

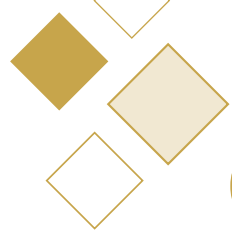


**Sabvest Capital
Limited**



Annual Report

2020



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CHAIRMAN'S LETTER TO SHAREHOLDERS

Overview

Sabvest Capital Limited ("Sabcap") was listed on the JSE on 13 May 2020 as part of a restructuring in which it acquired 100% of the ordinary and 'N' ordinary shares of Sabvest Limited ("Sabvest") which had been listed on the JSE since 1988, in exchange for a single class of Sabcap ordinary shares. Details of the changes are set out in the Corporate Profile on page 4.

2020 was a challenging year for Sabcap and its investees due to the disruption of business and health risks occasioned by the COVID-19 pandemic and the related lockdowns and restrictions. These conditions resulted in weaker earnings and cash flows in many of the group's investees and at Sabcap itself. However, most of Sabcap's investees had returned to 2019 levels of trading by Q4 2020 or are expected to do so in H1 2021. Details of the portfolio are set out on pages 7 to 12.

2020 performance

Sabcap achieved better results for the year than were anticipated at the interim date due to the recovery in trading by most of the Group's investees. Profit after tax reduced relative to the prior year but was still positive at R293m. The net asset value ("NAV") per share increased by 12% to 7 444 cents. The Board took a conservative approach to the payment of dividends and has reduced dividends for the first time in twenty years. A total dividend of 25 cents has been declared (2019: 75 cents).

Medium-term performance

Management and the Board remain focused on achieving sustainable long-term investment returns primarily focused on growth in NAV per share. However, management also targets cash returns to shareholders by way of dividends and more particularly at the present time by way of share buy backs given that the Sabcap share price is materially below the Sabcap NAV per share.

Governance and functions of the Board

The Board and management maintain the highest levels of governance.

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

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

I am pleased to welcome Mrs Olufunke Ighodaro, *BSc (Honours) Salford University, CA* who has been appointed an independent non-executive director.

Mrs Dawn Mokhobo retired as chairman of Sabcap on 31 December 2020. Dawn has been a valuable member of the Board and an excellent chairman and I wish her well in the years ahead.

The Board has appointed me as the new independent non-executive chairman of Sabcap. I am pleased to accept the appointment and to lead the Board and provide support to management going forward.

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

Shareholders and capital structure

I am pleased to welcome all new shareholders who have invested in Sabcap during the year and of course all the Sabvest shareholders who received Sabcap shares in exchange for their Sabvest shares.

Ethics and social responsibility initiatives

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

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

Sabcap's own corporate social responsibility initiatives continue to be noteworthy. Sabcap allocates between 0,5% and 1% of its sustainable PAT annually to chosen initiatives. During 2020, 24 school bursaries were funded and general and specific grants were made for education related initiatives. Donations were also made to the Solidarity Fund, the Masimong Foundation and the Paul Mthimunye Bursary Fund.

Since the commencement of the Sabcap programme, 216 years of schooling have been funded.

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

Chairman's letter to shareholders

continued

COVID-19

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

In Memoriam

I am sad to advise shareholders that Philip Coutts-Trotter passed away in late December from natural causes.

Philip was a director of Sabvest for nearly thirty years, retiring in 2017. He was also deputy chairman or chairman for most of that period.

The Coutts-Trotter family has been Sabvest's longest standing and closest partner for many years through joint shareholdings in SA Bias Industries under Philip's leadership. The considerable growth in value of SA Bias is a major contributor to Sabvest's own double digit growth rates in NAV over the past thirty years.

I join Sabcap's CEO, Christopher Seabrooke personally and on behalf of the Board in extending sincerest condolences and heartfelt support to Estelle, Carl, Paula and the family.

Appreciation

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

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



Kuben Pillay

Chairman

Sandton

25 March 2021

INTEGRATED REPORT TO STAKEHOLDERS

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Integrated Report to stakeholders

continued

Sabcap is pleased to present its Integrated Report to stakeholders.

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

1. Report profile

The report covers the activities of Sabcap and its subsidiaries.

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

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

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

2. Corporate profile, structure and investment proposition

2.1 Corporate profile

Sabcap is an investment group which was listed on the JSE on 13 May 2020 as part of a restructuring in which it acquired 100% of the ordinary and ‘N’ ordinary shares of Sabvest Limited (“Sabvest”), which had been listed on the JSE since 1988, in exchange for a single class of Sabcap ordinary shares. The Seabrooke Family Trust (“SFT”) controls Sabcap through an unlisted ‘Z’ share.

At year-end, Sabcap had 40,96 million shares in issue.

Sabcap has interests in nine unlisted investments and three listed investments and held two investments as current assets, which were realised in Q1 2021, 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.

Sabcap also makes finance advances, and holds listed debt, equity and cash portfolios when it has surplus liquidity and undertakes other fee, finance 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 three 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 38.

2.3 Investment proposition

Sabcap offers investors:

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

Integrated Report to stakeholders

continued

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

3. Operational environment

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

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

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

4. Strategies, business model and performance indicators

4.1 Investment strategy

The Group’s approved Investment Policy remained unchanged during the year and is attached marked Annexure 2 on pages 39 to 42.

4.2 Business model and performance indicators

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

4.2.1 Strategy

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

Integrated Report to stakeholders

continued

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

4.2.2 Performance metrics

Sabcap aims over three to five year periods to:

- ◆ Increase net asset value per share by 15% per annum;
- ◆ Increase annual dividends to shareholders by 10% per annum; and
- ◆ Increase headline earnings per share by 15% per annum.

The dividend target is presently under review in light of the increasing amounts being allocated by the Board for share buy backs as an alternative value enhancing return to shareholders.

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

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

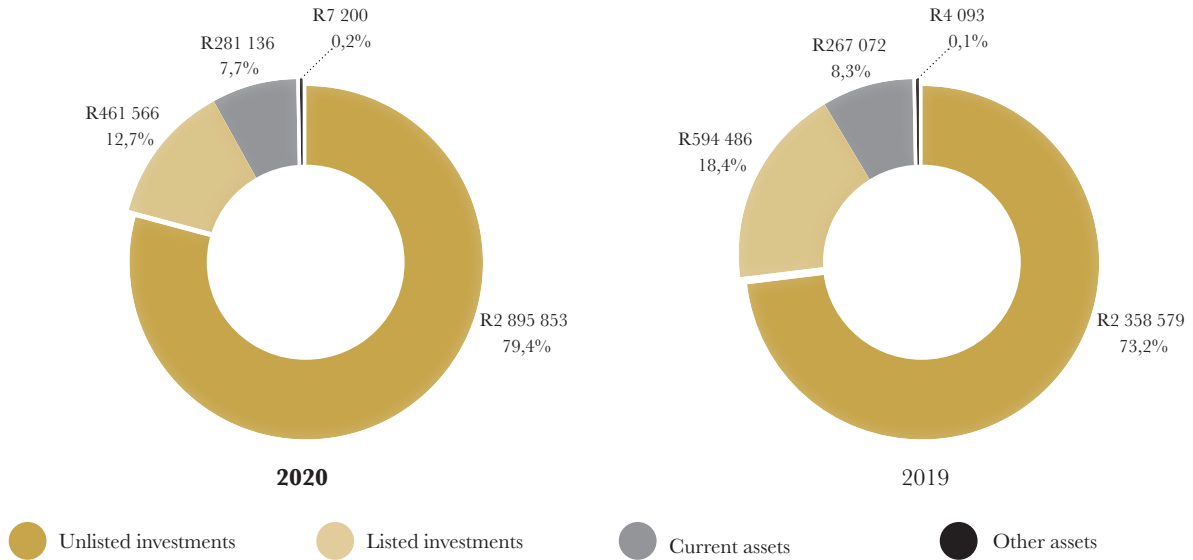
Integrated Report to stakeholders

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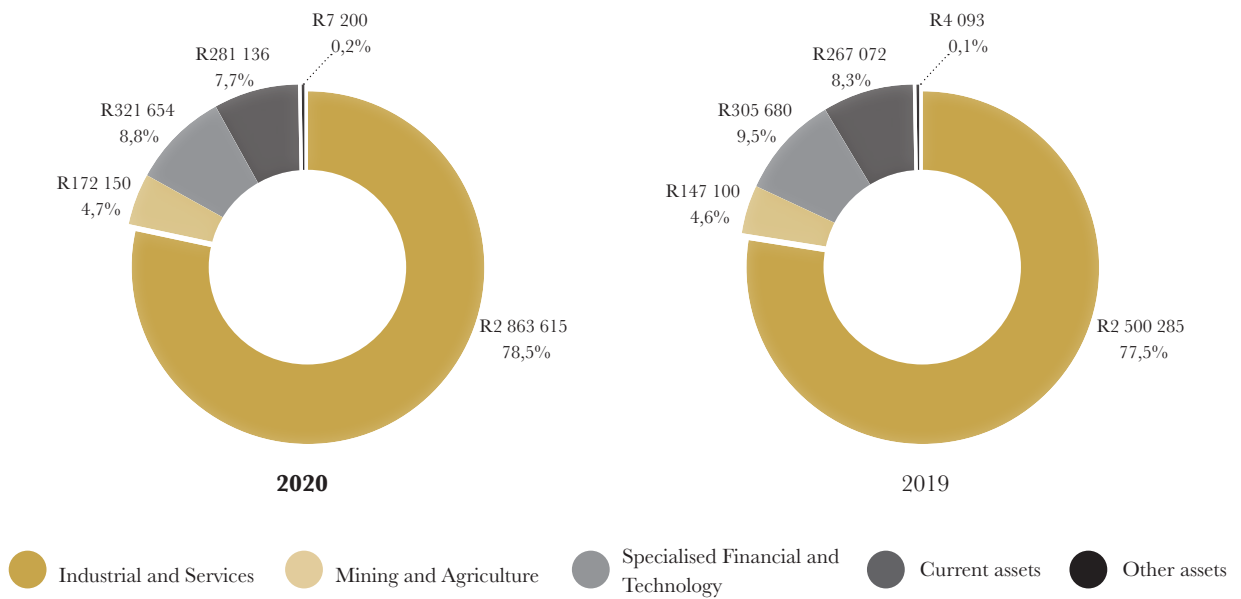
5. Asset profile

5.1 Graphic presentation of assets

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



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



Integrated Report to stakeholders

continued

5.2 Investment portfolio

Investments per category at 31 December 2020

| | Number of Ordinary shares/units | Economic interest % | Fair value R'000 |
|--|---------------------------------|---------------------|------------------|
| Unlisted Investments | | | |
| Apex Partners Holdings (Pty) Ltd | | 44,8 | 128 484 |
| Classic Food Brands (Pty) Ltd | | 25,0 | 13 290 |
| DNI-4PL Contracts (Pty) Ltd * ¹ | | 19,4 | 839 376 |
| Flexo Line Products (Pty) Ltd | | 47,5 | 95 008 |
| ITL Holdings Group * ² | | 30,0 | 655 073 |
| Masimong Group Holdings (Pty) Ltd | | 10,0 | 172 150 |
| Rolfes Holdings (Pty) Ltd | | 25,1 | 145 452 |
| SA Bias Industries (Pty) Ltd * ³ | | 59,9 | 768 590 |
| Sunspray Food Ingredients (Pty) Ltd * ⁴ | | 27,7 | 78 430 |
| | | | 2 895 853 |
| Listed Investments | | | |
| Corero Network Security Plc | 36 250 000 | 7,3 | 72 754 |
| Metrofile Holdings Limited | 50 147 662 | 11,1 | 139 912 |
| Transaction Capital Limited | 10 000 000 | 1,6 | 248 900 |
| | | | 461 566 |
| Non-current investment holdings | | | 3 357 419 |
| Current investments | | | |
| Investments held-for-sale | | | |
| – Brait S.E. Convertible Bonds | 30 000 | | 50 906 |
| – Rolfes Holdings (Pty) Ltd | | | 35 435 |
| | | | 86 341 |
| Investment Funds Offshore | | | 56 295 |
| Total current investments | | | 142 636 |
| TOTAL HOLDINGS | | | 3 500 055 |

*¹ Effective interest of 19,44% in DNI through 28,74% of JAAH Investments which indirectly owns 46,95% of DNI through DN Invest (Pty) Ltd and a 5,95% interest in DN Invest (Pty) Ltd which owns 100% of DNI.

*² ITL Holdings Limited Jersey held through Mandarin Industries Limited BVI and ITL Holdings SA (Pty) Ltd held through Mandarin Holdings (Pty) Ltd and includes preference shares of R110m in Mandarin Holdings redeemable in March 2022.

*³ Voting interest 49%.

*⁴ Held indirectly through ordinary shares in Famdeen Investments (Pty) Ltd.

*⁵ In addition, investments are held in Revix UK Limited and Revix Holdco (Pty) Ltd at a zero value

Integrated Report to stakeholders

continued

5.2 Investment portfolio (continued)

Investments per sector at 31 December 2020

| | Listed/ Unlisted | Number of ordinary shares/units | Economic interest % | Fair value R'000 |
|---|---------------------|---------------------------------------|---------------------------|------------------------|
| Industrial and Services | | | | |
| Apex Partners Holdings (Pty) Ltd | U | | 44,8 | 128 484 |
| Classic Food Brands (Pty) Ltd | U | | 25,0 | 13 290 |
| DNI-4PL Contracts (Pty) Ltd | U | | 19,4 | 839 376 |
| Flexo Line Products (Pty) Ltd | U | | 47,5 | 95 008 |
| ITL Holdings Group | U | | 30,0 | 655 073 |
| Metrofile Holdings Limited | L | 50 147 662 | 11,1 | 139 912 |
| Rolfes Holdings (Pty) Ltd | U | | 25,1 | 145 452 |
| SA Bias Industries (Pty) Ltd | U | | 59,9 | 768 590 |
| Sunspray Food Ingredients (Pty) Ltd | U | | 27,7 | 78 430 |
| | | | | 2 863 615 |
| Mining and Agriculture | | | | |
| Masimong Group Holdings (Pty) Ltd | U | | 10,0 | 172 150 |
| | | | | 172 150 |
| Specialised Financial and Technology | | | | |
| Corero Network Security Plc | L | 36 250 000 | 7,3 | 72 754 |
| Transaction Capital Limited | L | 10 000 000 | 1,6 | 248 900 |
| | | | | 321 654 |
| Non-current investment holdings | | | | 3 357 419 |
| Current investments | | | | |
| Brait S.E. Convertible Bonds | L | 30 000 | | 50 906 |
| Rolfes Holdings (Pty) Ltd | U | | | 35 435 |
| Investment Funds Offshore | L | | | 56 295 |
| | | | | 142 636 |
| TOTAL HOLDINGS | | | | 3 500 055 |

Integrated Report to stakeholders

continued

5.3 Nature of investments

| Company | Nature of business | |
|---|--|--|
| Unlisted associates | | |
| Apex Partners Holdings (Pty) Ltd | Apex is a specialist investment house with a portfolio of controlling interests in distribution, manufacturing and infrastructure businesses in South Africa. It also provides advisory, investing and lending solutions which may include taking proprietary positions in distressed entities or in group restructures. Apex has controlling interests in ELB Equipment, ELB Construction, Elephant Lifting, Letaba Pumps, Tractor & Grader Supplies, Gabriel SA and Principa. | |
| Classic Food Brands (Pty) Ltd | Classic Foods is a food manufacturer specializing in crumbed chicken products distributed through retail outlets in KwaZulu-Natal and Gauteng, and nationally from Q1 2021. | |
| DNI/4-PL Contracts (Pty) Ltd | DNI provides technology, logistics and distribution services to the telecoms and related industries and to all network operators in RSA, including sim card starter packs, airtime and handset distribution, tower leasing and technology platforms. | |
| Flexo Line Products (Pty) Ltd | Flexo Line Products is a manufacturer of high quality injection moulded plastic products primarily for the spice and food industries locally and internationally. | |
| ITL Group | ITL Group (Intelligent Labelling Solutions) is a market leading international designer, manufacturer and distributor of apparel labelling and identification products and supply chain management solutions including RFID from its factories and marketing offices in the United States, Canada, China, India, Sri Lanka, Turkey, Bangladesh, Vietnam, Hong Kong, Mexico, Ethiopia, Mauritius, Madagascar, Germany, UK and South Africa for supply to the clothing industry worldwide through multiple international retail group accreditations. | |
| Masimong Group Holdings (Pty) Ltd | Masimong is an investment group which has a portfolio of high performing growth assets and in particular its mining interests in Seriti Coal and Lephalale Coal & Power, and its agricultural interests in Mouton Citrus, Carmien Tea, Southern Cross Investment Holdings (which owns grape and date farms) and Intellichem, (which is a dominant supplier of crop solutions, nutrition, chemicals and seeds). It also holds a number of smaller diversified interests including Rolfes and Anchor Capital. | |
| Rolfes | Rolfes is a specialist provider of agricultural, food, industrial and water chemical solutions and services. | |
| SA Bias Industries (Pty) Ltd | SA Bias Industries is an industrial group operating through: <ul style="list-style-type: none"> – Flowmax which is a group of companies in the United Kingdom and Europe engaged in the manufacture, import, servicing and distribution of medium technology fluid handling equipment, consumables and measurement systems, and solutions for other industrial variables such as heat 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 a manufacturer of lingerie components, elastics and accessories through its Apparel Components division (“ACM”). – Sabias Investments BVI which holds the group’s offshore cash primarily for the expansion of the group’s offshore operations. | |
| Sunspray Food Ingredients (Pty) Ltd | Sunspray provides food ingredient solutions to South African manufacturers by supplying spray dried and blended powdered food and drink products and services. It is the largest independent contract supplier in South Africa. | |
| Listed investments held directly | Stock exchange | |
| Corero Network Security Plc | LSE-AIM | Corero is a LSE listed group focused on cyber security and in particular protection from DDOS attacks. |
| Metrofile Holdings Limited | JSE | Metrofile is a JSE listed service provider to industry in four categories – secure storage, digital services, business support services and product and solutions. |
| Transaction Capital Limited | JSE | Transaction Capital is a JSE listed specialised financial group whose operations comprise S A Taxi, TC Risk Services and the recently acquired WeBuyCars. |

Integrated Report to stakeholders

continued

5.4 Investment and operational partners

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

Integrated Report to stakeholders

continued

5.5 Portfolio changes during the year

During the year, Sabcap/Sabvest:

- ◆ agreed to the delisting of Rolfes Holdings Limited on the basis that Sabcap retains a 25,1% holding after the delisting and after granting an option to the new controlling shareholder to acquire 10,9m shares held by Sabcap in addition to its 25,1% holding;
- ◆ participated in a capital raising in DNI in an amount of R28m and purchased an additional R41m of shares in DNI resulting in Sabcap's holding changing to 5,95% held directly and 13,5% held indirectly in DNI through JAAH;
- ◆ participated in a capital raising in Masimong in an amount of R21m and committed to subscribe for additional shares in an amount of R8m in 2021;
- ◆ agreed to dilute its economic interest in Apex Partners Holdings from 49,79% to 44,78% pursuant to the issue of shares by Apex to management;
- ◆ disposed of 300k shares in Net1 for R15,6m;
- ◆ disposed of 4m shares in Brait SE for R49,1m;
- ◆ disposed of the offshore bond portfolio for R75m; and
- ◆ purchased 548 852 Sabcap shares for R16,5m.

At the reporting date Sabcap had classified its investments in Brait bonds and the 10,9m Rolfes shares subject to a call option as current assets.

Subsequent to the reporting date, Sabcap has:

- ◆ disposed of its Brait bonds for GBP2,308m (R48,2m);
- ◆ received R35,5m for its 10,9m Rolfes shares;
- ◆ acquired 36 006 Sabcap shares for R1,1m through a closed period buying program;
- ◆ provisionally agreed to increase its interest in ITL from 30% to 34%; and
- ◆ settled 251 880 Sabvest 'N' shares in terms of a settlement of section 164 appraisal claims for R11,9m (settlement price determined after the year-end and included in creditors at year-end).

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

- ◆ Apex acquired ELB Group and Principa;
- ◆ DNI acquired Blue Label Mobile and 3G Mobile;
- ◆ Masimong increased its interests in Mouton Citrus, Southern Farms and Anchor Capital, and Seriti is in the process of concluding the acquisition of South 32; and
- ◆ SA Bias Industries' Flowmax division in the United Kingdom acquired 68% of Essco Controls and 100% of O.L.E., increased its interests in Whisper Pumps to 88% and in Petroy to 80%, and sold its 73% interest in Mechtronic. In January 2021 it acquired 100% of Buckley Industrial.

Integrated Report to stakeholders

continued

6. Financial overview

6.1 Accounting policies and reverse acquisition accounting

Sabcap is a new company which was incorporated on 20 January 2020. On 13 May 2020 Sabcap acquired all the ordinary and 'N' ordinary shares in Sabvest. The basis of the exchange was one share in Sabcap for every 'N' ordinary share in Sabvest and 1.1 shares in Sabcap for every ordinary share in Sabvest, other than those shares held by SFT which were exchanged on a one for one basis.

The comparative information contained in the financial statements discloses the continuing operations of Sabvest as a reverse acquisition. In line with IFRS 3, the Sabvest results are disclosed as Sabcap results with the exception of equity and the number of shares in issue which are disclosed as Sabcap equity.

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

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

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

6.2 Salient financial features of the year

| | 2020 | 2019 |
|--|------------------|-----------|
| | RSA | RSA |
| | cents | cents |
| RETURNS TO SHAREHOLDERS | | |
| Net asset value per share * | 7 444 | 6 648 |
| Headline earnings per share * | 708,5 | 920,0 |
| Earnings per share * | 708,4 | 920,0 |
| Normal dividend proposed/paid | 25,0 | 75,0 |
| | R'000 | R'000 |
| STATEMENT OF COMPREHENSIVE INCOME | | |
| Headline attributable income | 293 232 | 381 878 |
| Income attributable to equity shareholders | 293 184 | 381 886 |
| STATEMENT OF FINANCIAL POSITION | | |
| Ordinary shareholders' equity | 3 048 991 | 2 759 456 |
| Investment holdings at fair value | 3 500 055 | 3 092 398 |

* 2019 restated as a result of the reverse acquisition accounting. Refer to 6.1 above.

