



SABVEST CAPITAL
LIMITED

Annual Report

2023

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 Company and its subsidiaries (together the "Group") are set out in the Corporate Profile on page 4.

2023 performance

2023 proved to be a challenging environment for the Group's investees to operate in. These conditions have resulted in a slight decrease in NAV per share to 10 936 cents per share, being a 0,7% decrease from NAV per share of 11 017 at the 2022 year-end reporting date. Although a small decrease, it is the first reduction in NAV per share in a single reporting period for over twenty years. Notwithstanding, the growth rates over periods from 3 to 15 years were 13,7% at 3 years to 17,2 % to 15 years compounded, and 18,5% with dividends reinvested.

Dividends for the year were maintained at 90 cents per share.

The Company's balance sheet is strong with shareholders' equity of R4,3bn and the carrying value of the investments held by its subsidiaries at R5,0bn.

Medium-term performance

Management and the Board remain focused on achieving sustainable long-term investment returns primarily focused on growth in NAV per share.

Capital allocation decisions are carefully considered between new investments, strengthening liquidity, dividends and share buybacks. With the exception of dividends declared for the 2020 COVID year, dividends have been maintained or increased annually for over twenty years.

The Board expects to resume satisfactory growth in NAV per share for the 2024 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 custodian of its corporate governance policies and procedures. The Group's compliance with the Principles of King IV™ is set out on pages 24 to 34.

It should be noted that in terms of Sabcap's Partnership Principle, it usually invests alongside family, operating or financial partners with the result that, in addition to Sabcap's 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.

At the year-end, 40,8% of the listed shares were held by The Seabrooke Family Trust and 43,1% by Institutions, Family Offices and High-Net-Worth Individuals.

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

Sabcap itself allocates over 0,5% of PAT annually mostly to selected education and social initiatives. During 2023, 19 school bursaries were funded and general and specific grants were made for education-related initiatives. Donations were also made to the TSIBA Business School, the Masimong Foundation, the Paul Mthimunye Bursary Fund, The Soul Provider Trust, Perpetua House, St David's Marist Foundation, Thanda Heart Foundation, and Oliver's House Education Centre.

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

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

28 March 2024

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, PricewaterhouseCoopers, in the course of their annual audit of the Company’s financial statements and their unqualified audit report. It has also relied on KPMG Services (Pty) Ltd, who has provided positive assurance to the Audit and Risk 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 40,8% through its holding in the listed ordinary shares. At the year-end Sabcap had 39 220 000 shares in issue net of treasury shares (2022: 39 400 000).

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

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 41.

Integrated Report to stakeholders

continued

2. Corporate profile, structure and investment proposition (continued)

2.3 Investment proposition

Sabcap offers investors:

- ◆ Investment access to thirteen unlisted groups – Altify (previously Revix UK), Apex Partners, ARB Holdings, DNI, Flexo Line Products, Halewood South Africa, ITL Group, Masimong, Rolfes, SA Bias Industries, Sunspray Food Ingredients, Valemount Trading and Versofy;
- ◆ Investment access to three listed holdings – Corero, Metrofile and Transaction Capital;
- ◆ 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;
- ◆ The benefit of gearing to enhance returns and facilitate transactions;
- ◆ A lengthy history of dividend payments and share buybacks;
- ◆ 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, Mauritius, Madagascar, UK and South Africa; Metrofile in Africa and the Middle East; Transaction Capital in Europe and Australia; and Corero in the UK.

The Group’s performance 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 42 to 44.

Integrated Report to stakeholders

continued

4. Strategies, business model and performance indicators (continued)

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.
- ◆ 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; and
- ◆ Maintain or increase dividends annually but subject to the sole discretion of the Board in each reporting period in the course of considering capital allocation decisions between new investments, liquidity, share buybacks and dividends.

Sabcap aims at all times to:

- ◆ 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

continued

5. Investment holdings

5.1 Investment holdings summary

Investment holdings include the fair value of the Company's investment in Sabvest (Pty) Ltd and comprises mainly of the fair value of its investments, assets and liabilities held by its underlying subsidiaries, summarised as follows:

	Listed/ Unlisted	Sector * ²	Number of ordinary shares/units	Economic interest * ³ %	2023 R'000	2022 R'000
Investments *¹					4 971 569	4 997 635
Altify (previously Revix UK)	U	FT		16,1	–	–
Apex Partners Holdings (Pty) Ltd	U	IS		45,3	584 590	504 023
ARB Holdings (Pty) Ltd	U	IS		18,5	357 357	250 256
Classic Food Brands (Pty) Ltd	U	IS		–	–	8 205
Corero Network Security Plc	L	FT	51 000 000	10,0	99 039	94 486
DNI-4PL Contracts (Pty) Ltd * ⁴	U	FT		19,7	990 446	1 028 087
Flexo Line Products (Pty) Ltd	U	IS		47,5	30 526	7 033
Halewood International South Africa (Pty) Ltd	U	IS		19,0	91 637	165 586
ITL Holdings Group	U	IS		34,4	499 147	786 454
Masimong Group Holdings (Pty) Ltd	U	MCA		9,0	475 805	452 510
Metrofile Holdings Limited	L	IS	57 000 000	13,5	171 000	196 000
Rolfes Holdings (Pty) Ltd	U	MCA		24,7	160 770	189 289
SA Bias Industries (Pty) Ltd	U	IS		85,2	1 269 671	1 018 861
Sunspray Food Ingredients (Pty) Ltd * ⁵	U	IS		27,7	138 189	86 624
Transaction Capital Limited	L	FT	6 000 000	0,8	47 880	165 500
Valemount Trading (Pty) Ltd	U	IS		39,3	55 512	44 721
Versofy (Pty) Ltd	U	IS		3,8	–	–
Interest-bearing borrowings					(613 606)	(507 394)
Deferred tax liability					(147 249)	(206 089)
Cash on hand					41 943	49 657
Other net assets					39 069	9 170
					4 291 726	4 342 979

*¹ Refer to sections 6.10 and 6.11 for more detail.

*² IS – Industrial and Services; MCA – Mining, Chemicals and Agriculture; FT – Specialised Financial and Technology.

*³ Represents the economic interest at 31 December 2023. Refer to sections 6.10 and 6.11 for details of any changes during the year.

*⁴ Reclassified during the current reporting period due to a change in its business mix with the proportion from technology increasing materially (previously classified under Industrial and Services).

*⁵ Includes the 16,6% interest held-for-sale. Refer to section 6.10.

