



Sabvest Capital Limited

Incorporated in the Republic of South Africa

Registration number 2020/030059/06

“Sabcap” or “the group” or “the company”

ISIN: ZAE000283511

JSE share code: SBP

AUDITED PRELIMINARY CONSOLIDATED SUMMARISED RESULTS

for the year ended 31 December 2020

and cash dividend declaration

Consolidated Summarised Statement of Financial Position

as at 31 December 2020

	Audited 31 Dec 2020 R'000	Restated * Audited 31 Dec 2019 R'000
Non-current assets	3 364 619	2 957 158
Property, plant and equipment	2 990	3 610
Right of use asset	4 210	483
Investment holdings	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	134 649	124 614
Investment funds offshore	56 295	–
Investments held-for-sale	86 341	71 072
Bond portfolio offshore	–	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
Non-current liabilities	509 306	372 976
Interest-bearing debt	330 000	300 000
Provisions	4 983	–
Deferred tax liabilities	174 323	72 976
Current liabilities	87 458	91 798
Interest-bearing debt	39 610	49 278
Current portion of interest-bearing debt	10 000	–
Portfolio finance offshore	–	32 556
Interest-bearing debt	29 610	16 722
Accounts payable and provisions	47 848	42 520
Total equity and liabilities	3 645 755	3 224 230

* Refer to the accounting policies and reverse acquisition accounting in the commentary.

Consolidated Summarised Statement of Cash Flows

for the year ended 31 December 2020

	Audited 31 Dec 2020 R'000	Restated * Audited 31 Dec 2019 R'000
Cash flows from operating activities	12 932	18 285
Net income for the year	293 184	381 886
Adjusted for non-cash items and interest paid	(232 397)	(306 995)
Cash flows from operations	60 787	74 891
Cash interest paid	(27 667)	(26 634)
Dividends paid – ordinary	(20 188)	(29 972)
Cash flows utilised in investing activities	(14 963)	(428 519)
Purchase of property, plant and equipment	(303)	(1 863)
Purchase of investment holdings and offshore portfolio	(188 952)	(514 237)
Proceeds from sale of investment holdings and offshore portfolio	183 852	195 664
Proceeds from sale of fixed assets	–	108
Increase in finance advances and receivables	(9 560)	(108 191)
Cash flows from financing activities	2 757	163 786
Increase in long-term loans	40 000	160 000
Repurchase of company shares	(16 510)	(18 202)
Increase/(decrease) in interest-bearing debt	12 888	(9 454)
Repayment of principal portion of lease liability *	(1 065)	(1 114)
(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)
Cash balances, less current interest-bearing debt excluding portfolio finance at beginning of year	3 125	249 573
Cash balances, less RSA interest-bearing debt at end of year	3 851	3 125

* Prior year re-represented for enhanced disclosure by reclassifying the repayment of the principal portion of the lease from operating activities to financing activities.

Consolidated Summarised Statement of Comprehensive Income

for the year ended 31 December 2020

	Audited 31 Dec 2020 R'000	Restated * ¹ Audited 31 Dec 2019 R'000
Gross income from operations and investments	492 075	373 794
Dividends received	107 226	115 422
Interest received	18 834	23 609
Foreign exchange (loss)/gain	6 525	(4 622)
(Loss)/gain on sale of financial instruments and shares	(7 118)	5 028
Fees	1 771	2 157
Fair value adjustments to investments	364 837	232 200
– Listed	63 727	(37 971)
– Listed investments held indirectly	–	(225)
– Unlisted	301 110	270 396
Transactional costs	(12 785)	(6 525)
Impairments 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
Less: Expenditure	(56 404)	(63 337)
Net income before taxation	394 531	277 753
Taxation	(101 347)	104 133
Net income for the year attributable to equity shareholders	293 184	381 886
Translation of foreign subsidiary * ²	44 840	(20 507)
Total comprehensive income attributable to equity shareholders	338 024	361 379

*¹ Refer to the accounting policies and reverse acquisition accounting in the commentary.

