the year ending 31 December 2021

"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 2021 be authorised and determined on the basis and the amounts set out below.

Fees are:

- (i) paid to non-executive directors 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).

DIRECTORS' REPORT

at 31 December 2021

continued

	Year ending 2021 R	Year ended 2020 (annualised) R
Chairman	370 000	360 000
Deputy Chairman	278 000	270 000
Non-executive directors	257 500	250 000
Chairman of the Audit and Risk Committee	175 000	170 000
Chairman of the Remuneration Committee	103 000	100 000
Chairman of the Nominations Committee	87 500	85 000
Chairman of the Social, Ethics and Transformation Committee	87 500	85 000
Committee members/invitees	62 000	60 000
Directorships of investees by non-executive directors for Sabcap	n/a	145 000
Lead Independent Director – additional amount	41 200	40 000

The resolution was passed on 24 May 2021.

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 (including but not limited to the Board being satisfied that immediately after providing the financial assistance, the Company would satisfy the solvency and liquidity test (as contemplated in Section 4 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 company (on such terms as defined in Section 2 of the Companies Act) or to a member of the related or inter-related corporation, or to a person related to any such company or corporation (subject to the provisions of Section 45 of the Companies Act) 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 24 May 2021.

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 (including but not limited to the Board being satisfied that immediately after providing the financial assistance, the Company would satisfy the solvency and liquidity test (as contemplated in Section 4 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

DIRECTORS' REPORT

at 31 December 2021

continued

in Section 44 of the Companies Act, to related or inter-related company (on such terms as defined in Section 2 of the Companies Act) or to a member of the related or inter-related corporation, or to a person related to any such company or corporation (subject to the provisions of Section 44 of the Companies Act) 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 24 May 2021.

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 general authority, from time to time, to acquire ordinary shares in the share capital of the Company from any person 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 (including sections 114 and 115) to the extent that section 48(8)(b) is applicable 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;
- ◆ 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 are to 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);

DIRECTORS' REPORT

at 31 December 2021

continued

- ◆ 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 must 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 approval for the purchase of shares by a subsidiary authorises the Company 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 24 May 2021.

Preparation and approval of financial statements

The preparation of these Consolidated and Company financial statements was supervised by the Chief Financial Officer, R Pleaner CA(SA) and approved by the Board on 16 March 2022.

AUDIT AND RISK COMMITTEE REPORT

for the year ended 31 December 2021

The Audit and Risk 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, No. 71 of 2008. The Committee reports as follows:

- ◆ The scope, independence and objectivity of the external auditors were reviewed, having consideration of the current debate around mandatory audit firm rotation, auditor independence and tenure.
- ◆ The Committee has continued with performing their own rigorous assessment of the independence of the auditor, as required by the current governance requirements covered by the Companies Act. This assessment included consideration of the tenure of the audit engagement and the regularity of audit partner rotation; the extent and nature of non-audit services provided and the competence and expertise of the partner and the team.
- ◆ We have reviewed the policies and processes in place between the company and Deloitte to ensure that independence is maintained. These include, *inter alia*, the assessment and pre-approval processes for engaging on non-audit services, audit firm tenure of 21 years (Deloitte & Touche has been the auditor of Sabcap for 2 years since inception and the auditor of the subsidiaries within the Group for 21 years) and partner rotation, in line with the requirements of the Companies Act and the International Federation of Accountants. Our conclusion following the above assessment is that the policies and processes are in place to ensure independence and that Deloitte is independent of the company. We, therefore, propose the audit firm Deloitte & Touche, and the audit partner, André Dennis, to be the Group's auditor and audit partner for the 2022 financial year. It is the intention to rotate auditors for the 2023 financial year.
- ◆ The Committee noted the key audit matter set out in the independent auditor's report, which is the valuation model and inputs applied to unlisted investments carried at fair value.
- ◆ 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 financial statements.
- ◆ The Group's Corporate Governance procedures were reviewed and approved.
- ◆ On an ongoing basis, the Committee reviews and approves the fees payable to the external auditors, such fees are disclosed in note 10 to the annual financial statements.
- ◆ The appointment of the external auditor complies with the Companies Act, Section 3.84 and 22.15(h) of the JSE Listings Requirements and with all other legislation relating to the appointment of external auditors.
- ◆ The nature and extent of non-audit services provided by the external auditors have been reviewed to ensure that the fees for such services do not become so significant as to call into question independence.
- ◆ The nature and extent of future non-audit services have been defined and pre-approved.
- ◆ The 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 Audit 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 Audit Committee and are being dealt with by management in the ordinary course of business. The Audit Committee is, however, satisfied that none of these deficiencies had a material effect for the purposes of the preparation and presentation of the financial statements for the year under review and the risk is accepted as reasonable given the size of the team.
- ◆ The Committee reviewed and recommended the adoption by the Board of such financial information which is publically disclosed and included in the annual financial statements, including accounting policies.



L Mthimunye

Audit and Risk Committee Chairman

Sandton

16 March 2022

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2021

	Notes	2021 R'000	2020 R'000
Non-current assets		4 022 008	3 364 619
Property, plant and equipment	1	2 515	2 990
Right of use of asset	1	3 304	4 210
Investment holdings	2	4 016 189	3 357 419
Unlisted investments		3 430 078	2 895 853
Listed investments		586 111	461 566
Current assets		243 161	281 136
Finance advances and receivables	3	21 663	134 649
Investment funds offshore	4	75 138	56 295
Investments held-for-sale	4	–	86 341
Cash balances	5	146 360	3 851
Total assets		4 265 169	3 645 755
Ordinary shareholders' equity		3 704 327	3 048 991
Share capital	6	1 360 907	1 426 865
Non-distributable reserves	7	(1 218 340)	(1 274 373)
Accumulated profit	7	3 561 760	2 896 499
Non-current liabilities		499 302	509 306
Interest-bearing debt	8	240 000	330 000
Provisions	9	17 255	4 983
Lease liability	12	2 758	–
Deferred tax liabilities	11	239 289	174 323
Current liabilities		61 540	87 458
Interest-bearing debt		20 390	39 610
Current portion of interest-bearing debt	8	–	10 000
Portfolio finance offshore	8	12 944	–
Interest-bearing debt	8	7 446	29 610
Accounts payable and provisions	9	40 260	47 848
Lease liability	12	890	–
Total equity and liabilities		4 265 169	3 645 755

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2021

	Notes	2021 R'000	2020 R'000
Gross income from operations and investments		864 134	492 075
Dividends received	17	253 036	107 226
Interest received	17	18 355	18 834
Forex (loss)/gain		(2 584)	6 525
Loss on sale of financial instruments and shares	17	–	(7 118)
Fees	17	1 756	1 771
Fair value adjustments to investments		593 571	364 837
– Listed		227 173	63 727
– Unlisted		366 398	301 110
Transactional costs		(1 117)	(12 785)
Fair value loss on initial recognition and modification of interest-free loans		(3 612)	(688)
Interest paid		(19 922)	(27 667)
Net income before operating expenses		839 483	450 935
<i>Less:</i> Expenditure		(95 316)	(56 404)
Net income before taxation	10	744 167	394 531
Taxation	11	(64 966)	(101 347)
Net income for the year attributable to equity shareholders		679 201	293 184
Translation of foreign subsidiary * ¹	18	56 033	44 840
Total comprehensive income for the year attributable to equity shareholders		735 234	338 024
Earnings per share – cents * ²	13	1 689,6	708,4

*¹ This item may subsequently be classified to profit and loss.

*² There are no diluting instruments.

COMPANY STATEMENT OF FINANCIAL POSITION

at 31 December 2021

	Notes	2021 R'000	2020 R'000
Non-current assets		1 443 375	1 443 375
Investment in subsidiaries	2	1 443 375	1 443 375
Current assets		26 730	26 322
Loans to subsidiaries (Annexure A)		26 686	26 281
Cash balances		44	41
Total assets		1 470 105	1 469 697
Share capital	6	1 349 264	1 429 014
Accumulated profit	7	118 582	38 853
Ordinary shareholders' equity		1 467 846	1 467 867
Current liabilities		2 259	1 830
Accounts payable	9	2 259	1 830
Total equity and liabilities		1 470 105	1 469 697

COMPANY STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2021

	Notes	2021 R'000	2020 R'000
Dividends received	17	100 000	48 000
Interest received	17	1	1
Gross income		100 001	48 001
Transactional costs		-	(10)
Expenditure		(6 264)	(5 038)
Total comprehensive income for the year attributable to equity shareholders		93 737	42 953

CONSOLIDATED AND COMPANY STATEMENTS OF CASH FLOWS

for the year ended 31 December 2021

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Cash flows from operating activities	149 816	12 932	80 158	40 683
Net income for the year	679 201	293 184	93 737	42 953
Adjustments for:			–	–
Depreciation	1 778	1 915	–	–
Fair value adjustments to investments	(593 571)	(364 837)	–	–
Fair value loss on initial recognition of interest-free loans	3 612	688	–	–
Interest received	(1 163)	(1 162)	–	–
Interest paid	19 922	27 667	–	–
Deferred taxation	64 966	101 347	–	–
Loss on financial instruments and shares	–	7 118	–	–
Loss on disposal of property, plant and equipment	51	48	–	–
Provisions	12 450	4 033	–	–
(Decrease)/increase in accounts payable	(3 500)	(9 214)	429	1 830
Cash flows from operations	183 746	60 787	94 166	44 783
Cash interest paid	(19 922)	(27 667)	–	–
Dividends paid – ordinary	(14 008)	(20 188)	(14 008)	(4 100)
Cash flows from/(utilised in) investing activities	168 490	(14 963)	(405)	(26 281)
Purchase of property, plant and equipment	(379)	(303)	–	–
Purchase of investment holdings and offshore portfolios	(440 414)	(188 952)	–	–
Proceeds from sale of investment holdings and offshore portfolios	498 746	183 852	–	–
Increase in loans to subsidiaries	–	–	(405)	(26 281)
Decrease/(increase) in finance advances and receivables	110 537	(9 560)	–	–
Cash flows (utilised in)/from financing activities	(175 797)	2 757	(79 750)	(14 361)
(Decrease)/increase in long-term loan	(100 000)	40 000	–	–
(Decrease)/increase in other interest-bearing debt	(22 164)	12 888	–	–
Repayment of principal portion of lease liability	(618)	(1 065)	–	–
Repurchase of company shares	(65 959)	(16 510)	(79 750)	(14 361)
Increase/(decrease) in offshore portfolio finance	12 944	(35 476)	–	–
Increase in cash offshore	–	2 920	–	–
Change in cash and cash equivalents	142 509	726	3	41
Cash and cash equivalents at beginning of year	3 851	3 125	41	–
Cash and cash equivalents at end of year	146 360	3 851	44	41