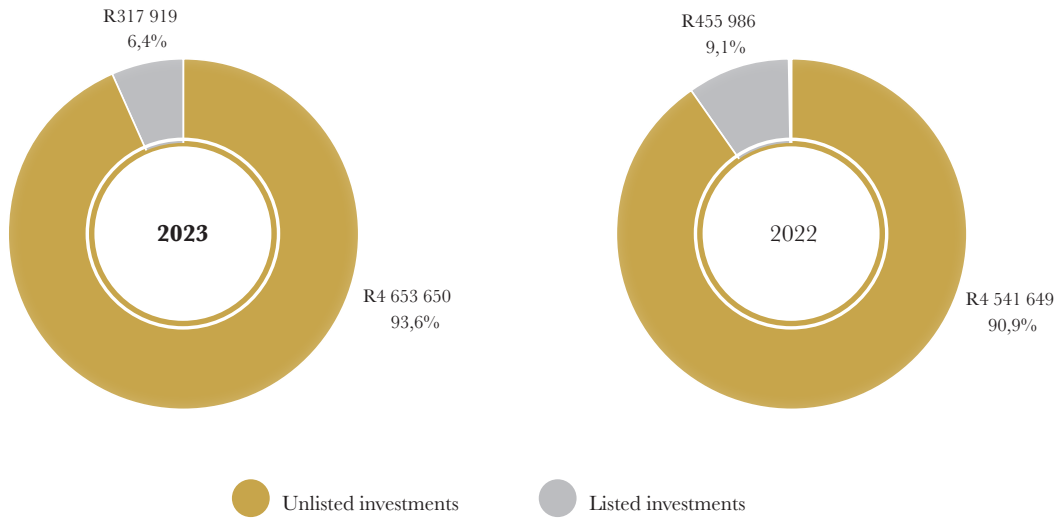
Integrated Report to stakeholders

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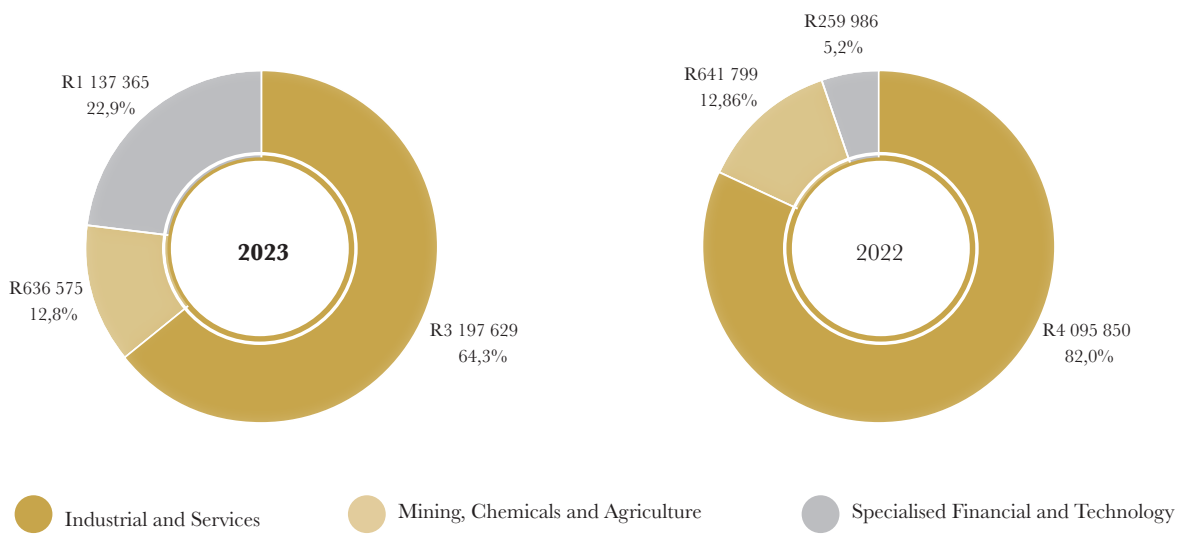
5. Investment holdings (continued)

5.2 Graphic presentation of investments

Investments per category at 31 December (R'000)



Investments per sector at 31 December (R'000)



Integrated Report to stakeholders

continued

5. Investment holdings (continued)

5.3 Nature of investments

Company (and year first invested)	Nature of business
Unlisted associates	
Altify (previously Revix UK) (2019)	Altify offers an investment platform that enables investors to obtain direct ownership of individual crypto currencies, ready-made crypto portfolios called “bundles” and crypto-based yield-bearing opportunities. Revix is also making good progress in its new B2B division.
Apex Partners Holdings (Pty) Ltd (2017)	Apex is an investment holding company, investing permanent capital into distribution and engineering businesses. The distribution segment includes ELB Equipment, Letaba Pumps, TGS, Elephant Lifting. The engineering and construction segment includes ETX Projects and CBZ Solutions. It also holds 22,1% in DRA Global.
ARB Holdings (Pty) Ltd (2022)	ARB 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 projects in three main categories: power and instrumentation cable; overhead line equipment and conductors; and general low-voltage and solar products. Eurolux and Radiant are leading distributors of energy-saving; LED; halogen and fluorescent lamps; light fittings, electrical accessories; cut cable and ancillary products, including fans and lighting components. It has also acquired a 67% interest in Cable Feeder Systems.
DNI/4-PL Contracts (Pty) Ltd (2018)	DNI is a leading distribution and technology company operating in emerging market economies, but mostly in South Africa at present. The DNI Group provides and distributes products and services to the telecommunications, banking and retail sectors. The DNI Group has four main operating segments, being Mobile distribution, Hardware distribution, Technology, and Value-added services. The DNI Group has different brands with which it markets its products and services on a B2B/B2B2C basis. These include The Starter Pack Company, Evercomm, 3G Mobile, Digital Ecosystems, Hyve Mobile, Airvantage, Via Media, PayMeNow, M4Jam, Cellfind, Panacea Mobile, Worldwide Advisory Services and Sebenza Wi-Fi.
Flexo Line Products (Pty) Ltd (2016)	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.
Halewood International South Africa (Pty) Ltd (2022)	Halewood 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.
ITL Group (1989)	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, 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.
Masimong Group Holdings (Pty) Ltd (2019)	Masimong is an investment group with a portfolio of high performing growth assets and, in particular, its mining interests in Seriti Coal, Seriti Power and Lephalale Coal and Power, and its agricultural interests in Mouton Citrus, Carmien Tea, Southern Cross Investment Holdings (which owns grape and date farms) and Winfield United South Africa (which is a provider of specialist crop input products and services including crop protection, plant nutrition, soil conditioning, fumigation and seeds). It also holds diversified interests including Rolfes, ARB, Halewood South Africa, Anchor Capital and Chemfin.
Rolfes (2015)	Rolfes is a specialist provider of agricultural, food, industrial and water chemical solutions and services.
SA Bias Industries (Pty) Ltd (1985)	SA Bias Industries is an industrial group operating through: <ul style="list-style-type: none"> – 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.
Sunspray Food Ingredients (Pty) Ltd (1989)	Sunspray provides food ingredient solutions to South African and African manufacturers by supplying spray-dried, blended and powdered food and drink products and services. It is the largest independent contract supplier in Africa.
Valemount Trading (Pty) Ltd (2022)	Valemount Trading is a pet food and product manufacturer and supplier to leading retail chains, specialist pet stores and major co-ops in South Africa. In particular through its Westerman and Animal Zone brands, Valemount is the largest manufacturer and distributor of bird seed and related feeder products in the country. The expansion of its range of products supplied to the wider pet market is supported by its international partners, M-PETS, Beeztees and Pet Rebels. Its distribution centres also provide outsourced logistical services to numerous independent pet product suppliers.
Versofy (Pty) Ltd (2023)	Versofy is one of the largest home and SME solar installation and power solutions groups in South Africa, offering Solar as a Service (“SAAS”) and rent to buy (“RTB”) solutions.

