



Sabvest Capital Limited

Incorporated in the Republic of South Africa

Registration number 2020/030059/06

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

ISIN: ZAE000283511

JSE share code: SBP

UNAUDITED INTERIM RESULTS

for the period ended 30 June 2022

and cash dividend declaration

Consolidated Summarised Statement of Financial Position

as at 30 June 2022

	Unaudited 30 June 2022 R'000	Unaudited 30 June 2021 R'000	Audited 31 Dec 2021 R'000
Non-current assets	4 665 848	3 615 509	4 022 008
Property, plant and equipment	3 207	2 856	2 515
Right of use asset	2 820	3 787	3 304
Investment holdings	4 659 821	3 608 866	4 016 189
Unlisted investments	4 184 603	3 069 296	3 430 078
Listed investments	475 218	539 570	586 111
Current assets	75 744	204 566	243 161
Finance advances and receivables	31 773	56 585	21 663
Investment funds offshore	43 430	63 567	75 138
Cash balances	541	84 414	146 360
Total assets	4 741 592	3 820 075	4 265 169
Ordinary shareholders' equity	4 100 256	3 311 769	3 704 327
Non-current liabilities	532 308	463 661	499 302
Interest-bearing debt	270 000	240 000	240 000
Provision	15 586	4 109	17 255
Lease liability	2 267	–	2 758
Deferred tax liabilities	244 455	219 552	239 289
Current liabilities	109 028	44 645	61 540
Interest-bearing debt	71 059	17 395	20 390
Portfolio finance offshore	4 302	8 981	12 944
Current portion of interest-bearing debt	30 000	–	–
Interest-bearing debt	36 757	8 414	7 446
Accounts payable and provisions	37 969	27 250	41 150
Total equity and liabilities	4 741 592	3 820 075	4 265 169

Consolidated Summarised Statement of Changes in Equity

for the six months ended 30 June 2022

	Share capital R'000	Non- distribu- table reserve R'000	Accumu- lated profit R'000	Total R'000
Balance as at 1 January 2021	1 426 865	(1 274 373)	2 896 499	3 048 991
Total comprehensive profit for the period	–	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 at 31 December 2021	1 360 907	(1 218 340)	3 561 760	3 704 327
Total comprehensive profit for the period	–	26 296	395 354	421 650
Shares held in treasury – written back	1 148	–	–	1 148
Shares held in treasury	(5 136)	–	–	(5 136)
Dividends paid	–	–	(21 733)	(21 733)
Balance at 30 June 2022	1 356 919	(1 192 044)	3 935 381	4 100 256

Contingent Liabilities

as at 30 June 2022

- The Group has rights and obligations in terms of shareholder or purchase and sale agreements relating to its present and former investments.
- A subsidiary has given guarantees on behalf of certain investees in the ordinary course of business for deal and operational credit in amounts totaling R216m (31 Dec 2021: R150m) and which were utilised at reporting date in the amount of R116m (31 Dec 2021: Rnil).

Consolidated Summarised Statement of Comprehensive Income

for the six months ended 30 June 2022

	Unaudited 30 June 2022 R'000	Unaudited 30 June 2021 R'000	Audited 31 Dec 2021 R'000
Gross income from operations and investments	463 068	410 932	864 134
Dividends received	98 467	177 745	253 036
Interest received	6 990	13 150	18 355
Foreign exchange loss	(9 399)	(233)	(2 584)
Fees and sundry income	654	927	1 756
Fair value adjustment to investments	366 356	219 343	593 571
– Listed	(82 675)	138 757	227 173
– Unlisted	449 031	80 586	366 398
Transactional costs	(6 476)	(864)	(1 117)
Fair value loss on initial recognition of interest-free loans	(1 438)	–	(3 612)
Interest paid	(9 420)	(10 908)	(19 922)
Net income before expenses and exceptional items	445 734	399 160	839 483
Less: Expenditure	(45 214)	(33 340)	(95 316)
Net income before taxation	400 520	365 820	744 167
Taxation – deferred	(5 166)	(45 229)	(64 966)
Net income for the period attributable to equity shareholders	395 354	320 591	679 201
Translation of foreign subsidiary *	26 296	(19 018)	56 033
Total comprehensive income attributable to equity shareholders	421 650	301 573	735 234