CONSOLIDATED AND COMPANY STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 December 2021

GROUP	Share capital R'000	Non-distributable reserves R'000	Accumulated profit R'000	Total R'000
Balance as at 1 January 2020	1 443 375	(1 319 213)	2 635 294	2 759 456
Total comprehensive income for the year	–	44 840	293 184	338 024
Sabvest shares repurchased and cancelled	–	–	(11 791)	(11 791)
Shares repurchased and cancelled	(15 306)	–	–	(15 306)
Shares held in treasury	(1 204)	–	–	(1 204)
Dividends paid	–	–	(20 188)	(20 188)
Balance as at 1 January 2021	1 426 865	(1 274 373)	2 896 499	3 048 991
Total comprehensive income for the year	–	56 033	679 201	735 234
Shares held in treasury – written back	1 204	–	–	1 204
Shares repurchased and cancelled	(66 014)	–	–	(66 014)
Shares held in treasury	(1 148)	–	–	(1 148)
Unclaimed dividends – written back	–	–	68	68
Dividends paid	–	–	(14 008)	(14 008)
Balance as at 31 December 2021	1 360 907	(1 218 340)	3 561 760	3 704 327
COMPANY				
Balance as at 1 January 2020	–	–	–	–
Issue of share capital on reverse acquisition	1 443 375	–	–	1 443 375
Total comprehensive income for the year	–	–	42 953	42 953
Shares cancelled	(14 361)	–	–	(14 361)
Dividends paid	–	–	(4 100)	(4 100)
Balance as at 1 January 2021	1 429 014	–	38 853	1 467 867
Total comprehensive income for the year	–	–	93 737	93 737
Shares cancelled	(79 750)	–	–	(79 750)
Dividends paid	–	–	(14 008)	(14 008)
Balance as at 31 December 2021	1 349 264	–	118 582	1 467 846

ACCOUNTING POLICIES

for the year ended 31 December 2021

Accounting policies

The Consolidated and Company financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), the requirements of the Companies Act, No. 71 of 2008, the JSE Listings Requirements, SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council. They have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value or at amortised cost. The significant accounting policies and methods of computation are consistent in all material respects with those applied in the previous financial year, other than the standards which were adopted in the current year.

Basis of consolidation

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

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

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

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

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

Investments

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

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

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

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

ACCOUNTING POLICIES

for the year ended 31 December 2021

continued

Financial instruments

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

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

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

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

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

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

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

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

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

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

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

ACCOUNTING POLICIES

for the year ended 31 December 2021

continued

Treasury shares

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

Property, plant and equipment

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

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

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

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

Foreign currencies

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

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

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

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

ACCOUNTING POLICIES

for the year ended 31 December 2021

continued

Impairment provisions

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

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

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

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

Provisions

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

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

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

Revenue recognition

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

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

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

Interest is recognised on a time proportion basis.

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

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

ACCOUNTING POLICIES

for the year ended 31 December 2021

continued

Lease agreements

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

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

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

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

Related party transactions

All related party transactions are, unless otherwise disclosed, in the normal course of business. Refer to note 23.

Retirement benefits and medical aid schemes

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

Taxation

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

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

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

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

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

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

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

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

Cash and cash equivalents

Cash and cash equivalents represent cash at bank.

ACCOUNTING POLICIES

for the year ended 31 December 2021

continued

Borrowing costs

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

Critical judgements and key estimates

The estimates and assumptions, including those made in relation to COVID-19, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are detailed in the notes to the financial statements where applicable.

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

In respect of the unlisted investments which are carried at fair value, significant judgement and estimate is used to select the appropriate valuation model, determine maintainable earnings and estimate the earnings multiple. Details of the judgements are set out in note 22.

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

New/Revised International Financial Reporting Standards Issued

All new and revised standards and interpretations issued by IASB and the IFRS Interpretations Committee (“IFRIC”) of the IASB that are relevant to the Group’s operations and effective for annual reporting periods commencing on 1 January 2021 have been adopted and retrospectively applied. These standards include:

- ◆ IFRS 16 – *Leases* (amendments effective for annual periods beginning on or after 1 June 2020).

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
IFRS 3	Business Combinations	1 January 2022
IAS 16	Property, Plant and Equipment	1 January 2022
IAS 37	Provisions, Contingent Liabilities and Contingent Assets	1 January 2022
IAS 1	Presentation of Financial Statements	1 January 2023
IAS 8	Accounting policies, changes in accounting estimates and errors	1 January 2023
IAS 12	Income Taxes	1 January 2023
IFRS 17	Insurance Contracts	1 January 2023

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

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2021

	Motor vehicles R'000	Office furniture, equipment, computers and leasehold improvements R'000	Total R'000
1. Property, plant and equipment and right of use asset			
1.1 Property, plant and equipment			
2021 GROUP			
Beginning of year			
Cost	1 330	6 087	7 417
Accumulated depreciation	(833)	(3 594)	(4 427)
Net book value	497	2 493	2 990
Current year movements			
Additions	–	379	379
Disposals cost	–	(134)	(134)
Disposal – accumulated depreciation	–	83	83
Depreciation	(221)	(582)	(803)
Total movement	(221)	(254)	(475)
End of year			
Cost	1 330	6 332	7 662
Accumulated depreciation	(1 054)	(4 093)	(5 147)
Net book value	276	2 239	2 515
2020 GROUP			
Beginning of year			
Cost	1 330	6 688	8 018
Accumulated depreciation	(612)	(3 796)	(4 408)
Net book value	718	2 892	3 610
Current year movements			
Additions	–	303	303
Disposals cost	–	(904)	(904)
Disposal – accumulated depreciation	–	856	856
Depreciation	(221)	(654)	(875)
Total movement	(221)	(399)	(620)
End of year			
Cost	1 330	6 087	7 417
Accumulated depreciation	(833)	(3 594)	(4 427)
Net book value	497	2 493	2 990

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

Audited annual financial statements

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2021

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	GROUP	
	2021 R'000	2020 R'000
1. Property, plant and equipment and right of use asset <i>continued</i>		
1.2 Right of use asset		
Beginning of year		
Cost	4 767	1 611
Accumulated depreciation	(557)	(1 128)
Net book value	4 210	483
Current year movements		
Recognition of right of use asset	69	4 767
De-recognition on expiry of lease – cost	–	(1 611)
De-recognition on expiry of lease – accumulated depreciation	–	1 611
Depreciation	(975)	(1 040)
Total movement	(906)	3 727
End of year		
Cost	4 836	4 767
Accumulated depreciation	(1 532)	(557)
Net book value	3 304	4 210

The nature of the leases are all leases for premises. The prior lease expired on 31 May 2020 and was renewed at that date.

Audited annual financial statements

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2021

continued

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
2. Investment holdings				
2.1 Investment in subsidiaries				
Shares at cost less impairments (refer Annexure A)	–	–	1 443 375	1 443 375
2.2 Investment holdings				
<i>Unlisted</i>				
At cost	1 598 630	1 420 847	–	–
Fair value adjustment	1 831 448	1 475 006	–	–
Opening balance	1 475 006	1 151 380	–	–
Transfer from listed investments	–	(5 512)	–	–
Transfer from listed investments held indirectly	–	(3 494)	–	–
Realisations	6 450	–	–	–
Transfer to held for sale	–	15 773	–	–
Transfer from held for sale	(14 720)	–	–	–
Currency fluctuations	(1 071)	19 588	–	–
Movement for the year	365 783	297 271	–	–
Directors' value	3 430 078	2 895 853	–	–
<i>Listed</i>				
At cost	259 989	248 033	–	–
Fair value adjustments	326 122	213 533	–	–
Opening balance	213 533	143 355	–	–
Transfer to unlisted	–	5 512	–	–
Transfer to held-for-sale	–	(138)	–	–
Realisations	(106 215)	–	–	–
Currency fluctuations	2 145	(4 604)	–	–
Movement for the year	216 659	69 408	–	–
Market value	586 111	461 566	–	–
<i>Listed held indirectly</i>				
At cost	–	–	–	–
Fair value adjustments	–	–	–	–
Opening balance	–	(3 494)	–	–
Transfer to held-for-sale	–	3 494	–	–
Movement for the year	–	–	–	–
Market value	–	–	–	–
Balance sheet value	4 016 189	3 357 419	–	–

Audited annual financial statements

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2021

continued

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
3. Finance advances and receivables				
Finance advances	21 388	118 220	–	–
Sundry receivables	275	16 429	–	–
	21 663	134 649	–	–
Interest-free loans				
Gross advances	19 461	18 389	–	–
Fair value loss on initial recognition	(6 172)	(4 827)	–	–
Fair value loss on modification	(2 267)	–	–	–
Interest earned	3 684	2 521	–	–
Currency fluctuations	(56)	(54)	–	–
	14 650	16 029	–	–

The interest-free loans are included in finance advances.

No finance advances and receivables are past due. The estimated credit losses were assessed and found not to be material.

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

4. Listed/unlisted investments held directly**4.1 Listed investments (held-for-sale)**

At cost	–	60 269	–	–
Fair value adjustments	–	(9 363)	–	–
Opening balance	(9 363)	(112 910)	–	–
Transfer from unlisted investments	–	138	–	–
Realisations	13 089	112 910	–	–
Currency fluctuations	(237)	1 218	–	–
Movement for the year	(3 489)	(10 719)	–	–
Market value	–	50 906	–	–

Audited annual financial statements

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2021

continued

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
4. Listed/unlisted investments held directly <i>continued</i>				
4.2 Unlisted investments (held-for-sale)				
At cost	–	48 428	–	–
Fair value adjustments	–	(12 993)	–	–
Opening balance	(12 993)	–	–	–
Transfer from unlisted investments	–	(15 773)	–	–
Transfer to unlisted investments	14 720	–	–	–
Realisations	(2 339)	–	–	–
Movement for the year	615	3 839	–	–
Currency fluctuations/variations	(3)	(1 059)	–	–
Market value	–	35 435	–	–
4.3 Bond portfolio offshore				
At cost	–	–	–	–
Fair value adjustments	–	–	–	–
Opening balance	–	(1 765)	–	–
Realisation	–	1 970	–	–
Movement for the year	–	–	–	–
Currency fluctuations/variations	–	(205)	–	–
Market value	–	–	–	–
4.4 Investment funds offshore				
At cost	63 620	51 826	–	–
Fair value adjustments	11 518	4 469	–	–
Opening balance	4 469	–	–	–
Realisations	(7 536)	–	–	–
Movement for the year	14 003	5 038	–	–
Currency fluctuations/variations	582	(569)	–	–
Market value	75 138	56 295	–	–

Audited annual financial statements

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2021

continued

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
5. Cash balances				
Balances with banks *				
– local	146 344	241	44	41
– offshore	16	3 610	–	–
	146 360	3 851	44	41

* Cash is predominantly held by Sabcap's wholly owned subsidiary, Sabvest Finance and Guarantee Corporation (Pty) Limited. Cash is placed with banks having a credit rating of at least Baa3.