Integrated Report to stakeholders

continued

5. Investment holdings (continued)

5.3 Nature of investments (continued)

Company (and year first invested)		Nature of business
Listed investments held directly	Stock exchange	
Corero Network Security Plc (2013)	LSE- AIM	Corero is an LSE-listed group focused on cyber security and in particular protection from DDOS attacks.
Metrofile Holdings Limited (2003)	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 (2010)	JSE	Transaction Capital is a JSE-listed specialised financial group whose operations comprise SA Taxi, TC Risk Services (renamed Nuten) and WeBuyCars.

5.4 Investment and operational partners

	Executive Chairman/CEO	Key Family/Financial Shareholders
Unlisted		
Altify (previously Revix UK)	Sean Sanders	Sean Sanders
Apex Partners Holdings	Charles Pettit	Charles Pettit Family
ARB	Blayne Burke	Alan Burke Family Mike Teke/Masimong
DNI-4PL	Andrew Dunn/Ryan Roach	Andrew Dunn Peter Gain Mineworkers Investment Company (MIC) RMB Family Office Group Solutions (FOGS) Mike Teke Stephen Saad
Flexo Line Products	Graeme Horsfield	Peter Gain
Halewood	Johan Oosthuizen	Mike Teke/Masimong RMB Corvest RMB FOGS
ITL	Neil Henderson	Peter Gain Carl Coutts-Trotter Neil Henderson RMB FOGS
Masimong	Mike Teke/Logamal Ramiah	Mike Teke Doug Gain RMB FOGS
Rolfes	Richard Buttle	Phatisa Mike Teke/Masimong
SA Bias	Carl Coutts-Trotter	Carl Coutts-Trotter
Sunspray	Rene Cross	RMB Corvest
Valemount Trading	Damien Westerman/ Ryan Ferriera	Damien Westerman Family
Versofy	Ross Mains-Sheard	Ross Mains-Sheard and partners Alan Burke Family Mike Teke/Masimong Brad Kark/KLT Holdings RMB FOGS

Integrated Report to stakeholders

continued

5. Investment holdings (continued)

5.4 Investment and operational partners (continued)

Listed	Executive Chairman/CEO	Key Family/Financial Shareholders
Corero	Jens Montanana	Jens Montanana Richard Koch Peter Gain Ron Price family
Metrofile	Pfungwa Serima	MIC
Transaction Capital	Jonathan Jawno	Jonathan Jawno Michael Mendelowitz Rob Rossi Coronation

5.5 Portfolio changes during the year

During the reporting period the Company and its subsidiaries:

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

Integrated Report to stakeholders

continued

5. Investment holdings (continued)

5.5 Portfolio changes during the year (continued)

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

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

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

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

6. Financial overview

6.1 Accounting policies

The 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 Company's registered office. Except for the restatement noted below, there has been no material change in judgements or estimates of the amounts reported in prior reporting periods. The preparation of the Company financial statements was supervised by the Chief Financial Officer, K De Matteis CA (SA).

Integrated Report to stakeholders

continued

6. Financial overview (continued)

6.2 Restatement

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

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

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

Details of investment holdings, other assets, all liabilities, income, expenses, taxation and movements in fair values of investments are contained in the notes to the Annual Financial Statements.

6.3 Salient financial features of the year

	2023	2022
	RSA	RSA
	cents	cents
RETURNS TO SHAREHOLDERS		
Net asset value per share	10 936	11 017
(Loss)/earnings and headline (loss)/earnings per share * ¹	(11,0)	1 721,7
Normal dividend proposed/paid	90,0	90,0
	R'000	R'000
STATEMENT OF COMPREHENSIVE INCOME		
(Loss)/income attributable to equity shareholders * ¹	(4 335)	675 581
STATEMENT OF FINANCIAL POSITION		
Ordinary shareholders' equity	4 292 256	4 340 869

*¹ 2022 restated to align with the requirements for investment entities under IFRS 10 Consolidated Financial Statements (refer above).

6.4 Ten-year financial review

A ten-year financial review is set out in Annexure 3 on page 45.

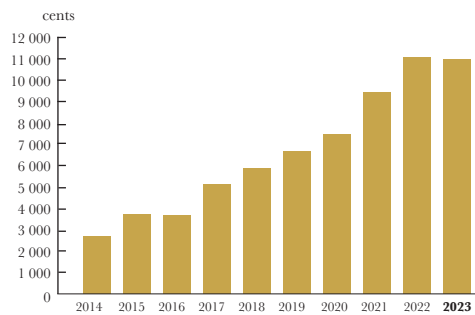
Integrated Report to stakeholders

continued

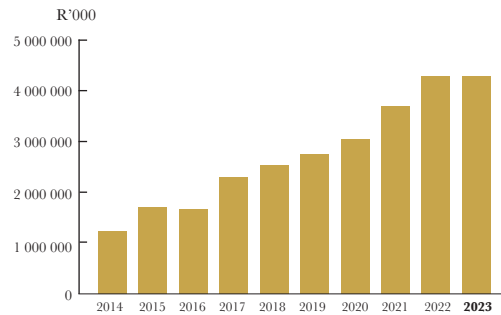
6. Financial overview (continued)

6.5 Ten-year graphical review

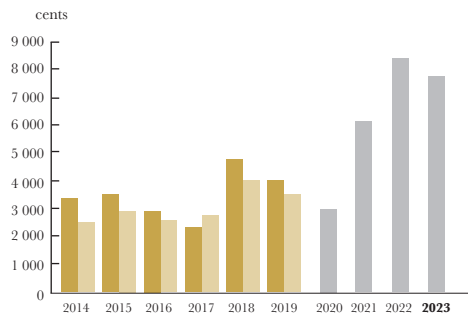
Net asset value per share
with investment accounted for at fair value/directors' valuation



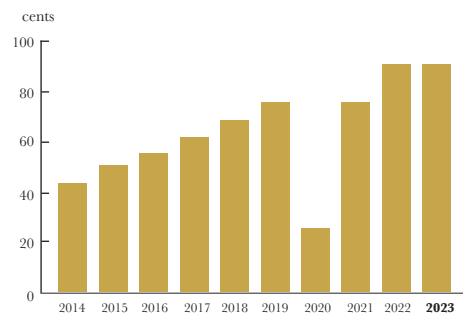
Ordinary shareholders' funds
with investment accounted for at fair value/directors' valuation



Closing prices of Sabvest ordinary and "N" ordinary shares
(2014 – 2019) and Sabcap ordinary shares (2020 – 2023)



Dividends paid
excluding special dividends



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

Integrated Report to stakeholders

continued

6. Financial overview (continued)

6.6 Commentary on the 2023 Financial Results

High inflation, logistical challenges, high raw material prices and higher interest rates continued to provide a challenging environment for the group's investees to operate in. Apex, ARB, Masimong, SA Bias and Sunspray performed well. Results at Corero, DNI, Flexo, Metrofile, Rolfes and Valemount were satisfactory. Halewood's results were weak in difficult trading conditions in RSA. ITL's results were much poorer than expected due to soft northern hemisphere retail demand, product mix and margin changes from trading down and destocking, and sourcing moving to higher cost locations due to geo-political pressures. The market value of the shares held in TC fell considerably after incurring substantial losses in SA Taxi due to materially higher provisions required and a complete restructure of its business model initiated. Altify and Versofy as start-ups are carried at zero. Classic Food Brands was sold at nominal value.