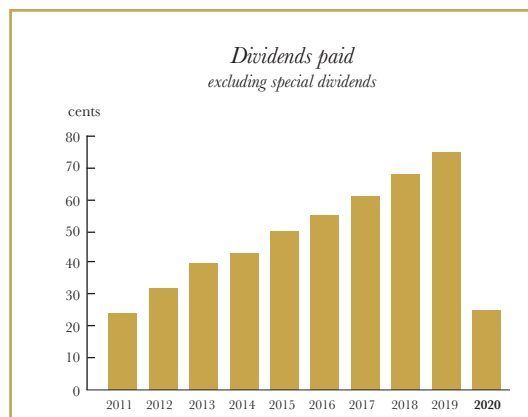
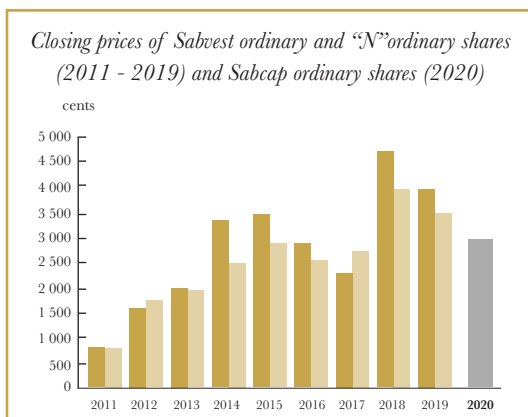
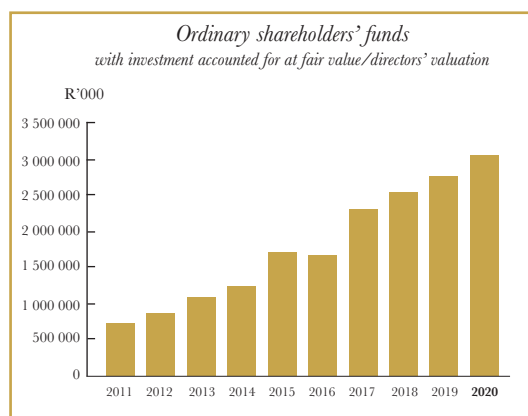
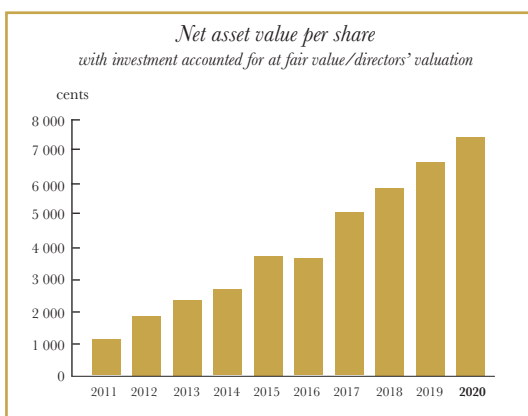
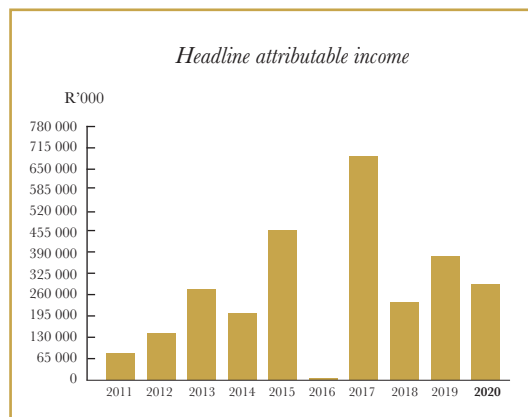
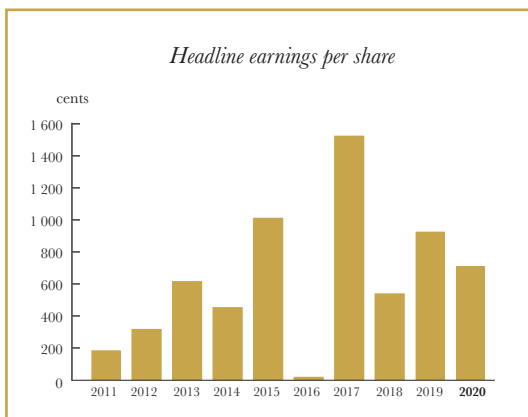
6.3 Ten-year financial review

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

Integrated Report to stakeholders

continued

6.4 Ten-year graphical review



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

Integrated Report to stakeholders

continued

6.5 Commentary on the 2020 Financial Results

Net asset value per share (“NAV”) increased by 12% to 7 444 cents from the restated NAV at 31 December 2019. This is a better result than was anticipated at the interim date due to the recovery in trading by most of the group’s investees after the initial COVID-19 lockdown.

Profit before tax was slightly higher than the prior year at R395m but profit after tax reduced to R293m as a result of a deferred tax charge of R101m compared with a deferred tax credit in the prior year.

Operating costs decreased due to the reduction of incentive related variable costs.

Dividends received of R107,2m included special dividends of R39,6m.

The balance sheet remains strong with shareholders’ funds increasing to R3,049m. Interest-bearing debt net of cash and investment funds amounted to R309m (2019: R346m). The net indebtedness of investees under Group guarantees reduced to R50m (2019: R134m). Net indebtedness and guarantees are comfortably within Sabcap’s internal limit of 20% of gross assets.

Most of Sabcap’s investee companies retained cash for their own liquidity from April to December 2020 but all of them, other than ITL and Classic, are now paying interest and dividends. Sabcap is accordingly cash flow positive again as it usually is. However, the Board has elected to take a conservative approach to the payment of dividends and has reduced the dividends for the first time in twenty years. Nevertheless, it should be noted that the rand value of buy backs and dividends in 2020 exceed the rand value of dividends in 2019.

With regard to Sabcap’s current assets,

- ♦ The Brait bonds have been sold subsequent to the year-end.
- ♦ The proceeds of the Rolfes call option shares have been received subsequent to the year-end.
- ♦ Sabcap holds surplus cash abroad which it had announced would be invested in a Sabcap proprietary listed technology portfolio as was the case prior to 2019. These are funds held for new long term investments or increases in existing investments. Therefore subsequent to the year-end the tech portfolio has been sold and the proceeds are held in cash and managed funds. This should not be regarded as a separate investment focus of Sabcap.
- ♦ Finance receivables relate primarily to funding to investees, potential investees, co-shareholders or investors.

With regard to the scale of operations of industrial investees, the unaudited combined gross revenues of Sabcap’s nine industrial investees was R11,2bn in 2020. These exceeded R10bn for the first time particularly aided by the growth and acquisitions in DNI.

6.6 Growth metrics

Sabcap’s primary financial metric is growth in NAV per share. The table below sets out the growth rates over different periods. The rates have been calculated without adding back dividends paid. The growth metrics have not been audited but have been determined by the directors based on audited information.

| | Cents | PERCENTAGE COMPOUND GROWTH | | | | |
|---------------------------|-------|----------------------------|--------------|--------------|---------------|---------------|
| | | 1 year % | 3 years % | 5 years % | 10 years % | 15 years % |
| Net asset value per share | 7 444 | 12,0 | 13,5 | 14,9 | 19,7 | 18,6 |

Integrated Report to stakeholders

continued

6.7 Financial resources

Shareholders' funds amounted to R3,049bn at the year-end.

In South Africa the Group has R340m in term loans falling due 2021 to 2025. Some will be repaid if the group has surplus cash from investment realisations in the ordinary course of business and some will be refinanced.

It has short-term bank facilities of R100m which were utilised to the extent of R25,3m at the year end. It also has loans from entities associated with the directors, the utilisation of which was R4,3m at the year-end.

The Group had cash and liquid investments of R60m and investments held for sale of R86m at the year-end.

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

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

6.8 Dividend policy and declaration

Dividends are determined relative to Sabcap's own cash flows from investments and services and capital receipts that are not earmarked for new investments. Dividends are considered twice annually. Over the past fifteen years dividends were maintained or increased annually at a compound growth rate of 23,9%. However, in 2020 the board elected to take a conservative approach to the payment of dividends in order to conserve liquidity in case of further negative COVID-19 developments and to facilitate a higher level of share buy backs. The normal dividends for the year were accordingly reduced to 25 cents per share (2019: 75 cents per share).

6.9 Performance of unlisted investments

With regard to the performance of our unlisted investments:

- ◆ Apex had a satisfactory year notwithstanding the effects of COVID-19 on its industrial subsidiaries and recorded an increase in NAV per share.
- ◆ Classic Food's progress in achieving increased scale was affected by the COVID-19 lockdown and subsequent weak demand from retail customers. Better trading is expected in 2021, and subsequent to the year-end it has concluded national distribution contract with South Africa's largest food retailer.
- ◆ DNI has grown strongly, is highly cash generative, has completed the integration of its acquisitions of Blue Label Mobile and 3G Mobile and has good prospects.
DNI has a strong shareholder base which now includes Mineworkers Investment Company, RMB and the Mike Teke, Stephen Saad and Eric Ellerrine families.
DNI is now Sabcap's largest investment.
- ◆ Flexo Line was mildly affected by the lockdown. It has completed the restructuring and upgrading of its manufacturing operations with resulting improvements in efficiencies. Flexo is trading profitably and is cash generative.
- ◆ ITL was affected by COVID-19 with all of its operations closed worldwide and demand from its retail chain customers substantially lower. All of the factories had reopened by Q3 2020.

Trading in Q4 was strong and order books in Q1 2021 indicate that ITL will achieve 2019 levels fairly quickly. ITL also anticipates increased opportunities due to the weakening of certain of its competitors and the success of its RFID offering. ITL is expected to resume dividends in 2022.

Integrated Report to stakeholders

continued

- ◆ Masimong had a satisfactory year with a further increase in NAV and increased holdings in the agricultural sector. It has numerous growth and investment opportunities and is one of the preferred competitors/owners in its sectors in RSA.
- ◆ Rolfes was delisted in February 2020. The new controlling shareholder is Phatisa which is a sector focused private equity fund and specialist investor within the African food value chain.
Rolfes' trading was satisfactory in the 2020 financial year and satisfactory growth is expected in 2021.
- ◆ SA Bias had a fair overall performance in the period.
Narrowtex/ACM was affected by the lockdown and weak industrial demand in South Africa. Trading is expected to exceed 2019 levels during 2021. Flowmax was affected by the UK and European lockdowns. Most companies in the Flowmax Group returned to normal trading levels in Q4 2020 and are expected to show growth in 2021 relative to their 2019 results.
SA Bias is jointly controlled by Sabcap and the Coutts-Trotter Family. Subsequent to the year-end a restructuring of the family's interests has commenced which is expected to result in a slight increase in Sabcap's look-through interests in the divisions of SA Bias.
- ◆ Sunspray continues to trade well and achieved satisfactory growth in 2020, as in prior years.

6.10 Basis of valuation

Unlisted investments have been valued using the maintainable earnings model with appropriate multiples, and adjusted for net cash/debt. Earnings have been normalised by adjusting for one-off items and by excluding the effects of the lockdown and COVID-19, provided pre-COVID-19 trading and earnings are being achieved.

With regard to the two investment companies, Masimong's underlying investments are mostly valued on a discounted cash flow basis. Apex is valued using the maintainable earnings model for its industrial businesses with multiples of 4,0 – 4,5.

| | | | |
|---|-----------------|---|--------------------|
| ◆ | Classic | – | 5,0 |
| ◆ | DNI | – | 6,5 |
| ◆ | Flexo | – | 4,5 |
| ◆ | ITL | – | 9,0 * ¹ |
| ◆ | SA Bias | | |
| | – Flowmax | – | 6,0 |
| | – Narrowtex/ACM | – | 4,5 * ² |
| ◆ | Sunspray | – | 5,0 |

*¹ Previously 9,25. Reduced to align with shareholder agreements.

*² Narrowtex and ACM have been merged. The previous multiple for Narrowtex was 5 and for ACM was 4.

Deferred capital gains tax ("CGT") has been raised on fair value gains unless there are offsetting tax losses or expected CGT exemptions. CGT is accordingly not raised on gains relating to ITL and Flowmax, and deferred CGT raised directly by Apex and Masimong is not raised a second time in Sabcap.

Integrated Report to stakeholders

continued

6.11 Performance of listed investments

- ◆ Corero achieved growth in revenues in 2020. The share price increased materially subsequent to a positive trading update. Corero's relationship with Juniper Networks continues to gain traction and facilitate higher volumes and revenues. Sabcap anticipates continued increases in value going forward.
- ◆ Metrofile achieved acceptable results in the 2020 financial year and expects a satisfactory trading year in 2021. Metrofile has announced that expressions of interest have been received to delist Metrofile. Any transaction has been delayed by COVID-19 and will be reconsidered in H1 2021 when international travel resumes. In the event of a delisting it is probable that Sabcap and Mineworkers Investment Company (Pty) Ltd may remain invested.
- ◆ Transaction Capital continues to trade satisfactorily notwithstanding the effects of COVID-19, although the results were materially lower in the 2020 financial year as a result. It anticipates trading in excess of its 2019 levels in 2021.

7. Future strategic and financial outlook

We are confident that most of our investees have returned to 2019 levels of trading or higher which will reflect in their results for the 2021 calendar year. That assessment is based on current revenues and projected revenues, the continuing build up in forward order books and on the assumption of no further lockdowns of business.

Accordingly, we anticipate further growth for Sabcap in the coming year.

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

8. Governance and sustainability

8.1 Human resources

| RSA executives | Overseas executive management | Staff | Sub-total | Non-executive directors | Total 2020 | Total 2019 |
|----------------|-------------------------------|-------|-----------|-------------------------|-------------------|------------|
| 4 | 1 | 4 | 9 | 4 | 13 | 12 |

Integrated Report to stakeholders

continued

8.2 Directorate

Executive directors



Christopher Stefan Seabrooke (67)

BCom, BAcc, MBA, FCMA

Chief Executive Officer

Joined the Group in 1980.

Appointed Chief Executive in 1987.

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



Raymond Pleaner (66)

BCompt(Hons), CA(SA)

Chief Financial Officer

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



Leon Rood (44)

BCom, LLB

Executive Director

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

Non-executive directors



Kuben Pillay (60)

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

Independent Non-Executive Chairman

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

Appointed to the Board in 2020.

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



Olufunke Ighodaro (57)

BSc (Hons), CA (England and Wales)

Independent Non-Executive Director

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

Appointed to the Board 31 December 2020.

Former CFO of Primedia Ltd and Tiger Brands Ltd and former Executive Director of Barloworld Ltd and of 9Mobile (Nigeria's fourth largest telco), former founder and CEO of the private equity business of Kagiso Trust Investment Group, currently a Non-Executive Director of Massmart Holdings Ltd and independent member of the Investment Committee of Cell C. Formerly a Non-Executive Director of Datatec Ltd and Transaction Capital Ltd.



Lindiwe Mthimunye (49)

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

Independent Non-Executive Director

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

Appointed to the Board in 2018.

Managing Director of Petroleum Investment Partners (Pty) Ltd and a Non-Executive Director of Pioneer Food Group Ltd, Metrofile Holdings Ltd, Cell C Ltd and Open Society Foundation SA.



Bheki James Themba Shongwe (64)

BA (Econ), MBA, ACIS, FCIBM

Independent Non-Executive Deputy Chairman

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

Appointed to the Board in 2005.

Chairman, Flow Communications (Pty) Ltd, Executive Chairman, Matsamo Group Limited, Chairman, Company Management Consultants (Pty) Ltd, Non-Executive Director of Matsamo Capital (Pty) Limited, Director of Marking Engineering (Pty) Ltd.

Integrated Report to stakeholders

continued

9. Corporate governance

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

King IV™

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

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

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

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

Principle 1

The governing body should lead ethically and effectively

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

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

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

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

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

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

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

Principle 2

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

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

Integrated Report to stakeholders

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 Committee Chairman for anonymous or identified calls or contacts. Any reports are investigated by the Audit Committee Chairman using external legal and other resources if required. No incidents were reported during the year.

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

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

Principle 3

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

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

Sabcap invests between 0,5% and 1% of its own expected sustainable profit after tax directly (and indirectly through SA Bias Industries) in specific programmes encompassing bursaries for education, the funding of educational infrastructure and specific related projects. During 2020 twenty-four school bursaries were funded and general and specific grants were made for education related initiatives. Donations were also made to the Solidarity Fund, the Masimong Foundation and the Paul Mthimunye Bursary Fund.

Since the commencement of the Sabcap programme, 216 years of schooling have been funded.

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

Principle 4

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

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

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

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

Principle 5

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

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

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

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

Integrated Report to stakeholders

continued

Principle 6

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

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

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

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

Principle 7

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

The Board and its Committees

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

The roles of Chairman and CEO are separate. The Chairman is a non-executive director and does not chair the Remuneration Committee nor the Audit and Risk Committee, but is a member of both. The Chairman's non-executive role encompasses being the mentor and counsel to the CEO, the co-ordination of governance activities, the overseer of Board and committee performance and the guide to the Board in its principal functions of the keepers of strategy, the monitors of risk, the custodians of management excellence and the overseers of Company performance. A separate lead director has been appointed who is non-executive and independent.

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

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

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

1. **Gender**

A minimum of two female directors.

2. **Race**

A minimum of two black directors.

3. **Culture**

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

Integrated Report to stakeholders

continued

4. *Age*

A spread of ages in the 35 – 70 range.

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 (<i>appointed 31 December 2020</i>) | 0/0 |
| K Pillay | 2/2 |
| R Pleaner | 2/2 |
| DNM Mokhobo (<i>retired 31 December 2020</i>) | 2/2 |
| L Mthimunye | 2/2 |
| L Rood | 2/2 |
| CS Seabrooke | 2/2 |
| BJT Shongwe | 2/2 |

The profiles of directors are set out on page 19, shareholders on page 94 and remuneration details in note 14 on page 83.

Company Secretary

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

The duties of the Company Secretary include:

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

Integrated Report to stakeholders

continued

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

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

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

Audit, Governance and Risk Committee

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

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

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

There are no other regular invitees to Committee meetings.

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

The Committee regards the CFO as suitably qualified and experienced and the finance function to be operating effectively. During the year a Deputy CFO was appointed.

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

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

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

Integrated Report to stakeholders

continued

The Committee comprises the following members:

| | Attendance |
|--|------------|
| L Mthimunye (Independent Non-Executive Chairman) | 3/3 |
| DNM Mokhobo (Independent Non-Executive) | 3/3 |
| BJT Shongwe (Independent Non-Executive) | 3/3 |

On 31 December 2020, Ms Mokhobo retired and Ms Ighodaro was appointed to the Committee.

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 |
| DNM Mokhobo (Independent Non-Executive) | 1/1 |
| K Pillay (Independent Non-Executive) | 1/1 |
| L Mthimunye (Independent Non-Executive) | 1/1 |

On 31 December 2020, Ms Mokhobo retired and Ms Ighodaro was appointed to the Committee.

The Nominations Committee comprises the following members:

| | Attendance |
|--|------------|
| DNM Mokhobo (Independent Non-executive Chairman) | 1/1 |
| L Mthimunye (Independent Non-Executive) | 1/1 |
| K Pillay (Independent Non-Executive) | 1/1 |
| BJT Shongwe (Independent Non-Executive) | 1/1 |

On 31 December 2020, Ms Mokhobo retired and Mr Pillay was appointed as Chairman.

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 |
|--|------------|
| DNM Mokhobo (Independent Non-Executive Chairman) | 1/1 |
| CS Seabrooke (CEO) | 1/1 |
| L Mthimunye (Independent Non-Executive) | 1/1 |
| K Pillay (Independent Non-Executive) | 1/1 |
| BJT Shongwe (Independent Non-Executive) | 1/1 |

On 31 December 2020, Ms Mokhobo retired and Ms Ighodaro was appointed to the Committee. It is the intention that Ms Mthimunye will be appointed as Chairman of this Committee.

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

Performance assessments

The performances of the Board, the Committees, directors, Chairman, CEO, CFO and Company Secretary are subject to a 360° review annually. Appropriate feedback is given and discussions held by the Chairman, Committee Chairpersons or CEO, as appropriate. No material issues arose from this process in 2020.

Investment Committee

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

Subsequent to the Mandarin/ITL transaction, the Investment Committee has not been activated.

Principle 8

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

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

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

Integrated Report to stakeholders

continued

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

| | Nominations | Remuneration | Audit, Risk and Compliance | Social and Ethics |
|------------------------------------|---|---|--|--|
| Chairperson | K Pillay | BJT Shongwe | L Mthimunye | L Mthimunye |
| Members | BJT Shongwe L Mthimunye O Ighodaro | L Mthimunye K Pillay O Ighodaro | BJT Shongwe O Ighodaro | O Ighodaro K Pillay BJT Shongwe CS Seabrooke |
| 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 |
| Number of meetings per year | At least one | At least one | At least two | At least one |
| Composition | Independent non-executive directors | Independent non-executive directors | 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 2020, 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 31 and 32.

Principle 12

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

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

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

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

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

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

Principle 13

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

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

Integrated Report to stakeholders

continued

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

The primary regulatory universe applicable to Sabcap comprises:

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

Principle 14

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

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

Sabcap's remuneration report is presented in three sections:

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

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

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

Integrated Report to stakeholders

continued

Principle 15

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

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

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

Principle 16

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

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

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

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

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

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

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

Integrated Report to stakeholders

continued

10. Risk report

10.1 Approach to risk management

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

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

Risk tolerances are approved by the Board.

10.2 Risk framework and the governance of risk

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

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

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

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

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

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

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

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

However, during 2020 some risk levels were higher than in prior years due to the uncertainty and effects of the COVID-19 pandemic and lockdowns. Most of the risk levels had normalised by year-end.

Integrated Report to stakeholders

continued

The current risk watch list is as follows:

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

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

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

11. Remuneration report

11.1 Background

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

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

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

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

Integrated Report to stakeholders

continued

11.2 Remuneration philosophy and policy

The following principles are applied to remuneration:

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

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

The quantitative Short-Term Incentive Plan ("STIP") is calculated on PAT. The CEO receives 2,0% and other executive directors receive 1% of PAT. The awards are not capped (but will be from 2021).

In addition, the CEO may receive up to 25% of CTC if dividends grow at more than 10% p.a. over three year periods.