6. Share capital**6.1 Share capital**

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

At year-end, there were 39 550 000 (2020: 41 000 000) Sabcap ordinary shares in issue and 1 (2020: 1) Z share. Issued, net of shares held in treasury, was 39 530 000 (2020: 40 959 500) ordinary shares and 1 (2020: 1) Z share.

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

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
6.2 Reconciliation of number of shares in issue				
<i>Ordinary shares</i>				
At beginning of year	41 000 000	41 508 352	41 000 000	–
Issue of share capital on reverse acquisition	–	–	–	41 508 352
Repurchased and cancelled *	(1 450 000)	(508 352)	(1 450 000)	(508 352)
	39 550 000	41 000 000	39 550 000	41 000 000
Treasury shares held	(20 000)	(40 500)	–	–
	39 530 000	40 959 500	39 550 000	41 000 000
6.3 Reconciliation of issued share capital				
At beginning of year	1 426 865	1 443 375	1 429 014	–
Issue of share capital on reverse acquisition	–	–	–	1 443 375
Shares held in treasury – written back	1 204	–	–	–
Shares repurchased and cancelled *	(66 014)	(15 306)	(79 750)	(14 361)
Shares held in treasury *	(1 148)	(1 204)	–	–
Share capital	1 360 907	1 426 865	1 349 264	1 429 014

* The Group repurchased 1 429 500 shares (at an average price per share of R46,14) of which 1 409 500 were cancelled (together with the 40 500 shares held as treasury at the beginning of the year), with the remaining 20 000 held as treasury shares as the year-end.

Audited annual financial statements

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2021

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	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
7. Reserves				
7.1 Non-distributable reserves				
On translation of foreign subsidiary				
– prior years	163 085	118 245	–	–
– current year	56 033	44 840	–	–
Accumulated loss in share trust				
– prior years	(640)	(640)	–	–
Variation of interest in subsidiary				
– prior years	5 144	5 144	–	–
Reverse acquisition reserve	(1 442 524)	(1 442 524)	–	–
Capital redemption reserve fund	562	562	–	–
	(1 218 340)	(1 274 373)	–	–
7.2 Accumulated profit				
Accumulated profit at beginning of year	2 896 499	2 635 294	38 853	–
Sabvest shares repurchased and cancelled	–	(11 791)	–	–
Unclaimed dividends written back	68	–	–	–
Accumulated profit less dividend paid for the year	665 193	272 996	79 729	38 853
Accumulated profit at end of year	3 561 760	2 896 499	118 582	38 853
Total reserves	2 343 420	1 622 126	118 582	38 853

Audited annual financial statements

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2021

continued

	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
8. Interest-bearing debt				
8.1 Long-term				
RSA borrowings	240 000	340 000	–	–
<i>Less:</i> Payable within one year	–	(10 000)	–	–
	240 000	330 000	–	–

The loans bear interest at between JIBAR plus 3,25% and JIBAR plus 3,50% payable quarterly on 31 March, 30 June, 30 September and 31 December of each financial year.

The Group prepaid the loans of R60m due on 30 April 2022 and R30m due on 30 June 2022 during the year. The remaining loans are repayable as to R30 million on 30 April 2023, R30 million on 30 June 2023, R40 million on 31 July 2023, R70 million on 30 April 2024, R30 million on 31 July 2024 and R40 million on 30 June 2025.

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

8.2 Short-term

RSA borrowings				
Bank borrowings current portion of interest-bearing debt	–	10 000	–	–
Other interest-bearing debt including related parties (refer note 23)	7 446	29 610	–	–
Equity portfolio finance offshore	12 944	–	–	–
	20 390	39 610	–	–

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

Estimated losses on guarantees were assessed and considered immaterial.

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

The equity portfolio finance offshore is secured by the listed investments in Sabvest Capital Holdings Limited (BVI) (refer to note 21.1).

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2021

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	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
9. Accounts payable and provisions				
Provision for long-term incentive plan * ¹	6 548	6 007	–	–
Other provisions * ²	15 546	15 909	–	–
Accounts payable * ³	18 166	25 932	2 259	1 830
	40 260	47 848	2 259	1 830
Provision for long-term incentive plan				
Opening balance	6 007	13 404	–	–
Plus: prior year long-term portion	4 983	–	–	–
Utilised during the year	(6 007)	(4 790)	–	–
Increase in provision for the year	18 820	2 376	–	–
Less: long-term portion	(17 255)	(4 983)	–	–
Closing balance	6 548	6 007	–	–
Other provisions				
Opening balance	15 909	9 462	–	–
Utilised during the year	(15 863)	(9 139)	–	–
Increase in provision for the year	15 500	15 586	–	–
Closing balance	15 546	15 909	–	–

*¹ Refer to remuneration policy and note 16. The current portion is expected to be settled within the next six months, with no material change expected to the balance. The long-term portion will be settled in line with the remuneration policy, with the balance to be determined based on the Company's net asset value in line with this policy.

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

*³ Group accounts payable includes settlement of Section 164 appraisal claims in the amount of Rnil (2020: R11 344 375). The prior year amount includes the current and non-current portions of the lease liability to the value of R617 500 and R3 592 000 respectively. These are disclosed in the current year, and will be going forward, separately in the statement of financial position.

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	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
10. Net income before taxation				
This is stated after taking into account:				
Loss on disposal of property, plant and equipment	(51)	(48)	–	–
Auditors' remuneration – audit fees – current year	2 410	2 728	–	–
– previous year	–	1 176	–	–
Consulting fees	289	918	–	–
Depreciation (refer to note 1)	1 778	1 915	–	–
Payroll costs	76 892	34 512	–	–
Expenses disclosed are classified as follows:				
Operating costs – fixed	35 412	36 055	–	–
Operating costs – variable	58 126	18 434	–	–
Depreciation	1 778	1 915	–	–
11. Taxation				
11.1 Charged for the year				
South African normal taxation				
Deferred taxation – current year	64 966	101 347	–	–
	64 966	101 347	–	–
11.2 Movement in deferred tax				
Provision for capital gains tax on fair value adjustments to current and non-current investment holdings	64 966	101 347	–	–
	64 966	101 347	–	–
Two of the Group's subsidiaries have assessed losses and CGT losses for taxation purposes. The unutilised estimated losses and CGT losses of the subsidiaries amount to R60 million (2020: R77 million) and R42 million (2020: R154 million) respectively. The deferred tax asset has not been accounted for as this tax loss has been taken into account in assessing the exposure for taxation on fair value measurements recorded.				
11.3 Deferred tax liabilities				
Provision for capital gains tax on fair value adjustments to investments after use of assessed losses	(239 289)	(174 323)	–	–
	(239 289)	(174 323)	–	–

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2021

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	GROUP		COMPANY	
	2021 %	2020 %	2021 %	2020 %
11. Taxation <i>continued</i>				
11.4 Taxation rate reconciliation				
Standard rate of taxation	28,0	28,0	28,0	28,0
Rate of taxation for the year affected by non-taxable income	(28,0)	(28,0)	(28,0)	(28,0)
Deferred tax on investments	8,7	25,7	–	–
Effective rate of taxation	8,7	25,7	–	–

The charge for current tax is based on the results for the year adjusted for items which are tax exempt or are not tax deductible. Tax is calculated using rates that have been enacted or substantively enacted by the financial year-end. Non-taxable income relates primarily to dividend income and unrealised fair value gains.

11.5 Capital gains tax on investments

Cumulative deferred tax of R239 million (2020: R174 million) has been raised through the statement of comprehensive income for tax on investments that are accounted for on a fair value basis if they were sold at market values except where assessed losses are available for use, or where investees' foreign subsidiaries may be sold to foreign buyers, or where investees are likely to sell their businesses and have raised deferred CGT themselves.

The corporate tax rate change to 27% will have an effect on the deferred tax liability at the capital gains tax rate for the year ended 31 December 2023.

	GROUP	
	2021 R'000	2020 R'000
12. Lease liability		
Maturity analysis (undiscounted cash flows):		
Not later than one year	1 118	–
Later than one year and not later than five years	3 012	–
	4 130	–
<i>Less: interest</i>	(482)	–
<i>Less: current portion *</i>	(890)	–
Long-term lease liability *	2 758	–

* In the prior year, the current and non-current portions of the lease liability were disclosed as part of Accounts Payable and Provisions (refer to note 9). In the current year, and going forward, these are now disclosed separately in the statement of financial position.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2021

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	GROUP	
	2021 cents	2020 cents
13. Earnings per share		
Earnings per share represents the profits in cents attributable to each share and comprises net income for the year attributable to ordinary shareholders divided by the weighted average number of shares in issue during the year.		
Earnings per share	1 689,6	708,4
The weighted average number of shares used in the calculation for the current year is 40 199 669 (2020: 41 387 331). There are no potentially dilutive shares or options.	40 200	41 387
14. Dividends per share		
Dividends per share (final of 55 cents proposed after year-end) (cents) *	75	25
<i>* Withholding tax on dividends at a rate of 20% will be deducted for all shareholders who are not exempt in terms of the applicable legislation. This will result in a final net cash dividend of 44 cents per ordinary share to non-exempt shareholders.</i>		
	2021 R'000	2020 R'000
15. Headline earnings per share		
Headline earnings per share comprise attributable income adjusted by certain exceptional losses attributable to ordinary shareholders divided by the weighted average number of shares in issue as follows:		
Net income for the year attributable to equity shareholders	679 201	293 184
Loss on disposal of property, plant and equipment	51	48
Headline earnings for the year	679 252	293 232
Headline earnings per share (cents)	1 689,7	708,5
The taxation impact of the adjusting items is either not material or not applicable and therefore no tax impact is presented.		
The weighted average number of shares used in the calculation for the current year is 40 166 669 (2020: 41 387 331).		