These conditions have resulted in a slight decrease in NAV per share to 10 936 cents per share, being a 0,7% decrease from NAV per share of 11 017 at the 2022 year-end reporting date. Although a small decrease, it is the first reduction in NAV per share in a single reporting period for over twenty years. Notwithstanding, the growth metrics table shows the growth rates over periods from 3 to 15 years being 13,7% at 3 years to 17,2 % to 15 years compounded, and 18,5% with dividends reinvested.

HEPS and EPS decreased to a loss of 11,0 cents per share respectively, being a decrease of 100,6% over the restated HEPS and EPS in the 2022 financial year.

Overheads, mainly included as part of the fair value movement in the Company's subsidiaries, reduced in the reporting period largely due to lower incentive provisions expected in the current financial year. Interest payable increased due to higher interest rates and levels of borrowing.

Final DPS was maintained at 60 cents per share, resulting in the interim and final dividends totalling 90 cents per share, remaining constant with the prior year. Share buybacks were R11,8m during the period (31 Dec 2022: R9,5m).

Shareholder funds remained largely unchanged at R4,3bn at the reporting date. Net debt, largely included in the fair value of investments in the Company's subsidiaries, increased to R572m arising mostly from increased loan funding to MBH, which funding was utilised for the settlement of all acquisition bridging debt in MBH, a restructure of interests in MEH and ARB and a reduction in MEH acquisition bridging debt, top-up purchase consideration for Valemount, the purchase of Versofy and a small increase in shareholding in TC. Net debt remains conservative and with a well spread maturity ladder. In addition, there are some investment disposals in progress, the proceeds of which are likely to be applied to an early settling of some of the term debt. Utilisation under transactional guarantees for investees in the Company's subsidiaries was R80m at the 31 December reporting date (31 Dec 2022: R80m).

6.7 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 2023 year-end was 17,2%, calculated without reinvesting dividends. The CAGR after reinvesting dividends was 18,5% (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 %
NAV per share	10 936	(0,7)	13,7	13,3	16,6	17,2

The growth in share price itself over different periods is set out in the table below. The growth rate over one year was (7,9%) and the CAGR over 15 years was 18,0%.

	Cents	PERCENTAGE COMPOUND GROWTH *				
		1 year %	3 years %	5 years %	10 years %	15 years %
Market price per share	7 700	(7,9)	37,3	12,3	14,6	18,0

* The one-year and three-year CAGRs are 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.

The growth metrics have not been audited, but have been determined based on audited information.

Integrated Report to stakeholders

continued

6. Financial overview (continued)

6.8 Financial resources

Shareholders' funds amounted to R4,289bn at the year-end.

In South Africa, a subsidiary of the Company has R600m in term loans falling due in 2025 to 2028, some of which will be repaid if surplus cash from investment realisations in the ordinary course of business is available and some will be refinanced.

A subsidiary of the Company has short-term bank facilities of R200m which were utilised in the amount of R5,9m at the year-end, and also has loans from entities associated with the directors, the utilisation of which was R7,7m at the year-end.

The Group had cash of R42,0m at the year-end.

A subsidiary of the Company has an offshore facility of GBP6m for listed portfolio finance and which was unutilised at the year-end.

The Group had sufficient financial resources to execute its strategies.

6.9 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 30 cents and 60 cents per share, respectively, have been declared for 2023, which has been maintained relative to 2022 total dividends of 90 cents. In addition, R11,6m was allocated to buybacks of Sabcap shares during the year at material discounts to NAV.

6.10 Valuation of investments

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

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, except for that applied to Narrowtex (refer to 6.11 for detail).

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 18,5241 (31 Dec 2022: 16,9807).

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 and tax base costs exceed the notional gains, nor relative to Masimong which itself raises the required CGT provisions.

Integrated Report to stakeholders

continued

6. Financial overview (continued)

6.11 Performance of unlisted investments

◆ ALTIFY (PREVIOUSLY REVIX UK)

In November 2023, Revix merged with Austria's Coinpanion and fellow South African crypto investment platform BitFund, to form a first-of-its-kind alternative investment platform called Altify. Their partnership positions Altify across both Europe and Africa with the necessary regulatory licences, an established customer base and a market-leading investment app and web platform. Altify went live on 1 December 2023.

With regard to funding, the Company's subsidiary did not follow the last two rounds and its interests were diluted accordingly. During the period and prior to the merger, an Advanced Subscription Agreement (ASA) was entered into with Revix for an additional equity investment. Following the merger and after accounting for the ASA and the conversion thereof, the Company's subsidiary's shareholding is at 16,1% at the reporting date (2022: 11,0%), which will reduce to 10,1% in the upcoming year following the allotment of shares as a result of the merger.

The valuation of Altify as continues to be stated at zero after a full impairment provision. This will be reassessed once the company becomes cash positive and profitable. Participation in any additional capital raises is unlikely and the decision has been made to classify Altify as an asset held-for-sale as management explore suitable exit strategies.

Valuation summary:	2023	2022
Basis of valuation	NAV	NAV
16,1% equity interest (2022: 11,0%) – R'000	–	–

◆ APEX PARTNERS

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

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

Valuation summary:	2023	2022
EBITDA valuation multiple	5,5x	5,5x
45,3% equity interest (2022: 44,8%) – R'000	584 590	504 023

Dividend summary:	2023	2022
Ordinary dividends received during the period – R'000	27 178	17 931

◆ ARB HOLDINGS ("ARB")

It should be noted that the fair value presented in the Company's interim results was positively affected by the very high volumes of domestic solar demand which did not continue in the second half of the year.

The effective interest of 18,50% in ARB was reorganised by way of a series of transactions, which resulted in a reduction of the holding in MEH to 35,27% (2022: 49,90%) and the acquisition of a direct stake of 8,38% in ARB, investing a net amount of R50,8m, and enabling a reduction of bank debt in MEH. MEH owns 28,69% of ARB (2022: 37,07%).

Valuation summary:	2023	2022
EBITDA valuation multiple	6,5x	6,5x
18,5% equity interest – R'000	228 065	13 930
Investment loans – R'000	129 292	236 326
Total – R'000	357 357	250 256

Dividend summary:	2023	2022
Ordinary dividends received during the period – R'000	5 188	–

Integrated Report to stakeholders

continued

6. Financial overview (continued)

6.11 Performance of unlisted investments

◆ CLASSIC FOOD BRANDS (“CFB”)

The 40% shareholding was disposed of during the period for nominal value.