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

Consolidated Summarised Statement of Cash Flows

for the six months ended 30 June 2022

	Unaudited 30 June 2022 R'000	Unaudited 30 June 2021 R'000	Audited 31 Dec 2021 R'000
Cash generated by operating activities	9 267	119 515	149 816
Net income for the period	395 354	320 545	679 201
Adjusted for non-cash items and interest paid	(354 934)	(184 056)	(495 455)
Cash flows from operations	40 420	136 489	183 746
Cash interest paid	(9 420)	(10 908)	(19 922)
Dividends paid – ordinary	(21 733)	(6 066)	(14 008)
Cash flows (utilised in)/from investing activities	(231 345)	106 229	168 490
Purchase of property, plant and equipment	(1 097)	(340)	(379)
Proceeds from sale of property, plant and equipment	15	–	–
Purchase of investment holdings and offshore portfolio	(335 333)	(316 588)	(440 414)
Proceeds from sale of investment holdings and offshore portfolio/repayment of investment loans	116 062	344 536	498 746
(Increase)/decrease in finance advances and receivables	(10 992)	78 621	110 537
Cash effects of financing activities	76 259	(145 181)	(175 797)
Increase/(decrease) in long-term loans	60 000	(100 000)	(100 000)
(Decrease)/increase in offshore portfolio finance	(6 050)	8 981	12 944
Decrease in cash offshore	(2 592)	–	–
Increase/(decrease) in interest-bearing debt	29 311	(21 196)	(22 164)
Repurchase of company shares	(3 988)	(32 729)	(65 959)
Repayment of principal portion of lease liability	(422)	(237)	(618)
Change in cash and cash equivalents	(145 819)	80 563	142 509
Cash balances, less current interest-bearing debt excluding portfolio finance, at beginning of period	146 360	3 851	3 851
Cash balances at end of period	541	84 414	146 360

Other Information

as at 30 June 2022

	% increase 30 June 2022 compared to 31 December 2021 – 6 months	% increase 30 June 2022 compared to 30 June 2021 – 12 months	Unaudited 30 June 2022 R'000	Unaudited 30 June 2021 R'000	Audited 31 Dec 2021 R'000
Net asset value per share – cents	10,9	26,1	10 388	8 240	9 371
Shareholders' funds – R'm	10,7	23,8	4 100,3	3 311,8	3 704,3
Gross assets – R'm	11,1	24,1	4 741,6	3 820,1	4 265,2
Dividends per share – cents		50,0	30	20	75
Profit after taxation – R'm		23,3	395,4	320,6	679,2
Headline earnings per share – cents *		26,2	1 001,3	793,2	1 689,7
Earnings per share – cents		26,2	1 001,1	793,2	1 689,6
Number of shares in issue less held in treasury – 000's			39 470	40 190	39 530
Weighted average number of shares in issue – 000's			39 490	40 418	40 200
Reconciliation of headline earnings (R'000)					
Net income for the period			395 354	320 591	679 201
Loss on sale of property, plant and equipment			44	–	51
Headline earnings for the period			395 398	320 591	679 252

* There are no diluting instruments.