The Long-Term Incentive Plan ("LTIP") comprises a notional award of between 15% and 100% of the CTC packages of executives and staff annually which is "invested" in the Group's net asset value. The growth in this notional investment is measured annually and is tested after four years. An award will only vest if a hurdle rate of 10% per annum growth in net asset value is achieved. There is no retesting. Adjustments are made to account for the notional reinvestment of dividends. The awards are cash settled and accounted for in profit and loss annually. The awards are not capped.

The CEO has a qualitative incentive through which he can earn up to 0,5% of PAT based on progress in simplifying the Group's capital structure, improving its shareholder profile, improving liquidity and reducing the share price discount to NAV. This will become a quantitative target in 2021.

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

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 and the CFO previously received allocations from the Share Trust or the SARS scheme and the other executives also own shares in the Company.

Accordingly, the basis for 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 are currently dormant and there are accordingly no dilutive incentive 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.

Changes to Policy in 2021

- ◆ Due to the volatility in valuations year to year and therefore the volatility in PAT, the annual STIP awards were previously not capped. A cap of 150% of CTC has been introduced from 2021. This will be calculated on a three-year moving average to deal with annual valuation volatility.
- ◆ With regard to the LTIP, the incentives based on increases in NAV were previously calculated on gross Rand figures. To better align this metric with increases in shareholder value, the metric will for future LTIP allocations will be calculated on a NAV per share basis (adjusted for dividends) not on a gross Rand basis.

This change will discourage the issue of shares other than where the use of proceeds in the capital allocation decision is compelling, and will encourage share buy backs when share prices are at a material discount to NAV per share.

The present hurdle rate is growth of 10% p.a. However, this hurdle was set at a time when inflation was in the 6% - 8% range. Accordingly, from 2021 the hurdle rate will be CPI + 4% p.a.

- ◆ Similarly, the hurdle rate for growth in dividends per share will be changed from 10% p.a. to CPI + 4% p.a. However, the Remuneration Committee will use its discretion in the event that the Board has specifically directed a change in the gross dividend paid to facilitate higher levels of share buy backs. This discretion may be exercised relative to the combined Rand value allocated to dividends and share buy backs.
- ◆ With regard to the four factors used in 2020 to determine the CEO's 0,5% of PAT award, in 2021 the sole determinant will be a reduction in the discount of the share price to NAV per share in absolute terms and relative to a comparator group. The metrics will be set by the Remuneration Committee in 2021 after Sabcap has traded on the JSE for eighteen months since listing in 2020.

Integrated Report to stakeholders

continued

11.3 Implementation report

The following table shows a breakdown of the annual remuneration of executive directors, including STIP and LTIP awards, for the 2020 financial year and the comparatives for 2019.

| | CS Seabrooke | | R Pleaner | | L Rood | | Total | |
|-----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2020 R'000 | 2019 R'000 | 2020 R'000 | 2019 R'000 | 2020 R'000 | 2019 R'000 | 2020 R'000 | 2019 R'000 |
| <i>Executive directors</i> | | | | | | | | |
| Salaries | 2 704 | 2 551 | 2 284 | 2 154 | 3 214 | 3 032 | 8 202 | 7 737 |
| Retirement and medical | 435 | 372 | 395 | 334 | 305 | 288 | 1 135 | 994 |
| Other benefits | 1 527 | 1 481 | 582 | 560 | 509 | 480 | 2 618 | 2 521 |
| Basic remuneration | 4 666 | 4 404 | 3 261 | 3 048 | 4 028 | 3 800 | 11 955 | 11 252 |
| Incentive bonuses | | | | | | | | |
| – Short-term | – | 5 601 | 815 | 2 962 | 1 507 | 2 950 | 2 322 | 11 513 |
| – Provision | 7 300 | 3 373 | 3 074 | 1 686 | 2 574 | 1 686 | 12 948 | 6 745 |
| – LTIP * ¹ | 3 071 | 4 107 | 1 443 | 1 757 | – | – | 4 514 | 5 864 |
| – Take on bonus | – | – | – | – | – | 2 000 | – | 2 000 |
| Total remuneration * ² | 15 037 | 17 485 | 8 593 | 9 453 | 8 109 | 10 436 | 31 739 | 37 374 |
| <i>Non-executive directors</i> | | | | | | | | |
| Fees as directors | | | | | | | 2 693 | 2 255 |
| L Mthimunya | | | | | | | 750 | 435 |
| K Pillay | | | | | | | 489 | – |
| NSH Hughes * ³ | | | | | | | – | 610 |
| O Ighodaro | | | | | | | – | – |
| DNM Mokhobo | | | | | | | 755 | 575 |
| BJT Shongwe | | | | | | | 699 | 635 |
| | | | | | | | 34 432 | 39 629 |

*¹ The LTIP is calculated over the four years to the prior year end and paid out in Q1 of the current year. Therefore the amounts paid in 2020 are the 2016 awards calculated to 31/12/2019.

*² The figures in the table stated before a salary sacrifice of R691 326 by the executive directors as a contribution to the Solidarity Fund.

*³ Retired effective 31 December 2019.

Incentives were calculated on the basis set out in the policy and no changes were made to the policy or its implementation in the 2020 financial year.

With regard to Mr Seabrooke's other incentives – he received zero relative to the 25% of CTC award based on growth in dividends. He received 0,375% of the 0,5% of PAT that is subject to a qualitative modifier, as explained in the policy report. This was based on the successful improvement in the Group's capital structure pursuant to the listing of Sabcap, improved shareholder profile with higher percentages held by institutions, family offices and HNWI's and higher liquidity on the market but with no success yet in reducing the share price discount to NAV.

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

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

Staff members other than executives 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 2021 are 3% for executives, staff and non-executive directors.

Integrated Report to stakeholders

continued

12. Code of share dealing

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

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

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

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

The Board has established parameters for a limited non-discretionary share purchase programme during closed periods executed by the Group's brokers without any intervention by the Company, as permitted by JSE regulations. The parameters and pricing are set before the financial reporting closed periods commence. A programme was in place for the closed period from 1 January 2021 to the publication of the results.

13. Shareholder profile

At the year-end Sabcap's 40 959 500 shares in issue, net of treasury shares, were held by 1 259 shareholders (as profiled in Annexure B). This includes increased holdings by institutional, family office and HNWI shareholders.

The unaudited profile of shareholders at the year-end was as follows:

| | | |
|------------------------------------|---|-------|
| ♦ The Seabrooke Family Trust (SFT) | – | 39,0% |
| ♦ Family offices and HNWIs | – | 29,2% |
| ♦ Institutional Fund Managers | – | 19,4% |
| ♦ Other | – | 12,4% |

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

14. Future investments, share issues and share buy backs

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

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

Sabcap may issue new shares but only if the value exchange in the capital allocation decision is compelling. Like most listed investment companies at the present time, Sabcap's share price is at a material discount to its NAV per share. During 2020 Sabvest repurchased 251 880 Sabvest 'N' shares. Sabcap repurchased 548 852 shares of which 508 352 were cancelled and 40 500 were held as treasury shares at the year-end. Sabcap implemented a closed period buying programme and in the period to the publication of the results 36 006 shares were acquired.

Sabcap is likely to continue with its share buy back programme during 2021.

15. Directors' share encumbrances

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

Integrated Report to stakeholders

continued

16. Directorate and governance

In May 2020 the non-executive directors of Sabvest resigned after the delisting of Sabvest and were appointed to the board of Sabcap. At the general meeting of Sabcap on 25 June 2020 all of the directors resigned and were re-elected.

As advised on SENS:

- ◆ Mrs Dawn Mokhobo (71) retired as Chairman of Sabcap, as a director and as a member of the Board Committees on 31 December 2020. Dawn has been a very valuable member of the Board since 2006 and an excellent Chairman. Her presence will be missed and the Board wishes her well in the years ahead.
- ◆ Mr Kuben Pillay (60) BA LLB (Wits) MCJ (Howard School of Law, USA) an existing independent non-executive director of Sabcap was appointed Chairman on 31 December 2020.
- ◆ Mrs Olufunke (Funke) Ighodaro (57) BSc (Hons) (Salford University) Fellow of the Institute of Chartered Accountants in England and Wales, was appointed as an independent non-executive director and is warmly welcomed by the Board.

After the completion of these changes the Board will comprise three executive directors and four independent non-executive directors.

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

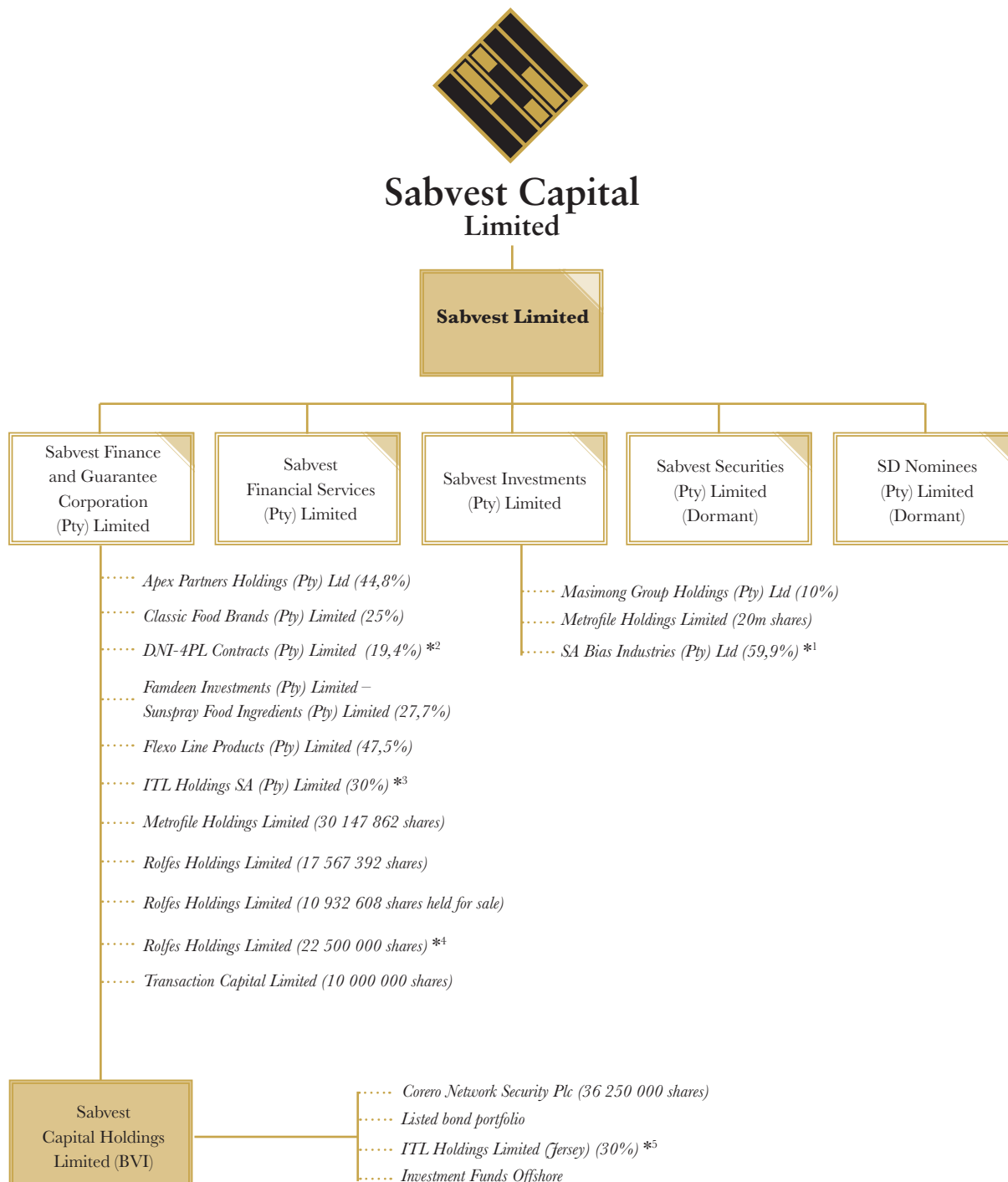
31 March 2021

Integrated Report to stakeholders

continued

ANNEXURE 1

CORPORATE STRUCTURE



*1 49% Voting.

*2 Effective interest of 19,44% in DNI through 28,74% of JAAH Investments which indirectly owns 46,95% of DNI through DN Invest (Pty) Ltd and a 5,95% interest in DN Invest (Pty) Ltd which owns 100% of DNI.

*3 Effective interest of 30% in ITL Holdings SA (Pty) Ltd through Mandaring Holdings (Pty) Limited.

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

*5 Held through Mandarin Industries Limited BVI.

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. Sabcap accordingly adopted Sabvest’s previously approved Investment Policy on listing as detailed below.
- 1.3 Sabcap has now restated and refreshed Sabvest’s Investment Policy with minor amendments and the resulting proposed Sabcap Investment Policy will be submitted to the JSE and Sabcap shareholders for approval.

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 be confined to the industrial, retail, trading, services, media, IT and financial sectors.

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) Foreign investments held indirectly are not restricted (as the location of these will be determined by the international strategies of the companies in which Sabcap has interests).

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;

Integrated Report to stakeholders

continued

ANNEXURE 2

(continued)

- 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.

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 listed companies (with market capitalisation of below R1 billion).
- d) usually procures that its CEO, other Sabcap directors or chosen financial investors are directors of investee companies (other than general portfolio 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 relative to criteria set by management 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) 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's target growth rates over three-year rolling periods are:

| | |
|---------------------------|----------|
| Net asset value per share | 15% p.a. |
| Dividends per share | 10% p.a. |

These may be changed by the Board from time to time, particularly if movement in macro economic factors such as CPI, exchange rates, interest rates and rates of taxation that affect the Group make changes appropriate. Any material changes will require shareholder approval. (The restated Sabcap Investment Policy proposes that these growth targets be amended to CPI + 10% p.a. and CPI + 5% p.a. respectively).

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.

Integrated Report to stakeholders

continued

ANNEXURE 2

(continued)

- 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.
- 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.

Sabcap's proposed Investment Policy, restating and refreshing the above with minor amendments, will be considered by shareholders for approval at the Sabcap Annual General Meeting on 24 May 2021.

Sandton
15 March 2021

Integrated Report to stakeholders

continued

APPENDIX A

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 2020

| | 2011 R'000 | 2012 R'000 | 2013 R'000 | 2014 R'000 | 2015 R'000 | 2016 R'000 | 2017 R'000 | 2018 R'000 | 2019 R'000 | 2020 R'000 |
|--|----------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| CONSOLIDATED STATEMENT OF FINANCIAL POSITION | | | | | | | | | | |
| Non-current assets | 563 755 | 975 780 | 1 289 083 | 1 380 032 | 1 896 073 | 2 009 727 | 1 135 885 | 2 367 060 | 2 957 198 | 3 364 619 |
| Property, plant and equipment | 616 | 971 | 962 | 1 529 | 1 369 | 1 365 | 1 050 | 2 688 | 3 610 | 2 990 |
| Right-of-use asset | – | – | – | – | – | – | – | – | 483 | 4 210 |
| Share trust receivables | 4 131 | 2 759 | – | – | – | – | – | – | – | – |
| Investment holdings | 559 008 | 972 050 | 1 225 441 | 1 378 503 | 1 894 704 | 2 008 362 | 1 134 835 | 2 364 372 | 2 953 065 | 3 357 419 |
| Unlisted investments | – | 741 600 | 978 000 | 1 070 973 | 1 252 040 | 1 421 820 | 652 547 | 1 707 546 | 2 358 579 | 2 895 853 |
| Listed investments | – | 230 450 | 247 441 | 307 530 | 642 664 | 474 492 | 332 279 | 566 699 | 529 461 | 461 556 |
| Listed investments held indirectly | – | – | – | – | – | 112 050 | 150 009 | 90 127 | 65 025 | – |
| Associates | 403 072 | – | – | – | – | – | – | – | – | – |
| Long-term | 155 936 | – | – | – | – | – | – | – | – | – |
| Current assets | 18 385 | 64 304 | 173 669 | 175 714 | 202 427 | 158 207 | 1 514 928 | 452 538 | 267 072 | 281 136 |
| Finance advances and receivables | 5 943 | 22 061 | 14 959 | 11 545 | 7 319 | 3 858 | 1 388 447 | 34 987 | 124 614 | 134 649 |
| Offshore investment holding | – | 38 489 | 151 107 | 164 018 | 140 077 | 151 262 | 126 423 | – | – | 56 295 |
| Short-term investments/ investments held for sale | 2 363 | – | – | – | – | – | – | 65 985 | 71 072 | – |
| Other financial instruments | 7 727 | – | – | – | – | – | – | – | – | – |
| Bond portfolio | – | – | – | – | – | – | – | 101 993 | 68 261 | – |
| Cash at bank | 2 352 | 3 754 | 7 603 | 151 | 55 031 | 3 087 | 58 | 249 573 | 3 125 | 3 851 |
| Total assets | 582 140 | 1 040 084 | 1 400 072 | 1 555 746 | 2 098 500 | 2 167 934 | 2 650 813 | 2 819 598 | 3 224 230 | 3 645 755 |
| Ordinary shareholders' equity | 517 323 | 854 652 | 1 085 011 | 1 233 073 | 1 701 382 | 1 659 255 | 2 303 945 | 2 446 148 | 2 759 456 | 3 048 991 |
| Non-current liabilities | 49 417 | 168 776 | 175 699 | 237 859 | 356 556 | 413 689 | 235 807 | 277 109 | 372 976 | 509 306 |
| Interest-bearing debt | 40 000 | 40 000 | – | 60 000 | 100 000 | 90 000 | 110 000 | 100 000 | 300 000 | 330 000 |
| Provisions | – | – | – | – | – | – | – | – | – | 4 983 |
| Deferred tax liability | 9 417 | 128 776 | 175 699 | 177 859 | 256 556 | 323 689 | 125 807 | 177 109 | 72 976 | 174 323 |
| Current liabilities | 15 400 | 16 656 | 139 362 | 84 814 | 40 562 | 94 990 | 111 061 | 96 341 | 91 798 | 87 458 |
| Interest-bearing debt | 7 915 | 8 697 | 127 555 | 69 040 | 9 240 | 77 732 | 70 897 | 66 176 | 49 278 | 39 610 |
| Accounts payable | 7 485 | 7 959 | 11 807 | 15 774 | 31 322 | 17 258 | 40 164 | 30 165 | 42 520 | 47 848 |
| Total equity and liabilities | 582 140 | 1 040 084 | 1 400 072 | 1 555 746 | 2 098 500 | 2 167 934 | 2 650 813 | 2 819 598 | 3 224 230 | 3 645 755 |

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

Integrated Report to stakeholders

continued

ANNEXURE 3

(continued)

TEN-YEAR FINANCIAL REVIEW (continued)

at 31 December 2020

| | 2011 R'000 | 2012 R'000 | 2013 R'000 | 2014 R'000 | 2015 R'000 | 2016 R'000 | 2017 R'000 | 2018 R'000 | 2019 R'000 | 2020 R'000 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|
| CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME | | | | | | | | | | |
| Gross income from operations and investments | 115 522 | 220 180 | 360 562 | 246 857 | 590 256 | 111 329 | 570 934 | 364 351 | 373 794 | 492 075 |
| Dividends received | 29 302 | 37 788 | 46 617 | 47 114 | 91 585 | 63 340 | 94 273 | 53 557 | 115 422 | 107 226 |
| Interest received | 881 | 739 | 3 473 | 5 425 | 5 062 | 10 980 | 7 117 | 27 758 | 23 609 | 18 834 |
| Income/(loss) on financial instruments and shares | 6 223 | 26 335 | 9 518 | 17 972 | 57 312 | 5 313 | (22 558) | 68 405 | 5 028 | (7 118) |
| Fees and sundry income | 2 407 | 2 730 | 2 067 | 2 461 | 2 920 | 1 147 | 1 362 | 2 047 | 2 157 | 1 771 |
| Foreign exchange gain/(loss) | – | – | – | – | – | – | – | 21 681 | (4 622) | 6 525 |
| Fair value adjustment to investments | 21 027 | 152 588 | 298 887 | 173 885 | 433 377 | 30 549 | 490 740 | 190 903 | 232 200 | 364 837 |
| Equity accounted retained income of associates | 55 682 | – | – | – | – | – | – | – | – | – |
| Share of net income of associates | 81 631 | – | – | – | – | – | – | – | – | – |
| Less: Dividends received | (25 949) | – | – | – | – | – | – | – | – | – |
| Transactional costs | 209 | 1 284 | 1 939 | 1 066 | 525 | 518 | 633 | 11 877 | 6 525 | 12 785 |
| IFRS adjustments | – | – | – | – | – | – | – | 3 907 | 231 | 688 |
| Impairments | 1 013 | (1 279) | (57) | (35) | (17) | – | 1 506 | (851) | (686) | – |
| Interest paid | 4 741 | 5 275 | 5 101 | 7 328 | 7 445 | 15 175 | 15 839 | 16 752 | 26 634 | 27 667 |
| Net income before expenses and exceptional items | 109 559 | 214 900 | 353 579 | 238 498 | 582 303 | 95 636 | 552 956 | 332 666 | 341 090 | 450 935 |
| Less: Expenditure | 24 610 | 22 385 | 26 831 | 31 732 | 43 689 | 24 329 | 62 474 | 43 281 | 63 337 | 56 404 |
| Operating costs | 24 460 | 22 263 | 26 683 | 31 453 | 43 392 | 23 943 | 62 108 | 42 709 | 61 368 | 54 489 |
| Depreciation | 150 | 122 | 148 | 279 | 297 | 386 | 366 | 572 | 1 969 | 1 915 |
| Exceptional items – (gains)/loss | 692 | – | – | – | – | – | – | – | – | – |
| Net income before taxation | 84 257 | 192 515 | 326 748 | 206 766 | 538 614 | 71 307 | 490 482 | 289 385 | 277 753 | 394 531 |
| Taxation | 2 606 | 50 164 | 46 922 | 2 160 | 78 697 | 67 133 | (197 882) | 51 302 | (104 133) | 101 347 |
| Net income attributable to equity shareholders | 81 651 | 142 351 | 279 826 | 204 606 | 459 917 | 4 174 | 688 364 | 238 083 | 381 886 | 293 184 |
| Headline attributable income | 82 343 | 142 233 | 279 825 | 204 436 | 459 917 | 4 179 | 688 364 | 237 928 | 381 878 | 293 232 |
| RETURNS TO SHAREHOLDERS | | | | | | | | | | |
| Headline earnings per share – cents | 178,1 | 308,4 | 607,9 | 444,7 | 1 003,9 | 9,2 | 1 517,3 | 530,9 | 920,0 | 708,5 |
| Earnings per share – cents | 176,6 | 308,6 | 607,9 | 445,0 | 1 003,9 | 9,2 | 1 517,3 | 531,3 | 920,0 | 708,4 |
| Special dividend per share – cents | – | – | 100,0 | 100,0 | – | – | – | 100,0 | – | – |
| Dividends per share – paid or proposed – cents | 24,0 | 32,0 | 40,0 | 43,0 | 50,0 | 55,0 | 61,0 | 68,0 | 75 | 25 |
| Net asset value per share – cents | 1 120 | 1 855 | 2 358 | 2 683 | 3 719 | 3 646 | 5 085 | 5 852 | 6 648 | 7 444 |
| Net asset value per share at directors' valuation (intrinsic value) – cents | 1 563 | – | – | – | – | – | – | – | – | – |
| Number of shares in issue – 000's | 46 172 | 46 061 | 46 015 | 45 960 | 45 748 | 45 513 | 45 306 | 41 802 | 41 508 | 40 960 |
| Weighted number of shares in issue – 000's | 46 236 | 46 126 | 46 031 | 45 975 | 45 815 | 45 600 | 45 368 | 44 813 | 41 508 | 41 387 |

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

AUDITED ANNUAL FINANCIAL STATEMENTS

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Audited annual financial statements

continued

DECLARATION BY THE GROUP CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

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

- (a) the annual financial statements set out on pages 47 to 94, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;
- (b) no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
- (c) internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer; and
- (d) the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King Code. Where we are not satisfied, we have disclosed to the audit committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors, and have taken the necessary remedial action.

