

# Reviewed Condensed Consolidated Financial Statements

for the six months ended  
*31 March 2021*





# Sygnia highlights: 31 March 2021

Assets under management  
and administration

R278.3bn (2020: R217.7 billion)  
↗ **27.8%**

Revenue

R350.5m (2020: R308.1 million)  
↗ **13.8%**

Profit after tax

R105.8m (2020: R91.3 million)  
↗ **16.0%**

Basic earnings and  
headline earnings  
per share

74.8c (2020: 64.1 cents)  
↗ **16.7%**

Interim dividend  
per share

55c (2020: 40 cents)  
↗ **37.5%**

# General information

## Country of incorporation and domicile

South Africa

## Nature of business and principal activities

Sygnia Limited and its subsidiaries (“the Group”) is a specialist financial services group headquartered in South Africa and listed on the Johannesburg Stock Exchange (“JSE”) and A2X Market (“A2X”). The Group focuses on the provision of investment management and administration solutions to institutional and retail clients predominantly located in South Africa. The main services provided by the Group include multi-manager investment products, index-tracking investment products, customised/bespoke investment strategy management, transition management, investment administration/platform services, employee benefit administration services, stockbroking, securities lending and treasury services.

## Directors

Name	Date of appointment	Date of resignation
HI Bhorat (Chairman) #	11/06/2015	
G Cavaleros (Lead Independent) * #	28/06/2019	
MF Wierzycka #	17/09/2007	
DR Hufton (CEO)	01/09/2018	
MA Sirkot (FD)	16/01/2019	
MH Jonas #	01/09/2018	
A Crawford-Brunt #	01/11/2018	31/01/2021
R Sithubi * #	26/02/2019	31/12/2020
C Appana * #	08/09/2020	
H Mayers * #	01/01/2021	

\* Independent # Non-executive

### Registered office:

7th Floor, The Foundry  
Cardiff Street  
Green Point  
8001

### Postal address:

PO Box 51591  
Waterfront  
8002

### Auditor:

Mazars  
Mazars House  
Rialto Road  
Grand Moorings Precinct  
7441 Century City

### Company secretary:

G MacLachlan  
Appointed: 01/11/2016

### Company registration number: Sponsor:

2007/025416/06

The Standard Bank of South Africa Limited

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# Commentary of the directors

The directors have pleasure in presenting their report on the activities of the Group for the six months ended 31 March 2021.

## Market overview

A few days before the end of Sygnia's previous financial half-year (31 March 2020), Moody's downgraded South Africa's sovereign credit rating to sub-investment grade just as the country entered its first lockdown. Stock markets around the world plummeted in response to the anticipated impact of Covid-19 on global economies. The unfolding pandemic saw governments worldwide locking down their borders and, consequently, their economies.

That seems a distant memory now, as global markets rebounded as sharply in April 2020 as they sold off in March last year. Sadly, though, many individuals and businesses around the world are still counting the costs of the Covid-19 pandemic. And, like many nations, South Africa is also dealing with the challenges of procuring and rolling-out vaccines as fears of a third wave loom.

As risk management is not only fundamental to our investment philosophy but is embedded in everything we do, Sygnia was well prepared going into the first lockdown. We quickly enabled all staff to work from home and, with the health and safety of our people always a top priority, most of Sygnia's employees continue to work remotely. 2020 was an extreme operational test for many businesses, and Sygnia's seamless business continuity is a testament to the resilience of our company and the 280 staff who are committed to turning ordinary savers into extraordinary investors. 2020 also featured a record set of full-year financial results (30 September 2020) and was the most rewarding year for our shareholders.

We have not lost any momentum and have delivered pleasing financial results for the six months ended 31 March 2021, accompanied by an increased interim dividend of 55.0 cents per share.

Our future growth strategy to deliver value to shareholders is unchanged. We continue to focus on sustainably growing our assets under management, underpinned by a blend of strong investment performance, low management fees, a commitment to ongoing innovation and a relentless pursuit of superior customer service. At the same time, we are driven to leverage benefits of scale through ongoing automation, and managing risk remains inherent in everything we do.