Investment Holdings

as at 30 June 2022

	Number of Ordinary shares/units	Economic interest %	Fair value R'000
Unlisted Investments			
Apex Partners Holdings (Pty) Ltd		44,8	443 460
ARB Holdings (Pty) Ltd * ¹		18,5	207 869
Classic Food Brands (Pty) Ltd		40,0	9 428
DNI-4PL Contracts (Pty) Ltd * ²		19,1	1 014 452
Flexo Line Products (Pty) Ltd		47,5	66 197
Halewood International South Africa (Pty) Ltd * ³		19,0	116 539
ITL Holdings Group * ⁴		34,4	768 778
Masimong Group Holdings (Pty) Ltd		10,0	365 885
Revix Group		11,0	–
Rolfes Holdings (Pty) Ltd * ⁵		25,1	228 883
SA Bias Industries (Pty) Ltd		85,2	885 134
Sunspray Food Ingredients (Pty) Ltd		27,7	77 978
			4 184 603
Listed Investments			
Corero Network Security Plc	50 000 000	10,1	106 868
Metrofile Holdings Limited	56 000 000	12,9	184 800
Transaction Capital Limited	5 000 000	0,7	183 550
			475 218
Non-current investment holdings			
			4 659 821
Current investments			
Capital Group New Perspective Fund (LUX – Equity)	146 685		43 430
Total current investments			
			43 430
TOTAL HOLDINGS			
			4 703 251

*¹ Effective indirect interest in ARB of 18,50% through 49,90% of Masimong Electrical Holdings (Pty) Ltd (MEH) which owns 37,07% of ARB.

*² Effective interest of 19,1% in DNI through 28,74% of JAAH Investments which indirectly owns 46,12% of DNI through DNI Invest (Pty) Ltd and a 5,85% interest in DN Invest (Pty) Ltd which owns 100% of DNI.

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

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

*⁵ Effective interest of 25,1% through 11,0% held directly and 14,1% indirectly through Masimong Chemicals (Pty) Ltd.

Investment Holdings per Sector

as at 30 June 2022

	Listed/ Unlisted	Number of ordinary shares/units	Economic interest %	Fair value R'000
Industrial and Services				
Apex Partners Holdings (Pty) Ltd	U		44,8	443 460
ARB Holdings (Pty) Ltd	U		18,5	207 869
Classic Food Brands (Pty) Ltd	U		40,0	9 428
DNI-4PL Contracts (Pty) Ltd	U		19,1	1 014 452
Flexo Line Products (Pty) Ltd	U		47,5	66 197
Halewood International South Africa (Pty) Ltd	U		19,0	116 539
ITL Holdings Group	U		34,4	768 778
Metrofile Holdings Limited	L	56 000 000	12,9	184 800
Rolfes Holdings (Pty) Ltd	U		25,1	228 883
SA Bias Industries (Pty) Ltd * ⁶	U		85,2	885 134
Sunspray Food Ingredients (Pty) Ltd * ⁷	U		27,7	77 978
				4 003 518
Mining and Agriculture				
Masimong Group Holdings (Pty) Ltd	U		10,0	365 885
				365 885
Specialised Financial and Technology				
Corero Network Security Plc	L	50 000 000	10,1	106 868
Revix Group	U		11,0	–
Transaction Capital Limited	L	5 000 000	0,7	183 550
				290 418
Non-current investment holdings				
				4 659 821
Current investments				
Capital Group New Perspective Fund (LUX – Equity)	L	146 685		43 430
				43 430
TOTAL HOLDINGS				
				4 703 251

*⁶ Joint voting control with the PC-T Trust.

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

PROFILE

Sabvest Capital Limited (Sabcap) is an investment group first listed on the JSE in 1988 as Sabvest Limited and as Sabcap from 2020. The Seabrooke Family Trust (SFT) has voting control of Sabcap through an unlisted Z share and has an economic interest of 40,5% through its holding in the listed ordinary shares. At the period end Sabcap had 39 470 000 shares in issue net of treasury shares (31 Dec 2021: 39 530 000).