Valuation summary:	2023	2022
Basis of valuation	N/A	NAV
Nil equity interest (2022: 40%) – R’000	–	–
Investment loans – R’000	–	8 205
Total – R’000	–	8 205

◆ DNI

The DNI group has different brands with which it markets its products and services on a B2B/B2B2C basis. These include The Starter Pack Company, Evercomm, 3G Mobile, Digital Ecosystems, Hyve Mobile, Airvantage, Via Media, PayMeNow, M4Jam, Cellfind, Panacea Mobile, Worldwide Advisory Services and Sebenza Wi-Fi.

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

Following some restructuring in the DNI group during the period, the effective interest decreased to 19,65% (2022:19,99%), held through 35,98% of JAAH Investments (2022: 35,98%), which indirectly owns 45,35% of DNI (2022: 46,12%) through DNI Invest (Pty) Ltd and a 3,34% interest in DN Invest (Pty) Ltd (2022: 3,40%), which owns 100% of DNI.

Valuation summary:	2023	2022
EBITDA valuation multiple	6,5x	6,5x
19,7% equity interest (2022: 19,9%) – R’000	990 446	1 028 087

Dividend summary:	2023	2022
Ordinary dividends received during the period – R’000	64 178	52 213
Special dividends received during the period – R’000	–	50 188
Total – R’000	64 178	102 401

◆ FLEXO LINE PRODUCTS

Trading conditions were difficult in Q1 to Q3 of 2023, with revenues and profitability adversely affected by decreased household demand after the pandemic, logistical issues and the impact of load shedding on production. Q4 trading improved significantly, assisted by increased demand and greater customer and product diversification, and this is expected to continue into 2024. Its new patented tamper proof spice grinders and its new bottling operations will enhance volumes and margins in the period ahead.

Valuation summary:	2023	2022
EBITDA valuation multiple	4,5x	4,5x
47,5% equity interest – R’000	–	–
Investment loans – R’000	30 526	7 033
Total – R’000	30 526	7 033

Integrated Report to stakeholders

continued

6. Financial overview (continued)

6.11 Performance of unlisted investments

◆ HALEWOOD SOUTH AFRICA (“Halewood”)

The effective interest of 18,95% is held through 41,03% of MBH, which in turn holds 46,19% of Halewood through an SPV.

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

Shareholder funding in MBH was increased during the period to facilitate the repayment of deal bank loans in MBH.

Valuation summary:	2023	2022
EBITDA valuation multiple	7,25x	7,25x
19,0% equity interest – R'000	–	–
Investment loans – R'000	91 637	165 586
Total – R'000	91 637	165 586

◆ ITL GROUP (Intelligent Labelling Solutions)

A number of variables have had a significantly negative affect on trading in 2023. In particular, the COVID lockdown was only lifted 12 months ago in China and disruptions to the supply chain continued until June, with geo-political factors having led to northern hemisphere retail chain buying moving from China to ITL factories in other territories where efficiencies and margins are lower. Retailers have also been overstocked and facing softer consumer demand and therefore buying lower volumes until the system clears.

Changing demand patterns, new customer wins and materially increased RFID demand are expected to result in higher and normal revenues and profit levels during 2024. ITL remains well positioned strategically, geographically and operationally relative to its competitors.

Valuation summary:	2023	2022
EBITDA valuation multiple	9,0x	9,0x
34,4% equity interest – R'000	–	167 600
Investment loans – R'000	499 147	618 854
Total – R'000	499 147	786 454

* *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.*

◆ MASIMONG GROUP HOLDINGS

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

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.

Valuation summary:	2023	2022
Basis of valuation	NAV	NAV
9,0% equity interest (2022: 10,0%) – R'000	475 805	452 510

Dividend summary:	2023	2022
Ordinary dividends received during the period – R'000	–	10 920

Integrated Report to stakeholders

continued

6. Financial overview (continued)

6.11 Performance of unlisted investments

◆ ROLFES HOLDINGS

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

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

Valuation summary:	2023	2022
EBITDA valuation multiple	5,5x	5,5x
24,7% equity interest (2022: 25,0%) – R'000	160 770	189 289

Dividend summary:	2023	2022
Ordinary dividends received during the period – R'000	30 094	18 008

◆ SA BIAS INDUSTRIES

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

The EBITDA valuation multiple for Narrowtex has been increased from 4,5 times back to 5 times now that the contribution to the results from its Apparel Component Manufacturers unit is negligible, with the valuation multiple for Flowmax remaining unchanged.

Valuation summary:	2023	2022
EBITDA valuation multiples *	6,0x / 5,0x	6,0x / 4,5x
85,2% equity interest – R'000	1 269 671	1 018 861

* Flowmax is valued at 6,0 times and Narrowtex at 5 times (2022: 4,5 times).

Dividend summary:	2023	2022
Ordinary dividends received during the period – R'000	39 215	35 805
Special dividends received during the period – R'000	–	8 525
Total – R'000	39 215	44 330

◆ SUNSPRAY FOOD INGREDIENTS

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

Valuation summary:	2023	2022
Basis of valuation / EBITDA valuation multiple	RTP	5,0x
11,1% equity interest (2022: 27,7%) – R'000	57 558	32 424
16,6% equity interest held-for-sale – R'000	74 235	48 491
Investment loans held-for-sale – R'000	6 396	5 709
Total – R'000	138 189	86 624

Dividend summary:	2023	2022
Ordinary dividends received during the period – R'000	–	8 215

Integrated Report to stakeholders

continued

6. Financial overview (continued)

6.11 Performance of unlisted investments

◆ VALEMOUNT TRADING

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

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

Valuation summary:	2023	2022
EBITDA valuation multiple/Basis of valuation	6,0x	COST
39,3% equity interest – R'000	30 512	19 548
Investment loans – R'000	25 000	25 173
Total – R'000	55 512	44 721

◆ VERSOFY

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

Valuation summary:	2023	2022
Basis of valuation	NAV	–
3,8% equity interest – R'000	–	–
Investment loans – R'000	–	–
Total – R'000	–	–

6.12 Performance of listed investments

◆ CORERO

Corero continued to perform satisfactorily in the 2023 financial year.

Corero's relationship with Juniper Networks continues to gain traction and facilitate higher volumes and revenues. It has also announced a new partnership with Akamai Technologies which is expected to enhance growth materially.

Corero's share price decreased to 8,25p (31 Dec 2022: 9,25p) in volatile small volume trade once again. The shareholding increased from 50m to 51m shares during the period for GBP0,1m (R2,3m), which is an interest of 10,0%.

Valuation summary:	2023	2022
Number of ordinary shares	51 000 000	50 000 000
Price per share – GBP	8,25	9,25
Fair value – GBP'000	4 203	4 625
Fair value – R'000	99 039	94 486

Integrated Report to stakeholders

continued

6. Financial overview (continued)

6.12 Performance of listed investments

◆ METROFILE

Metrofile achieved satisfactory results for FY23 in the continued challenging economic environment, although its 2024 interim results were disappointing. Metrofile's share price decreased to 300 cents (31 Dec 2022: 350 cents) and the shareholding increased slightly to 57,0m shares (31 Dec 2022: 56,0m shares) during the period for R2,7m, which is an interest of 13,5%.