The investment performance of our institutional and retail funds remains largely top quartile across all risk profiles and most timeframes to 31 March 2021, with several of our funds topping industry surveys. We listed two additional exchange traded funds on the Johannesburg Stock Exchange shortly after this review period and expect at least two more to be listed before the end of the year. We will also launch our new retail platform later this year.

## 2021 interim results

Revenue of R350.5 million was generated for the six months to 31 March 2021, 13.8% higher than the comparable prior period (31 March 2020: R308.1 million) and is primarily attributable to net market appreciation of assets under management and administration and positive net inflows. Total expenses rose by 10.2% to R206.7 million (31 March 2020: R187.6 million), driven by the higher staff costs associated with increased business activity. Interest income, other investment income and finance costs decreased as a result of a decrease in interest rates. Net profit rose 16.0% to R105.8 million (31 March 2020: R91.3 million).

For the interim period ended 31 March 2021, basic and headline earnings per share increased by 16.7% to 74.8 cents (31 March 2020: 64.1 cents).

Assets under management and administration ("AuM") increased by 10.5% over the six months under review, to R278.3 billion (30 September 2020: R251.8 billion) and by 27.8% over the past 12 months (31 March 2020: R217.7 billion). Net inflows totaled R3.8 billion for the six months to 31 March 2021, representing 1.5% organic growth since 1 October 2020.

Over the six months to 31 March 2021, the FTSE/JSE All Share Index rose by 24.2% and the JSE All Bond Index by 4.9%, while the rand appreciated by 11.5% relative to the US dollar. Over twelve months, the FTSE/JSE All Share and All Bond indices were up 54.0% and 17.0% respectively, and the rand was 17.3% stronger against the US dollar.

### Business review

The ongoing success of the company is largely linked to the growth of AuM from a mix of institutional and retail clients, which is dependent on both market movements and new business flows. Over the six months to 31 March 2021, revenue linked mostly to AuM increased by 32.6%, to R281.1 million (31 March 2020: R211.9 million), while variable trading income (comprising brokerage income, securities lending and treasury income) was down 27.8% over the same period.

Institutional AuM amounted to R232.6 billion at 31 March 2021 (30 September 2020: R214.6 billion). Despite no significant client losses over the six months ended 31 March 2021, the institutional business experienced net outflows of R1.3 billion – a consequence of R3.8 billion net inflows in assets under management and R5.1 billion net outflows from mostly lower- profit- margin assets under administration business. The latter is attributed mainly to lower contributions and higher benefit payments across distressed retirement fund sponsoring employers as a result of the Covid-19 pandemic.

The performance of our institutional flagship Sygnia Signature multi-manager range of funds ranks at or near the top of the Alexander Forbes Multi-Manager Watch Survey™ across all risk profiles and most timeframes to 31 March 2021. Our passively managed Sygnia Skeleton fund range performed in line with the Signature range after allowing for management fees, and both ranges outperformed all actively managed portfolios in the Alexander Forbes Global Large Manager Watch Survey™ over 10 years to 31 March 2021 and features in the top quartile of that survey over shorter timeframes.

Included in the institutional AuM is R7.8 billion (30 September 2020: R6.1 billion) relating to the Sygnia Umbrella Retirement Fund (SURF). Accounting for another R2.0 billion awaiting regulatory transfer approval, SURF is the sixth-largest commercial umbrella fund in South Africa, with approximately R10.0 billion in AuM.

Retail AuM increased 22.8% to R45.7 billion over the six months to 31 March 2021 (30 September 2020: R37.2 billion) on the back of R5.2 billion net inflows. As of 31 March 2021, our ever-growing mix of direct and advice-led retail investors stood at 14 400 and 16 100 respectively, up 48.1% in the last 12 months (31 March 2020: 20 600 in aggregate). The upgrading of our retail platform has encountered considerable delays, but we expect to launch the new platform later this year, which should give rise to scalability opportunities and an enhanced investor experience.

Our wide range of domestic and global specialist index-tracking funds and our risk-profiled Sygnia Skeleton Balanced unit trusts continue to produce outstanding peer-comparable performance (Source: Morningstar). Highlights include the Sygnia 4th Industrial Revolution Global Equity Fund, which ranked second out of 44 global equity unit trusts from its inception in 2016 to March 2021, and the Sygnia FAANG Plus Global Equity Fund, which ranked third out of 54 global equity unit trusts from its inception in 2018 to March 2021.