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

Other information

as at 31 December 2020

	Audited 31 Dec 2020 R'000	Restated * ¹ Audited 31 Dec 2019 R'000
Net asset value per share with investments at fair value – cents	7 444	6 648
Number of shares in issue less held in treasury – 000's	40 960	41 508
Earnings per share – cents * ²	708,4	920,0
Weighted average number of shares in issue – 000's	41 387	41 508
Headline earnings per share – cents * ²	708,5	920,0
Reconciliation of headline earnings		
Net income for the year	293 184	381 886
Profit on sale of property, plant and equipment	48	(8)
Headline earnings for the year	293 232	381 878

*¹ Refer to the accounting policies and reverse acquisition accounting in the commentary.

*² There are no diluting instruments.

Consolidated Summarised Statement of Changes in Equity

for the year ended 31 December 2020

	Share capital R'000	Non-distributable reserve R'000	Accumulated profit R'000	Total R'000
Balance as at 1 January 2019	851	143 818	2 301 479	2 446 148
Shares 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 *	1 443 375	(1 319 213)	2 635 294	2 759 456
Total comprehensive profit for the year	–	44 840	293 184	338 024
Sabvest share repurchase	–	–	(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 at 31 December 2020	1 426 865	(1 274 373)	2 896 499	3 048 991

* Refer to the accounting policies and reverse acquisition accounting in the commentary.

Contingent Liabilities

as at 31 December 2020

- The Group has rights and obligations in terms of shareholder or purchase and sale agreements relating to its present and former investments.
- A subsidiary has given guarantees on behalf of certain investees in the ordinary course of business for deal and operational credit in amounts totalling R75m (2019: R165,8m) and which were utilised at year-end in the amount of R50m (2019: R134,2m).
- 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.

Investment Holdings

as 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
			2 895 833
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.

Investment Holdings per Sector

as 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

PROFILE PURSUANT TO SABCAP LISTING

Sabvest Capital Limited (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 the year-end Sabcap had 40,96m 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.

CHANGES IN INVESTMENT HOLDINGS

During the reporting period Sabcap/Sabvest:

- ◆ agreed to the delisting of Rolfe 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 Rolfe 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 Rolfe 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 an early redemption of the preference shares in Mandarin Holdings (Pty) Ltd;
- ◆ declared a dividend of 15 cents per ordinary share payable to shareholders on 19 April 2021; 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).

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.

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 Petroly to 80%, and sold its 73% interest in Mechtronic. In January 2021 it acquired 100% of Buckley Industrial.

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.

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.

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.

Expenditure includes fixed operating costs of R36,1m (2019: R34,4m), variable operating costs of R18,4m (2019: R27,0m) and depreciation of R1,9m (2019: R2,0m).

Operating costs decreased due to a 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 the 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.

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 %
NAV per share	7 444	12,0	13,5	14,9	19,7	18,6

VALUATION OF INVESTMENTS

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

Unlisted investments have been valued using the maintainable earnings model with EBITDA normalised and 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 expected to be achieved.

With regard to the two investment companies, Masimong's underlying investments are largely 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.

The multiples utilised by Sabcap are (unchanged from the prior year except where otherwise indicated):

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

*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.

LISTED INVESTMENTS

- ◆ Corero is an LSE listed group focused on cyber security and in particular protection from DDOS attacks.

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 is a JSE listed service provider to industry in four categories – secure storage, digital services, business support services and product and solutions.

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 is a JSE listed specialised financial group whose operations comprise S A Taxi, TC Risk Services and the recently acquired WeBuyCars.

Transaction Capital continues to trade satisfactorily notwithstanding the effects of COVID-19, although the results were materially lower in the 2020 financial year, and it anticipates trading in excess of its 2019 levels in 2021.