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2021

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	CS Seabrooke		R Pleaner		L Rood		Total	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000	2021 R'000	2020 R'000	2021 R'000	2020 R'000
16. Directors' emoluments								
<i>Executive directors</i>								
Salaries	2 785	2 704	2 352	2 284	3 310	3 214	8 447	8 202
Retirement and medical	449	435	408	395	314	305	1 171	1 135
Other benefits	1 573	1 527	600	582	524	509	2 697	2 618
Basic remuneration	4 807	4 666	3 360	3 261	4 148	4 028	12 315	11 955
Incentive bonuses								
– Short-term	12 452	–	5 340	815	5 537	1 507	23 329	2 322
– Provision * ¹	6 150	7 300	2 630	3 074	2 630	2 574	11 410	12 948
– LTIP * ²	3 884	3 071	2 137	1 443	–	–	6 021	4 514
Total remuneration	27 293	15 037	13 467	8 593	12 315	8 109	53 075	31 739
<i>Non-executive directors</i>								
Fees as directors							2 341	2 693
L Mthimunye							619	750
K Pillay							582	489
O Ighodaro * ³							506	–
DNM Mokhobo * ³							–	755
BJT Shongwe							634	699
							55 416	34 432

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

Some of the directors are also executives and/or directors of certain of the Group's investee companies from some of which they receive remuneration or fees separate from the consulting fees received by Sabcap for services provided to them by executive directors and staff of Sabcap. Directors' interest in the equities of the Group are set out on page 53.

Refer to note 23 for loan amounts owing to the Group by respective directors.

*¹ As per the remuneration policy, part of the executive bonuses are calculated on profit after tax. As this figure is only finalised once the financial statements have been audited, an interim bonus is paid before the year-end based on a conservatively estimated PAT and an accrual is created for the estimated balance and this is paid in the following year once the final PAT figure is calculated.

*² Paid in 2022 relative to 2021 financial year.

*³ Mrs Dawn Mokhobo retired as Chairman of Sabcap, as a director and as a member of the Board committees on 31 December 2020 and Mrs Olufunke (Funke) Ighodaro was appointed as an independent non-executive director with effect from the same date.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2021

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	GROUP		COMPANY	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
17. Revenue				
Revenue comprises of dividends, fees, interest and (loss)/gain on sale of investments and shares	273 147	120 713	100 001	48 001

	GROUP	
	2021 R'000	2020 R'000
18. Comprehensive income		
Items that may subsequently be classified in profit and loss		
Translation of foreign subsidiary	56 033	44 840

	GROUP	
	2021 R'000	2020 R'000
19. Net asset value per share		
Net asset value per share – cents *	9 371	7 444
Number of shares in issue (less held in treasury) – 000's	39 530	40 960

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

20. Contingent liabilities and commitments

- 20.1** The Group has rights and obligations in terms of shareholder or purchase and sale agreements relating to its present or former investments.
- 20.2** A subsidiary has given guarantees on behalf of certain investees in the ordinary course of business for deal and operational credit in amounts totalling R150m (31 Dec 2020: R75m) and which were utilised at reporting date in the amount of Rnil (31 Dec 2020: R50m).
- 20.3** A subsidiary has given an undertaking to follow a rights issue in an investee of up to \$ 3 million if so required by its bankers before 31 December 2022. This was released subsequent to year-end.

21. Hypothecations

- 21.1** 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.
- 21.2** 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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*continued***22. Financial instruments****22.1 Capital risk management**

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

The capital structure of the Group consists of cash and cash equivalents, equity attributable to ordinary shareholders comprising issued share capital, reserves and accumulated profit as disclosed in notes 6 and 7 and interest-bearing borrowings as disclosed in note 8. The undrawn short-term facilities available to the Group is set out in note 22.6.

	GROUP	
	2021 R'000	2020 R'000
22.2 Categories of financial instruments		
<i>Financial assets</i>		
Fair value through profit or loss		
Held for trading – investment holdings	4 016 189	3 357 419
– investment held-for-sale	–	86 341
– investment funds offshore	75 138	56 295
Amortised cost		
Finance advances and receivables	21 663	134 649
Cash at bank	146 360	3 851
<i>Financial liabilities</i>		
Amortised cost		
Interest-bearing debt – medium-term	240 000	330 000
– current portion of interest-bearing debt	–	10 000
– portfolio finance offshore	12 944	–
– interest-bearing debt	7 446	29 610
Accounts payable and lease liability	21 814	25 932

22.3 Foreign currency risk

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

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

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2021

*continued***22. Financial instruments** *continued***22.3 Foreign currency risk** *continued*

It is the policy of the Group to enter into forward exchange contracts to cover 100% of foreign currency repayments. Forward exchange contracts are taken as and when it receives the foreign exchange. As at 31 December 2021 and 31 December 2020 the Group's South African and foreign operations had no material foreign exchange exposure.

22.4 Interest rate risk

The Group has long-term borrowings from third parties in the amount of R240 million (2020: R340 million). The current portion of the long-term borrowings is Rnil (2020: R10 million). The short-term interest-bearing borrowings are mainly those from related parties (refer note 23) in the amount of R2,8 million (2020: R3,6 million) and from third parties in the amount of R17,6 million (2020: R26,0 million). The Group is exposed to interest rate risk as it borrows funds at floating interest rates. The Group manages the interest rate cost by monitoring cash flows on a daily basis and by borrowing on overnight call and term loans to match the cash flows. If interest rates during the year had been 1% higher or lower and other variables were held constant then the profit for the year would decrease/increase by R2,6 million (2020: R3,7 million). Interest rate risk in relation to financial assets, which is predominantly due to the loans to investees that are linked to prime, is not considered material to the Group.

22.5 Credit risk management

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

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

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

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

22.6 Liquidity risk management

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

At 31 December 2021 the Group had R150 million of undrawn facilities (2020: R74,7 million) and R146,4 million cash at bank (2020: R3,9 million) at its disposal to further reduce liquidity risk.

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

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2021

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22. Financial instruments *continued*

22.7 Fair value investments

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

Financial assets	Fair value as at		Valuation technique Fair value hierarchy	Significant and key inputs	Relationship of unobservable inputs	Relationship of unobservable inputs to fair value
	31 December 2021	31 December 2020				
Listed investments	Listed equity shares R586,1 million	Listed equity shares R461,7 million Held-for-sale R50,9 million	Level 1	Quoted share prices on the Johannesburg Stock Exchange.	N/A	N/A
Unlisted Investments	<p>44,8% of Apex Partners, a specialist holding company with a portfolio of controlling interests in distribution, manufacturing and infrastructure businesses in South Africa and also provides advisory, investing and lending solutions which may include taking proprietary positions in distressed entities or in group restructures.</p> <p>25% of Classic Food Brands, a manufacturer of meat products.</p> <p>19,1% of DNI-4PL Contracts, a company providing technology, logistics and distribution services to the telecommunications and financial industries.</p> <p>47,5% of Flexo Line Products, a manufacturing business specialising in high quality injection moulded plastic products primarily for the spice industry locally and internationally.</p> <p>34% of ITL Holdings Group, a market leading international designer, manufacturer and distributor of apparel labelling and identification products and supply chain management solutions including RFID.</p> <p>25,1% of Rolfes, a specialist provider of agricultural, food, industrial and water chemical solutions and services.</p> <p>85,2% of SA Bias, an international industrial and investment group.</p> <p>26,7% of Sunspray, a producer of spray dried and blended powdered food and drink products and the largest independent contract supplier of these products and services in South Africa.</p> <p>10% in Masimong, an investment group with assets in mining and agriculture.</p> <p>R3 430,1 million</p>	<p>44,8% of Apex Partners</p> <p>25% of Classic Food Brands</p> <p>19,4% of DNI-4PL Contracts</p> <p>47,5% of Flexo Line Products</p> <p>30% of ITL Holdings Group</p> <p>25,1% of Rolfes</p> <p>59,9% of SA Bias</p> <p>27,7% of Sunspray</p> <p>10% in Masimong</p> <p>R2 895,9 million</p> <p>Held-for-sale R35,4 million</p>	Level 3	<p>Maintainable earnings model.</p> <p>Attributable NAV</p>	<p>EBITDA multiples (unchanged from prior year unless otherwise stated):</p> <p>Sunspray – 5,0</p> <p>SA Bias – Flowmax 6,0 and Narrowtex 4,5</p> <p>Flexo – 4,5</p> <p>Classic – 5,0</p> <p>DNI – 6,5</p> <p>ITL – 9,0</p> <p>Rolfes – 6,0</p> <p>Apex – 4,5</p> <p>Level of maintainable earnings based on historic and future projections and normalisation of earnings where appropriate.</p>	The higher the multiples the higher the value.
Investment funds offshore	R75,1 million	R56,3 million	Level 1	Quoted prices on various stock exchanges.	N/A	N/A

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2021

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22. Financial instruments *continued***22.7 Fair value investments** *continued*

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

	Change in the maintainable earnings		Change in the price earnings ratio	
	Increase by 10% Rm	Decrease by 10% Rm	Increase by 10% Rm	Decrease by 10% Rm
Increase/(decrease) in fair value 31 December 2021	338,7	(338,7)	338,7	(338,7)
Increase/(decrease) in fair value 31 December 2020	289,6	(289,6)	289,6	(289,6)

Should the market price of both the listed investments held directly and the offshore listed shares have been 10% higher or lower at 31 December 2021, the value of shares would have increased or decreased by R66,1 million (2020: R51,2 million).

Should the market price of offshore investments have been 10% higher or lower at 31 December 2021, the value of offshore investments would have increased or decreased by R7,5 million (2020: R5,6 million).

22.7.2 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 approximate their fair values.

	GROUP			
	31 December 2021		31 December 2020	
	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>	168 023	168 023	138 500	138 500
Finance advances and receivables	21 663	21 663	134 649	134 649
Cash balances	146 360	146 360	3 851	3 851
Financial liabilities				
<i>Financial liabilities held at amortised cost</i>	285 949	285 949	395 542	395 542
Interest-bearing debt – long-term	240 000	240 000	330 000	330 000
Current portion – interest-bearing debt	–	–	10 000	10 000
Portfolio finance offshore	12 944	12 944	–	–
Interest-bearing debt	7 446	7 446	29 610	29 610
Accounts payable and lease liability	21 814	21 814	25 932	25 932

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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22. Financial instruments *continued***22.7 Fair value investments** *continued*

	COMPANY			
	31 December 2021		31 December 2020	
	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>	26 730	26 730	26 322	26 322
Loans and receivables	26 686	26 686	26 281	26 281
Cash balances	44	44	41	41
Financial liabilities				
<i>Financial liabilities held at amortised cost</i>	2 259	2 259	1 830	1 830
Accounts payable	2 259	2 259	1 830	1 830

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

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

	Financial fair value hierarchy as at 31 December 2020			
	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
Financial assets				
<i>Fair value through profit and loss</i>				
Listed investments	461 566	–	–	461 566
Listed investments (held-for-sale)	50 906	–	–	50 906
Unlisted investments	–	–	2 895 853	2 895 853
Unlisted investments (held-for-sale)	–	–	35 435	35 435
Investment funds offshore	56 295	–	–	56 295
Total	568 767	–	2 931 288	3 500 055

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*continued***23. 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 92.