The Sygnia Skeleton Balanced 70 fund ranked eighth out of 86 mostly actively managed unit trusts from its inception in 2013, and the Sygnia Skeleton Balanced 60 and 40 funds both ranked first out of 53 and 73 funds respectively from their inception in 2014.

The growing popularity of ETFs among both institutional and retail customers is reflected in net inflows of R2.0 billion into the Sygnia Itrix range of exchange traded funds (ETFs), which is included in the relevant client type flows reported on above. Sygnia Itrix AuM amounted to R26.9 billion at 31 March 2021 (30 September 2020: R23.1 billion), making Sygnia the second largest provider of ETFs (excluding commodity-based funds) and the largest provider of international ETFs on the Johannesburg Stock Exchange (JSE). The Sygnia Itrix range has grown to 12 ETFs following the listing (shortly after the period under review) of the Sygnia Itrix S&P Global 1200 ESG and the Sygnia Itrix MSCI Emerging Markets 50 ETFs, and we have several more ETFs under development for listing later this year.

## **/ Commentary of the directors**

### **Leadership change**

After 15 years of leading the company she founded, Magda Wierzycka announced earlier this year that she would be stepping aside from her operational responsibilities on 1 June 2021. The Sygnia board of directors, which welcomed Herschel Mayers to the board as a non-executive director on 1 January 2021, is immensely thankful to her for the successful company built under her leadership. The board also acknowledges its good fortune to have her playing a key role in steering the company's longer-term strategic direction.

### **Interim dividend**

Sygnia is committed to rewarding its shareholders with regular distributions of free cash flow generated. Accounting for projected cash requirements, a gross dividend of 55.0 cents per share has been declared on 7 June 2021 out of retained income, resulting in a net dividend of 44.0 cents per share for shareholders subject to dividends tax (DT).

In compliance with the JSE listings requirements, the following dates are applicable:

Last day to trade: Tuesday, 22 June 2021

Share trade ex-dividend: Wednesday, 23 June 2021

Record date: Friday, 25 June 2021

Payment date: Monday, 28 June 2021

Share certificates may not be dematerialised or rematerialised between Wednesday, 23 June 2021 and Friday, 25 June 2021, both dates inclusive. Dividends declared after 31 March 2012 are subject to DT where applicable. In terms of DT, the following additional information is disclosed:

The local DT rate is 20%.

The number of ordinary shares in issue at the date of this declaration is 149 621 319. Sygnia's tax reference number is 9334/221/16/6.

These condensed consolidated financial statements were prepared under the supervision of the Financial Director, Murad Sirkot CA (SA).

# Independent auditor's review report on condensed consolidated financial statements

*to the shareholders of Sygnia Limited*

## **To the Shareholders of Sygnia Limited**

We have reviewed the condensed consolidated financial statements for the six months ended 31 March 2021 of Sygnia Limited, set out on pages 9 to 22, which comprised the condensed consolidated statement of financial position as at 31 March 2021 and the condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-months then ended, and selected explanatory notes.

## **Directors' Responsibility for the Reviewed Condensed Consolidated Financial Statements**

The directors are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with the International Financial Reporting Standard (IAS) 34 Interim Financial Reporting and the Financial Pronouncements as issued by Financial Reporting Standards Council 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 condensed consolidated financial statements that are free from material misstatement, whether due to fraud or error.

## **Auditor's Responsibility**

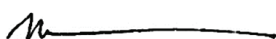
Our responsibility is to express a conclusion on these condensed consolidated financial statements. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of condensed consolidated financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures performed in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

## **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated financial statements of Sygnia Limited for the six months ended 31 March 2021 are not prepared, in all material respects, in accordance with the International Financial Reporting Standard, (IAS) 34 Interim Financial Reporting and Financial Pronouncements as issued by Financial Reporting Standards Council and the requirements of the Companies Act of South Africa.