UNLISTED INVESTMENTS

- ◆ Apex is a specialist holding company with a portfolio of controlling interests in distribution, manufacturing and infrastructure businesses in South Africa. It also provides advisory, investing and lending solutions which may include taking proprietary positions in distressed entities or in group restructures.

It has controlling interests in ELB Equipment, ELB Construction, Elephant Lifting, Letaba Pumps, Tractor & Grader Supplies, Gabriel SA and Principa. ELB was delisted after year-end.

Apex had a satisfactory year notwithstanding the effects of COVID-19 on its industrial subsidiaries and recorded an increase in NAV per share.

- ◆ 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.

Classic'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 contracts with South Africa's largest food retailer.

- ◆ 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.

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, Steven Saad and Eric Ellerrine families.

DNI is now Sabcap's largest investment.

- ◆ Flexo Line Products is a manufacturer of high quality injection moulded plastic products primarily for the spice and food industries locally and internationally. 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 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 world wide through multiple international retail group accreditations. ITL was affected by COVID-19 with all of its operations closed worldwide and demand from its retail chain customers substantially lower. All of its factories had reopened by Q3 2020. Trading in Q4 2020 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.
- ◆ Masimong is an investment group with 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 Intelichem (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. Masimong had 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 is a specialist provider of agricultural, food, industrial and water chemical solutions and services. 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 is an international industrial group comprising:
 - 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 offshore cash primarily for the expansion of the group's offshore operations.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 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. Sunspray continues to trade well and achieved satisfactory growth in 2020, as in prior years.

SABCAP CURRENT ASSETS

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.

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.

PARTNERSHIP PRINCIPLE

Sabcap invests alongside family, operating and financial partners. Its current partners in each investment are recorded in the integrated annual report on its website. The investment risk mitigation of the partnership principle was particularly evident during the COVID-19 crisis and the lockdowns.

DIRECTORS' SHARE ENCUMBRANCES

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

FUTURE INVESTMENTS AND SHARE ISSUES

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.

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.

Sabcap may issue new shares but only if the value exchange in the capital allocation decision is compelling.

SHARE BUY BACKS

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 (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. Sabcap implemented a closed period buying program and in the period to the publication of the results 36 006 shares were acquired (at an average price per share of R29,52). Sabcap is likely to continue with its share buy back program during 2021.

SHAREHOLDER PROFILE

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

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

The Seabrooke Family Trust (SFT)	–	39,0%
Family offices and HNWI's	–	29,2%
Institutional Fund Managers	–	19,4%
Other	–	12,4%

RELATED PARTIES

Related party transactions exist between subsidiaries and the holding company, fellow subsidiaries and investee companies, and comprise fees, dividends and interest. Dividends received from investees and amounts owed by investees were R1,4m (2019: R1,6m) and R80m (2019: R110m) respectively.

Transactions with directors relate to fees and monies lent to the group by individuals and by companies controlled by the directors.

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.

DIVIDENDS

In order to conserve liquidity in case of further negative COVID-19 developments, and to facilitate share buy backs, the Board has resolved to reduce the dividend for the financial year for the first time in twenty years. An interim dividend of 10 cents was declared and paid (2019: 36 cents) and a final dividend of 15 cents (2019: 39 cents) has been declared, making a total of 25 cents for the year (2019: 75 cents).

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 disclose the continuing operations of Sabvest as a reverse acquisition. In line with IFRS 3 'Business Combinations', 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.

In compliance with IFRS 3 'Business Combinations', 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.

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

The accounting policies are in terms of IFRS and are consistent with those of the previous financial statements. The financial statements 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 preliminary consolidated summarised financial statements were supervised by the Chief Financial Officer, R Pleaner CA (SA).

The announcement does not include the information required pursuant to paragraph 16A(j) of IAS 34. The full annual financial statements of the group set out in these disclosures, the preparation of which was supervised by the CFO, are available on the issuer's website, at the issuer's registered offices and upon request.