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

CHANGES IN INVESTMENT HOLDINGS

During the reporting period Sabcap:

- disposed of 1m Transaction Capital Limited shares for R48,7m, retaining 5m shares;
- increased its holding in Corero Network Security Plc (Corero) by 3m shares to 50m shares, representing 10,1% of Corero, for GBP0,4m (R7,4m);
- increased its holding in Metrofile Holdings Limited (Metrofile) by 1m shares to 56m shares, representing 12,9% of Metrofile, for R3,2m;
- increased its holding in Classic Food Brands (Pty) Ltd from 25% to 40% as a result of a shareholding restructure;
- acquired an indirect effective interest of 18,5% in ARB Holdings (Pty) Ltd through a new investment of 49,9% in Masimong Electrical Holdings (Pty) Ltd (MEH) for shareholder funding of R199m and guarantees of R24,5m, enabling MEH to acquire 37,07% of ARB; and
- acquired an indirect effective interest of 18,95% interest in Halewood International South Africa (Pty) Ltd through a new investment of 41,03% in Masimong Beverage Holdings (Pty) Ltd (MBH), comprising shareholder loans of R117m and financial guarantees of R51m, enabling MBH to acquire 46,19% of Halewood through an SPV.

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

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

COVID-19 FINANCIAL EFFECTS

All of Sabcap's investee companies are now trading at or better than 2019 pre-COVID levels.

FINANCIAL RESULTS

NAV per share increased satisfactorily to 10 388 cents per share being a 26,1% increase in NAV of 8 240 cents at the previous interim reporting date and 10,9% increase in NAV of 9 371 cents at the 2021 year-end reporting date.

HEPS and EPS increased to 1 001,3 and 1 001,1 cents per share respectively, each being an increase of 26,2% increase over the HEPS and EPS at the previous interim reporting date.

The favourable results were largely due to strong fair value gains in Apex, DNI, ITL, Masimong and Rolfes, the benefits of conservative debt levels and the strong dollar enhancing the rand translated value of the Group's dollar investments. However, the values of the listed investments reduced in line with the fall in markets world-wide.

Sabcap targets to maintain expenditure under 2,0% per annum of assets over three year periods. Expenditure increased materially compared to the prior period due to incentive provisions normalising at the much higher level of profitability. There are no other dilutive or cash costs to shareholders as there are no share schemes or separate profit carry shares. Incentive schemes are accounted for in annual expenditure and cash settled.

An interim dividend of 30 cents per share has been declared which represents a 50% increase over the 2021 interim dividend of 20 cents per share. Share buybacks were R4,0m (31 Dec 2021: R66,0m) during the period.

The balance sheet remains strong and under geared. Shareholders' funds increased to R4 100,3m at the reporting date.

GROWTH METRICS

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

The 15-year compounded annual growth rate in NAV per share to the 2021 year-end was 16,9%, calculated without re-investing dividends. The compounded annual growth rate in NAV per share over 15 years with dividends reinvested was 18,6%*. The 15-year compound annual growth rate in the share price was 16,0%^.

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

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

VALUATION OF INVESTMENTS

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

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

The multiples used are unchanged relative to the prior year, except for the multiple applied to Apex which has been benchmarked at 5,5x (31 Dec 2021: provisional 4,5x) and the multiple applied to Rolfes which has been reduced to 5,5x (31 Dec 2021: 6,0x).

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

Foreign investments are valued in rands at the closing exchange rate on the reporting date which in the case of ZAR/USD was 16,3669 (31 Dec 2021: 15,8976) (30 Jun 2021: 14,3825).

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

The investments in ARB and Halewood South Africa were concluded in June 2022 and are carried at cost at the reporting date.

LISTED INVESTMENTS

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

Corero continues to grow its revenues satisfactorily and performed strongly in FY21, with EBITDA ahead of market expectations.

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

Corero's share price decreased to 10,75p in volatile small volume trade (31 Dec 2021: 12,5p) (30 Jun 2021: 10,6p). Sabcap increased its shareholding from 47m to 50m shares during the period, which is an interest of 10,1%.

Prospects for growth are good.

Valuation summary:	30 Jun 2022	31 Dec 2021	30 Jun 2021
Number of ordinary shares	50 000 000	47 000 000	36 250 000
Price per share – GBP	10,75	12,5	10,6
Fair value – GBP'000	5 375	5 875	3 843
Fair value – R'000	106 868	126 181	75 843

- **METROFILE** is a JSE listed service provider to industry in four categories – secure storage, digital services, business support services and product and solutions. Metrofile achieved satisfactory results for FY21 and the first half of FY22 despite the continued impacts of the pandemic and the challenging economic environment.