Signed by the CEO and the CFO



CS Seabrooke
Chief Executive Officer

Sandton
24 March 2021



R Pleaner
Chief Financial Officer

Audited annual financial statements

continued

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

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

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



CS Seabrooke
Chief Executive Officer

Sandton
24 March 2021



R Pleaner
Chief Financial Officer

DECLARATION BY COMPANY SECRETARY

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



Levitt Kirson Business Services (Pty) Ltd
Company Secretary

Sandton
24 March 2021

Audited annual financial statements

continued

**SOCIAL, ETHICS AND
TRANSFORMATION COMMITTEE REPORT**

for the year ended 31 December 2020

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

The Committee was established to assist the Board in ensuring that Sabvest Capital Limited (“Sabcap”) is and remains a good and responsible corporate citizen, and to perform the statutory functions required of a Social, Ethics and Transformation Committee in terms of the Companies Act, No. 71 of 2008, (“the Companies Act”).

The Group supports various initiatives and promotes responsible management in its investees to take account of their stakeholders’ interests and social, environmental and corporate governance (“ESG”) initiatives.

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

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

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

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

Sandton

24 March 2021

Audited annual financial statements

continued

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

We have audited the consolidated and separate financial statements of Sabvest Capital Limited (the Group and Company) set out on pages 60 to 93, which comprise the consolidated and separate statements of financial position as at 31 December 2020, and the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Sabvest Capital Limited and its subsidiaries as at 31 December 2020, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Opinion

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

Key Audit Matters

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

Audited annual financial statements

continued

INDEPENDENT AUDITOR'S REPORT

continued

| KEY AUDIT MATTER | HOW THE MATTER WAS ADDRESSED IN THE AUDIT |
|---|---|
| Valuation of unlisted investments | |
| <p>By nature the assumptions used in the valuation of unlisted investments requires significant judgement and therefore the valuation of unlisted investments is considered a key audit matter.</p> <p>In respect of the unlisted investments, the executive directors prepare valuation workings based on their selected valuation models. The valuations models are either a maintainable earnings model or attributable net asset value.</p> <p>For the maintainable earnings model, earnings before interest, tax, depreciation and amortisation (EBITDA) is multiplied by the determined earnings multiple. These valuations incorporated a number of assumptions, the primary assumptions in notes 2, 4 and 20 to the consolidated financial statements being:</p> <ol style="list-style-type: none"> 1. Determination of maintainable earnings; and 2. Earnings multiple. <p>Maintainable earnings are derived from the management account information and budgets of the underlying investments and earnings multiples are derived from market data and analysis of comparable companies.</p> | <p>The consolidated financial statements provide details of the valuation method. The requirements of IFRS 13: <i>Fair value measurements</i> has been considered.</p> <p>We assessed the appropriateness of the valuation methodology applied and the valuations prepared by the executive directors.</p> <p>Where appropriate, we involved our valuation specialists and with their assistance we completed the procedures below:</p> <ol style="list-style-type: none"> 1. assessed the application of the fair value principles of the valuation method; 2. assessed the reasonability of the earnings multiple; 3. assessed the reasonability of the maintainable earnings with reference to the latest management accounts and/or latest budgets available for investee companies; 4. performed procedures to ensure that the management information used in the prior period, agreed materially to the audited financial statements for the investee companies; and 5. assessed whether adjustments processed by management to the maintainable earnings calculation are appropriate and consistent to previous years and whether the effects of COVID-19 was appropriately taken into account. <p>We concluded that the valuation method is widely applied and appropriate for valuing unlisted investments. We assessed the earnings and earnings multiples used and found the basis of determination appropriate resulting in a reasonable fair value.</p> <p>In 2019 earnings was based on the 2019 earnings unless where budgeted 2020 earnings were less. In the current year the earnings used varied per investee as COVID-19 impacts varied and a combination of 2019, 2020 and budgeted 2021 earning was used depending on the entity and what is considered to be maintainable earnings.</p> <p>In notes 2, 4 and 20 to the consolidated financial statements details are provided of the valuation method and key assumptions for the level 3 fair value measurements. We assessed the adequacy of the Group's disclosures in relation to the judgement and estimation applied to investments.</p> <p>Based on the audit we performed, we found the overall valuation by the executive directors and disclosure of investments to be appropriate.</p> |

Audited annual financial statements

continued

INDEPENDENT AUDITOR'S REPORT

continued

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Sabvest Capital Limited Audited Annual Financial Statements for the year ended 31 December 2020", which includes the Directors' Report, the Audit and Risk Committee Report, the Company Secretary's Certificate and the Social, Ethics and Transformation Committee Report as required by the Companies Act of South Africa and the Declaration by the Group Chief Executive Officer and Chief Financial Officer, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

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

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

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

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

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

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

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

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

Audited annual financial statements

continued

INDEPENDENT AUDITOR'S REPORT*continued*

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

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

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

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

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Deloitte & Touche has been the auditor of Sabvest Capital Limited for 1 year since inception and the auditor of the subsidiaries within the Group for 20 years.


Deloitte & Touche

*Registered Auditors
per Andre Dennis
Partner*

24 March 2021

5 Magwa Crescent
Waterfall City
Waterfall

DIRECTORS' REPORT

at 31 December 2020

Nature of business

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

Results of operations

The results of operations for the year ended 31 December 2020 are reflected in the attached audited annual financial statements.

Subsidiaries

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

Going concern

Based upon solvency, cash resources and forecasts, and taking into consideration the impact of COVID-19 on the Group's investee companies, the Board has concluded that the Group and Company will be a going concern in the year ahead. Refer to Going Concern note on page 92.

Investments

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

Directors' interests

The directors' beneficial and non-beneficial direct and indirect holdings in the ordinary shares of the Company at 31 December 2020 were as follows:

| | 2020 '000's | 2019 * ¹ 000's |
|----------------------------|-----------------|------------------------------|
| Executive | | |
| L Rood | 171,6 | 161,4 |
| CS Seabrooke | 16 000 | 16 000 |
| R Pleaner | 1 055,2 | 1 053 |
| Non-executive | | |
| K Pillay | 67,8 | – |
| L Mthimunye | 30 | 30 |
| BJT Shongwe | 30 | 30 |
| DNM Mokhobo * ² | 30 | 30 |
| O Oghodaro | – | – |
| | 17 384,6 | 17 304,4 |

*¹ Represents the total beneficial and non-beneficial direct and indirect holdings in the ordinary shares and the 'N' ordinary shares of Sabvest Limited at 31 December 2019. Refer to the reverse acquisition section below.

*² Retired effective 31 December 2020.

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

Insurance and directors' indemnity

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

Dividends

An interim dividend of 10 cents per share (2019: 36 cents) was declared and paid during the year and a final dividend of 15 cents per share (2019: 39 cents) has been declared subsequent to the year-end, making a total of 25 cents for the year (2019: 75 cents). There were no changes to the dividend policy during the current year.

DIRECTORS' REPORT

at 31 December 2020

continued

Reverse acquisition and share capital

Sabcap is a new company that was incorporated on 20 January 2020. On 13 May 2020, Sabcap acquired all the ordinary and 'N' ordinary shares in Sabvest Limited ("Sabvest"), which had been listed on the JSE since 1988. The basis of the exchange was one share in Sabcap for every 'N' ordinary share in Sabvest, and 1.1 shares in Sabcap for every ordinary share in Sabvest, other than those shares held by The Seabrooke Family Trust ("SFT") which were exchanged on a one for one basis. This resulted in 41 508 352 Sabcap shares in issue. Sabvest became a wholly owned subsidiary of Sabcap, with Sabcap listing and Sabvest delisting simultaneously. Voting control remains with SFT through majority voting rights held through an unlisted 'Z' share in Sabcap subject to SFT maintaining a minimum 10% economic holding in Sabcap. The 'Z' share is only transferable to Sabcap.

Sabcap subsequently repurchased 548 852 ordinary shares, of which 508 352 were cancelled. Accordingly, the number of shares in issue at year end, net of treasury shares, was 40 959 500 ordinary shares. Sabcap is likely to continue with its share buy back program during 2021.

The comparative information contained in the consolidated financial statements disclose the continuing operations of Sabvest as a reverse acquisition. In line with IFRS 3, the Sabvest results are disclosed as Sabcap results with the exception of equity and the numbers of shares in issue which are disclosed as Sabcap equity.

Changes in investment holdings

During the reporting period Sabcap/Sabvest:

- ♦ agreed to the delisting of Rolfes Holdings Limited on the basis that Sabcap retains a 25,1% holding after the delisting and after granting an option to the new controlling shareholder to acquire 10,9m shares held by Sabcap in addition to its 25,1% holding;
- ♦ participated in a capital raising in DNI in an amount of R28m and purchased an additional R40m of shares in DNI resulting in Sabcap's holding changing to 5,95% held directly and 13,5% held indirectly in DNI through JAAH;
- ♦ participated in a capital raising in Masimong in an amount of R21m and committed to subscribe for additional shares in an amount of R8m in 2021;
- ♦ agreed to dilute its economic interest in Apex Partners Holdings from 49,79% to 45,45% pursuant to the issue of shares by Apex to management;
- ♦ disposed of 300 000 shares in Net1 for R15,6m;
- ♦ disposed of 4m shares in Brait SE for R49,1m;
- ♦ disposed of the offshore bond portfolio for R75m;
- ♦ purchased 251 880 Sabvest 'N' shares in terms of a settlement of section 164 appraisal claims for R11,9m (settlement price determined after the year-end); and
- ♦ purchased 548 852 Sabcap shares for R16,5m.

At the reporting date Sabcap had classified its investments in Brait bonds and the 10,9m Rolfes shares subject to a call option as current assets.

COVID-19

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

At the date of this report, all of the Group's investee companies are now trading close to or better than pre-COVID levels or are expected to do so in the next 3 months.

DIRECTORS' REPORT

at 31 December 2020

continued

Directorate and governance

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

In May 2020 the non-executive directors of Sabvest resigned after the delisting of Sabvest and were appointed to the board of Sabcap. At the general meeting of Sabcap on 25 June 2020 all of the directors resigned and were re-elected.

Mr K Pillay was appointed Chairman of Sabcap on 31 December 2020 following the retirement of Mrs D Mokhobo as Chairman of Sabcap, as a director and as a member of the Board committees on the same date.

Messrs K Pillay and R Pleaner and Mrs O Ighodaro will retire at the forthcoming annual general meeting but, being eligible, offer themselves for re-election.

Auditors

Deloitte & Touche were reappointed as external auditors at the General Meeting held on 25 June 2020.

Corporate governance

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

Controlling entity

The Company has no holding company. A controlling interest in the Company is held by The Seabrooke Family Trust. Details of shareholders are set out on page 94.

Subsequent events

The Group disposed of its five year 6.5% convertible bonds in Brait S.E. for GBP2,308m (R47,1m), received R35,5m for its 10,9m Rolfes shares, acquired 36 006 Sabcap shares for R1,1m through a closed period buying program and provisionally agreed to increase its interest in ITL from 30% to 34%. Refer to Subsequent Events note on page 92.

Special resolutions

The following is a summary of the special resolutions that were passed at the general meeting held on 25 June 2020:

Special resolution number 1

Approval of proposed non-executive directors' remuneration for the year ending 31 December 2020

"RESOLVED that the remuneration of the non-executive directors in respect of services as directors of the Company for the financial year ending 31 December 2020 be authorised and determined on the basis and the amounts set out below.

Fees are:

- (i) paid to non-executive directors annually;
- (ii) determined by the Board on a market-related basis as recommended by the Sabcap Remuneration and Nominations Committees;
- (iii) stated excluding VAT and before PAYE (where applicable); and
- (iv) fees will be calculated pro rata from the listing date of the Company, with fees for the year to that date having been approved by Sabvest Limited shareholders and paid by Sabvest Limited.

DIRECTORS' REPORT

at 31 December 2020

continued

| | Year ending 2020 R |
|--|-----------------------------------|
| Chairman | 360 000 |
| Deputy Chairman | 270 000 |
| Non-executive directors | 250 000 |
| Chairman of the Audit and Risk Committee | 170 000 |
| Chairman of the Remuneration Committee | 100 000 |
| Chairman of the Nominations Committee | 85 000 |
| Chairman of the Social, Ethics and Transformation Committee | 85 000 |
| Chairman of Independent Committee for the Sabcap Scheme | 125 000 |
| Committee members/invitees | 60 000 |
| Directorships of investees by non-executive directors for Sabcap | 145 000 |
| Lead Independent Director | Additional 40 000" |

The resolution was passed on 25 June 2020.

Special resolution number 2

Authority to provide financial assistance in terms of Section 45 of the Companies Act to any Group company

“RESOLVED that the Board may, subject to compliance with the Company’s MOI and the requirements of the Companies Act (including but not limited to the Board being satisfied that immediately after providing the financial assistance, the Company would satisfy the solvency and liquidity test (as contemplated in Section 4 of the Companies Act) and that the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company) authorise the Company to provide at any time and from time to time during the 2 (two) years commencing on the date of adoption of this special resolution, direct or indirect financial assistance including without limitation by way of lending money, guaranteeing a loan or other obligation, securing any debt obligation or otherwise, as envisaged in Section 45 of the Companies Act, to related or inter-related company (on such terms as defined in Section 2 of the Companies Act) or to a member of the related or inter-related corporation, or to a person related to any such company or corporation (subject to the provisions of Section 45 of the Companies Act) provided that such financial assistance may be granted up to a limit of R5 billion. This authority shall not extend beyond 2 (two) years from the date of this annual general meeting.”

The resolution was passed on 25 June 2020.

Special resolution number 3

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

“RESOLVED that the Board may, subject to compliance with the Company’s MOI and the requirements of the Companies Act (including but not limited to the Board being satisfied that immediately after providing the financial assistance, the Company would satisfy the solvency and liquidity test (as contemplated in Section 4 of the Companies Act) and that the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company) authorise the Company to provide at any time and from time to time during the 2 (two) years commencing on the date of adoption of this special resolution, direct or indirect financial assistance including without limitation by way of lending money, guaranteeing a loan or other obligation, securing any debt obligation or otherwise, as envisaged

DIRECTORS' REPORT

at 31 December 2020

continued

in Section 45 of the Companies Act, to related or inter-related company (on such terms as defined in Section 2 of the Companies Act) or to a member of the related or inter-related corporation, or to a person related to any such company or corporation (subject to the provisions of Section 45 of the Companies Act) provided that such financial assistance may be granted up to a limit of R5 billion. This authority shall not extend beyond 2 (two) years from the date of this annual general meeting.”

The resolution was passed on 25 June 2020.

Special resolution number 4

General authority to repurchase shares

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

- ◆ this general authority shall be valid until the earlier of the Company’s next annual general meeting or the variation or revocation of such general authority by special resolution at any subsequent general meeting of the Company, provided that it shall not extend beyond 15 months from the date of passing this special resolution number 4;
- ◆ an announcement will be published as soon as the Company or any of its subsidiaries have acquired ordinary shares constituting, on a cumulative basis, 3% of the number of ordinary shares in issue and for each 3% in aggregate of the initial number acquired thereafter, in compliance with paragraph 11.27 of the JSE Listings Requirements;
- ◆ subject to section 48 of the Companies Act, the general authority to repurchase is limited to a maximum of 20% in the aggregate in any one financial year of the Company’s issued share capital at the beginning of the financial year, provided that the number of shares purchased and held by or for the benefit of a subsidiary or subsidiaries of the Company, taken together, shall not exceed 10% in the aggregate of the number of issued shares in the Company;
- ◆ such general repurchase will be subject to the applicable provisions of the Companies Act (including Sections 114 and 115) to the extent that Section 48(b) is applicable in relation to that particular repurchase;
- ◆ shares of the Company may not be acquired at a price greater than 10% above the weighted average of the market value at which such shares are traded on the JSE as determined over the five business days immediately preceding the date of acquisition of such shares;
- ◆ the Company has been given authority to repurchase shares by its MOI;
- ◆ the Board of Directors authorise the repurchase, the Group and the Company passes the solvency and liquidity test and that from the time that the test is done, there will be no material changes to the financial position of the Group and the Company;
- ◆ at any point in time, the Company and/or its subsidiaries may only appoint one agent to effect any such repurchase;
- ◆ the Company and/or its subsidiaries will not repurchase any shares during a prohibited period, as defined in the JSE Listings Requirements unless a repurchase programme is in place, where dates and quantities of shares to be traded during the prohibited period are fixed (not subject to any variation) and have been submitted to the JSE in writing. The Company and/or its subsidiaries will entrust an independent third party prior to the commencement of the prohibited period to execute the repurchase programme submitted to the JSE; and
- ◆ repurchases are to be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counter party (reported trades are prohibited).”

DIRECTORS' REPORT

at 31 December 2020

continued

- ◆ that this general authority be valid only until the next annual general meeting or for fifteen months from the date of the passing of this resolution, whichever is the earlier date;
- ◆ the Board must pass a resolution that they authorised the repurchase and that the Company and the Group have passed the solvency and liquidity test as set out in section 4 of the Companies Act, and that since the test was done there have been no material changes to the financial position of the Group; and
- ◆ any general repurchase is subject to exchange control regulations and approvals in place at that point in time.

The resolution was passed on 25 June 2020.

Preparation and approval of financial statements

The preparation of these Consolidated and Company financial statements was supervised by the Chief Financial Officer, R Pleaner CA(SA) and approved by the Board on 24 March 2021.

AUDIT AND RISK COMMITTEE REPORT

for the year ended 31 December 2020

The Audit and Risk Committee met three times during the year and the external auditors and internal auditors presented formal reports to the Committee and attended meetings by invitation in accordance with section 94(7)(f) of the Companies Act, No. 71 of 2008. The Committee reports as follows:

- ◆ The scope, independence and objectivity of the external auditors were reviewed, having consideration of the current debate around mandatory audit firm rotation, auditor independence and tenure.
- ◆ The Committee has continued with performing their own rigorous assessment of the independence of the auditor, as required by the current governance requirements covered by the Companies Act. This assessment included consideration of the tenure of the audit engagement and the regularity of audit partner notation; the extent and nature of non-audit services provided and the competence and expertise of the partner and the team.
- ◆ We have reviewed the policies and processes in place between the company and Deloitte to ensure that independence is maintained. These include, *inter alia*, the assessment and pre-approval processes for engaging on non-audit services, audit firm tenure of 20 years (Deloitte & Touche has been the auditor of Sabcap for 1 year since inception and the auditor of the subsidiaries within the Group for 20 years) and partner rotation after a 5-year period, in line with the requirements of the Companies Act. Our conclusion following the above assessment is that the policies and processes are in place to ensure independence and that Deloitte is independent of the company. We, therefore, propose the audit firm Deloitte & Touche, and the audit partner, André Dennis, to be the Group's auditor and audit partner for the 2021 financial year.
- ◆ The Committee noted the key audit matter set out in the independent auditor's report, which is the valuation model and inputs applied to unlisted investments carried at fair value.
- ◆ The expertise and experience of the Finance Function and the CFO were assessed and approved.
- ◆ The Committee noted and considered the JSE's report on proactive monitoring of financial statements.
- ◆ The Group's Corporate Governance procedures were reviewed and approved.
- ◆ On an ongoing basis, the Committee reviews and approves the fees payable to the external auditors, such fees are disclosed in note 9 to the annual financial statements.
- ◆ The appointment of the external auditor complies with the Companies Act, Section 3.84 and 22.15(h) of the JSE Listings Requirements and with all other legislation relating to the appointment of external auditors.
- ◆ The nature and extent of non-audit services provided by the external auditors have been reviewed to ensure that the fees for such services do not become so significant as to call into question independence.
- ◆ The nature and extent of future non-audit services have been defined and pre-approved.
- ◆ The Committee has received and reviewed reports from management and the auditors concerning the Internal Control Environment Systems and Processes, in particular the report from the internal auditors on the internal financial controls informing the declaration by the CEO and CFO.
 - The CEO and CFO and the internal auditors have reviewed the controls over financial reporting, the process of which was concluded post year-end, and have presented their findings to the Audit Committee. A number of internal control deficiencies were identified within certain functions, primarily deriving from the small size of the finance and accounting department not facilitating the division of responsibilities, and not having all the necessary policies and procedures formally documented. In addition, it was identified that the agreement in relation to Sabcap's outsourced IT function was outdated and a new agreement should be entered into. These have been reported to the Audit Committee and are being dealt with by management in the ordinary course of business. The Audit Committee is, however, satisfied that none of these deficiencies had a material effect for the purposes of the preparation and presentation of the financial statements for the year under review. Remediation plans are in place to have the deficiencies addressed during 2021.
- ◆ The Committee reviewed and recommended the adoption by the Board of such financial information which is publically disclosed and included in the annual financial statements, including accounting policies.