Valuation summary:	2023	2022
Number of ordinary shares	57 000 000	50 000 000
Price per share – cents	300	350
Fair value – R'000	171 000	196 000

Dividend summary:	2023	2022
Ordinary dividends received during the period – R'000	10 080	9 990

◆ TRANSACTION CAPITAL (TC)

Nutun and WBC continue to trade strongly. However, the large losses at SA Taxi and the ongoing debt restructure process caused a material drop in TC's share price to 798 cents (31 Dec 2022: 3 310 cents).

The shareholding increased from 5m to 6m shares during the period for R9,6m, which is an interest of 0,8%.

TC has announced an unbundling of WBC after various capital raising actions, which, if concluded, will result in the Company's subsidiary having a direct holding in WBC.

Valuation summary:	2023	2022
Number of ordinary shares	6 000 000	5 000 000
Price per share – cents	798	3 310
Fair value – R'000	47 880	165 500

Dividend summary:	2023	2022
Ordinary dividends received during the period – R'000	–	3 500

7. Prospects

Sabcap is comfortable with the growth prospects of all its unlisted long term investments although the timing of the recovery at ITL may be longer in the RSA operations than internationally and at a higher cost. The values of its three listed investments are determined by their share prices. The trading results of Corero and Metrofile are expected to be satisfactory but the timing and extent of recovery at TC remain uncertain although good progress is being achieved.

Sabcap expects to resume satisfactory growth in NAV per share in 2024.

Management regards Sabcap as fully invested at the present time but continues to consider acquisitions and investment opportunities in its investees.

8. Governance and sustainability

8.1 Human resources

RSA executives	Overseas executive management	Staff	Sub-total	Non-executive directors	Total 2023	Total 2022
3	1	5	9	4	13	13

Integrated Report to stakeholders

continued

8.2 Directorate

Executive directors



Christopher Stefan Seabrooke (71)

BCom, BAcc, MBA, FCMA

Chief Executive Officer

Joined the Group in 1980.

Appointed Chief Executive in 1987.

Non-Executive Director of Transaction Capital Limited and 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. Previously a director of 27 other listed companies over the years.



Leon Rood (47)

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.



Kyle De Matteis (40)

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

Chief Financial Officer

Appointed to the Board effective 30 April 2022.

Joined the Group in October 2020. Previously in various roles with Deloitte in South Africa, New York and London, was head of credit at Merchant Capital and most recently was a senior financial manager at Brait.

Non-executive directors



Kuben Pillay (63)

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

Independent Non-Executive Chairman

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

Appointed to the Board in 2020.

Chairman of USA public company Lesaka Technologies Inc and Lead Independent Director of OUI Insurance Group. Former Chairman of Cell C Limited, Mineworkers Investment Company and Primedia Limited and previously Non-Executive Director of Transaction Capital Limited.



Olufunke Ighodaro (61)

BSc (Hons), FCA (England and Wales) and CA(SA)

Lead Independent Non-Executive Director

Chairman of the Investment Committee and a member of the Audit, Remuneration, Nominations and Social and Ethics Committees

Appointed to the Board in 2020.

Currently Audit Chair and Non-Executive Director of Old Mutual Limited and Old Mutual Life Assurance Limited Company, Audit Chair and Non-Executive Director of The Spar Group and Non-Executive Director of Telkom SOC Limited. Previously served as CFO of Tiger Brands Limited and Primedia Limited and as Non-Executive Director of several listed companies.



Lindiwe Mthimunye (50)

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

Independent Non-Executive Director

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

Appointed to the Board in 2018.

Director of Vega Capital Partners (Pty) Ltd and a Non-Executive Director of Blue Label Telecoms Limited, Metrofile Holdings Limited, DRA Global Limited and Old Mutual Investments.



Bheki James Themba Shongwe (69)

BA (Econ), MBA, ACIS, FCIBM

Chairman of the Remuneration and Social and Ethics Committees and a member of the Investment, 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 and Non-Executive Chairman of Cornerstone Financial Services Group (Pty) Ltd.

Integrated Report to stakeholders

continued

9. Corporate governance

The Board of Directors of Sabcap is responsible for the corporate governance framework of 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 behaviour 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 organisation in a way that supports the establishment of an ethical culture.

Sabcap is committed to achieving the highest standards of ethical behaviour 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 behaviour is followed by its investee companies.

Integrated Report to stakeholders

continued

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 and Risk Committee Chairman for anonymous or identified calls or contacts. Any reports are investigated by the Audit and Risk 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 itself allocates over 0,5% of PAT annually to chosen initiatives. During 2023, 19 school bursaries were funded and general and specific grants were made for education-related initiatives. Donations were also made to the TSIBA Business School, the Masimong Foundation, the Paul Mthimunye Bursary Fund, The Soul Provider Trust, Perpetua House, St David's Marist Foundation, Thanda Heart Foundation, and Oliver's House Education Centre.

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 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 and one is executive management of Sabcap's overseas subsidiary. 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 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

continued

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
L Mthimunye	2/2
L Rood	2/2
CS Seabrooke	2/2
BJT Shongwe	2/2
K De Matteis	2/2

The profiles of directors are set out on page 23. The Annual Financial Statements set out the shareholders on page 47 and remuneration details in note 12 on page 32.

Integrated Report to stakeholders

continued

Company Secretary

The role of the Company Secretary is outsourced to Levitt Kirson Business Services (Pty) Ltd, 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;
- ◆ 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; and
- ◆ 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 arm's 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, PricewaterhouseCoopers, and CFO attend as well. The CEO 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 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 effectiveness 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 and Risk 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 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.

Integrated Report to stakeholders

continued

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.

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
BJT Shongwe (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
O Ighodaro (Independent Non-Executive)	1/1

The report of the Committee to shareholders as required by the Companies Act is set out on page 4 of the Annual Financial Statements.

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 2023.

Investment Committee

The Investment Committee is an ad hoc committee activated as needed from time to time by the Board or by management, depending, in particular, on the expected volume of new investment or funding activities, which matters would otherwise be presented by Management directly to the Board. It is currently operating as an ongoing standing committee.

The Committee comprises the following members:

	Attendance
O Ighodaro (Independent Non-Executive Chairman)	2/2
CS Seabrooke (CEO)	2/2
L Mthimunye (Independent Non-Executive)	2/2
K Pillay (Independent Non-Executive)	2/2
BJT Shongwe (Independent Non-Executive)	2/2

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 and Risk 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	BJT Shongwe	O Ighodaro
Members	BJT Shongwe L Mthimunye O Ighodaro	L Mthimunye K Pillay O Ighodaro	BJT Shongwe O Ighodaro	O Ighodaro K Pillay L Mthimunye CS Seabrooke	BJT Shongwe L Mthimunye K Pillay 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 2023, 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 35 and 36.