Metrofile's share price decreased to 330 cents (31 Dec 2021: 345 cents) (30 Jun 2021: 316 cents). Sabcap's shareholding increased slightly to 56,0m shares (31 Dec 2021: 55,0m) (30 Jun 2021: 51,0m) during the period.

Prospects for growth are satisfactory.

Valuation summary:	30 Jun 2022	31 Dec 2021	30 Jun 2021
Number of ordinary shares	56 000 000	55 000 000	51 000 000
Price per share – cents	330	345	316
Fair value – R'000	184 800	189 750	161 160

Dividend summary:	6 months to 30 Jun 2022	12 months to 31 Dec 2021	6 months to 30 Jun 2021
Ordinary dividends received during the period – R'000	4 950	7 590	3 510

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

TC'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 and in the FY22 interim period.

TC's share price decreased to 3 671 cents (31 Dec 2021: 4 503 cents) (30 Jun 2021: 3 782 cents). Sabcap reduced its shareholding from 6m to 5m shares during the period. The reduction was part of Sabcap's liquidity and portfolio balancing decisions and not TC specific.

Prospects for growth are strong.

Valuation summary:	30 Jun 2022	31 Dec 2021	30 Jun 2021
Number of ordinary shares	5 000 000	6 000 000	8 000 000
Price per share – cents	3 671	4 503	3 782
Fair value – R'000	183 550	270 180	302 560

Dividend summary:	6 months to 30 Jun 2022	12 months to 31 Dec 2021	6 months to 30 Jun 2021
Ordinary dividends received during the period – R'000	1 650	3 500	1 520

UNLISTED INVESTMENTS

- **APEX PARTNERS** is a decentralised industrial group with a portfolio of controlling interests in distribution, engineering and manufacturing 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. The distribution segment includes Letaba Pumps, TGS, Elephant Lifting and ELB Equipment. The engineering segment includes ET-X Projects and Clyde Bergemann Africa (renamed CBZ Solutions). The manufacturing division includes Gabriel SA.

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

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

Prospects for organic and continued acquisitive growth are strong. Apex also intends to establish Apex UK in the current year and will follow the same acquisitive model in the UK and Europe in similar industries as currently in RSA.

Apex was previously valued at NAV while it accounted for its investments under IFRS 10. Apex now accounts on a consolidated basis. The provisional multiple applied to Apex of 4,5x was reassessed to 5,5x at the reporting date after taking into consideration annualised sales revenues now close to R2 billion and the multiples of a comparative group of South African industrial businesses.

Valuation summary:	30 Jun 2022	31 Dec 2021	30 Jun 2021
EBITDA valuation multiple/basis of valuation	5,5x	4,5x	NAV
44,8% equity interest – R'000	443 460	303 760	240 854

Dividend summary:	6 months to 30 Jun 2022	12 months to 31 Dec 2021	6 months to 30 Jun 2021
Ordinary dividends received during the period – R'000	8 966	24 655	6 724

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

The investment in ARB was concluded during the period. Sabcap has an effective interest of 18,50% in ARB through 49,90% of Masimong Electrical Holdings (Pty) Ltd (MEH) which owns 37,07% of ARB. As the transaction was concluded in June 2022, cost, which reflects the transaction value, approximates fair value.

Prospects for growth are strong.

Valuation summary:	30 Jun 2022	31 Dec 2021	30 Jun 2021
Basis of valuation	COST	N/A	N/A
18,5% equity interest – R'000	–	–	–
Investment loans – R'000	207 869	–	–
Total – R'000	207 869	–	–

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

Sabcap's shareholding was increased to 40% during the period as a result of a shareholding restructure. The fair value is stated after an impairment provision based on tangible NAV. However, CFB is now trading profitably and the fair value will be reconsidered on a maintainable earnings basis at year-end.