Partner: Yolandie Ferreira  
Registered Auditor  
7 June 2021

## **Mazars**

Mazars House  
Rialto Road  
Grand Moorings Precinct  
7441 Century City  
South Africa



# Condensed consolidated statement of financial position

as at 31 March 2021

	Reviewed 31 March 2021 R'000s	Reviewed 31 March 2020 R'000s	Audited 30 September 2020 R'000s
<b>Assets</b>			
Intangible assets	427 536	429 516	428 526
Property and equipment	24 399	31 255	27 479
Loans receivable	50 323	49 882	55 114
Right-of-use assets	37 780	60 429	47 894
Deferred tax assets	9 376	9 281	6 046
Investments linked to investment contract liabilities	116 756 457	89 738 892	106 675 742
Other receivables	6 207	6 474	4 234
Trade receivables	73 777	69 174	73 415
Investments	324 901	263 964	339 244
Amounts owing by clearing houses	-	39 362	831
Amounts owing by clients	81 072	73 181	95 380
Cash and cash equivalents	477 097	360 035	259 683
<b>Total assets</b>	<b>118 268 925</b>	<b>91 131 445</b>	<b>108 013 588</b>
<b>Equity</b>			
Stated capital	617 160	602 005	603 173
Retained earnings	309 540	248 982	308 129
Other reserves	(207 961)	(209 895)	(208 461)
<b>Total equity</b>	<b>718 739</b>	<b>641 092</b>	<b>702 841</b>
<b>Liabilities</b>			
Loan payable	75 348	90 633	90 366
Preference share liability	100 000	125 000	100 000
Lease liabilities - Non-current	21 973	44 041	32 057
Third-party liabilities arising on consolidation of unit trust funds	3 530 115	2 493 199	3 700 524
Investment contract liabilities	113 226 342	87 242 069	102 970 945
Deferred tax liabilities	73 051	77 762	74 039
Tax payable	25 851	14 896	1 662
Lease liabilities - Current	19 577	18 306	18 997
Trade and other payables	396 863	271 756	225 792
Amounts owing to clearing houses	50 951	38 553	24 740
Amounts owing to clients	30 115	74 138	71 625
<b>Total liabilities</b>	<b>117 550 186</b>	<b>90 490 353</b>	<b>107 310 747</b>
<b>Total equity and liabilities</b>	<b>118 268 925</b>	<b>91 131 445</b>	<b>108 013 588</b>

# Condensed consolidated statement of profit or loss and other comprehensive income

for the period ended 31 March 2021

	Notes	Reviewed six months ended 31 March 2021 R'000s	Reviewed six months ended 31 March 2020 R'000s	Audited year ended 30 September 2020 R'000s
Revenue	4	350 533	308 084	661 009
Expenses		(206 666)	(187 580)	(381 886)
<b>Profit from operations</b>		<b>143 867</b>	<b>120 504</b>	<b>279 123</b>
Investment contract income		9 061 795	5 213 877	11 279 447
Transfer to investment contract liabilities		(9 061 795)	(5 213 877)	(11 279 447)
Interest income		9 485	14 095	26 315
Other investment income		2 017	4 871	8 536
Finance costs		(6 575)	(8 282)	(16 408)
<b>Profit before tax</b>		<b>148 794</b>	<b>131 188</b>	<b>297 566</b>
Income tax expense		(42 959)	(39 932)	(91 484)
<b>Total profit for the period</b>		<b>105 835</b>	<b>91 256</b>	<b>206 082</b>
<b>Other comprehensive income</b>				
Items that may subsequently be reclassified to profit or loss:				
Foreign currency translation reserve		220	34	(6)
<b>Total comprehensive income for the period</b>		<b>106 055</b>	<b>91 290</b>	<b>206 076</b>
<b>Earnings per share (cents)</b>	5			
Basic		74.8	64.1	146.4
Diluted		72.8	62.9	143.7