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 previously and by PricewaterhouseCoopers in the course of its audit. KPMG has also reported to the CFO and the Audit and Risk Committee previously 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 PricewaterhouseCoopers in the course of their audit relating to compliance with applicable legislation and regulations. During the year the Chief 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 RSA 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.
- ◆ Financial Intelligence Centre Act.

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 PricewaterhouseCoopers. 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, which included the consideration of all entities included in the consolidated Group IFRS financial statements. It also monitors and ensures the integrity of information and external reports related to these entities. 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 PricewaterhouseCoopers 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 minimise 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	Low
• 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
• Optimisation of BBBEE initiatives and requirements in investees	Medium
• Exchange rate fluctuations	Medium
• 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
• Power and infrastructure risk at investees	High
• 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 and Risk Committee or the Board that has caused them to believe that the Group's system of internal controls and risk management are 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 CEO’s CTC is below that level and will be re-benchmarked for 2025.

The quantitative Short-Term Incentive Plan (“STIP”) is calculated on PAT. The CEO receives 2,5% and other executives receive 1% of PAT. Shareholders agreed to the proposal that these awards should be capped relative to CTC and the cap should be calculated over a three-year period due to the fluctuating nature of the Group’s profitability based on annual valuations. The CEO’s award is accordingly capped at 250% per annum of CTC over the period and the other executive directors at 150% per annum.

The executive directors (other than the CEO) may receive qualitative incentives up to 25% of CTC, based on pre-set KPIs, which may be varied at the discretion of the CEO and Remcom 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 are “invested” in the Group’s net asset value per share. They only vest if a hurdle rate of CPI +4% per annum growth in 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 or loss annually. The awards are not capped. The Remuneration Committee has the discretion to vary the hurdle rate if deemed appropriate (for example in periods of abnormal inflation).

Management’s interests are also aligned with those of shareholders relative to share prices.

All of the executives are shareholders in the Company. The CEO previously received allocations from the Share Trust or the SARS scheme and purchased shares, 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.

The SARS share trust and share option schemes have been deregistered 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.

Integrated Report to stakeholders

continued

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 2023 financial year and the comparatives for 2022.

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

*¹ Retired as a director on 30 April 2022 and, therefore, emoluments are only for the 4-month period.

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

*³ As per the remuneration policy, part of the executive bonuses is calculated on Group combined profit after tax (excluding translation gains or losses) ("PAT") and NAV for the LTIP awards. As these figures are only finalised once the financial statements have been audited, interim bonuses are paid before the year-end based on a conservatively estimated PAT and NAV and an accrual is created for the estimated balance in the subsidiaries, which is included in the fair value of investments of the Company. This is paid in the following year once the final PAT and NAV figures have been calculated.

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

Integrated Report to stakeholders

continued

2022 and 2023 are not comparable as the committee compositions have changed. The increase is 6%.

Messrs De Matteis and Rood received full qualitative bonuses of 25% of CTC, based on Remcom'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 2023 are 6% for executives and staff.

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 were, therefore, set on the median market cap 50% median as determined by IoDSA for each category of fee. The fees for 2023 were increased by 7% except the fees for the Investment Committee which remained unchanged. The fees for 2024 are proposed to be increased by 6%.

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 2023 to the publication of the results.

Integrated Report to stakeholders

continued

13. Shareholder profile

At the year-end Sabcap's 39 220 000 shares in issue were held by 2 816 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 in the Annual Financial Statements.

14. Future investments, share issues and share buybacks

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. During 2023 the Group repurchased 180 000 shares, and Sabcap repurchased the 330 000 shares held by its subsidiary (including the 150 000 shares held at the end of 2022) and cancelled these shares. Sabcap may continue to buy back shares should the discount of the share price to NAV increase materially.

15. Directors' share encumbrances

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

16. Directorate and governance

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

17. 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

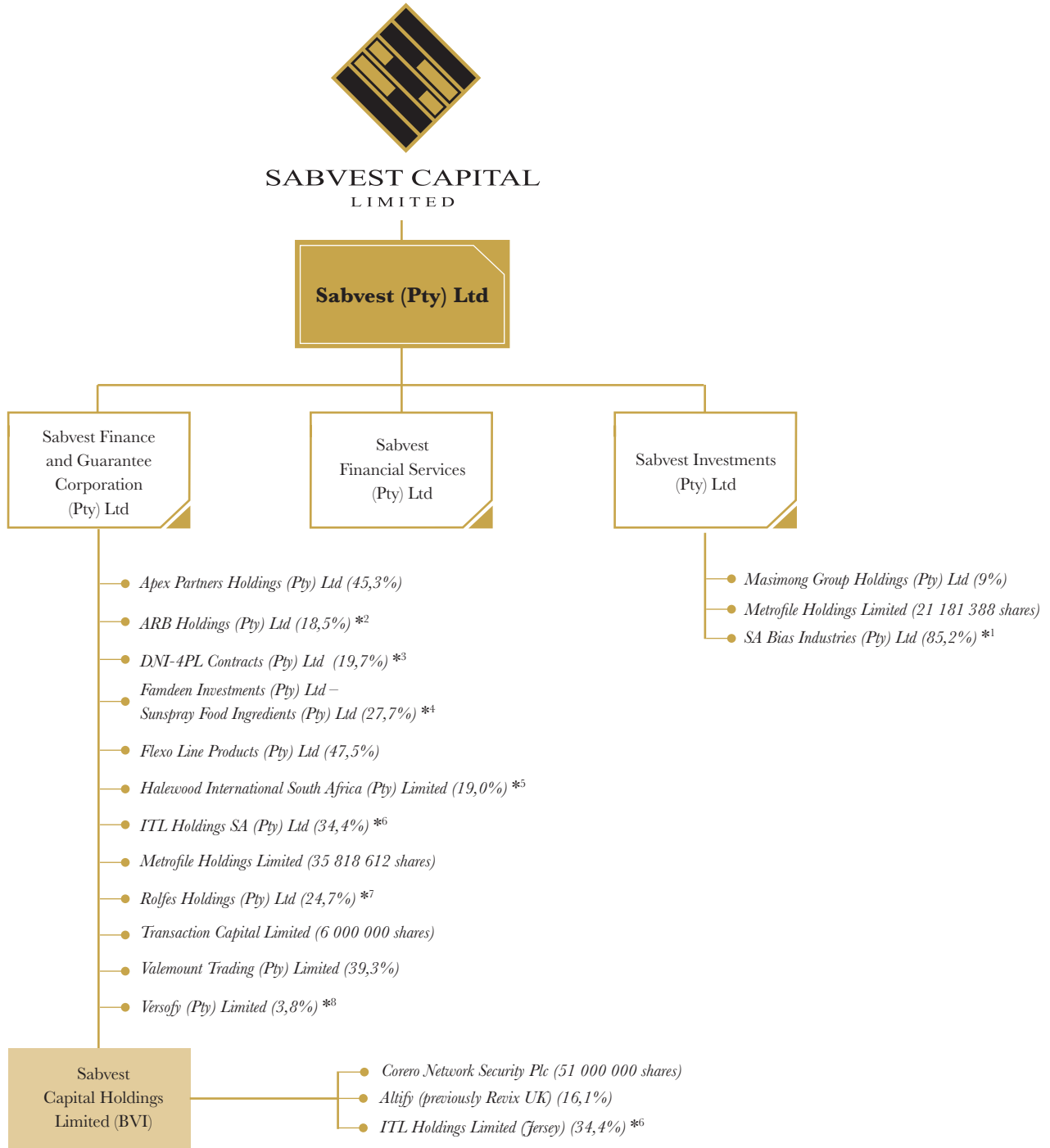
28 March 2024

Integrated Report to stakeholders

continued

ANNEXURE 1

CORPORATE STRUCTURE



*¹ Joint voting control with the PC-T Trust.