Prospects for growth are satisfactory.

Valuation summary:	30 Jun 2022	31 Dec 2021	30 Jun 2021
Basis of valuation	NAV	NAV	NAV
40% equity interest (31 Dec 2021: 25%) – R'000	–	–	–
Investment loans – R'000	9 428	15 091	7 730
Total – R'000	9 428	15 091	7 730

- **DNI** provides technology, logistics and distribution services to the telecoms and related industries and to all network operators in RSA. The tower leasing business was sold at the end of June 2022. Its divisions include Sim Card Distribution, Airtime and VAS, Hardware Distribution and Technology. The Technology division includes the DigiCo Companies Hyve Mobile, Cellfind, Simigenix, Panacea Mobile, Via Mobile, Airvantage, M4Jam and Paymenow.

DNI has grown well, continues to be highly cash generative and pays a high level of dividends.

Sabcap's direct and indirect shareholding was unchanged during the period.

Prospects for growth are strong.

Valuation summary:	30 Jun 2022	31 Dec 2021	30 Jun 2021
EBITDA valuation multiple	6,5x	6,5x	6,5x
19,1% equity interest – R'000	1 014 452	907 682	864 631

Dividend summary:	6 months to 30 Jun 2022	12 months to 31 Dec 2021	6 months to 30 Jun 2021
Ordinary dividends received during the period – R'000	24 165	45 085	23 602
Special dividends received during the period – R'000	8 552	5 502	–
Total – R'000	32 717	50 587	23 602

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

Trading conditions have been difficult for the first half of the calendar year with revenues and profitably adversely affected due to decreased household demand after the worldwide pandemic, international logistical issues and the impact of load shedding on production. Demand returned to normal during June 2022 and the business recently merged its production facilities and installed power backup solutions. The business remains optimistic that demand will increase again from mid-August.

Sabcap's shareholding in Flexo was unchanged during the period. Its loan funding included in the valuation decreased by R40,0m following a debt restructure in the business.

Prospects for growth are good.

Valuation summary:	30 Jun 2022	31 Dec 2021	30 Jun 2021
EBITDA valuation multiple	4,5x	4,5x	4,5x
47,5% equity interest – R'000	26 468	29 882	24 796
Investment loans – R'000	39 729	79 729	79 729
Total – R'000	66 197	109 611	104 525

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

The investment in Halewood South Africa was concluded during the period. Sabcap has an effective interest in Halewood South Africa of 18,95% through 41,03% of Masimong Beverage Holdings (Pty) Ltd (MBH) which indirectly owns 46,19% of Halewood South Africa through an SPV. As the transaction was concluded in June 2022, cost, which reflects the transaction value, approximates fair value.

Prospects for growth are strong.

Valuation summary:	30 Jun 2022	31 Dec 2021	30 Jun 2021
Basis of valuation	COST	N/A	N/A
19,0% equity interest – R'000	–	–	–
Investment loans – R'000	116 539	–	–
Total – R'000	116 539	–	–

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

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

Trading in the first six months of 2022 has exceeded prior years. ITL remains well positioned strategically, geographically and operationally relative to its competitors.

Prospects for growth are strong.

Valuation summary:	30 Jun 2022	31 Dec 2021	30 Jun 2021
EBITDA valuation multiple	9,0x	9,0x	9,0x
34,4% equity interest (31 Dec 2021: 34,0%) – R'000	164 551	26 139	51 880
Investment loans – R'000	604 227	585 100	536 123
Total * – R'000	768 778	611 239	588 003

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

Dividend summary:	6 months to 30 Jun 2022	12 months to 31 Dec 2021	6 months to 30 Jun 2021
Preference dividends received during the period – R'000	–	22 360	22 360

- **MASIMONG GROUP HOLDINGS** is an investment group with a portfolio of high performing growth assets and in particular its mining interests in Seriti Coal, Seriti Power and Lephalale Coal and Power, and its agricultural interests in Mouton Citrus, Carmien Tea, Southern Cross Investment Holdings (which owns grape and date farms) and Winfield United South Africa (which is a provider of specialist crop input products and services including crop protection, plant nutrition, soil conditioning, fumigation and seeds). It also holds diversified interests including Rolles and Anchor Capital. During the period a subsidiary of Masimong, owned 50,1% by Masimong and 49,9% by Sabcap directly, acquired 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.