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.

On 19 November 2021 (2020: 11 December 2020), the Company acquired 1 450 000 (2020: 508 352) Sabcap ordinary shares from its subsidiary, Sabvest Finance and Guarantee Corporation, for a total amount of R79,8 million (2020: R14,4 million) based on the previous day's closing share price of R55,00 (2020: R28,25). 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 16 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 8) 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 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 2021							
R Pleaner and family							
Individual	–	–	–	–	116	–	1 771
CS Seabrooke and family							
Individual	–	–	–	–	58	–	338
Company	136	369	–	–	13	–	145
L Rood							
Individual	–	–	–	–	39	3 785	529
Investees	1 509	800	253 036	14 206	–	–	–

31 December 2020

R Pleaner and family							
Individual	–	–	–	–	127	–	1 661
CS Seabrooke and family							
Individual	–	–	–	–	306	–	1 080
Company	153	379	–	–	95	–	289
L Rood							
Individual	–	–	–	–	39	3 785	529
Investees	1 415	–	107 198	13 099	–	79 993	–

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*continued***24. Retirement benefit information**

Eight employees are members of the Group's retirement fund which operates on a defined contribution basis. Employee benefits are determined according to each member's equitable share of the total assets of the fund. Employees contribute 7,5% and the company contributes 9,5% of pensionable salary. The fund is reviewed on an annual basis and every three years a statutory valuation is performed and submitted to the Registrar of Pension Funds. The fund is governed by the Pension Fund Act of 1956. Retirement costs are expensed in the year in which they are incurred, which amounted to R1 189 065 (2020: R865 818).

The Group has no post-retirement medical aid commitments.

25. Capital commitments

There are no capital commitments.

26. Borrowing powers

The borrowing powers of the Group are not limited.

27. Subsequent events

- 27.1** Disposed of a further 1m TC shares for R48,7m, retaining 5m shares;
- 27.2** Subscribed for a 49,9% equity interest in a subsidiary of Masimong Group Holdings Proprietary Limited, Masimong Electrical Holdings Proprietary Limited (MEH), committing to make shareholder loan funding of R199m and financial guarantees R24,5m available to MEH on demand to facilitate the acquisition of all the shares in ARB Holdings Limited (ARB) not owned by the Alan Burke family for R697m (before transaction costs) through a scheme of arrangement and a delisting and which, if successful, will result in MEH owning 37,07% of ARB;
- 27.3** Increased its holding in Corero Network Security Plc (Corero) by 3m shares to 50m shares, representing 10,1% of Corero, for GBP0,4m (R7,4m);
- 27.4** Supported, through the issuance of a guarantee, the participation of Apex Partners Holdings (Pty) Limited in the provision of funding for the refinance of Ascendis Healthcare Limited and the subsequent offer by Apex to acquire 100% of the entities comprising the Medical Devices division of Ascendis;
- 27.5** Declared a dividend of 55 cents per ordinary share payable to shareholders on 25 April 2022; and
- 27.6** The corporate tax rate changed to 27% which will have an effect on the deferred tax liability at the capital gains tax rate for the year ended 31 December 2023, the impact of which cannot be reliably estimated at this time.

28. Operating segments

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

29. Going concern

Sabcap's investees have returned to 2019 levels of trading or higher as reflected in their results for the 2021 calendar year. Based on current revenues and projected revenues, the continuing build up in forward order books, the assumption of no further lockdowns of businesses and taking into consideration solvency, cash resource, forecasts, and the impact of COVID-19 on the Group's investee companies, the Board has concluded that the Group and Company will be a going concern in the year ahead. Refer to note 8 and note 22.6.

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*ANNEXURE A***SCHEDULE OF CONSOLIDATED SUBSIDIARIES**

Nature of business	Amount of issued capital R	Held directly or indirectly		Book value of interest shares		Indebtedness *		
		2021 %	2020 %	2021 R'000	2020 R'000	2021 R'000	2020 R'000	
Subsidiaries of Sabvest Capital Limited								
Sabvest (Pty) Limited	Investment holding company	851	100	100	1 443 375	1 443 375	26 686	26 281
Investment in subsidiaries					1 443 375	1 443 375		
Indebtedness included in the company's assets							26 686	26 281
Subsidiaries of Sabvest Limited								
Sabvest Investments (Pty) Limited	Investment holding company	4 000	100	100	4	4	91 225	15 539
Sabvest Financial Services (Pty) Limited	Corporate services	5 000	100	100	1	1	9 586	10 242
	Gross						29 219	29 944
	Impairment						(19 634)	(19 702)
Sabvest Finance and Guarantee Corporation (Pty) Limited	Finance investments and guarantees	6 000	100	100	5 000	5 000	1 435 971	1 522 539
Sabvest Securities (Pty) Limited	Dormant	10 000	100	100	10	10	–	–
SD Nominees (Pty) Limited	Nominee company	100	100	100	–	–	–	–
Investment in subsidiaries					5 015	5 015		
Indebtedness included in the company's assets							1 536 782	1 548 140
Subsidiaries of Sabvest Finance and Guarantee (Pty) Ltd								
Sabvest Capital Holdings Limited (BVI)	Investment holding company and corporate financier	US\$ 3	100	100	–	–	–	–
Aggregate net income after taxation, attributable to Sabvest Capital Limited's interest in its subsidiaries							685 465	298 232

* Refer to note 23 – Related party transactions.

Audited annual financial statements

continued

ANNEXURE B**SHARES AND SHAREHOLDERS****Shareholder analysis at 31 December 2021**

Category	Ordinary shares		
	Number of share-holders	% of total of share-holders	Number of shares held
Banks and nominee companies	28	1,3	3 525 841
Investment and trust companies	114	5,5	25 334 440
Other corporate bodies	112	5,4	5 245 231
Individuals	1 831	87,8	5 444 888
	2 085	100,0	39 550 000

Major shareholders

Shareholders whose holdings of ordinary shares in the company total more than 2 000 000 shares:

Category	Ordinary shares	
	Number of shares held	% of issued shares
The Seabrooke Family Trust	16 000 000	40,5
Eric Ellerine Trust and Ellerine Group Investments	3 752 541	9,5
InsingerGilissen Bankiers N.V.	2 928 789	7,4
M&G Investments (formerly Prudential)	2 033 699	5,1
	24 715 029	62,5

Shareholder spread

Category	Ordinary shares		
	Number ordinary share-holders	Number ordinary shares in issue	% ordinary shares in issue
Non-public shareholders			
Directors	6	17 487 635	44,2
Total non-public shareholders	6	17 487 635	44,2
Public shareholders	2 079	22 062 365	55,8
	2 085	39 550 000	100,0

Note: Directors' holdings are set out on page 53.

Stock exchange performance

Category	Subcap ordinary shares	
	2021	2020
Closing price (cents)	6 100	2 975
Highest price (cents)	6 100	3 800
Lowest price (cents)	2 700	2 400
Total number of shares traded ('000)	4 652	3 424
Total value of shares traded (R'000)	208 608	9 930 839
Total number of transactions recorded	3 229	1 291
Total volume of shares traded as a percentage of total issued shares (%)	11,8	8,4

SHAREHOLDERS' DIARY

Announcement of 2021 results	16 March 2022
Publication of 2021 annual report	31 March 2022
Annual general meeting	30 May 2022
Financial year-end	31 December

ADMINISTRATION

Sabvest Capital Limited

Registration number: 2020/030059/06

ISIN: ZAE000283511

JSE share code: SBP

Directorate

K Pillay (*Chairperson*)

BJT Shongwe (*Deputy Chairperson and Lead Independent Director*)

CS Seabrooke (*Chief Executive*)

O Ighodaro

L Mthimunye

R Pleaner *

L Rood *

* *Executive*

Secretary

Levitt Kirson Business Services (Pty) Ltd

Communications

4 Commerce Square

39 Rivonia Road

Sandhurst

2196

PO Box 78677, Sandton 2146

Republic of South Africa

Telephone +27 11 268 2400

Telefax +27 11 268 2422

e-mail: ho@sabvest.com

Web site: www.sabvestcapital.com

Sabvest Capital Holdings Limited BVI

Registration number: 30949

AA Corporate Management Sarl

Le Victoria

Block 6, 2nd Floor

13 Boulevard Princesse Charlotte

MC 98000 Monaco

Telephone +3 779 797 4095

Telefax +3 779 797 4097

JSE Sponsor

Rand Merchant Bank

(A division of FirstRand Bank Limited)

Telephone +27 11 282 8000

Telefax +27 11 282 4184

Transfer secretaries

Computershare Investor Services (Pty) Ltd

Telephone +27 11 370 5000

Telefax +27 11 370 5271

Bankers

ABSA Bank

FirstRand Bank

Standard Bank

UBS

Attorneys and legal advisors

Edward Nathan Sonnenbergs Inc, Sandton

Cliffe Dekker Hofmeyer, Sandton

Auditors

Deloitte & Touche, Johannesburg

Internal auditors

KPMG, Johannesburg

Corporate advisors

Apex Partners Holdings (Pty) Ltd

NOTICE OF ANNUAL GENERAL MEETING

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Notice of annual general meeting

continued

Sabvest Capital Limited

("the Company" or "Sabcap")

Registration number 2020/030059/06

ISIN number: ZAE000283511 – ordinary shares • Share code: SBP

This notice is important and requires your immediate attention

ACTION REQUIRED

If you are in any doubt as to what action you should take arising from this notice, please consult with your broker, CSDP representative/agent/manager, banker, accountant, attorney or other professional advisor immediately.

If you have disposed of all of your shares in the Company, please forward this notice to the purchaser of such shares or to the broker, CSDP representative/agent/manager, banker, accountant, attorney or other agent through whom the disposal of the Company shares was effected.

The Company does not accept any responsibility and will not be held liable for any failure on the part of the broker or CSDP representative of any holder of dematerialised Company shares to notify such shareholder of this notice and the annual general meeting.

Notice to shareholders of annual general meeting

FOR THE YEAR ENDED 31 DECEMBER 2021 AND CONVENED IN TERMS OF SECTION 61(7) OF THE COMPANIES ACT, NO. 71 OF 2008, AS AMENDED ("THE COMPANIES ACT")

Notice is hereby given to shareholders that the annual general meeting of shareholders will be held on Monday, 30 May 2022 at 10:00 (South African Standard Time), or any other adjourned or postponed date and time determined in accordance with the provisions of sections 64(4) or 64(11)(a)(i) of the Companies Act, as read with the JSE Limited ("JSE") Listings Requirements (the "JSE Listings Requirements") for the purposes of transacting the business set out below and considering (and, if deemed fit, passing, with or without modification) the ordinary and special resolutions contained in this notice in the manner required by the Companies Act and subject to the JSE Listings Requirements.