L Mthimunye

Audit and Risk Committee Chairman

Sandton

24 March 2021

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2020

| | Notes | 2020 R'000 | Restated * 2019 R'000 |
|--|-------|------------------|-----------------------------|
| Non-current assets | | 3 364 619 | 2 957 158 |
| Property, plant and equipment | 1 | 2 990 | 3 610 |
| Right of use of asset | 1 | 4 210 | 483 |
| Investment holdings | 2 | 3 357 419 | 2 953 065 |
| Unlisted investments | | 2 895 853 | 2 358 579 |
| Listed investments | | 461 566 | 529 461 |
| Listed investments held indirectly | | – | 65 025 |
| Current assets | | 281 136 | 267 072 |
| Finance advances and receivables | 3 | 134 649 | 124 614 |
| Investment funds offshore | 4 | 56 295 | – |
| Investments held-for-sale | 4 | 86 341 | 71 072 |
| Bond portfolio offshore | 4 | – | 68 261 |
| Cash balances | | 3 851 | 3 125 |
| Total assets | | 3 645 755 | 3 224 230 |
| Ordinary shareholders' equity | | 3 048 991 | 2 759 456 |
| Share capital | 5 | 1 426 865 | 1 443 375 |
| Non-distributable reserves | 6 | (1 274 373) | (1 319 213) |
| Accumulated profit | 6 | 2 896 499 | 2 635 294 |
| Non-current liabilities | | 509 306 | 372 976 |
| Interest-bearing debt | 7 | 330 000 | 300 000 |
| Provisions | 8 | 4 983 | – |
| Deferred tax liabilities | 10 | 174 323 | 72 976 |
| Current liabilities | | 87 458 | 91 798 |
| Interest-bearing debt | | 39 610 | 49 278 |
| Current portion of interest-bearing debt | 7 | 10 000 | – |
| Portfolio finance offshore | 7 | – | 32 556 |
| Interest-bearing debt | 7 | 29 610 | 16 722 |
| Accounts payable and provisions | 8 | 47 848 | 42 520 |
| Total equity and liabilities | | 3 645 755 | 3 224 230 |

* Restated as a result of the reverse acquisition accounting. Refer to the accounting policies and note 28.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2020

| | Notes | 2020 R'000 | Restated * ¹ 2019 R'000 |
|--|-------|------------------|--|
| Gross income from operations and investments | | 492 075 | 373 794 |
| Dividends received | 15 | 107 226 | 115 422 |
| Interest received | 15 | 18 834 | 23 609 |
| Forex (loss)/gain | | 6 525 | (4 622) |
| (Loss)/gain on sale of financial instruments and shares | 15 | (7 118) | 5 028 |
| Fees | 15 | 1 771 | 2 157 |
| Fair value adjustments to investments | | 364 837 | 232 200 |
| – Listed | | 63 727 | (37 971) |
| – Listed held indirectly | | – | (225) |
| – Unlisted | | 301 110 | 270 396 |
| Transactional costs | | (12 785) | (6 525) |
| Impairment reversed | | – | 686 |
| Fair value loss on initial recognition of interest-free loans | | (688) | (231) |
| Interest paid | | (27 667) | (26 634) |
| Net income before operating expenses | | 450 935 | 341 090 |
| <i>Less: Expenditure *²</i> | | (56 404) | (63 337) |
| Net income before taxation | 9 | 394 531 | 277 753 |
| Taxation | 10 | (101 347) | 104 133 |
| Net income for the year attributable to equity shareholders | | 293 184 | 381 886 |
| Translation of foreign subsidiary * ³ | 16 | 44 840 | (20 507) |
| Total comprehensive income for the year attributable to equity shareholders | | 338 024 | 361 379 |
| Earnings per share – cents * ⁴ | 11 | 708,4 | 920,0 |

*¹ Restated as a result of the reverse acquisition accounting. Refer to the accounting policies and note 28.

*² Re-represented for enhanced disclosure. Refer to note 9.

*² This item may subsequently be classified to profit and loss.

*³ There are no diluting instruments.

COMPANY STATEMENT OF FINANCIAL POSITION

at 31 December 2020

| | Notes | 2020 R'000 | 2019 * R'000 |
|--------------------------------------|-------|------------------|-----------------|
| Non-current assets | | 1 443 375 | – |
| Investment in subsidiaries | 2 | 1 443 375 | – |
| Current assets | | 26 322 | – |
| Loans to subsidiaries (Annexure A) | | 26 281 | – |
| Cash balances | | 41 | – |
| Total assets | | 1 469 697 | – |
| Ordinary share capital and premium | 5 | 1 429 014 | – |
| Accumulated profit | 6 | 38 853 | – |
| Ordinary shareholders' equity | | 1 467 867 | – |
| Current liabilities | | 1 830 | – |
| Accounts payable | 8 | 1 830 | – |
| Total equity and liabilities | | 1 469 697 | – |

* Refer to the accounting policies and note 28.

COMPANY STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2020

| | Notes | 2020 R'000 | 2019 * R'000 |
|--|-------|---------------|-----------------|
| Dividends received | 15 | 48 000 | – |
| Interest received | | 1 | – |
| Gross income | | 48 001 | – |
| Transactional costs | | (10) | – |
| Expenditure | | (5 038) | – |
| Total comprehensive income for the year attributable to equity shareholders | | 42 953 | – |

* Refer to the accounting policies and note 28.

CONSOLIDATED AND COMPANY STATEMENTS OF CASH FLOWS

for the year ended 31 December 2020

| | GROUP | | COMPANY | |
|---|------------------|--|-----------------|------------------------------|
| | 2020 R'000 | Restated * ¹ 2019 R'000 | 2020 R'000 | 2019 * ² R'000 |
| Cash flows from operating activities | 12 932 | 18 285 | 40 683 | – |
| Net income for the year | 293 184 | 381 886 | 42 953 | – |
| Adjustments for: | | | | |
| Depreciation | 1 915 | 1 969 | – | – |
| Fair value adjustments to investments | (364 837) | (232 200) | – | – |
| Share capitalisation issue | – | (4 775) | – | – |
| Fair value loss on initial recognition of interest-free loans | 688 | 231 | – | – |
| Interest received | (1 162) | (982) | – | – |
| Interest paid | 27 667 | 26 634 | – | – |
| Deferred taxation | 101 347 | (104 133) | – | – |
| Net reversal of impairments | – | (686) | – | – |
| Loss/(gain) on financial instruments and shares | 7 118 | (5 028) | – | – |
| (Loss)/profit on sale of property, plant and equipment | 48 | (8) | – | – |
| Provisions | 4 033 | 5 355 | – | – |
| (Decrease)/increase in accounts payable | (9 214) | 6 628 | 1 830 | – |
| Cash flows from operations | 60 787 | 74 891 | 44 783 | – |
| Cash interest paid | (27 667) | (26 634) | – | – |
| Dividends paid – ordinary | (20 188) | (29 972) | (4 100) | – |
| Cash flows utilised in investing activities | (14 963) | (428 519) | (26 281) | – |
| Purchase of property, plant and equipment | (303) | (1 863) | – | – |
| Purchase of investment holdings and offshore portfolios | (188 952) | (514 237) | – | – |
| Proceeds from sale of investment holdings and offshore portfolios | 183 852 | 195 664 | – | – |
| Proceeds from sale of fixed assets | – | 108 | – | – |
| Increase in loans to subsidiaries | – | – | (26 281) | – |
| Increase in finance advances and receivables | (9 560) | (108 191) | – | – |
| Cash flows from/(utilised in) financing activities | 2 757 | 163 786 | (14 361) | – |
| Increase in long-term loan | 40 000 | 160 000 | – | – |
| Increase/(decrease) in other interest-bearing debt | 12 888 | (9 454) | – | – |
| Repayment of principal portion of lease liability * ¹ | (1 065) | (1 114) | – | – |
| Repurchase of company shares | (16 510) | (18 202) | (14 361) | – |
| (Decrease)/increase in offshore portfolio finance | (35 476) | 35 476 | – | – |
| Increase/(decrease) in cash offshore | 2 920 | (2 920) | – | – |
| Change in cash and cash equivalents | 726 | (246 448) | 41 | – |
| Cash and cash equivalents at beginning of year | 3 125 | 249 573 | – | – |
| Cash and cash equivalents at end of year | 3 851 | 3 125 | 41 | – |

*¹ Prior year re-represented for enhanced disclosure by reclassifying the repayment of the principal portion of the lease from operating activities to financing activities.*² Refer to the accounting policies and note 28.

CONSOLIDATED AND COMPANY STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 December 2020

| | Share capital R'000 | Non-distributable reserves R'000 | Accumulated profit R'000 | Total R'000 |
|--|------------------------|-------------------------------------|-----------------------------|------------------|
| GROUP | | | | |
| Balance as at 1 January 2019 | 851 | 143 818 | 2 301 479 | 2 446 148 |
| Sabvest shares repurchased and cancelled | – | – | (18 202) | (18 202) |
| Issue of share capital on reverse acquisition | 1 442 524 | – | – | 1 442 524 |
| Reverse acquisition reserve | – | (1 442 524) | – | (1 442 524) |
| Total comprehensive income for the year | – | (20 507) | 381 886 | 361 379 |
| Unclaimed dividends – written back | – | – | 103 | 103 |
| Dividends paid | – | – | (29 972) | (29 972) |
| Balance as at 1 January 2020 – Restated *¹ | 1 443 375 | (1 319 213) | 2 635 294 | 2 759 456 |
| Total comprehensive income for the year | – | 44 840 | 293 184 | 338 024 |
| Sabvest shares repurchased and cancelled | – | – | (11 791) | (11 791) |
| Shares repurchased and cancelled | (15 306) | – | – | (15 306) |
| Shares held in treasury | (1 204) | – | – | (1 204) |
| Dividends paid | – | – | (20 188) | (20 188) |
| Balance as at 31 December 2020 | 1 426 865 | (1 274 373) | 2 896 499 | 3 048 991 |
| COMPANY | | | | |
| Balance as at 1 January 2019 *² | – | – | – | – |
| Balance as at 1 January 2020 *² | – | – | – | – |
| Issue of share capital on reverse acquisition | 1 443 375 | – | – | 1 443 375 |
| Total comprehensive income for the year | – | – | 42 953 | 42 953 |
| Shares cancelled | (14 361) | – | – | – |
| Dividends paid | – | – | (4 100) | (4 100) |
| Balance as at 31 December 2020 | 1 429 014 | – | 38 853 | 1 467 867 |

*¹ Restated as a result of the reverse acquisition accounting. Refer to the accounting policies and note 28.

*² Refer to the accounting policies and note 28.

ACCOUNTING POLICIES

for the year ended 31 December 2020

Accounting policies

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

Reverse acquisition accounting

Following the acquisition of all the ordinary and ‘N’ ordinary shares in Sabvest Limited (“Sabvest”) by the Company (refer to note 28), the comparative information contained in the consolidated financial statements disclose the continuing operations of Sabvest as a reverse acquisition. In line with IFRS 3, the consolidated financial statements are therefore a continuation of the financial statements of Sabvest, with one adjustment, which is to adjust retroactively Sabvest’s equity and number of shares in issue to reflect the Company’s equity and number of shares in issue.

Given that the Company was incorporated on 20 January 2020, there is no comparative information disclosed in the Company financial statements.

Basis of consolidation

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

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

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

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

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

Investments

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

Where investments are listed equities, fair value is calculated as market value. Should the disposal of any investment be restricted, then the market value is reduced by a discount to arrive at fair value. Gains and losses arising from changes in the fair value are included in the statement of comprehensive income for the period. On disposal of the investments the profit or loss is accounted for as the difference between the consideration received and the fair value of the investment at the commencement of the financial year.

Where investments are unlisted equities, fair value is calculated using the maintainable earnings model or attributable net asset value. Maintainable earnings are based on historic and projected Earnings Before Interest, Taxation, Depreciation and Amortisation (“EBITDA”) as appropriate. Earnings have been normalised excluding the effects of lockdowns and COVID-19 as long as there has been no permanent damage to the business models and relative to the periods by

ACCOUNTING POLICIES

for the year ended 31 December 2020

continued

which pre-COVID-19 volumes and earnings are expected to be achieved. The multiples are selected after considering peer group multiples and adjusting as appropriate. The resultant valuations are then adjusted for net cash or net debt balances. Funding requirements to restore the business models to pre-COVID-19 levels (being the funding of losses, safety and employee costs and working capital normalisation) have been added to debt as appropriate. They may be measured for reasonableness against net asset value (if this is a relevant metric), recent transaction prices and/or Discounted Cash Flow (“DCF”) valuations.

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

Financial instruments

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

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

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

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

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

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

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

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

On disposal of investments the profit or loss is accounted for as the difference between the consideration received and the fair value of the investment and is included in the statement of comprehensive income.

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

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

ACCOUNTING POLICIES

for the year ended 31 December 2020

continued

Treasury shares

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

Property, plant and equipment

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

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

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

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

Foreign currencies

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

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

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

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

ACCOUNTING POLICIES

for the year ended 31 December 2020

continued

Impairment provisions

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

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

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

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

Provisions

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

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

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

Revenue recognition

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

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

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

Interest is recognised on a time proportion basis.

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

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

ACCOUNTING POLICIES

for the year ended 31 December 2020

continued

Lease agreements

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

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

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

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

Related party transactions

All related party transactions are, unless otherwise disclosed, in the normal course of business. Refer to note 21.

Retirement benefits and medical aid schemes

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

Taxation

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

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

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

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

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

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

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

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

Cash and cash equivalents

Cash and cash equivalents represent cash at bank.

ACCOUNTING POLICIES

for the year ended 31 December 2020

continued

Borrowing costs

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

Critical judgements and key estimates

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

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

In respect of the unlisted investments which are carried at fair value, significant judgement and estimate is used to select the appropriate valuation model, determine maintainable earnings and estimate the earnings multiple. Details of the judgements are set out in note 20.

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

New/Revised International Financial Reporting Standards Issued

All new and revised standards and interpretations issued by IASB and the IFRS Interpretations Committee (“IFRIC”) of the IASB that are relevant to the Group’s operations and effective for annual reporting periods commencing on 1 January 2020 have been adopted and retrospectively applied. These standards include:

- ♦ References to the Conceptual Framework (amendments effective for annual periods beginning on or after 1 January 2020);
- ♦ IAS 1 Presentation of financial statements (amendments effective for annual periods beginning on or after 1 January 2020);
- ♦ IAS 8 Accounting policies, changes in accounting estimates and errors (amendments effective for annual periods beginning on or after 1 January 2020); and
- ♦ IFRS 3 Business combinations (amendments effective for annual periods beginning on or after 1 January 2020).

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

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

| | | Effective date |
|---------|---|-----------------------|
| IFRS 16 | Leases | 1 June 2020 |
| IAS 1 | Presentation of Financial Statements | 1 January 2022 |
| IFRS 3 | Business Combinations | 1 January 2022 |
| IAS 16 | Property, Plant and Equipment | 1 January 2022 |
| IAS 37 | Provisions, Contingent Liabilities and Contingent Assets | 1 January 2022 |
| IAS 8 | Accounting policies, changes in accounting estimates and errors | 1 January 2023 |
| IFRS 17 | Insurance Contracts | 1 January 2023 |

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

Audited annual financial statements

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2020

continued

| | Motor vehicles R'000 | Office furniture, equipment, computers and leasehold improvements R'000 | Total R'000 |
|--|----------------------------|---|----------------|
| 1. Property, plant and equipment and right of use asset | | | |
| 1.1 Property, plant and equipment | | | |
| 2020 GROUP | | | |
| Beginning of year | | | |
| Cost | 1 330 | 6 688 | 8 018 |
| Accumulated depreciation | (612) | (3 796) | (4 408) |
| Net book value | 718 | 2 892 | 3 610 |
| Current year movements | | | |
| Additions | – | 303 | 303 |
| Disposals cost | – | (904) | (904) |
| Disposal – accumulated depreciation | – | 856 | 856 |
| Depreciation | (221) | (654) | (875) |
| Total movement | (221) | (399) | (620) |
| End of year | | | |
| Cost | 1 330 | 6 087 | 7 417 |
| Accumulated depreciation | (833) | (3 594) | (4 427) |
| Net book value | 497 | 2 493 | 2 990 |
| 2019 GROUP | | | |
| Beginning of year | | | |
| Cost | 1 330 | 4 940 | 6 270 |
| Accumulated depreciation | (391) | (3 191) | (3 582) |
| Net book value | 939 | 1 749 | 2 688 |
| Current year movements | | | |
| Additions | – | 1 863 | 1 863 |
| Disposals cost | – | (115) | (115) |
| Disposal – accumulated depreciation | – | 15 | 15 |
| Depreciation | (221) | (620) | (841) |
| Total movement | (221) | 1 143 | 922 |
| End of year | | | |
| Cost | 1 330 | 6 688 | 8 018 |
| Accumulated depreciation | (612) | (3 796) | (4 408) |
| Net book value | 718 | 2 892 | 3 610 |

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

Audited annual financial statements

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2020

continued

| | GROUP | |
|---|-----------------------|---------------|
| | 2020 R'000 | 2019 R'000 |
| 1. Property, plant and equipment and right of use asset <i>continued</i> | | |
| 1.2 Right of use asset | | |
| Beginning of year | | |
| Cost | 1 611 | – |
| Accumulated depreciation | (1 128) | – |
| Net book value | 483 | – |
| Current year movements | | |
| Recognition of right of use asset | 4 767 | 1 611 |
| De-recognition on expiry of lease – cost | (1 611) | – |
| De-recognition on expiry of lease – accumulated depreciation | 1 611 | – |
| Depreciation | (1 040) | (1 128) |
| Total movement | 3 727 | 483 |
| End of year | | |
| Cost | 4 767 | 1 611 |
| Accumulated depreciation | (557) | (1 128) |
| Net book value | 4 210 | 483 |

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

Audited annual financial statements

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2020

continued

| | GROUP | | COMPANY | |
|---|------------------|---------------|------------------|-----------------|
| | 2020 R'000 | 2019 R'000 | 2020 R'000 | 2019 * R'000 |
| 2. Investment holdings | | | | |
| 2.1 Investment in subsidiaries | | | | |
| Shares at cost less impairments (refer Annexure A) | – | – | 1 443 375 | – |
| 2.2 Investment holdings | | | | |
| <i>Unlisted</i> | | | | |
| At cost | 1 420 847 | 1 207 199 | – | – |
| Fair value adjustment | 1 475 006 | 1 151 380 | – | – |
| Opening balance | 1 151 380 | 885 032 | – | – |
| Transfer from listed investments | (5 512) | – | – | – |
| Transfer from listed investments held indirectly | (3 494) | – | – | – |
| Transfer to held for sale | 15 773 | – | – | – |
| Currency fluctuations | 19 588 | (4 048) | – | – |
| Movement for the year | 297 271 | 270 396 | – | – |
| Directors' value | 2 895 853 | 2 358 579 | – | – |
| <i>Listed</i> | | | | |
| At cost | 248 033 | 386 106 | – | – |
| Fair value adjustments | 213 533 | 143 355 | – | – |
| Opening balance | 143 355 | 66 021 | – | – |
| Transfer to unlisted | 5 512 | – | – | – |
| Transfer to held-for-sale | (138) | – | – | – |
| Transfer from equity investment | – | 112 910 | – | – |
| Currency fluctuations | (4 604) | 577 | – | – |
| Movement for the year | 69 408 | (36 153) | – | – |
| Market value | 461 566 | 529 461 | – | – |
| <i>Listed held indirectly</i> | | | | |
| At cost | – | 68 519 | – | – |
| Fair value adjustments | – | (3 494) | – | – |
| Opening balance | (3 494) | 1 609 | – | – |
| Transfer to held-for-sale | 3 494 | – | – | – |
| Realisation | – | (4 878) | – | – |
| Movement for the year | – | (225) | – | – |
| Market value | – | 65 025 | – | – |
| Balance sheet value | 3 357 419 | 2 953 065 | – | – |

* Refer to the accounting policies and note 28.

Audited annual financial statements

continued

| | GROUP | | COMPANY | |
|--|----------------|---------------|---------------|-----------------|
| | 2020 R'000 | 2019 R'000 | 2020 R'000 | 2019 * R'000 |
| 3. Finance advances and receivables | | | | |
| Finance advances | 118 220 | 124 454 | – | – |
| Sundry receivables | 16 429 | 160 | – | – |
| | 134 649 | 124 614 | – | – |
| Interest-free loans | | | | |
| Gross advances | 18 389 | 15 933 | – | – |
| Fair value loss on initial recognition | (4 827) | (4 138) | – | – |
| Interest earned | 2 521 | 1 359 | – | – |
| Currency fluctuations | (54) | (24) | – | – |
| | 16 029 | 13 130 | – | – |

The interest-free loans are included in finance advances.

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

The finance advances and receivables which approximate fair value are measured at amortised cost.

| | | | | |
|---|---------------|-----------|---|---|
| 4. Listed investments held directly/indirectly | | | | |
| 4.1 Listed investments held indirectly (held-for-sale) | | | | |
| At cost | – | – | – | – |
| Fair value adjustments | – | – | – | – |
| Opening balance | – | (19 065) | – | – |
| Realisation | – | 19 065 | – | – |
| Market value | – | – | – | – |
| 4.2 Listed investments (held-for-sale) | | | | |
| At cost | 60 269 | 183 982 | – | – |
| Fair value adjustments | (9 363) | (112 910) | – | – |
| Opening balance | (112 910) | – | – | – |
| Transfer from unlisted investments | 138 | – | – | – |
| Realisation | 112 910 | – | – | – |
| Currency fluctuations | 1 218 | – | – | – |
| Movement for the year | (10 719) | (112 910) | – | – |
| Market value | 50 906 | 71 072 | – | – |

* Refer to the accounting policies and note 28.