AUDIT OPINION

The auditors, Deloitte & Touche, have issued an unmodified audit opinion that includes key audit matters on the consolidated financial statements for the year ended 31 December 2020. Their audit was conducted in accordance with the International Standard of Auditing. The audited preliminary consolidated summarised results presented have been derived from the audited consolidated financial statements for the year ended 31 December 2020. The auditors, Deloitte & Touche, have issued an unmodified opinion of the preliminary consolidated summarised financial information. The auditors' report does not necessarily cover all of the information contained in this announcement. Shareholders are therefore advised that in order to obtain full understanding of the nature of the auditors' work they should obtain a copy of that report with the accompanying financial information from the registered office of the company. A copy of the full consolidated financial statements including the audit report and report on this preliminary consolidated summarised information are available for inspection at the company's registered office and on the company's website <http://www.sabvestcapital.com/pdf/2021/AFS-Dec20.pdf>

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 (59) 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 with effect from 31 December 2020. Funke is a highly experienced executive and 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.

KING IV™ COMPLIANCE

Sabvest's King IV™ compliance report is on the Sabcap website and in the Sabcap 2020 integrated report. As a wholly owned subsidiary of Sabcap, the principles contained in the Sabvest report have been adopted by and applied to Sabcap.

IN MEMORIAM

The Board is sad to advise shareholders that Philip Coutts-Trotter passed away late in 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. Philip as Executive Chairman for most of the years was the visionary and driver of SA Bias Industries and in particular of its ITL operation which he grew from a small RSA based business to an international group which now has production facilities and marketing offices in fifteen countries. The considerable growth in value of SA Bias was a major contributor to Sabvest's own double digit growth rates in NAV over the past thirty years.

Sabcap CEO, Christopher Seabrooke, personally and on behalf of the Board extends sincerest condolences and heartfelt support to Estelle, Carl, Paula and the family at this difficult time.

Philip was a remarkable man of great integrity and ability and will be sorely missed.

PROSPECTS

At the date of this report 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 businesses.

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.

For and on behalf of the Board

Kuben Pillay
Chairman

Christopher Seabrooke
CEO

Raymond Pleaner
CFO

Sandton
25 March 2021

CASH DIVIDEND DECLARATION

Notice is hereby given that a final dividend of 15 cents (2019: 39 cents) per ordinary share for the year ended 31 December 2020 has been declared out of income reserves making a total of 25 cents for the year (2019: 75 cents).

The issued share capital of the company at the declaration date is 41 000 000 ordinary shares. The income tax number of the company is 9660061186.

Withholding tax on dividends at a rate of 20% will be deducted for all shareholders who are not exempt in terms of the applicable legislation. This will result in a final net cash dividend of 12 cents per ordinary share to non-exempt shareholders.

Last date to trade "CUM" dividend	Tuesday, 20 April 2021
Trading "EX" dividend commences	Wednesday, 21 April 2021
Record date	Friday, 23 April 2021
Dividend payment date	Monday, 26 April 2021

No dematerialisation or rematerialisation of share certificates will be allowed during the period Wednesday, 21 April 2021 to Friday, 23 April 2021, both days inclusive.

Registered address:

4 Commerce Square, 39 Rivonia Road, Sandhurst, Sandton 2196

Communications:

Postal address: PO Box 78677, Sandton 2146, Republic of South Africa

Telephone: (011) 268 2400 • Fax: (011) 268 2422 • e-mail: ho@sabvest.com

Transfer secretaries:

Computershare Investor Services (Pty) Ltd, Rosebank Towers, 15 Biermann Avenue, Rosebank 2196 (PO Box 61051, Marshalltown 2107)

Directors:

K Pillay # (Chairperson), BJT Shongwe # (Deputy Chairperson and Lead Independent Director), CS Seabrooke * (Chief Executive),
O Ighodaro ^#, L Mthimunya #, R Pleaner *, L Rood * *Executive #Independent ^Appointed 31 December 2020

Sponsor:

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

Company Secretary:

Levitt Kirson Business Services (Pty) Ltd