Also during the period, another subsidiary of Masimong together with Sabcap and members of a consortium acquired 100% of Halewood International South Africa (Pty) Ltd.

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

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

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

Prospects for continued growth in NAV are strong.

Valuation summary:	30 Jun 2022	31 Dec 2021	30 Jun 2021
Basis of valuation	NAV	NAV	NAV
10,0% equity interest – R'000	365 885	296 197	213 493

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

Revix has continued to grow steadily despite regulatory hurdles for cryptos in most countries. Revix 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. Revix 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.

Since the original seed funding rounds backed by Sabcap and Net1, Revix has successfully concluded two additional funding rounds and is busy with a third – all at successively higher valuations. Sabcap elected not to follow the last two rounds and to accept a dilution in its interests although it retains certain rights and protections as a seed investor. New investors include 21 Finance in Europe and The Qatar Investment Bank. The funding rounds plus a 10% allocation of equity to management has resulted in Sabcap's shareholding reducing to 11,0% at the reporting date (31 Dec 2021: 15,1%) (30 Jun 2021: 15,1%).

The valuation of Revix as a start-up is stated at zero after a full impairment provision.

Prospects are difficult to determine.

Valuation summary:	30 Jun 2022	31 Dec 2021	30 Jun 2021
Basis of valuation	NAV	NAV	NAV
11,0% equity interest (31 Dec 2021: 15,1%) (30 Jun 2021: 15,1%) – R'000	–	–	–

- **ROLFES HOLDINGS** is a specialist manufacturer and distributor of agricultural, food, industrial and water chemical solutions and services. Trading in the 2022 financial year has been at record levels and well ahead of prior years and budgets.

The valuation multiple was reassessed at the reporting date given the significant change in the business mix which has resulted materially more of the EBITDA being earned by the food chemicals trading division than previously. That division would attract a lower multiple and accordingly the group multiple has been reduced to 5,5 times.

Prospects for continued growth are good.

Valuation summary:	30 Jun 2022	31 Dec 2021	30 Jun 2021
EBITDA valuation multiple	5,5x	6,0x	6,0x
25,1% equity interest – R'000	228 883	201 594	172 988

Dividend summary:	6 months to 30 Jun 2022	12 months to 31 Dec 2021	6 months to 30 Jun 2021
Ordinary dividends received during the period – R'000	12 020	18 395	6 375

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

SA Bias is trading at slightly higher levels than the prior year but the reporting date valuation was negatively affected by a weaker sterling translation rate for the Flowmax division than at the prior year end. It has a liquid balance sheet and is well positioned for continued acquisitions particularly in the UK and Europe.

Prospects for growth in Narrowtex are good and in Flowmax organically and through ongoing acquisitions are strong.

Valuation summary:	30 Jun 2022	31 Dec 2021	30 Jun 2021
EBITDA valuation multiple *	6,0x / 4,5x	6,0x / 4,5x	6,0x / 4,5x
85,2% equity interest – R'000	885 134	906 348	801 229

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

Dividend summary:	6 months to 30 Jun 2022	12 months to 31 Dec 2021	6 months to 30 Jun 2021
Ordinary dividends received during the period – R'000	25 575	32 395	21 313
Special dividends received during the period – R'000	8 525	88 234	88 234
Total – R'000	34 100	120 629	109 547

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

Sunspray resumed growth in earnings in FY22.

Prospects for continued growth are satisfactory.