The annual general meeting will be conducted entirely via an interactive electronic platform, in accordance with section 63(2)(a) of the Companies Act and clause 19.6 of the Company's memorandum of incorporation ("MOI") and in compliance with, *inter alia*, the quorum requirements contained in the MOI and the Companies Act. For more information about the electronic platform and how it can be accessed, please see the section titled "Electronic participation at the annual general meeting" starting on page 98.

Dematerialised shareholders without "own-name" registration

If you have dematerialised your ordinary shares without "own-name" registration, then the following actions are relevant to you with regard to the annual general meeting.

If you do not wish to or are unable to participate in the annual general meeting, but wish to vote thereat, you should:

- ◆ Provide your CSDP or broker with your voting instructions in terms of the custody agreement entered into between you and your CSDP or broker.
- ◆ Contact your CSDP or broker regarding the cut-off time for submitting your voting instructions to them.

If your CSDP or broker does not obtain voting instructions from you, it will be obliged to vote in accordance with the instructions contained in the custody agreement concluded between you and your CSDP or broker.

Please DO NOT complete the attached form of proxy if you have dematerialised shares without "own-name" registration.

You are strongly urged to ensure the timely receipt by the transfer secretaries of the documents referred to in this notice, due to the exigencies of the necessary verification exercise that must be completed to ensure that all attendees are lawful participants. It may not be possible to promptly verify a dematerialised shareholder without "own-name" registration once the annual general meeting has commenced.

Notice of annual general meeting

continued

Certificated shareholders and dematerialised shareholders with “own-name” registration

If you are a certificated shareholder or you have dematerialised your ordinary shares with “own-name” registration, then the following actions are relevant to you in connection with the annual general meeting.

You may participate in the annual general meeting as outlined in the paragraphs below.

If you do not wish to or are unable to attend the annual general meeting but wish to be represented thereat, you should complete the form of proxy and return same, together with proof of identification (i.e. South African identity document, driver’s licence or passport) and authority to do so (where acting in a representative capacity), to the transfer secretary, as follows:

- ◆ by email: at proxy@computershare.co.za;
- ◆ by hand: Rosebank Towers, 15 Biermann Avenue, Rosebank; or
- ◆ by post: Private Bag X9000, Saxonwold, 2132,

so as to be received by the transfer secretary by no later than 10:00 on Thursday, 26 May 2022, provided that any form of proxy not delivered (to any one of the above addresses) to the transfer secretary by this time and date may be emailed to the transfer secretary (who will provide same to the chairman of the annual general meeting) at any time prior to the annual general meeting, with the understanding that such form of proxy and identification must be verified and registered before the commencement of the annual general meeting before you will be permitted to participate. You are encouraged to appoint a proxy if you do not intend to participate in the annual general meeting yourself. Unfortunately no late submissions will be accepted.

Electronic participation at the annual general meeting

The annual general meeting will be conducted entirely through electronic communication. The decision was taken by the Board of directors (“the Board”) that it is appropriate to hold the annual general meeting entirely by electronic communication in accordance with the provisions of clause 19.6 of the MOI read with section 63(2) of the Companies Act. The interactive electronic platform will permit all shareholders to communicate directly with the Chairman of the meeting without an intermediary, and to effectively participate in the meeting. Voting via the electronic platform will be the only method available to holders of ordinary shares to vote at the annual general meeting. The electronic platform selected for the purposes of the annual general meeting is Lumi AGM, which may be accessed by using a smartphone, tablet device or computer. Shareholders are requested to familiarise themselves with the Lumi AGM platform to ensure effortless participation.

REGISTRATION

Should you wish to participate in the annual general meeting you will be required to pre-register your personal details by taking the following action:

- ◆ register online at www.smartagm.co.za by no later than 10:00 on Thursday, 26 May 2022. While registration after this date and time to participate in and/or vote electronically at the annual general meeting is permitted, you must be verified and registered before the commencement of the annual general meeting; and
- ◆ upload proof of identification (e.g. identity document, driver’s licence or passport), and provide the following details: your name, surname, email address and contact number.

If you have dematerialised your ordinary shares without “own-name” registration then, in addition to the actions listed above, you must request your CSDP or broker to provide you or your proxy with the necessary authority (i.e. letter of representation) in terms of the custody agreement entered into between you and your CSDP or broker and upload same.

PARTICIPATION

Following successful completion of the registration process contemplated above, you will be required to connect to the annual general meeting by using the link below and following the relevant prompts:

Notice of annual general meeting

continued

ACCESS AND NAVIGATION

If participating via smartphone or tablet device, download the Lumi AGM app from the Apple App Store or Google Play Store by searching for Lumi AGM.

If participating via computer, visit <https://web.lumiagm.com> by entering this address into your web browser. You will need the latest versions of Chrome, Safari, Edge or Firefox, or Internet Explorer 11. Please ensure your browser is compatible. Smartphone or tablet device users can also participate via this link if you do not wish to download the Lumi AGM app onto your device.

Once you have either downloaded the Lumi AGM app or entered <https://web.lumiagm.com> into your browser, you will be prompted to enter the meeting ID, which will be emailed to you (or your representative or proxy) following completion of the registration process outlined above.

Once you have successfully entered the meeting ID, you will be required to enter your username and password, both of which will have been emailed to you following completing of the registration process outlined above.

When you are successfully authenticated, the info screen will be displayed. You can view company information, ask questions and watch the webcast. If you would like to watch the webcast, press the broadcast icon at the bottom of the screen.

If viewing on a computer, the webcast will appear at the side automatically once the meeting has started.

VOTING

Shareholders will be able to participate and vote during the annual general meeting on the electronic platform described above. Equity securities held by a company share trust or scheme will not have their votes taken into account at the annual general meeting for the purposes of resolutions proposed in terms of the JSE Listings Requirements.

In terms of clause 19.6 of the MOI, voting at the annual general meeting is by way of a poll.

The chairman will open voting on the proposed resolutions. Once voting has opened, the polling icon will appear on the navigation bar at the bottom of the screen. From here, the proposed resolutions and voting choices will be displayed. To vote, simply select the requisite voting direction from the options shown on screen. A confirmation message will appear to show that the vote has been received. The confirmation of the vote being received will be depicted as follows: 'For – Vote received' or 'Against – Vote received'.

To change the vote, simply select another direction. If you wish to cancel the vote, press "Cancel".

Once the chairman has opened voting, voting can be performed at any time during the annual general meeting until the chairman closes the voting on the proposed resolutions. At that point your last recorded votes will be submitted.

You will still be able to send messages and view the webcast while the poll is open.

Shareholders who are participating via the electronic platform or by proxy at the annual general meeting will have 1 (one) vote for every ordinary share held or represented.

Although voting will be permitted by way of electronic communication, you are strongly encouraged to submit your votes by proxy before the annual general meeting.

ASSISTANCE

If you experience any difficulty with (i) the registration process outlined above or (ii) logging into the annual general meeting you should request an agent of the transfer secretaries to assist you with such difficulty by emailing the following email address: proxy@computershare.co.za.

Notice of annual general meeting

continued

ELECTRONIC NOTICE AND IDENTIFICATION

IMPORTANT NOTE: As required in terms of section 63(1) of the Companies Act, before any person may attend or participate in the annual general meeting, that person must present reasonably satisfactory identification, and the presiding person at the meeting must be reasonably satisfied that the right of that person to participate and vote, either as a shareholder or as a proxy for a shareholder, has been reasonably verified.

To comply with this verification procedure, if you wish to participate electronically in the annual general meeting you are strongly encouraged to email a written notice to the transfer secretary at proxy@computershare.co.za by no later than 10:00 on Thursday, 26 May 2022 confirming that you wish to participate via electronic communication at the annual general meeting (the “electronic notice”). The electronic notice must contain a valid email address for the person wishing to participate and must be accompanied by:

- ◆ if you are an individual, a copy of your original South African identity document and/or passport and/or South African driver’s licence;
- ◆ if you are not an individual, a copy of a resolution by the relevant entity and a certified copy of the South African identity documents and/or passports of the persons who passed the relevant resolution, which resolution must set out who from the relevant entity is authorised to represent it at the annual general meeting via electronic communication; and
- ◆ in all cases, a valid email address and/or mobile telephone number.

Providing the above information is necessary for you to obtain a username and a unique nine-digit meeting identity code, without which it will not be possible to participate in the annual general meeting. Sufficient time is needed for the transfer secretary to verify the participant and then assign the username and meeting identity code, which reflects the number of ordinary shares in respect of which voting is permitted. If the number of ordinary shares reflected is nil, you will be able to attend the annual general meeting and view the proceedings as a guest but will not be able to ask questions, make comments or vote.

If you do not send an electronic notice recording your intention to participate in the annual general meeting to the transfer secretaries by 10:00 on Thursday, 26 May 2022, you may still participate via electronic communication at the annual general meeting and may email the electronic notice to the transfer secretaries at any time prior to the commencement of the annual general meeting. However, for the purpose of effective administration, you (and your proxies and representatives) are strongly urged to send the electronic notice by 10:00 on Thursday, 26 May 2022).

The electronic platform available via Lumi AGM is available for the duration of the annual general meeting at no cost to you. However, any third-party costs relating to the use or access of the webcast facilities will be for your own account, including network charges incurred while participating electronically. Any such charges will not be for the account of the JSE, the Company and/or the transfer secretaries.

None of the JSE, the Company or the transfer secretaries will be held accountable in the case of loss of network connectivity or other network failure due to insufficient airtime, internet connectivity, internet bandwidth and/or power outages which prevents you from participating in and/or voting at the annual general meeting.

The provisions of the above paragraphs, in particular the procedures and actions to be taken in order to participate electronically in the annual general meeting, apply equally to your representative and/or proxy (if any).

Record date to receive notice of annual general meeting	Friday, 18 March 2022
Posting date of notice of annual general meeting and announced on SENS	Thursday, 31 March 2022
Last date to trade to be eligible to attend, participate and vote at annual general meeting	Tuesday, 17 May 2022
Record date to be eligible to attend, participate and vote at annual general meeting	Friday, 20 May 2022
Forms of proxy to be lodged preferably by	10:00 on Thursday, 26 May 2022
Annual general meeting to be held at	10:00 on Monday, 30 May 2022
Results of annual general meeting announced on SENS	Monday, 30 May 2022

Notice of annual general meeting

continued

Sabcap shareholders should note that as transactions in Sabcap shares are settled in the electronic settlement system used by Strate, settlement of trades takes place 3 (three) business days after such trade. Therefore, persons who acquire Sabcap shares after the last day to trade in order to be eligible to attend and vote at the annual general meeting (i.e., Tuesday, 17 May 2022) will not be eligible to vote at the annual general meeting.