Audited annual financial statements

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2020

continued

| | GROUP | | COMPANY | |
|--|-----------------------|-----------------------|-----------------------|-------------------------|
| | 2020 R'000 | 2019 R'000 | 2020 R'000 | 2019 * R'000 |
| 4. Listed investments held directly/indirectly <i>continued</i> | | | | |
| 4.3 Unlisted investments (held-for-sale) | | | | |
| At cost | 48 428 | – | – | – |
| Fair value adjustments | (12 993) | – | – | – |
| Opening balance | – | – | – | – |
| Transfer from unlisted investments | (15 773) | – | – | – |
| Movement for the year | 3 839 | – | – | – |
| Currency fluctuations/variations | (1 059) | – | – | – |
| Market value | 35 435 | – | – | – |
| 4.4 Bond portfolio offshore | | | | |
| At cost | – | 70 026 | – | – |
| Fair value adjustments | – | (1 765) | – | – |
| Opening balance | (1 765) | (5 777) | – | – |
| Realisation | 1 970 | 5 650 | – | – |
| Movement for the year | – | (1 818) | – | – |
| Currency fluctuations/variations | (205) | 180 | – | – |
| Market value | – | 68 261 | – | – |
| 4.5 Investment funds offshore | | | | |
| At cost | 51 826 | – | – | – |
| Fair value adjustments | 4 469 | – | – | – |
| Opening balance | – | – | – | – |
| Movement for the year | 5 038 | – | – | – |
| Currency fluctuations/variations | (569) | – | – | – |
| Market value | 56 295 | – | – | – |

* Refer to the accounting policies and note 28.

Audited annual financial statements

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2020

continued

5. Share capital and premium**5.1 Share capital**

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

At year-end, there were 41 000 000 (2019: 41 508 352 Sabvest shares) Sabcap ordinary shares in issue and 1 (2019: nil) Z share. Issued, net of shares held in treasury, was 40 959 500 (2019: 41 508 352) ordinary shares and 1 (2019: nil) Z share.

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

| | GROUP | | COMPANY | |
|--|---------------|--|---------------|------------------------------|
| | 2020 R'000 | Restated * ¹ 2019 R'000 | 2020 R'000 | 2019 * ² R'000 |
| 5.2 Reconciliation of number of shares in issue | | | | |
| <i>Ordinary shares</i> | | | | |
| At beginning of year | 41 508 352 | 41 508 352 | – | – |
| Issue of share capital on reverse acquisition | – | – | 41 508 352 | – |
| Repurchased and cancelled | (508 352) | – | (508 352) | – |
| | 41 000 000 | 41 508 352 | 41 000 000 | – |
| Treasury shares held | (40 500) | – | – | – |
| | 40 959 500 | 41 508 352 | 41 000 000 | – |
| 5.3 Reconciliation of issued share capital | | | | |
| At beginning of year | 1 443 375 | 851 | – | – |
| Issue of share capital on reverse acquisition | – | 1 442 524 | 1 443 375 | – |
| Shares repurchased and cancelled * ³ | (15 306) | – | (14 361) | – |
| Shares held in treasury * ³ | (1 204) | – | – | – |
| Share capital | 1 426 865 | 1 443 375 | 1 429 014 | – |

*¹ Restated as a result of the reverse acquisition accounting. Refer to the accounting policies and note 28.

*² Refer to the accounting policies and note 28.

*³ The Group repurchased 548 852 shares (at an average price per share of R30,08) of which 508 352 were cancelled and 40 500 were held as treasury shares at the year-end.

Audited annual financial statements

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2020

continued

| | GROUP | | COMPANY | |
|--|--------------------|------------------------------|---------------|------------------|
| | 2020 R'000 | Restated *1 2019 R'000 | 2020 R'000 | 2019 *2 R'000 |
| 6. Reserves | | | | |
| 6.1 Non-distributable reserves | | | | |
| On translation of foreign subsidiary | | | | |
| – prior years | 118 245 | 138 752 | – | – |
| – current year | 44 840 | (20 507) | – | – |
| Accumulated loss in share trust | | | | |
| – prior years | (640) | (640) | – | – |
| Variation of interest in subsidiary | | | | |
| – prior years | 5 144 | 5 144 | – | – |
| Reverse acquisition reserve *2 | (1 442 524) | (1 442 524) | – | – |
| Capital redemption reserve fund | 562 | 562 | – | – |
| | (1 274 373) | (1 319 213) | – | – |
| 6.2 Accumulated profit | | | | |
| Accumulated profit at beginning of year | 2 635 294 | 2 301 479 | – | – |
| Sabvest shares repurchased and cancelled | (11 791) | (18 202) | – | – |
| Unclaimed dividends written back | – | 103 | – | – |
| Accumulated profit less dividend paid for the year | 272 996 | 351 914 | 38 853 | – |
| Accumulated profit at end of year | 2 896 499 | 2 635 294 | 38 853 | – |
| Total reserves | 1 622 126 | 1 316 081 | 38 853 | – |

*1 Restated as a result of the reverse acquisition accounting. Refer to the accounting policies and note 28.

*2 Refer to the accounting policies and note 28.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2020

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| | GROUP | | COMPANY | |
|---------------------------------|----------------|---------------|---------------|-----------------|
| | 2020 R'000 | 2019 R'000 | 2020 R'000 | 2019 * R'000 |
| 7. Interest-bearing debt | | | | |
| 7.1 Long-term | | | | |
| RSA borrowings | 340 000 | 300 000 | – | – |
| Less: Payable within one year | (10 000) | – | – | – |
| | 330 000 | 300 000 | – | – |

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

The loans are repayable as to R10 million on 30 June 2021, R60 million on 30 April 2022, R30 million on 30 June 2022, R30 million on 30 April 2023, R30 million on 30 June 2023, R40 million on 31 July 2023, R70 million on 30 April 2024, R30 million on 31 July 2024 and R40 million on 30 June 2025.

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

7.2 Short-term

| | | | | |
|---|---------------|--------|---|---|
| RSA borrowings | | | | |
| Bank borrowings current portion of interest-bearing debt | 10 000 | – | – | – |
| Other interest-bearing debt including related parties (refer note 21) | 29 610 | 16 722 | – | – |
| Equity portfolio finance offshore | – | 32 556 | – | – |
| | 39 610 | 49 278 | – | – |

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

Estimated losses on guarantees were assessed and considered immaterial.

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

* Refer to the accounting policies and note 28.

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for the year ended 31 December 2020

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| | GROUP | | COMPANY | |
|---|---------------|---------------|---------------|-----------------------------|
| | 2020 R'000 | 2019 R'000 | 2020 R'000 | 2019* ⁴ R'000 |
| 8. Accounts payable and provisions | | | | |
| Provision for long-term incentive plan * ¹ | 6 007 | 13 404 | – | – |
| Other provisions * ² | 15 909 | 9 462 | – | – |
| Accounts payable * ³ | 25 932 | 19 654 | 1 830 | – |
| | 47 848 | 42 520 | 1 830 | – |
| Provision for long-term incentive plan | | | | |
| Opening balance | 13 404 | 14 288 | – | – |
| Utilised during the year | (4 790) | (6 185) | – | – |
| Increase in provision for the year | 2 376 | 5 301 | – | – |
| Less: long-term portion | (4 983) | – | – | – |
| Closing balance | 6 007 | 13 404 | – | – |
| Other provisions | | | | |
| Opening balance | 9 462 | 3 223 | – | – |
| Utilised during the year | (9 139) | (2 833) | – | – |
| Increase in provision for the year | 15 586 | 9 072 | – | – |
| Closing balance | 15 909 | 9 462 | – | – |

*¹ Refer to remuneration policy and note 14.*² Other provisions comprise mainly of provisions for audit fees and incentive bonuses to executives.*³ Group accounts payable includes IFRS 16 Leases liability in the amount of R4 209 500 (2019: R495 000) and settlement of Section 164 appraisal claims in the amount of R11 344 375 (2019: Rnil).*⁴ Refer to the accounting policies and note 28.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2020

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| | GROUP | | COMPANY | |
|---|---------------|---------------|---------------|----------------|
| | 2020 R'000 | 2019 R'000 | 2020 R'000 | 2019* R'000 |
| 9. Net income before taxation | | | | |
| This is stated after taking into account: | | | | |
| (Loss)/profit on sale of property, plant and equipment | (48) | 8 | – | – |
| Auditors' remuneration – audit fees – current year | 2 728 | 1 556 | – | – |
| – previous year | 1 176 | 832 | – | – |
| Consulting fees | 918 | 718 | – | – |
| Depreciation (refer to note 1) | 1 915 | 1 969 | – | – |
| Payroll costs | 34 512 | 41 970 | – | – |
| Expenses disclosed are classified as follows: | | | | |
| Operating costs – fixed | 36 055 | 34 388 | – | – |
| Operating costs – variable | 18 434 | 26 980 | – | – |
| Depreciation | 1 915 | 1 969 | – | – |
| 10. Taxation | | | | |
| 10.1 Charged for the year | | | | |
| South African normal taxation | | | | |
| Deferred taxation – current year | 101 347 | (104 133) | – | – |
| | 101 347 | (104 133) | – | – |
| 10.2 Movement in deferred tax | | | | |
| Provision for capital gains tax on fair value adjustments to current and non-current investment holdings | 101 347 | (104 133) | – | – |
| | 101 347 | (104 133) | – | – |
| Two of the Group's subsidiaries have assessed losses for taxation purposes. The unutilised estimated losses of the subsidiaries amount to R77 million (2019: R70 million). The deferred tax asset has not been accounted for as this tax loss has been taken into account in assessing the exposure for taxation on fair value measurements recorded. | | | | |
| 10.3 Deferred tax liabilities | | | | |
| Provision for capital gains tax on fair value adjustments to investments after use of assessed losses | (174 323) | (72 976) | – | – |
| | (174 323) | (72 976) | – | – |

* Refer to the accounting policies and note 28.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2020

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| | GROUP | | COMPANY | |
|--|---------------|-----------|---------------|-----------|
| | 2020 % | 2019 % | 2020 % | 2019 % |
| 10. Taxation <i>continued</i> | | | | |
| 10.4 Taxation rate reconciliation | | | | |
| Standard rate of taxation | 28,0 | 28,0 | 28,0 | 28,0 |
| Rate of taxation for the year affected by non-taxable income | (28,0) | (8,4) | (28,0) | (28,0) |
| Deferred tax on investments | 25,7 | (57,1) | – | – |
| Effective rate of taxation | 25,7 | (37,5) | – | – |

10.5 Capital gains tax on investments

Cumulative deferred tax of R174 million (2019: R73 million) has been raised through the statement of comprehensive income for tax on investments that are accounted for on a fair value basis if they were sold at market values except where assessed losses are available for use, or where investees' foreign subsidiaries may be sold to foreign buyers, or where investees are likely to sell their businesses and have raised deferred CGT themselves. The effect on the prior year was a write-back of R85,5m due to the change in policy to sell to foreign buyers.

| | GROUP | |
|--|---------------|--|
| | 2020 cents | Restated * ¹ 2019 cents |
| 11. Earnings per share | | |
| Earnings per share represents the profits in cents attributable to each share and comprises net income for the year attributable to ordinary shareholders divided by the weighted average number of shares in issue during the year. | | |
| Earnings per share | 708,4 | 920,0 |
| The weighted average number of shares used in the calculation for the current year is 41 387 331 (2019: 41 508 352). There are no potentially dilutive shares or options. | 41 387 | 41 508 |

*¹ Restated as a result of the reverse acquisition accounting. Refer to the accounting policies and note 28.

Audited annual financial statements

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2020

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| | GROUP | |
|---|-----------------------------|--|
| | 2020 R'000 | Restated * ¹ 2019 R'000 |
| 12. Headline earnings per share | | |
| Headline earnings per share comprise attributable income adjusted by certain exceptional losses attributable to ordinary shareholders divided by the weighted average number of shares in issue as follows: | | |
| Net income for the year attributable to equity shareholders | 293 184 | 381 886 |
| Loss/(profit) on sale of property, plant and equipment | 48 | (8) |
| Headline earnings for the year | 293 232 | 381 878 |
| Headline earnings per share (cents) | 708,5 | 920,0 |
| The taxation impact of the adjusting items is either not material or not applicable and therefore no tax impact is presented. The weighted average number of shares used in the calculation for the current year is 41 387 331 (2019: 41 508 352). | | |
| 13. Dividends per share | | |
| Dividends per share (final of 15 cents proposed after year-end) (cents) * ² | 25 | 75 |

*¹ Restated as a result of the reverse acquisition accounting. Refer to the accounting policies and note 28.*² Withholding tax on dividends at a rate of 20% will be deducted for all shareholders who are not exempt in terms of the applicable legislation. This will result in a final net cash dividend of 12 cents per ordinary share to non-exempt shareholders.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2020

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| | CS Seabrooke | | R Pleaner | | L Rood | | Total | |
|----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2020 R'000 | 2019 R'000 | 2020 R'000 | 2019 R'000 | 2020 R'000 | 2019 R'000 | 2020 R'000 | 2019 R'000 |
| 14. Directors' emoluments | | | | | | | | |
| <i>Executive directors</i> | | | | | | | | |
| Salaries | 2 704 | 2 551 | 2 284 | 2 154 | 3 214 | 3 032 | 8 202 | 7 737 |
| Retirement and medical | 435 | 372 | 395 | 334 | 305 | 288 | 1 135 | 994 |
| Other benefits | 1 527 | 1 481 | 582 | 560 | 509 | 480 | 2 618 | 2 521 |
| Basic remuneration | 4 666 | 4 404 | 3 261 | 3 048 | 4 028 | 3 800 | 11 955 | 11 252 |
| Incentive bonuses | | | | | | | | |
| – Short-term | – | 5 601 | 815 | 2 962 | 1 507 | 2 950 | 2 322 | 11 513 |
| – Provision * ¹ | 7 300 | 3 373 | 3 074 | 1 686 | 2 574 | 1 686 | 12 948 | 6 745 |
| – LTIP * ² | 3 071 | 4 107 | 1 443 | 1 757 | – | – | 4 514 | 5 864 |
| – Take on bonus | – | – | – | – | – | 2 000 | – | 2 000 |
| Total remuneration | 15 037 | 17 485 | 8 593 | 9 453 | 8 109 | 10 436 | 31 739 | 37 374 |
| <i>Non-executive directors</i> | | | | | | | | |
| Fees as directors | | | | | | | 2 693 | 2 255 |
| L Mthimunye | | | | | | | 750 | 435 |
| K Pillay | | | | | | | 489 | – |
| NSH Hughes * ³ | | | | | | | – | 610 |
| O Ighodaro * ⁴ | | | | | | | – | – |
| DNM Mokhobo * ⁴ | | | | | | | 755 | 575 |
| BJT Shongwe | | | | | | | 699 | 635 |
| | | | | | | | 34 432 | 39 629 |

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

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

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

*² Paid in 2021 relative to 2020 financial year.

*³ Retired effective 31 December 2019.

*⁴ Mrs Dawn Mokhobo retired as Chairman of Sabcap, as a director and as a member of the Board committees on 31 December 2020 and Mrs Olufunke (Funke) Ighodaro was appointed as an independent non-executive director with effect from the same date.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2020

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| | GROUP | | COMPANY | |
|--|----------------|---------------|---------------|---------------|
| | 2020 R'000 | 2019 R'000 | 2020 R'000 | 2019 R'000 |
| 15. Revenue | | | | |
| Revenue comprises of dividends, fees, interest and (loss)/gain on sale of investments and shares | 120 713 | 146 216 | 48 000 | – |

| | GROUP | |
|--|---------------|---------------|
| | 2020 R'000 | 2019 R'000 |
| 16. Comprehensive income | | |
| Items that may subsequently be classified in profit and loss | | |
| Translation of foreign subsidiary | 44 840 | (20 507) |

| | GROUP | |
|---|---------------|---------------------|
| | 2020 | Restated *1 2019 |
| 17. Net asset value per share | | |
| Net asset value per share – cents *2 | 7 444 | 6 648 |
| Number of shares in issue (less held in treasury) – 000's | 40 960 | 41 508 |

*1 Restated as a result of the reverse acquisition accounting. Refer to the accounting policies and note 28.

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

18. Contingent liabilities and commitments

- 18.1** The Group has rights and obligations in terms of shareholder or purchase and sale agreements relating to its present or former investments.
- 18.2** A subsidiary has issued a guarantee of R75 million (2019: R165,8 million) for the bank borrowings of an investee of which R50 million (2019: R134,2 million) was utilised at year-end.
- 18.3** A subsidiary has given an undertaking to follow a rights issue in an investee of up to \$3 million if so required by its bankers in 2021.

19. Hypothecations

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

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2020

*continued***20. Financial instruments****20.1 Capital risk management**

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

The capital structure of the Group consists of cash and cash equivalents, equity attributable to ordinary shareholders comprising issued share capital, reserves and accumulated profit as disclosed in notes 5 and 6 and interest-bearing borrowings as disclosed in note 7. The undrawn short-term facilities available to the Group is set out in note 20.6.

| | GROUP | |
|---|----------------------|---------------|
| | 2020 R'000 | 2019 R'000 |
| 20.2 Categories of financial instruments | | |
| <i>Financial assets</i> | | |
| Fair value through profit or loss | | |
| Held for trading – investment holdings | 3 357 419 | 2 953 065 |
| – investment held-for-sale | 86 341 | 71 072 |
| – investment funds offshore | 56 295 | – |
| – listed bond portfolio | – | 68 261 |
| Amortised cost | | |
| Finance advances and receivables | 134 649 | 124 614 |
| Cash at bank | 3 851 | 3 125 |
| <i>Financial liabilities</i> | | |
| Amortised cost | | |
| Interest-bearing debt – medium-term | 330 000 | 300 000 |
| – current portion of interest-bearing debt | 10 000 | – |
| – portfolio finance offshore | – | 32 556 |
| – interest-bearing debt | 29 610 | 16 722 |
| Accounts payable | 25 932 | 19 654 |

20.3 Foreign currency risk

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

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

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2020

*continued***20. Financial instruments** *continued***20.3 Foreign currency risk** *continued*

It is the policy of the Group to enter into forward exchange contracts to cover 100% of foreign currency repayments. Forward exchange contracts are taken as and when it receives the foreign exchange. As at 31 December 2020 and 31 December 2019 the Group's South African and foreign operations had no material foreign exchange exposure.

20.4 Interest rate risk

The Group has long-term borrowings from third parties in the amount of R340 million (2019: R300 million). The current portion of the long-term borrowings is R10 million (2019: Rnil million). The short-term interest-bearing borrowings are mainly those from related parties (refer note 21) in the amount of R3,6 million (2019: R8,3 million) and from third parties in the amount of R26,0 million (2019: R8,4 million). The Group is exposed to interest rate risk as it borrows funds at floating interest rates. The Group manages the interest rate cost by monitoring cash flows on a daily basis and by borrowing on overnight call and term loans to match the cash flows. If interest rates during the year had been 1% higher or lower and other variables were held constant then the profit for the year would decrease/increase by R3,7 million (2019: R2,7 million). Interest rate risk in relation to financial assets, which is predominantly due to the loans to investees that are linked to prime, is not considered material to the Group.

20.5 Credit risk management

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

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

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

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

20.6 Liquidity risk management

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

At 31 December 2020 the Group had R74,7 million of undrawn facilities (2019: R93,4 million) and R3,9 million cash at bank (2019: R3,1 million) at its disposal to further reduce liquidity risk.

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

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2020

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20. Financial instruments *continued*

20.7 Fair value investments

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

| Financial assets | Fair value as at | | Valuation technique Fair value hierarchy | Significant and key inputs | Relationship of unobservable inputs | Relationship of unobservable inputs to fair value |
|------------------------------------|--|---|---|---|--|---|
| | 31 December 2020 | 31 December 2019 | | | | |
| Listed investments | Listed equity shares R461,7 million Held-for-sale R50,9 million | Listed equity shares R474,0 million Held-for-sale R71,1 million Listed convertible bonds R55,5 million | Level 1 | Quoted share prices on the Johannesburg Stock Exchange. | N/A | N/A |
| Listed investments held indirectly | – | Listed equity shares R65,0 million | Level 2 | Quoted share prices on the Johannesburg Stock Exchange. | N/A | N/A |
| Unlisted Investments | <p>27,7% of Sunspray, a producer of spray dried and blended powdered food and drink products and the largest independent contract supplier of these products and services in South Africa.</p> <p>59,9% of SA Bias, an international industrial and investment group.</p> <p>47,5% of Flexo Line Products, a manufacturing business specialising in high quality injection moulded plastic products primarily for the spice industry locally and internationally.</p> <p>25% of Classic Food Brands, a manufacturer of meat products.</p> <p>19,4% of DNI-4PL Contracts, a company providing technology, logistics and distribution services to the telecommunications and financial industries.</p> <p>30% of ITL Holdings Group, a market leading international designer, manufacturer and distributor of apparel labelling and identification products and supply chain management solutions including RFID.</p> <p>25,1% of Rolfes, a specialist provider of agricultural, food, industrial and water chemical solutions and services.</p> <p>44,8% of Apex Partners, a specialist holding company with a portfolio of controlling interests in distribution, manufacturing and infrastructure businesses in South Africa and also provides advisory, investing and lending solutions which may include taking proprietary positions in distressed entities or in group restructures.</p> <p>10% in Masimong, an investment group with assets in mining and agriculture.</p> <p>R2 895,9 million Held-for-sale R35,4 million</p> | <p>27,7% of Sunspray, a producer of spray dried and blended powdered food and drink products and the largest independent contract supplier of these products and services in South Africa.</p> <p>59,9% of SA Bias, an international industrial and investment group.</p> <p>47,5% of Flexo Line Products, a manufacturing business specialising in high quality injection moulded plastic products primarily for the spice industry locally and internationally.</p> <p>25% of Classic Food Brands, a manufacturer of meat products.</p> <p>20% of DNI-4PL Contracts, a company providing technology, logistics and distribution services to the telecommunications and financial industries.</p> <p>30% of ITL Holdings Group, a market leading international designer, manufacturer and distributor of apparel labelling and identification products and supply chain management solutions including RFID.</p> <p>49,9% of Apex Partners, a specialist holding company with a portfolio of controlling interests in distribution, manufacturing and infrastructure businesses in South Africa and also provides advisory, investing and lending solutions which may include taking proprietary positions in distressed entities or in group restructures.</p> <p>10% in Masimong, an investment group with assets in mining and agriculture.</p> <p>R2 358,6 million</p> | Level 3 | <p>Maintainable earnings model.</p> <p>Attributable NAV</p> <p>Attributable NAV</p> | <p>EBITDA multiplies (unchanged from prior year unless otherwise stated):</p> <p>Sunspray – 5,0 SA Bias – Flowmax 6,0 and Narrowtex/ACM 4,5 * Flexo – 4,5 Classic – 5,0 DNI – 6,5 ITL – 9,0 (previously 9,25) Rolfes – 6,0</p> <p>Level of maintainable earnings based on historic and future projections and normalisation of earnings where appropriate.</p> | The higher the multiples the higher the value. |
| Investment funds offshore | R56,3 million | – | Level 1 | Quoted prices on various stock exchanges. | N/A | N/A |
| Listed bond portfolio | – | R68,2 million | Level 1 | Quoted prices on various stock exchanges. | N/A | N/A |

* Narrowtex and ACM have been merged in the current year. The previous multiple for Narrowtex was 5,0 and ACM was 4,0.