*² Effective indirect interest in ARB of 18,50% held indirectly through 35,27% of Masimong Electrical Holdings (Pty) Ltd (MEH), which owns 28,59% of ARB and directly through 8,38% of ARB.

*³ Effective interest of 19,7% in DNI through 35,98% of JAAH Investments, which indirectly owns 45,35% of DNI through DNI Invest (Pty) Ltd and a 3,34% interest in DN Invest (Pty) Ltd, which owns 100% of DNI.

*⁴ Includes the 16,6% interest held-for-sale.

*⁵ 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.

*⁶ 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.

*⁷ Effective interest of 24,7% through 10,8% held directly and 13,9% indirectly through Masimong Chemicals (Pty) Ltd.

*⁸ Effective 3,75% indirect holding through a 25,0% interest in a consortium which has purchased an initial 15% of Versofy.

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)

2.5 Other parameters

Sabcap:

- a) structures its investments such that each investment is free standing and ring-fenced as to risk;
- b) usually invests in companies where key management has meaningful interests or in family managed businesses or together with chosen financial investors;
- c) favours large or influential minority stakes in unlisted companies or small/midcap listed companies;
- d) usually procures that its CEO, other Sabcap directors or chosen financial investors are directors of investee companies;
- e) holds its investments without pre-determined realisation periods but subject to the continual review of the quality of the underlying businesses and to any constraints or obligations in shareholder agreements;
- f) may dispose of investments in the event of:
 - ◆ protracted periods of under-performance depending on the nature, sector and stage of the investments;
 - ◆ the number of core investments exceeding Sabcap's target portfolio spread (currently targeted as 10 (ten) to 12 (twelve) in number);
 - ◆ receipt of unsolicited offers at materially higher values than attributed by Sabcap;
 - ◆ availability of alternative investments with superior potential returns.

3. Growth targets

- ◆ Sabcap aims over three-year periods to:
 - increase NAV per share by CPI +10% p.a.; and
 - maintain or increase dividends annually but subject to the sole discretion of the Board in each reporting period in the course of considering capital allocation decisions between new investments, liquidity, share buybacks and dividends.

4. Categorisation of transactions

Investment transactions undertaken by Sabcap will be categorised relative to Sabcap's market capitalisation as required by the JSE and relative to its own net asset value for internal control purposes.

5. Shareholder approvals

- 5.1** All transactions concluded in accordance with this Investment Policy, which will include but are not limited to the acquisition and disposal of investments or financial instruments, the advance to and repayment of loans by investees and third parties, the provision of guarantees on behalf of investees and the underwriting of transactions undertaken by its investees, will be regarded as being in the ordinary course of business.
- 5.2** Shareholder approval will consequently not be required for non-related party transactions of any size (including for the avoidance of doubt the enforcement of provisions in agreements relating to such transactions) to the extent such transactions are entered into in the ordinary course of business of Sabcap, as envisaged in paragraphs 2.1 and 5.1.
- 5.3** Shareholder approval will be required for related-party transactions in accordance with the thresholds and requirements for such approvals contained in Section 10 of the JSE Listings Requirements, irrespective of whether such transactions are in the ordinary course of business or not.

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 2023

	2014 R'000	2015 R'000	2016 R'000	2017 R'000	2018 R'000	2019 R'000	2020 R'000	2021 R'000	2022 R'000	2023 R'000
SUMMARY OF ASSETS AND LIABILITIES OF THE GROUP										
Investments	1 542 541	2 034 781	2 159 624	1 216 258	2 532 350	3 092 398	3 500 055	4 091 327	4 997 635	4 971 569
Unlisted investments	1 070 973	1 252 040	1 421 820	652 547	1 707 546	2 358 579	2 895 853	3 430 078	4 541 649	4 573 019
Listed investments/ bonds	471 548	782 741	737 804	608 711	758 819	662 747	517 861	661 249	455 986	317 919
Short-term investments/ investments held for sale	–	–	–	–	65 985	71 072	86 341	–	–	80 631
Cash at bank	151	55 031	3 087	58	249 573	3 125	3 851	146 360	49 967	41 984
Interest-bearing debt	(129 040)	(109 240)	(167 732)	(180 897)	(166 176)	(349 278)	(369 610)	(260 390)	(507 394)	(613 606)
Deferred tax liability	(177 859)	(256 556)	(323 689)	(125 807)	(177 109)	(72 976)	(174 323)	(239 289)	(206 089)	(147 249)
Other net assets/(liabilities)	(2 700)	(22 634)	(12 035)	1 349 333	7 510	86 188	89 018	(33 681)	7 020	36 558
Ordinary shareholders' equity	1 233 073	1 701 382	1 659 255	2 303 945	2 446 148	2 759 456	3 048 991	3 704 327	4 340 869	4 289 256
RETURNS TO SHAREHOLDERS										
Net asset value per share – cents	2 683	3 719	3 646	5 085	5 852	6 648	7 444	9 371	11 017	10 936
Special dividend per share – cents	100,0	–	–	–	100,0	–	–	–	–	–
Dividends per share – paid or proposed – cents	43,0	50,0	55,0	61,0	68,0	75,0	25,0	75,0	90,0	90,0
Headline earnings per share – cents	444,7	1 003,9	9,2	1 517,3	530,9	920,0	708,5	1 689,7	1 721,7	(11,0)
Earnings per share – cents	445,0	1 003,9	9,2	1 517,3	531,3	920,0	708,4	1 689,6	1 721,7	(11,0)
Number of shares in issue – 000's	45 960	45 748	45 513	45 306	41 802	41 508	40 960	39 530	39 400	39 220
Weighted number of shares in issue – 000's	45 975	45 815	45 600	45 368	44 813	41 508	41 387	40 200	39 472	39 354

ADMINISTRATION

Sabvest Capital Limited

Registration number: 2020/030059/06

ISIN: ZAE000283511

JSE share code: SBP

Directorate

K Pillay (*Chairperson*)

O Ighodaro (*Lead Independent*)

BJT Shongwe

CS Seabrooke * (*Chief Executive*)

L Mthimunye

K De Matteis *

L Rood *

* *Executive*

Secretary

Levitt Kirson Business Services (Pty) Ltd

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

Werksmans Attorneys, Sandton

Auditors

PricewaterhouseCoopers Inc

Internal auditors

KPMG, Johannesburg

Corporate advisors

Apex Management Services (Pty) Ltd



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