The purpose of the annual general meeting is for the following business to be transacted and for the ordinary and special resolutions set out below to be proposed.

1. Audited financial statements

To present the audited financial statements of the group and the Company as envisaged in section 30 of the Companies Act, including the directors' report, external auditors' report and the Audit, Risk and Compliance Committee report for the year ended 31 December 2021 as contained in the 2021 Annual Report available on the Company's website (www.sabvestcapital.com).

2. Integrated report, including King IV™ compliance report

To present this report as is contained on pages 3 to 44 of the 2021 Annual Report.

3. Report relating to the Social and Ethics Committee

To present this report, through one of its members, as is contained on page 48 of the 2021 Annual Report.

4. Ordinary and special resolutions

To consider and, if deemed fit, to pass with or without modification the following ordinary and special resolutions:

4.1 Ordinary resolution number one

Re-election of director

“RESOLVED that Mr BJT Shongwe who retires as a director in terms of the Company's MOI and who offers himself for re-election, be and is hereby re-elected as a non-executive director of the Company.”

Please refer to page 20 of the 2021 Annual Report for Mr Shongwe's brief curriculum vitae.

In order for this ordinary resolution to be adopted, it must be supported by more than 50% of the votes cast by shareholders present or represented by proxy at this meeting.

Explanation and effect of the resolution

The reason for proposing ordinary resolution number one is to elect Mr BJT Shongwe as a non-executive director of the Company and the effect of the resolution is that Mr BJT Shongwe will be elected as a non-executive director of the Company.

4.2 Ordinary resolution number two

Re-election of director

“RESOLVED that Mr L Rood who retires as a director in terms of the Company's MOI and who offers himself for re-election, be and is hereby re-elected as a director of the Company.”

Please refer to page 20 of the 2021 Annual Report for Mr Rood's brief curriculum vitae.

In order for this ordinary resolution to be adopted, it must be supported by more than 50% of the votes cast by shareholders present or represented by proxy at this meeting.

Explanation and effect of the resolution

The reason for proposing ordinary resolution number two is to elect Mr L Rood as a director of the Company and the effect of the resolution is that Mr L Rood will be elected as a director of the Company.

Notice of annual general meeting

continued

4.3 Ordinary resolution number three

Election of director

“RESOLVED that Mr K De Matteis who automatically retires as a director at this meeting in terms of the Company’s MOI and who offers himself for re-election, be and is hereby re-elected as a director of the Company.”

Please refer to page 20 of the 2021 Annual Report for Mr De Matteis’ brief curriculum vitae.

In order for this ordinary resolution to be adopted, it must be supported by more than 50% of the votes cast by shareholders present or represented by proxy at this meeting.

Explanation and effect of the resolution

The reason for proposing ordinary resolution number three is to elect Mr K De Matteis, who was appointed to the board during the year and who retires automatically, as a director of the Company and the effect of the resolution is that Mr K De Matteis will be elected as a director of the Company.

4.4 Ordinary resolution number four

Re-appointment of independent external auditors

“RESOLVED that on the recommendation of the Audit Committee, Deloitte & Touche be re-appointed as independent registered auditors of the Company, currently with Mr Andre Dennis as the lead audit partner.”

In order for this ordinary resolution to be adopted, it must be supported by more than 50% of the votes cast by shareholders present or represented by proxy at this meeting.

Explanation and effect of the resolution

The reason for proposing ordinary resolution number four is to appoint Deloitte & Touche as the company’s independent registered auditors and Mr Andre Dennis as the individual registered auditor and the effect of the resolution is that Deloitte & Touche will be appointed as the Company’s independent registered auditors and Mr Andre Dennis as the independent registered auditor.

4.5 Ordinary resolution number five

“RESOLVED that, Ms L Mthimunye, as an independent non-executive director of the Company, be elected as a member of the Audit Committee, until the next annual general meeting of the shareholders of the Company, subject to the provisions of the MOI of the Company and the Companies Act.”

In order for this ordinary resolution to be adopted, it must be supported by more than 50% of the votes cast by shareholders present or represented by proxy at this meeting.

4.6 Ordinary resolution number six

“RESOLVED that Ms O Ighodaro, as an independent non-executive director of the Company, be elected as a member of the Audit Committee, until the next annual general meeting of the shareholders of the Company, subject to the provisions of the MOI of the Company and the Companies Act.”

In order for this ordinary resolution to be adopted, it must be supported by more than 50% of the votes cast by shareholders present or represented by proxy at this meeting.

Notice of annual general meeting

continued

4.7 Ordinary resolution number seven

“RESOLVED that, subject to the passing of ordinary resolution number one, Mr BJT Shongwe, as an independent non-executive director of the company, who meets the required criteria for a member of the Audit Committee stipulated in the MOI of the Company and the Companies Act, be elected as a member of the Audit Committee, until the next annual general meeting of the shareholders of the Company, subject to the provisions of the MOI of the Company and the Companies Act.”

In order for this ordinary resolution to be adopted, it must be supported by more than 50% of the votes cast by shareholders present or represented by proxy at this meeting.

Explanation and effect of resolutions five to seven

All public companies are required to have an Audit Committee comprising at least three persons who are independent non-executive directors and eligible in terms of Section 94(2) of the Companies Act. In terms of Section 94(2) of the Companies Act, an Audit Committee must be elected annually at the annual general meeting of a public company. The Section 94 requirements of the Companies Act are fulfilled by the Audit Committee. The effect is that the three aforesaid persons will be appointed as members of the Audit Committee of the Company.

4.8 Ordinary resolution number eight

Non-binding advisory vote on Remuneration Policy

“RESOLVED that the Company’s Remuneration Policy is hereby endorsed by way of a non-binding advisory vote.”

In order for this ordinary resolution to be adopted, it must be supported by more than 50% of the votes cast by shareholders present or represented by proxy at this meeting.

The remuneration policy appears on pages 34 and 35 of the 2021 Annual Report.

4.9 Ordinary resolution number nine

Non-binding advisory vote on Remuneration Implementation Report

“RESOLVED that the Company’s Remuneration Implementation Report be and is hereby endorsed by way of non-binding advisory vote.”

In order for this ordinary resolution to be adopted, it must be supported by more than 50% of the votes cast by shareholders present or represented by proxy at this meeting.

The Remuneration Implementation Report appears on page 35 of the 2021 Annual Report.

Explanation and effect of the resolution

In accordance with the recommendations of the King Code of Corporate Governance for South Africa as well as the JSE Listings Requirements, it is recommended that the Board of the Company put the Remuneration Implementation Report to shareholders who can vote thereon in a non-binding advisory capacity.

Notice of annual general meeting

continued

4.10 Ordinary resolution number ten

Authority to sign all documents required

“RESOLVED that any director of the Company or the Company Secretary be and is hereby authorised to sign all documents and perform all acts which may be required to give effect to such ordinary resolutions 1 to 10 and special resolutions 1 to 4 passed at the annual general meeting.”

Explanation and effect of the resolution

The resolution grants authority to any director or the Company Secretary to carry out, execute all documents and do all such things as he may in his discretion consider necessary or appropriate in connection with and to implement and give effect to the ordinary resolutions above and special resolutions below.

4.11 Special resolution number one

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

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

Fees are:

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

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

Notice of annual general meeting

continued

Explanation and effect of special resolution number one

The Companies Act requires shareholder approval of directors' fees in advance by way of special resolution.

These fees have been recommended by the Sabcap Remuneration Committee and are regarded as fair for the level and quality of services provided by the non-executive directors of the Company, in Board and Committee forums and generally during the year and relative to the size of the Company. The fees have been adjusted relative to the prior year after consideration of the benchmark fees survey by IoDSA. Attendance fees are not regarded as necessary or appropriate.

The Investment Committee is convened on an ad-hoc basis. It was convened in December 2021 and is expected to have a term of twelve months on this occasion.

The passing of this special resolution number one will have the effect of approving the remuneration and the basis therefor, of each of the non-executive directors of the Company for the financial year ending 31 December 2022. The above fee structure for non-executive directors will replace any fee structure which may have been agreed by a special resolution of the shareholders at a previous meeting of shareholders.

In terms of the Companies Act, 75% of the votes cast by shareholders present or represented by proxy at this meeting must be cast in favour of this resolution for it to be adopted.

4.12 Special resolution number two

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.”

Explanation and effect of special resolution number two

In terms of the Companies Act, the Board may authorise the Company to provide any financial assistance to related or inter-related companies which are group companies, including subsidiary companies of the Company, where it believes it would be beneficial to the Company to do so in future, subject to certain requirements set out in the Companies Act, including the Company meeting the solvency and liquidity tests as set out in the Companies Act. This general authority for a maximum specific amount is necessary for the Company to continue making loans to subsidiaries as well as granting letters of support and guarantees in appropriate circumstances. If approved, this general authority will expire at the end of 2 (two) years and the R5bn cap will apply cumulatively over that period. It is, however, the intention to renew the authority annually at the annual general meeting.

Notifications

Shareholders are hereby notified in terms of Section 45(5) of the Companies Act that the Board has passed the same resolution to take effect on the passing of this special resolution by shareholders and that the Board is satisfied that the Company meets the solvency and liquidity tests.

In terms of the Companies Act, 75% of the votes cast by shareholders present or represented by proxy at the meeting must be cast in favour of this special resolution for it to be adopted.

Notice of annual general meeting

continued

4.13 Special resolution number three

Authority to provide financial assistance in terms of section 44 of the Companies Act

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

Reason for and effect of special resolution number three

The reason for special resolution number three is to obtain the mandatory approvals from the shareholders to enable the Company to provide any financial assistance (to the extent that it is construed to be financial assistance for the purposes of section 44 of the Companies Act) to any person/s for the purpose of or in connection with the subscription of any shares, option, or any securities issued or to be issued by the Company or a related or inter-related company as such term is defined in section 2 of the Companies Act) or for the purchase of any securities of the Company or a related or inter-related company in accordance with the provisions of section 44 of the Companies Act. The effect of special resolution number three, if approved, is that the Company will have the necessary authority to provide financial assistance, as envisaged in section 44 of the Companies Act, provided that the Board will not approve a resolution to authorise such financial assistance unless the Board is satisfied that:

- ◆ immediately after providing such financial assistance, the Company would satisfy the solvency and liquidity tests as contemplated in section 4 of the Companies Act;
- ◆ the terms under which such financial assistance is proposed to be given in terms of section 44 of the Companies Act are fair and reasonable to the Company; and
- ◆ it has ensured that any conditions and restrictions respecting the granting of financial assistance set out in the company’s MOI have been satisfied.