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20. Financial instruments *continued***20.7 Fair value investments** *continued*

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

| | Change in the maintainable earnings | | Change in the price earnings ratio | |
|---|-------------------------------------|--------------------|------------------------------------|--------------------|
| | Increase by 10% Rm | Decrease by 10% Rm | Increase by 10% Rm | Decrease by 10% Rm |
| Increase/(decrease) in fair value 31 December 2020 | 289,6 | (289,6) | 289,6 | (289,6) |
| Increase/(decrease) in fair value 31 December 2019 | 235,8 | (235,8) | 235,8 | (235,8) |

Should the market price of both the listed investments held directly and indirectly and the offshore listed shares have been 10% higher or lower at 31 December 2020, the value of shares would have increased or decreased by R51,2 million (2019: R66,6 million).

Should the market price of offshore investments have been 10% higher or lower at 31 December 2020, the value of offshore investments would have increased or decreased by R5,6 million (2019: R7,1 million).

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

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

| | GROUP | | | |
|---|-----------------------|------------------|-----------------------|------------------|
| | 31 December 2020 | | 31 December 2019 | |
| | Carrying amount R'000 | Fair value R'000 | Carrying amount R'000 | Fair value R'000 |
| Financial assets | | | | |
| <i>Loans and receivables</i> | 134 649 | 134 649 | 124 614 | 124 614 |
| Finance advances and receivables | 134 649 | 134 649 | 124 614 | 124 614 |
| Financial liabilities | | | | |
| <i>Financial liabilities held at amortised cost</i> | 395 542 | 395 542 | 368 928 | 368 928 |
| Interest-bearing debt – long-term | 330 000 | 330 000 | 300 000 | 300 000 |
| Current portion – interest-bearing debt | 10 000 | 10 000 | – | – |
| Portfolio finance offshore | – | – | 32 556 | 32 556 |
| Interest-bearing debt | 29 610 | 29 610 | 16 722 | 16 722 |
| Accounts payable | 25 932 | 25 932 | 19 654 | 19 654 |

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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20. Financial instruments *continued***20.7 Fair value investments** *continued*

| | COMPANY | | | |
|---|--------------------------|---------------------|--------------------------|---------------------|
| | 31 December 2020 | | 31 December 2019 * | |
| | Carrying amount R'000 | Fair value R'000 | Carrying amount R'000 | Fair value R'000 |
| Financial assets | | | | |
| <i>Loans and receivables</i> | 26 281 | 26 281 | – | – |
| Loans to subsidiaries | 26 281 | 26 281 | – | – |
| Financial liabilities | | | | |
| <i>Financial liabilities held at amortised cost</i> | 1 830 | 1 830 | – | – |
| Accounts payable | 1 830 | 1 830 | – | – |

* Refer to the accounting policies and note 28.

IFRS 13 provides a hierarchy that classifies inputs employed to determine fair value. Financial assets and financial liabilities are classified and disclosed as follows (all Company financial assets and financial liabilities are categorised as Level 3 in the current year):

| | Financial fair value hierarchy as at 31 December 2020 | | | |
|---|---|------------------|------------------|----------------|
| | Level 1 R'000 | Level 2 R'000 | Level 3 R'000 | Total R'000 |
| Financial assets | | | | |
| <i>Fair value through profit and loss</i> | | | | |
| Listed investments | 461 566 | – | – | 461 566 |
| Listed investments (held-for-sale) | 50 906 | – | – | 50 906 |
| Unlisted investments | – | – | 2 895 853 | 2 895 853 |
| Unlisted investments (held-for-sale) | – | – | 35 435 | 35 435 |
| Investment funds offshore | 56 295 | – | – | 56 295 |
| Loans and receivables | | | | |
| Finance advances and receivables | – | – | 134 649 | 134 649 |
| Total | 568 767 | – | 3 065 937 | 3 634 704 |
| Financial liabilities | | | | |
| <i>Financial liabilities held at amortised cost</i> | | | | |
| Interest-bearing debt – long-term | – | – | 330 000 | 330 000 |
| Current portion of interest-bearing debt | – | – | 10 000 | 10 000 |
| Interest-bearing debt | – | – | 29 610 | 29 610 |
| Accounts payable | – | – | 25 932 | 25 932 |
| Total | – | – | 395 542 | 395 542 |

Audited annual financial statements

continued

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2020

*continued***20. Financial instruments** *continued***20.7 Fair value investments** *continued*

| | Financial fair value hierarchy as at 31 December 2019 | | | |
|---|---|------------------|------------------|------------------|
| | Level 1 R'000 | Level 2 R'000 | Level 3 R'000 | Total R'000 |
| Financial assets | | | | |
| <i>Fair value through profit and loss</i> | | | | |
| Listed investments | 529 461 | – | – | 529 461 |
| Listed investments held indirectly | – | 65 025 | – | 65 025 |
| Listed investments held indirectly (held-for-sale) | 71 072 | – | – | 71 072 |
| Unlisted investments | – | – | 2 358 579 | 2 358 579 |
| Listed bond portfolio | 68 261 | – | – | 68 261 |
| Loans and receivables | | | | |
| Finance advances and receivables | – | – | 124 614 | 124 614 |
| Total | 668 794 | 65 025 | 2 483 193 | 3 217 012 |
| Financial liabilities | | | | |
| <i>Financial liabilities held at amortised cost</i> | | | | |
| Interest-bearing debt – long-term | – | – | 300 000 | 300 000 |
| Current portion of interest-bearing debt | – | – | – | – |
| Portfolio finance offshore | – | – | 32 556 | 32 556 |
| Interest-bearing debt | – | – | 16 722 | 16 722 |
| Accounts payable | – | – | 19 654 | 19 654 |
| Total | – | – | 368 932 | 368 932 |

Audited annual financial statements

continued

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2020

continued

21. Related party transactions

Related party transactions can exist between subsidiaries and the holding company, fellow subsidiaries, associated companies and key management personnel. The subsidiaries of the Group are identified in Annexure A on page 93.

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

On 11 December 2020, Sabcap acquired 508 352 ordinary shares from its subsidiary, Sabvest Finance and Guarantee Corporation (Pty) Limited, for a total amount of R14,4m based on the previous day's closing share price of R28,25.

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

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

Transactions with directors relate to fees as disclosed in note 14 and fees and incentives as set out in this note. Monies lent to the Group by entities controlled by directors are included in interest-bearing debt (refer note 7) in the statement of financial position.

All the above and below transactions are concluded under terms and conditions that are no less favourable than those available from third parties.

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

| | Fees received R'000 | Fees paid R'000 | Dividends received R'000 | Interest received R'000 | Interest paid R'000 | Amounts owed by related parties R'000 | Amounts owed to related parties R'000 |
|-------------------------|------------------------|--------------------|-----------------------------|----------------------------|------------------------|--|--|
| 31 December 2020 | | | | | | | |
| R Pleaner and family | | | | | | | |
| Individual | | | | | 127 | | 1 661 |
| CS Seabrooke and family | | | | | | | |
| Individual | | | | | 306 | | 1 080 |
| Company | 153 | 379 | | | 95 | | 289 |
| L Rood | | | | | | | |
| Individual | | | | | 39 | 3 785 | 529 |
| Investees | 1 415 | | 107 198 | 13 099 | | 79 993 | |
| 31 December 2019 | | | | | | | |
| NSH Hughes and family | | | | | 64 | | 667 |
| Company | | | | | 55 | | 681 |
| R Pleaner and family | | | | | | | |
| Individual | | | | | 118 | | 2 200 |
| CS Seabrooke and family | | | | | | | |
| Individual | | | | | 731 | | 4 257 |
| Company | 133 | 326 | | | 9 | 225 | 59 |
| L Rood | | | | | | | |
| Individual | | | | | 2 | 3 421 | 502 |
| Investees | 1 619 | | 103 407 | 12 707 | | 110 000 * | |

* Finance loans to investees has been disclosed as related party loans. All investment loans to investees are included in the net investment values (refer to note 2) and carried at fair value through profit or loss. This resulted in a restatement in the prior period amount disclosed from R203,8 million to R110 million.

Audited annual financial statements

continued

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2020

*continued***22. Retirement benefit information**

Eight employees are members of the Group's retirement fund which operates on a defined contribution basis. Employee benefits are determined according to each member's equitable share of the total assets of the fund. Employees contribute 7,5% and the company contributes 9,5% of pensionable salary. The fund is reviewed on an annual basis and every three years a statutory valuation is performed and submitted to the Registrar of Pension Funds. The fund is governed by the Pension Fund Act of 1956. Retirement costs are expensed in the year in which they are incurred, which amounted to R865 818 (2019: R935 806).

The Group has no post-retirement medical aid commitments.

23. Capital commitments

There are no capital commitments.

24. Borrowing powers

The borrowing powers of the Group are not limited.

25. Subsequent events

- 25.1** Disposed of its investment in the 6,5% convertible bonds of Brait S.E for GBP2,308 million (R48,2 million).
- 25.2** Received R35,5 million for its 10,9 million Rolfes shares.
- 25.3** Acquired 36 006 Sabcap shares for R1,1 million (an average price per share of R29,52) through a closed period buying program.
- 25.4** Provisionally agreed to increase its interest in ITL from 30% to 34% and an early redemption of its preference shares in Mandarin Holdings (Pty) Ltd.
- 25.5** Declared a dividend of 15 cents per ordinary share payable to shareholders on 19 April 2021.
- 25.6** The corporate tax rate changed in the recent budget announcement post year end to 27% which will have an effect on the deferred tax liability at the capital gains tax rate when the rate change comes into effect.
- 25.7** Settled 251 880 Sabvest 'N' shares in terms of a settlement of section 164 appraisal claims for R11,9m (settlement price determined after the year-end and included in creditors at year-end).

26. Operating segments

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

27. Going concern

The Board is confident that most of Sabcap's investees have returned to 2019 levels of trading or higher which will reflect in their results for the 2021 calendar year. That assessment is based on current revenues and projected revenues, the continuing build up in forward order books and on the assumption of no further lockdowns of businesses.

Based upon solvency, cash resources and forecasts, and taking into consideration the impact of COVID-19 on the Group's investee companies, the Board has concluded that the Group and Company will be a going concern in the year ahead. Refer to note 7 and note 20.6.

28. Reverse acquisition

Sabcap is a new company that was incorporated on 20 January 2020. On 13 May 2020, Sabcap acquired all the ordinary and 'N' ordinary shares in Sabvest, which had been listed on the JSE since 1988. The basis of the exchange was one share in Sabcap for every 'N' ordinary share in Sabvest, and 1.1 shares in Sabcap for every ordinary share in Sabvest, other than those shares held by SFT which were exchanged on a one for one basis. This resulted in 41 508 352 Sabcap shares in issue. Sabvest became a wholly owned subsidiary of Sabcap, with Sabcap listing and Sabvest delisting simultaneously. In compliance with IFRS 3, the accounting for this reverse acquisition resulted in a reverse acquisition reserve of R1,443 million (this reserve ensures that the ordinary shareholders' equity remained unchanged before and after the reverse acquisition), a restatement of the comparative weighted average number of shares used in the calculation of EPS and HEPS from 41 654 268 to 41 508 352 and a restatement of the comparative number of shares in issue used in the calculation of NAV from 41 252 212 to 41 508 352.

Audited annual financial statements

continued

ANNEXURE A**SCHEDULE OF CONSOLIDATED SUBSIDIARIES**

| Nature of business | Amount of issued capital R | Held directly or indirectly | | Book value of interest shares | | Indebtedness * | | |
|---|--|-----------------------------|--------|-------------------------------|------------|----------------|------------|-----------|
| | | 2020 % | 2019 % | 2020 R'000 | 2019 R'000 | 2020 R'000 | 2019 R'000 | |
| Subsidiaries of Sabvest Capital Limited | | | | | | | | |
| Sabvest Limited | Investment holding company | 851 | 100 | – | 1 443 375 | – | 26 281 | – |
| Investment in subsidiaries | | | | | 1 443 375 | – | | |
| Indebtedness included in the company's assets | | | | | | | 26 281 | – |
| Subsidiaries of Sabvest Limited | | | | | | | | |
| Sabvest Investments (Pty) Limited | Investment holding company | 4 000 | 100 | 100 | 4 | 4 | 15 539 | 4 513 |
| Sabvest Financial Services (Pty) Limited | Corporate services | 5 000 | 100 | 100 | 1 | 1 | 10 242 | 18 952 |
| | Gross | | | | | | 29 944 | 33 208 |
| | Impairment | | | | | | (19 702) | (14 256) |
| Sabvest Finance and Guarantee Corporation (Pty) Limited | Finance investments and guarantees | 6 000 | 100 | 100 | 5 000 | 5 000 | 1 522 539 | 1 545 327 |
| Sabvest Securities (Pty) Limited | Dormant | 10 000 | 100 | 100 | 10 | 10 | – | – |
| SD Nominees (Pty) Limited | Nominee company | 100 | 100 | 100 | – | – | – | – |
| Investment in subsidiaries | | | | | 5 015 | 5 015 | | |
| Indebtedness included in the company's assets | | | | | | | 1 548 140 | 1 568 792 |
| Subsidiaries of Sabvest Finance and Guarantee (Pty) Ltd | | | | | | | | |
| Sabvest Capital Holdings Limited (BVI) | Investment holding company and corporate financier | US\$ 2 | 100 | 100 | – | – | – | – |
| Aggregate net income after taxation, attributable to Sabvest Capital Limited's interest in its subsidiaries | | | | | | | 298 232 | – |

* Refer note 21 – Related party transactions.

Audited annual financial statements

continued

ANNEXURE B**SHARES AND SHAREHOLDERS****Shareholder analysis at 31 December 2020**

| Category | Ordinary shares | | |
|--------------------------------|------------------------|----------------------------|-----------------------|
| | Number of shareholders | % of total of shareholders | Number of shares held |
| Banks and nominee companies | 24 | 1,9 | 3 607 885 |
| Investment and trust companies | 111 | 8,8 | 25 207 283 |
| Other corporate bodies | 96 | 7,6 | 7 056 565 |
| Individuals | 1 028 | 81,7 | 5 128 267 |
| | 1 259 | 100,0 | 41 000 000 |

Major shareholders

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

| Category | Ordinary shares | |
|--------------------------------|-----------------------|--------------------|
| | Number of shares held | % of issued shares |
| The Seabrooke Family Trust | 16 000 000 | 39,0 |
| InsingerGilissen Bankiers N.V. | 2 928 789 | 7,1 |
| Eric Ellering Trust | 2 900 000 | 7,1 |
| Prudential | 2 033 699 | 5,0 |
| | 23 862 488 | 58,2 |

Shareholder spread

| Category | Ordinary shares | | |
|-------------------------------|------------------------------|---------------------------------|----------------------------|
| | Number ordinary shareholders | Number ordinary shares in issue | % ordinary shares in issue |
| Non-public shareholders | | | |
| Directors | 7 | 17 384 617 | 42,4 |
| Total non-public shareholders | 7 | 17 384 617 | 42,4 |
| Public shareholders | 1 252 | 23 615 383 | 57,6 |
| | 1 259 | 41 000 000 | 100,0 |

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

Stock exchange performance

| Category | Sabcap ordinary shares | Sabvest ordinary shares | Sabvest 'N' ordinary shares |
|--|------------------------|-------------------------|-----------------------------|
| | 2020 | 2019 | 2019 |
| Closing price (cents) | 2 975 | 4 000 | 3 499 |
| Highest price (cents) | 3 800 | 6 750 | 4 450 |
| Lowest price (cents) | 2 400 | 3 401 | 2 800 |
| Total number of shares traded ('000) | 3 424 | 1 055 | 1 879 |
| Total value of shares traded (R'000) | 9 930 839 | 47 445 | 64 240 |
| Total number of transactions recorded | 1 291 | 575 | 860 |
| Total volume of shares traded as a percentage of total issued shares (%) | 8,4 | 6,2 | 7,6 |

SHAREHOLDERS' DIARY

| | |
|-----------------------------------|--------------------------|
| Announcement of 2020 results | Thursday, 25 March 2021 |
| Publication of 2020 annual report | Wednesday, 31 March 2021 |
| Annual general meeting | Monday, 24 May 2021 |
| Financial year-end | 31 December |

ADMINISTRATION

Sabvest Capital Limited

Registration number: 2020/030059/06

ISIN: ZAE000283511

JSE share code: SBP

Directorate

K Pillay (*Chairperson*)

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

CS Seabrooke (*Chief Executive*)

O Ighodaro (*appointed 31 December 2020*)

L Mthimunye

R Pleaner *

L Rood *

* *Executive*

Secretary

Levitt Kirson Business Services (Pty) Ltd

Communications

4 Commerce Square

39 Rivonia Road

Sandhurst

2196

PO Box 78677, Sandton 2146

Republic of South Africa

Telephone +27 11 268 2400

Telefax +27 11 268 2422

e-mail: ho@sabvest.com

Web site: www.sabvestcapital.com

Sabvest Capital Holdings Limited BVI

Registration number: 30949

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

Slaughter and May, London

Auditors

Deloitte & Touche, Johannesburg

Corporate advisors

Apex Partners Holdings (Pty) Ltd

NOTICE OF ANNUAL GENERAL MEETING

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Notice of annual general meeting

continued

Sabvest Capital Limited

(“the Company” or “Sabcap”)

Registration number 2020/030059/06

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

This notice is important and requires your immediate attention

ACTION REQUIRED

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

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

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

Notice to shareholders of annual general meeting

FOR THE YEAR ENDED 31 DECEMBER 2020 AND CONVENED IN TERMS OF SECTION 61(7) OF THE COMPANIES ACT, NO. 71 OF 2008, AS AMENDED (“THE COMPANIES ACT”)

Notice is hereby given to shareholders that the annual general meeting of shareholders will be held on Monday, 24 May 2021 at 10:00 (South African Standard Time), or any other adjourned or postponed date and time determined in accordance with the provisions of sections 64(4) or 64(11)(a)(i) of the Companies Act, as read with the JSE Limited (“JSE”) Listings Requirements (the “JSE Listings Requirements”) for the purposes of transacting the business set out below and considering (and, if deemed fit, passing, with or without modification) the ordinary and special resolutions contained in this notice in the manner required by the Companies Act and subject to the JSE Listings Requirements.

The annual general meeting will be conducted entirely via an interactive electronic platform, in accordance with section 63(2)(a) of the Companies Act and clause 19.6 of the Company’s memorandum of incorporation (“MOI”) and in compliance with, inter alia, the quorum requirements contained in the MOI and the Companies Act. This decision was occasioned by the COVID-19 pandemic and associated restrictions imposed (or which may be imposed) by the South African Government on travel, the holding of public gatherings and the implementation of social distancing measures, which limit the ability of shareholders to participate in the annual general meeting in person. For more information about the electronic platform and how it can be accessed, please see the section titled “Electronic participation at the annual general meeting” starting on page 99.

Dematerialised shareholders without “own-name” registration

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

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

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

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

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

Notice of annual general meeting

continued

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

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

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

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

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

- ♦ by email: at proxy@computershare.co.za;

so as to be received by the transfer secretary by no later than 10:00 on Thursday, 20 May 2021, provided that any form of proxy not delivered to the transfer secretary by this time and date may be emailed to the transfer secretary (who will provide same to the chairman of the annual general meeting) at any time prior to the annual general meeting, with the understanding that such form of proxy and identification must be verified and registered before the commencement of the annual general meeting before you will be permitted to participate. You are encouraged to appoint a proxy if you do not intend to participate in the annual general meeting yourself.

Electronic participation at the annual general meeting

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

REGISTRATION

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

- ♦ register online at www.smartagm.co.za by no later than 10:00 on Thursday, 20 May 2021. While registration after this date and time to participate in and/or vote electronically at the annual general meeting is permitted, you must be verified and registered before the commencement of the annual general meeting; and
- ♦ upload proof of identification (e.g. identity document, driver’s licence or passport), and provide the following details: your name, surname, email address and contact number.

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

PARTICIPATION

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

Notice of annual general meeting

continued

ACCESS AND NAVIGATION

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

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

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

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

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

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

VOTING

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

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

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

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

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

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

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

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

ASSISTANCE

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

Notice of annual general meeting

continued

ELECTRONIC NOTICE AND IDENTIFICATION

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

To comply with this verification procedure, if you wish to participate electronically in the annual general meeting you are strongly encouraged to email a written notice to the transfer secretary at proxy@computershare.co.za by no later than 10:00 on Thursday, 20 May 2021 confirming that you wish to participate via electronic communication at the annual general meeting (the “electronic notice”). The electronic notice must contain a valid email address for the person wishing to participate and must be accompanied by:

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

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

If you do not send an electronic notice recording your intention to participate in the annual general meeting to the transfer secretaries by 10:00 on Thursday, 20 May 2021, you may still participate via electronic communication at the annual general meeting and may email the electronic notice to the transfer secretaries at any time prior to the commencement of the annual general meeting. However, for the purpose of effective administration, you (and your proxies and representatives) are strongly urged to send the electronic notice by 10:00 on Thursday, 20 May 2021).

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

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

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

| | |
|---|--------------------------------|
| Record date to receive notice of annual general meeting | Friday 19 March 2021 |
| Posting date of notice of annual general meeting | Wednesday, 31 March 2021 |
| Last date to trade to be eligible to attend, participate and vote at annual general meeting | Tuesday, 11 May 2021 |
| Record date to be eligible to attend, participate and vote at annual general meeting | Friday, 14 May 2021 |
| Forms of proxy to be lodged preferably by | 10:00 on Thursday, 20 May 2021 |
| Annual general meeting to be held at | 10:00 on Monday, 24 May 2021 |

Notice of annual general meeting

continued

Sabcap shareholders should note that as transactions in Sabcap shares are settled in the electronic settlement system used by Strate, settlement of trades takes place 3 (three) business days after such trade. Therefore, persons who acquire Sabcap shares after the last day to trade in order to be eligible to attend and vote at the AGM (i.e., Tuesday, 11 May 2021) will not be eligible to vote at the AGM.