Valuation summary:	30 Jun 2022	31 Dec 2021	30 Jun 2021
EBITDA valuation multiple	5,0x	5,0x	5,0x
27,7% equity interest – R'000	72 534	73 316	70 785
Investment loans – R'000	5 444	5 240	5 058
Total – R'000	77 978	78 556	75 843

Dividend summary:	6 months to 30 Jun 2022	12 months to 31 Dec 2021	6 months to 30 Jun 2021
Ordinary dividends received during the period – R'000	4 065	5 320	4 108

SABCAP CURRENT ASSETS

With regard to Sabcap's current assets:

- Finance advances and receivables relate primarily to funding to investees, potential investees and co-shareholders and management in investees.
- Investment funds offshore are an investment of surplus cash in the USD Capital Group New Perspective Fund.
- Cash balances comprise R0,5m in ZAR (31 Dec 2021: R146,4m) (30 Jun 2021: R84,4m).

PARTNERSHIP PRINCIPLE

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

New partners in the current reporting period include:

- MBH (controlled by Mr Mike Teke), RMB Corvest, RMB Family Office Group Solutions (FOGS) and Halewood South Africa managers in Halewood South Africa; and
- The Alan Burke family and MEH (controlled by Mr Mike Teke) in ARB.

DIRECTORS' SHARE ENCUMBRANCES

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

RELATED PARTIES

Related party transactions exist between subsidiaries and the holding company, fellow subsidiaries and investee companies, and comprise fees, dividends and interest. Dividends received from investees during the six month period were R98,5m (twelve months to 31 Dec 2021: R253,0m) (six months to 30 Jun 2021: R177,7m).

Amounts owed by investees at the end of the period, included in current assets, were R15,8m (31 Dec 2021: Rnil) (30 Jun 2021: R15,0m). Fees received from investees during the six month period were R0,7m (twelve months to 31 Dec 2021: R1,5m) (six months to 30 Jun 2021: R0,7m).

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

DIVIDENDS

An interim dividend of 30 cents per share has been declared, being a 50% increase over the 2021 interim dividend of 20 cents per share. In addition, R4,0m (31 Dec 2021: R66,0m) was allocated to buybacks of Sabcap shares during the period.

ACCOUNTING POLICIES

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

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

DIRECTORATE AND GOVERNANCE

Mr Ray Pleaner retired as an executive director of the Company and CFO of the Group with effect from 30 April 2022. He is continuing as a transactional and corporate finance executive for an agreed period.

Mr Kyle De Matteis was appointed a director of the Company and CFO of the Group with effect from 30 April 2022.

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

KING IV™ COMPLIANCE

Sabvest's King IV™ compliance report is on the Sabcap website and in the Sabcap 2021 integrated report.

PROSPECTS

Sabcap is comfortable with the current performance and future prospects of its investees and in particular of the new investments concluded during the period.

Accordingly, Sabcap expects continued satisfactory growth for the remainder of the 2022 financial year.

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

For and on behalf of the Board

Kuben Pillay

Chairman

Sandton

10 August 2022

Christopher Seabrooke

CEO

Kyle De Matteis

CFO

CASH DIVIDEND DECLARATION

Notice is hereby given that an interim dividend of 30 cents (2021: 20 cents) per ordinary share for the six months ended 30 June 2022 has been declared out of income reserves.

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

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

Last date to trade "CUM" dividend Tuesday, 30 August 2022

Trading "EX" dividend commences Wednesday, 31 August 2022

Record date Friday, 2 September 2022

Dividend payment date Monday, 5 September 2022

No dematerialisation or rematerialisation of share certificates will be allowed during the period Wednesday, 31 August 2022 to Friday, 2 September 2022, both days inclusive.

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Directors:

K Pillay # (*Chairperson*), BJT Shongwe # (*Deputy Chairperson and Lead Independent Director*), CS Seabrooke * (*Chief Executive*),

K De Matteis *, O Ighodaro #, L Mthimunye #, L Rood * *Executive #Independent

Sponsor:

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

Company Secretary:

Levitt Kirson Business Services (Pty) Ltd

www.sabvestcapital.com