The authority from the shareholders in this special resolution number three will allow the Company to give effect to the provision by the Company of any financial assistance (to the extent that such assistance constitutes financial assistance for the purposes of section 44 of the Companies Act).

In terms of the Companies Act, 75% of the votes cast by shareholders present or represented by proxy at the meeting, must be in favour of this special resolution for it to be adopted.

Notice of annual general meeting

continued

4.14 Special resolution number four

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);
- ◆ 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;

Notice of annual general meeting

continued

- ◆ 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”.

In order for this special resolution to be adopted, it must be supported by more than 75% of the votes cast by shareholders present or represented by proxy at this meeting.

Shareholders are referred to page 109 of this notice of annual general meeting for further disclosure pertaining to this special resolution four in accordance with the JSE Listings Requirements.

Notification

Shareholders are advised that the Board will not authorise any repurchase unless it is satisfied that the Company will satisfy the solvency and liquidity test and will ensure that terms under which the shares are repurchased are fair and reasonable to the group and the Company.

Reason for and effect of special resolution number four

The reason for and the effect of the special resolution is to grant to the directors of the Company a general authority, up to and including the last day of the month before the next annual general meeting of the Company or the expiration date of the period commencing on the date of passing of the special resolution and expiring on the date 15 (fifteen) months thereafter, to approve the Company’s repurchase of shares in itself, or to permit a subsidiary of the Company to purchase shares in the Company.

The directors of the Company will continually review the Company’s position, having regard to prevailing circumstances and market conditions, in considering whether to effect the provisions of special resolution number four.

In terms of the Companies Act, 75% of the votes cast by shareholders present or represented by proxy at the meeting, must be cast in favour of this resolution for it to be adopted.

5. To transact such other business as may be transacted at an annual general meeting

The JSE Listings Requirements require the following disclosure, some of which are elsewhere in the 2021 Annual Report of which this notice forms part as set out below:

5.1 Directors’ responsibility statement

The directors, whose names are given on page 20 of the 2021 Annual Report, collectively and individually accept full responsibility for the accuracy of the information pertaining to this disclosure and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this resolution contains all information required by law and the JSE Listings Requirements.

5.2 Material change 11.26 (b) (iii) or no material changes to report

Other than the facts and developments reported on in the 2021 Annual Report, there have been no material changes in the financial position of the Company and its subsidiaries since the date of signature of the audit report and the date of this notice.

Additional disclosure required in terms of the Companies Act and the JSE Listings Requirements relating to special resolution numbers 2, 3 and 4.

Notice of annual general meeting

continued

5.3 Solvency and liquidity statement

The Board of directors of the Company confirms that the Company will not enter into a transaction to provide financial assistance or to repurchase shares pursuant to special resolutions numbers 2, 3 and 4 unless:

- ◆ the Company and the group will be able to pay their debts as they become due in the ordinary course of business for a period of 12 (twelve) months after the date of the provision of financial assistance or the repurchase of shares as the case may be;
- ◆ the assets of the Company and the group, as fairly valued, equal to or exceed the liabilities of the Company, as fairly valued, for a period of 12 (twelve) months after the date of the provision of financial assistance or the repurchase of shares as the case may be;
- ◆ the share capital and reserves of the Company and the group will be adequate for ordinary business purposes for a period of 12 (twelve) months after the date of the provision of financial assistance or the repurchase of shares as the case may be; and
- ◆ the working capital available to the Company and the group will be adequate for ordinary business purposes for a period of 12 (twelve) months after the date of the provision of financial assistance or the repurchase of shares as the case may be.

FORM OF PROXY



Sabvest Capital Limited

Incorporated in the Republic of South Africa
 Registration number 2020/030059/06
 ISIN: ZAE000283511 JSE share code: SBP
 "Sabcap" or "the Company"

All the terms defined in the Notice to Shareholders of the Annual General Meeting ("Notice"), to which this Form of Proxy is attached, shall bear the same meaning when used in this Form of Proxy.

This Form of Proxy is for use only by Certificated Shareholders or Dematerialised Shareholders who have Dematerialised their Sabcap Shares with "Own Name" Registration and who are unable to attend the Annual General Meeting to be held at 10:00 am in electronic format only via the Lumi AGM platform in terms of the provisions of the Companies Act, 2008, on Monday, 30 May 2022, but who wish to be represented thereat.

Dematerialised Shareholders, other than those with "Own Name" Registration, are advised to contact their CSDP or Broker with their voting instructions in respect of the Annual General Meeting. Dematerialised Shareholders, other than those with "Own Name" Registration, who wish to attend the Annual General Meeting should obtain a letter of representation from their CSDP or Broker.

A Sabcap Shareholder is entitled to appoint one or more proxies to attend, participate in, speak and vote or abstain from voting in the place of that Sabcap Shareholder at the Annual General Meeting.

Shareholders are advised to consult the Notice for full details on electronic participation and voting at the Annual General Meeting.

I/We (Full name in block letters)

of address

Telephone number:

Cellphone number:

being the holder of

Sabcap Shares, do hereby appoint

1. _____ or failing him/her,
2. _____ or failing him/her,
3. the chairman of the Annual General Meeting

as my/our proxy to attend and speak for me/us and on my/our behalf at the Annual General Meeting and at any adjournment or postponement thereof and to vote or abstain from voting as indicated on the resolutions to be considered at the Annual General Meeting

	For	Against	Abstain
Ordinary resolution number one – Re-election of director – Mr BJT Shongwe			
Ordinary resolution number two – Re-election of director – Mr L Rood			
Ordinary resolution number three – Election of director – Mr K De Matteis			
Ordinary resolution number four – Re-appointment of independent external auditors			
Ordinary resolution number five – Re-election of Audit Committee member – Ms L Mthimuny			
Ordinary resolution number six – Re-election of Audit Committee member – Ms O Ighodaro			
Ordinary resolution number seven – Re-election of Audit Committee member – Mr BJT Shongwe			
Ordinary resolution number eight – Non-binding advisory vote on Remuneration Policy			
Ordinary resolution number nine – Non-binding advisory vote on Remuneration Implementation Report			
Ordinary resolution number ten – Authority to sign all documents required			
Special resolution number one – Approval of proposed non-executive directors' remuneration for the year ending 31 December 2022			
Special resolution number two – Authority to provide financial assistance in terms of Section 45 of the Companies Act to any group company			
Special resolution number three – Authority to provide financial assistance in terms of section 44 of the Companies Act			
Special resolution number four – General authority to repurchase shares			

Note: Please indicate with an "X" or the number of Sabcap Shares in the spaces above how you wish your votes to be cast. If no indication is given, the proxy will vote or abstain in his discretion.

All resolutions put to the vote shall be decided by way of a poll. Every Ordinary Shareholder who is present in person, by proxy or represented at the Annual General Meeting shall, on a poll, have 1 vote for each Ordinary Share held by it.

Signed this

day of

2022

Signature

Assisted by (where applicable) (state capacity and full name)

Please read the notes appearing on the reverse hereof.

Instructions for completing and lodging this Form of Proxy

1. This Form of Proxy should only be used by Certificated Shareholders or Sabcap Shareholders who have Dematerialised their Sabcap Shares with "Own Name" Registration.
2. All other Sabcap Shareholders who have Dematerialised their Sabcap Shares through a CSDP or Broker and wish to attend the Annual General Meeting, must provide the CSDP or Broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or Broker.
3. A Sabcap Shareholder may insert the name/s of one or more proxies, none of whom need be a Sabcap Shareholder, in the space provided, with or without deleting "the chairman of the Annual General Meeting". The person whose name appears first on the Form of Proxy and who is present at the Annual General Meeting will be entitled to act as proxy to the exclusion of those whose names follow. In the event that no names are indicated, the proxy shall be exercised by the chairman of the Annual General Meeting.
4. A Sabcap Shareholder's instructions on a Form of Proxy must be indicated by the insertion of an "X" or the number of Sabcap Shares in the appropriate space provided. Failure to comply with the above will be deemed to authorise the chairman of the Annual General Meeting, if the chairman is the authorised proxy, to vote in favour of the resolutions at the Annual General Meeting, or any other proxy to vote or to abstain from voting at the Annual General Meeting as he/she deems fit in respect of all of the Sabcap Shareholder's votes exercisable thereat. A Sabcap Shareholder or its proxy is not obliged to use all the votes exercisable by the Sabcap Shareholder or its proxy, but the total of the votes cast and in respect whereof abstentions are recorded may not exceed the total of the votes exercisable by the Sabcap Shareholder or by its proxy.
5. For administrative purposes, completed Forms of Proxy must reach the Transfer Secretaries at proxy@computershare.co.za by 10:00 am on Thursday, 26 May 2022 or emailed to the transfer secretary (who will provide this to the Chairman of the Annual General Meeting) before at any time prior to the Annual General Meeting, with the understanding that such form of proxy and identification must be verified and registered before the commencement of the Annual General Meeting before the proxy/ies will be permitted to participate.
6. The completion and lodging of this Form of Proxy shall in no way preclude the Sabcap Shareholder from attending, speaking and voting in person (via the electronic platform) at the Annual General Meeting to the exclusion of any proxy appointed in terms hereof, subject to the electronic participation procedures.
7. Should this Form of Proxy not be completed and/or received in accordance with these notes, the chairman of the Annual General Meeting may accept or reject it, provided that in the case of acceptance, the chairman of the Annual General Meeting is satisfied as to the manner in which the Sabcap Shareholder wishes to vote.
8. Documentary evidence establishing the authority of the person signing this Form of Proxy in a representative or other legal capacity must be attached to this Form of Proxy unless previously recorded by the Transfer Secretaries or waived by the chairman of the Annual General Meeting.
9. The chairman of the Annual General Meeting shall be entitled to reject the authority of a person signing the Form of Proxy -
 - 9.1 under a power of attorney; or
 - 9.2 on behalf of a company,
 unless that person's power of attorney or authority is deposited at the registered office of or emailed to the Company or the Transfer Secretaries not less than 48 hours before the Annual General Meeting.
10. Where Sabcap Shares are held jointly, all joint holders are required to sign the Form of Proxy.
11. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered with the Transfer Secretaries.
12. Any alteration of or correction to this Form of Proxy must be initialled by the signatory/ies.
13. All resolutions put to the vote at the Annual General Meeting shall be decided by way of poll. Every Ordinary Shareholder who is present in person, by proxy or represented at the Annual General Meeting shall, on a poll, have 1 vote for each Ordinary Share held by it.
14. If the Annual General Meeting is adjourned or postponed, Forms of Proxy submitted for the initial Annual General Meeting will remain valid in respect of any adjournment or postponement of the Annual General Meeting.



www.sabvestcapital.com