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

1. Audited financial statements

To present the audited financial statements of the group and the Company as envisaged in section 30 of the Companies Act, including the directors' report, external auditors' report and the Audit, Risk and Compliance Committee report for the year ended 31 December 2020 as contained in the 2020 Annual Report available on the Company's website (www.sabvestcapital.com).

2. Integrated report, including King IV™ compliance report

To present this report as is contained on pages 3 to 44 of the 2020 Annual Report.

3. Report relating to the Social and Ethics Committee

To present this report, through one of its members, as is contained on page 48 of the 2020 Annual Report.

4. Ordinary and special resolutions

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

4.1 Ordinary resolution number one

Re-election of director

“RESOLVED that Ms O Ighodaro who retires as a non-executive director in terms of the Company's MOI and who offers herself for re-election, be and is hereby re-elected as a non-executive director of the Company.”

Please refer to page 19 of the 2020 Annual Report for Ms Ighodaro's brief curriculum vitae.

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

Explanation and effect of the resolution

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

4.2 Ordinary resolution number two

Re-election of director

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

Please refer to page 19 of the 2020 Annual Report for Mr K Pillay's brief curriculum vitae.

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

Explanation and effect of the resolution

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

Notice of annual general meeting

continued

4.3 Ordinary resolution number three

Re-election of director

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

Please refer to page 19 of the 2020 Annual Report for Mr BJT Shongwe’s brief curriculum vitae.

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

Explanation and effect of the resolution

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

4.4 Ordinary resolution number four

Re-election of director

“RESOLVED that Ms L Mthimunye who retires as a non-executive director in terms of the Company’s MOI and who offers herself for re-election, be and is hereby re-elected as a non-executive director of the Company.”

Please refer to page 19 of the 2020 Annual Report for Ms L Mthimunye’s brief curriculum vitae.

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

Explanation and effect of the resolution

The reason for proposing ordinary resolution number four is to elect Ms L Mthimunye as a non-executive director of the Company and the effect of the resolution is that Ms L Mthimunye will be elected as a non-executive director of the Company.

4.5 Ordinary resolution number five

Re-election of director

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

Please refer to page 19 of the 2020 Annual Report for Mr CS Seabrooke’s brief curriculum vitae.

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

Explanation and effect of the resolution

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

Notice of annual general meeting

continued

4.6 Ordinary resolution number six

Re-election of director

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

Please refer to page 19 of the 2020 Annual Report for Mr R Pleaner’s brief curriculum vitae.

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

Explanation and effect of the resolution

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

4.7 Ordinary resolution number seven

Re-election of director

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

Please refer to page 19 of the 2020 Annual Report for Mr L Rood’s brief curriculum vitae.

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

Explanation and effect of the resolution

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

4.8 Ordinary resolution number eight

Re-appointment of independent external auditors

“RESOLVED that on the recommendation of the Audit Committee and as envisaged in Section 94(7) (a) of the Companies Act, Deloitte & Touche be re-appointed as independent registered auditors of the Company, currently with Mr Andre Dennis as the lead audit partner.”

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

Explanation and effect of the resolution

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

4.9 Ordinary resolution number nine

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

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

Notice of annual general meeting

continued

4.10 Ordinary resolution number ten

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

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

4.11 Ordinary resolution number eleven

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

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

Explanation and effect of resolutions nine to eleven

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

4.12 Ordinary resolution number twelve

Non-binding advisory vote on 2020 Remuneration Policy

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

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

The remuneration policy appears on pages 33 and 34 of the 2020 Annual Report.

4.13 Ordinary resolution number thirteen

Non-binding advisory vote on 2021 changes to the Remuneration Policy

“RESOLVED that the proposed changes to the Remuneration Policy in 2021 are hereby endorsed by way of a non-binding advisory vote.”

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

Explanation and effect of the resolution

The Company is required in terms of the King Code of Corporate Governance for South Africa, to put the Company’s Remuneration Policy to shareholders who can vote thereon in a non-binding advisory capacity. The effect of this resolution is that a new Remuneration Policy will be approved, which shall be applicable to the Company for the following financial year.

Notice of annual general meeting

continued

4.14 Ordinary resolution number fourteen

Non-binding advisory vote on 2020 Remuneration Implementation Report

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

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

The Remuneration Implementation Report appears on page 35 of the 2020 Annual Report.

Explanation and effect of the resolution

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

4.15 Ordinary resolution number fifteen

Approval of Revised Investment Policy

“RESOLVED that the proposed Investment Policy as contained in Annexure A, the salient features of which are substantially the same as the current approved Investment Policy except for those outlined in the explanation, is hereby approved.”

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

Explanation and effect of the resolution

The Company adheres to the King Code of Corporate Governance for South Africa, and accordingly puts the Company’s updated Investment Policy to shareholders who can vote thereon.

The proposed Investment Policy includes minor amendments as follows:

- a. Minor grammatical and wording changes and simplifications for easier reading;
- b. Reduction in number of primary investment sectors from 6 to 4;
- c. Change in definition of small cap with a numerical figure to small/mid cap with no numerical figure;
- d. Targeted portfolio spread increased from 10 to 10 – 12; and
- e. Growth targets switched from absolute numbers of 15% p.a. and 10% p.a. to CPI + 10% p.a. and CPI + 5% p.a.

A full copy of the Investment Policy appears on pages 39 to 42 of the 2020 Annual Report.

The effect of this resolution is that the proposed Investment Policy will be approved and adopted.

Notice of annual general meeting

continued

4.16 Ordinary resolution number sixteen

Placing 5% of the unissued ordinary shares of the Company under the control of the directors and general authority to allot and issue

“RESOLVED that 5% of the ordinary shares in the authorised but unissued share capital of the Company be and are hereby placed under the control and authority of the directors of the Company and that the directors of the Company be and are hereby authorised and empowered to allot, issue and otherwise dispose of such shares to such person or persons on such terms and conditions and at such times as the directors of the Company may from time to time and in their discretion deem fit, subject to the provisions of the Companies Act, including but without limitation Section 41(1) and Section 41(3) of the Companies Act, the MOI of the Company and the JSE Listings Requirements, when applicable, subject to the following:

- ♦ The authority shall be valid until the date of the next annual general meeting of the Company provided it shall not extend beyond 15 (fifteen) months from the date of this annual general meeting.”

Explanation and effect of the resolution

For listed entities wishing to issue securities for acquisitions or investments, it is necessary for the board to obtain the prior authority of the shareholders in terms of the memorandum of incorporation of the company, and to obtain the prior authority of shareholders in accordance with the JSE Listings Requirements. This resolution is accordingly to obtain such authority from shareholders authorising the directors to issue up to 5% of the authorised but unissued ordinary shares of the Company upon such terms and conditions and to such persons as they in their discretion may determine subject to limitations and other provisions contained herein, in the Companies Act, the MOI of the Company and the JSE Listings Requirements.

4.17 Ordinary resolution number seventeen

Authority to sign all documents required

“RESOLVED that, subject to the passing of ordinary resolutions 1 to 17 and special resolutions 1 to 4, any director of the Company or the Company Secretary be and is hereby authorised to sign all documents and perform all acts which may be required to give effect to such ordinary resolutions 1 to 17 and special resolutions 1 to 4 passed at the annual general meeting; hereby ratifying and confirming all such things already done and documentation already signed.”

Explanation and effect of the resolution

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

Notice of annual general meeting

continued

4.18 Special resolution number one

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

“RESOLVED that the remuneration of the non-executive directors in respect of services as directors of the Company for the financial year ending 31 December 2021 be authorised and determined on the basis and the amounts set out below.

Fees are:

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

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

Explanation and effect of special resolution number one

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

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

The passing of this special resolution number one will have the effect of approving the remuneration and the basis therefor, of each of the non-executive directors of the Company for the financial year ending 31 December 2021 in accordance with section 66(9) of the Companies Act. For the avoidance of doubt, the above fee structure for non-executive directors will replace any fee structure which may have been agreed by a special resolution of the shareholders at a previous meeting of shareholders.

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

Notice of annual general meeting

continued

4.19 Special resolution number two

Authority to provide financial assistance in terms of Section 45 of the Companies Act to any group company

“RESOLVED that the Board may, subject to compliance with the Company’s MOI and the requirements of the Companies Act (including but not limited to the Board being satisfied that immediately after providing the financial assistance, the Company would satisfy the solvency and liquidity test (as contemplated in Section 4 of the Companies Act) and that the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company) authorise the Company to provide at any time and from time to time during the 2 (two) years commencing on the date of adoption of this special resolution, direct or indirect financial assistance including without limitation by way of lending money, guaranteeing a loan or other obligation, securing any debt obligation or otherwise, as envisaged in Section 45 of the Companies Act, to related or inter-related company (on such terms as defined in Section 2 of the Companies Act) or to a member of the related or inter-related corporation, or to a person related to any such company or corporation (subject to the provisions of Section 45 of the Companies Act) provided that such financial assistance may be granted up to a limit of R5bn (five billion rand) on a cumulative and additive basis . This authority shall not extend beyond 2 (two) years from the date of this annual general meeting.”

Explanation and effect of special resolution number two

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

Notifications

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

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

4.20 Special resolution number three

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

“RESOLVED that the Board may, subject to compliance with the Company’s MOI and the requirements of the Companies Act (including but not limited to the Board being satisfied that immediately after providing the financial assistance, the Company would satisfy the solvency and liquidity test (as contemplated in Section 4 of the Companies Act) and that the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company) authorise the Company to provide at any time and from time to time during the 2 (two) years commencing on the date of adoption of this special resolution, direct or indirect financial assistance including without limitation by way of lending money, guaranteeing a loan or other obligation, securing any debt obligation or otherwise, as envisaged in Section 44 of the Companies Act, to related or inter-related company (on such terms as defined in Section 2 of the Companies Act) or to a member of the related or inter-related corporation, or to a person related to any such company or corporation (subject to the provisions of Section 44 of the Companies Act) provided that such financial assistance may be granted up to a limit of R5bn (five billion rand) on a cumulative and additive basis. This authority shall not extend beyond 2 (two) years from the date of this annual general meeting.”

Notice of annual general meeting

continued

Reason for and effect of special resolution number three

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

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

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

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

4.21 Special resolution number four

General authority to repurchase shares

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

- ◆ this general authority shall be valid until the earlier of the last day of the month prior to the Company's next annual general meeting or the variation or revocation of such general authority by special resolution at any subsequent general meeting of the Company, provided that it shall not extend beyond 15 (fifteen) months from the date of passing this special resolution number four;
- ◆ an announcement will be published as soon as the Company or any of its subsidiaries have together acquired ordinary shares constituting, on a cumulative basis, 3% (three percent) of the number of ordinary shares in issue and for each 3% (three percent) in aggregate of the initial number acquired thereafter, in compliance with paragraph 11.27 of the JSE Listings Requirements;
- ◆ subject to section 48 of the Companies Act, the general authority to repurchase is limited to a maximum of 20% (twenty percent) in the aggregate in any one financial year of the Company's issued share capital at the beginning of the financial year, provided that the number of shares purchased and held by or for the benefit of a subsidiary or subsidiaries of the Company, taken together, shall not exceed 10% (ten percent) in the aggregate of the number of issued shares in the Company at any time;
- ◆ such general repurchase will be subject to the applicable provisions of the Companies Act (including sections 114 and 115) to the extent that section 48(8)(b) is applicable in relation to that particular repurchase;

Notice of annual general meeting

continued

- ◆ shares of the Company may not be acquired at a price greater than 10% (ten percent) above the weighted average of the market value at which such shares are traded on the JSE as determined over the 5 (five) business days immediately preceding the date of acquisition of such shares;
- ◆ the Company has been given authority to repurchase shares by its MOI;
- ◆ the Board of directors authorise the repurchase, the group and the Company passes the solvency and liquidity test and that from the time that the test is done, there will be no material changes to the financial position of the Company;
- ◆ at any point in time, the Company and/or its subsidiaries may only appoint one agent to effect any such repurchase;
- ◆ the Company and/or its subsidiaries will not repurchase any shares during a prohibited period, as defined in the JSE Listings Requirements unless a repurchase programme is in place, where dates and quantities of shares to be traded during the prohibited period are fixed (not subject to any variation) and have been submitted to the JSE in writing. The Company and/or its subsidiaries will entrust an independent third party prior to the commencement of the prohibited period to execute the repurchase programme submitted to the JSE;
- ◆ repurchases are to be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counter party (reported trades are prohibited);
- ◆ that this general authority be valid only until the last day of the month prior to the next annual general meeting or 15 (fifteen) months from the date of the passing of this resolution, whichever is the earlier date;
- ◆ the Board must pass a resolution authorising the repurchase and that the Company and the Group have passed the solvency and liquidity test as set out in section 4 of the Companies Act, and that since the test was done there have been no material changes to the financial position of the Group;
- ◆ any general repurchase is subject to exchange control regulations and approvals in place at that point in time; and
- ◆ the approval for the purchase of shares by a subsidiary authorises the Company to approve, to the extent necessary, a resolution to acquire shares in the Company by the board of a subsidiary company”.

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

Shareholders are referred to page 112 of this notice of annual general meeting for further disclosure pertaining to this special resolution four in accordance with the JSE Listings Requirements.

Notification

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

Reason for and effect of special resolution number four

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

Notice of annual general meeting

continued

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

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

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

The JSE Listings Requirements require the following disclosure, some of which are elsewhere in the 2020 Annual Report of which this notice forms part as set out below:

5.1 Directors' responsibility statement

The directors, whose names are given on page 19 of the 2020 Annual Report, collectively and individually accept full responsibility for the accuracy of the information pertaining to this disclosure and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this resolution contains all information required by law and the JSE Listings Requirements.

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

Other than the facts and developments reported on in the 2020 Annual Report, there have been no material changes in the financial position of the Company and its subsidiaries since the date of signature of the audit report and the date of this notice.

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

5.3 Solvency and liquidity statement

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

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

Notice of annual general meeting

continued

ANNEXURE A

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. Sabcap accordingly adopted Sabvest’s previously approved Investment Policy on listing.
- 1.3 Sabcap has now restated and refreshed Sabvest’s Investment Policy with minor amendments and the resulting proposed Sabcap Investment Policy will be submitted to the JSE and Sabcap shareholders for approval.

2. Investment parameters and scope

2.1 Investment focus

Sabcap:

- a) has a primary investment focus of owning 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 early-maturity, greenfield and special situation investments, depending on market conditions, availability of suitable opportunities, excess liquidity not invested in its primary portfolio and 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;

Notice of annual general meeting

continued

ANNEXURE A

(continued)

- 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.

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 in 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 – 12);
 - ♦ receipt of unsolicited offers at materially higher values than attributed by Sabcap;
 - ♦ availability of alternative investments with superior potential returns.

3. Growth targets

Sabcap's target growth rates over three-year rolling periods are:

Net asset value per share CPI + 10% p.a.

Dividends per share CPI + 5% p.a.

These may be changed by the Board if movements in macro-economic factors such as CPI, exchange rates, interest rates and rates of taxation make changes appropriate. The Board may also amend the dividend target in the context of free cash being utilised for share buy-backs from time to time relative to cash for dividends.

4. Categorisation of transactions

Investment transactions undertaken by Sabcap will be categorized 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.

Notice of annual general meeting

continued

ANNEXURE A

(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

This Investment Policy and any future material changes must be approved by shareholders by way of ordinary resolution.

Sandton
15 March 2021

TO BE CONSIDERED BY SHAREHOLDERS FOR APPROVAL AT THE SABCAP AGM ON 24 MAY 2021

Notice of annual general meeting

continued

APPENDIX A

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.

FORM OF PROXY



Sabvest Capital Limited

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

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

This Form of Proxy is for use only by Certificated Shareholders or Dematerialised Shareholders who have Dematerialised their Sabcap Shares with "Own Name" Registration and who are unable to attend the Annual General Meeting to be held at 10:00 am in electronic format only via the Lumi AGM platform in terms of the provisions of the Companies Act, 2008, on Monday, 24 May 2021, but who wish to be represented thereat.

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

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

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

I/We (Full name in block letters)

of address

Telephone number:

Cellphone number:

being the holder of

Sabcap Shares, do hereby appoint

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

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

| | For | Against | Abstain |
|--|-----|---------|---------|
| Ordinary resolution number one – Re-election of director – Ms O Ighodaro | | | |
| Ordinary resolution number two – Re-election of director – Mr K Pillay | | | |
| Ordinary resolution number three – Re-election of director – Mr BJT Shongwe | | | |
| Ordinary resolution number four – Re-election of director – Ms L Mthimunye | | | |
| Ordinary resolution number five – Re-election of director – Mr C S Seabrooke | | | |
| Ordinary resolution number six – Re-election of director – Mr R Pleaner | | | |
| Ordinary resolution number seven – Re-election of director – Mr L Rood | | | |
| Ordinary resolution number eight – Re-appointment of independent external auditors | | | |
| Ordinary resolution number nine – Re-election of Audit Committee member – Ms L Mthimunye | | | |
| Ordinary resolution number ten – Re-election of Audit Committee member – Ms O Ighodaro | | | |
| Ordinary resolution number eleven – Re-election of Audit Committee member – Mr BJT Shongwe | | | |
| Ordinary resolution number twelve – Non-binding advisory vote on 2020 Remuneration Policy | | | |
| Ordinary resolution number thirteen – Non-binding advisory vote on 2021 changes to the Remuneration Policy | | | |
| Ordinary resolution number fourteen – Non-binding advisory vote on Remuneration Implementation Report | | | |
| Ordinary resolution number fifteen – Approval of Revised Investment Policy | | | |
| Ordinary resolution number sixteen – Placing 5% of the unissued ordinary shares under the control of the directors and general authority to allot and issue | | | |
| Ordinary resolution number seventeen – Authority to sign all documents required | | | |
| Special resolution number one – Approval of proposed non-executive directors' remuneration for the year ending 31 December 2021 | | | |
| Special resolution number two – Authority to provide financial assistance in terms of Section 45 of the Companies Act to any group company | | | |
| Special resolution number three – Authority to provide financial assistance in terms of section 44 of the Companies Act | | | |
| Special resolution number four – General authority to repurchase shares | | | |

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

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

Signed this

day of

2021

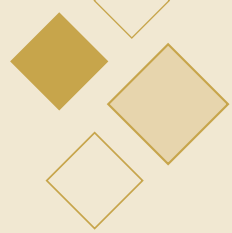
Signature

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

Please read the notes appearing on the reverse hereof.

Instructions for completing and lodging this Form of Proxy

1. This Form of Proxy should only be used by Certificated Shareholders or Sabcap Shareholders who have Dematerialised their Sabcap Shares with “Own Name” Registration.
2. All other Sabcap Shareholders who have Dematerialised their Sabcap Shares through a CSDP or Broker and wish to attend the Annual General Meeting, must provide the CSDP or Broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or Broker.
3. A Sabcap Shareholder may insert the name/s of one or more proxies, none of whom need be a Sabcap Shareholder, in the space provided, with or without deleting “the chairman of the Annual General Meeting”. The person whose name appears first on the Form of Proxy and who is present at the Annual General Meeting will be entitled to act as proxy to the exclusion of those whose names follow. In the event that no names are indicated, the proxy shall be exercised by the chairman of the Annual General Meeting.
4. A Sabcap Shareholder’s instructions on a Form of Proxy must be indicated by the insertion of an “X” or the number of Sabcap Shares in the appropriate space provided. Failure to comply with the above will be deemed to authorise the chairman of the Annual General Meeting, if the chairman is the authorised proxy, to vote in favour of the resolutions at the Annual General Meeting, or any other proxy to vote or to abstain from voting at the Annual General Meeting as he/she deems fit in respect of all of the Sabcap Shareholder’s votes exercisable thereat. A Sabcap Shareholder or its proxy is not obliged to use all the votes exercisable by the Sabcap Shareholder or its proxy, but the total of the votes cast and in respect whereof abstentions are recorded may not exceed the total of the votes exercisable by the Sabcap Shareholder or by its proxy.
5. For administrative purposes, completed Forms of Proxy must reach the Transfer Secretaries at proxy@computershare.co.za by 10:00 am on Thursday, 20 May 2021 or emailed to the transfer secretary (who will provide this to the Chairman of the Annual General Meeting) before at any time prior to the Annual General Meeting, with the understanding that such form of proxy and identification must be verified and registered before the commencement of the Annual General Meeting before the proxy/ies will be permitted to participate.
6. The completion and lodging of this Form of Proxy shall in no way preclude the Sabcap Shareholder from attending, speaking and voting in person (via the electronic platform) at the Annual General Meeting to the exclusion of any proxy appointed in terms hereof, subject to the electronic participation procedures.
7. Should this Form of Proxy not be completed and/or received in accordance with these notes, the chairman of the Annual General Meeting may accept or reject it, provided that in the case of acceptance, the chairman of the Annual General Meeting is satisfied as to the manner in which the Sabcap Shareholder wishes to vote.
8. Documentary evidence establishing the authority of the person signing this Form of Proxy in a representative or other legal capacity must be attached to this Form of Proxy unless previously recorded by the Transfer Secretaries or waived by the chairman of the Annual General Meeting.
9. The chairman of the Annual General Meeting shall be entitled to reject the authority of a person signing the Form of Proxy -
 - 9.1 under a power of attorney; or
 - 9.2 on behalf of a company;unless that person’s power of attorney or authority is deposited at the registered office of or emailed to the Company or the Transfer Secretaries not less than 48 hours before the Annual General Meeting.
10. Where Sabcap Shares are held jointly, all joint holders are required to sign the Form of Proxy.
11. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered with the Transfer Secretaries.
12. Any alteration of or correction to this Form of Proxy must be initialled by the signatory/ies.
13. All resolutions put to the vote at the Annual General Meeting shall be decided by way of poll. Every Ordinary Shareholder who is present in person, by proxy or represented at the Annual General Meeting shall, on a poll, have 1 vote for each Ordinary Share held by it.
14. If the Annual General Meeting is adjourned or postponed, Forms of Proxy submitted for the initial Annual General Meeting will remain valid in respect of any adjournment or postponement of the Annual General Meeting.



www.sabvestcapital.com