# Condensed consolidated statement of changes in equity

for the period ended 31 March 2021

	Stated capital R'000s	Other reserves R'000s	Share-based payment reserve R'000s	Retained earnings R'000s	Total equity R'000s
<b>Balance at 30 September 2019</b>	<b>641 494</b>	<b>(252 902)</b>	<b>41 597</b>	<b>209 091</b>	<b>639 280</b>
Adjustment on initial application of IFRS 16	-	-	-	(1 066)	(1 066)
<b>Adjusted balance at 1 October 2019</b>	<b>641 494</b>	<b>(252 902)</b>	<b>41 597</b>	<b>208 025</b>	<b>638 214</b>
Total comprehensive income for the period	-	34	-	91 256	91 290
Dividends paid *	-	-	-	(50 299)	(50 299)
Share-based payment expense	-	-	2 250	-	2 250
Ordinary shares repurchased	(42 037)	-	-	-	(42 037)
Issue of shares relating to share options exercised	1 674	-	-	-	1 674
Transfer between share based payment reserve and stated capital for share options exercised	874	-	(874)	-	-
<b>Balance at 31 March 2020</b>	<b>602 005</b>	<b>(252 868)</b>	<b>42 973</b>	<b>248 982</b>	<b>641 092</b>
Adjustment on initial application of IFRS 16	-	-	-	65	65
Total comprehensive income for the period	-	(40)	-	114 826	114 786
Dividends paid **	-	-	-	(55 744)	(55 744)
Share-based payment expense	-	-	1 859	-	1 859
Issue of shares relating to share options exercised	783	-	-	-	783
Transfer between share based payment reserve and stated capital for share options exercised	385	-	(385)	-	-
<b>Balance at 30 September 2020</b>	<b>603 173</b>	<b>(252 908)</b>	<b>44 447</b>	<b>308 129</b>	<b>702 841</b>
Total comprehensive income for the period	-	220	-	105 835	106 055
Dividends paid ***	-	-	-	(104 424)	(104 424)
Share-based payment expense	-	-	4 167	-	4 167
Issue of shares relating to share options exercised	10 100	-	-	-	10 100
Transfer between share based payment reserve and stated capital for share options exercised	3 887	-	(3 887)	-	-
<b>Balance at 31 March 2021</b>	<b>617 160</b>	<b>(252 688)</b>	<b>44 727</b>	<b>309 540</b>	<b>718 739</b>

\* Dividends per share - 35 cents

\*\* Dividends per share - 40 cents

\*\*\* Dividends per share - 70 cents

Other reserves relate to equity acquired in subsidiaries from minority shareholders in prior periods, as well as business combinations under common control in which the consideration exceeded the carrying value of the net assets acquired and a foreign currency translation reserve.

# Condensed consolidated statement of cash flows

for the period ended 31 March 2021

	Reviewed six months ended 31 March 2021 R'000s	Reviewed six months ended 31 March 2020 R'000s	Audited year ended 30 September 2020 R'000s
<b>Cash flows from operating activities</b>			
Cash flow from operations	328 188	276 462	407 664
Dividends received	30	40	80
Interest received	11 543	14 446	25 025
Interest paid	(4 683)	(7 097)	(16 430)
Tax paid	(19 267)	(31 324)	(96 881)
<b>Net cash flows from operating activities</b>	<b>315 811</b>	<b>252 527</b>	<b>319 458</b>
<b>Cash flows from investing activities</b>			
Additions to property and equipment	(1 352)	(1 763)	(2 550)
Loans advanced	-	-	(3 855)
Loans repaid	4 791	3 350	1 973
Purchase of investments	(61 617)	(71 633)	(244 457)
Proceeds on sale of investments	79 500	69 500	169 629
<b>Net cash flows from investing activities</b>	<b>21 322</b>	<b>(546)</b>	<b>(79 260)</b>
<b>Cash flow from financing activities</b>			
Dividends paid	(104 424)	(50 299)	(106 043)
Issue of ordinary shares	10 100	1 674	2 457
Preference share redemption	-	(10 000)	(35 000)
Ordinary shares repurchased	-	(42 037)	(42 037)
Loans repaid	(15 018)	-	-
Loan advanced	-	40 268	40 000
Lease liabilities paid - principal portion	(10 918)	(6 512)	(13 532)
<b>Net cash flows from financing activities</b>	<b>(120 260)</b>	<b>(66 906)</b>	<b>(154 155)</b>
<b>Net change in cash and cash equivalents</b>	<b>216 873</b>	<b>185 075</b>	<b>86 043</b>
Cash and cash equivalents at beginning of the year	259 683	174 960	174 960
Exchange gains on cash and cash equivalents	541	-	(1 320)
<b>Cash and cash equivalents at end of year</b>	<b>477 097</b>	<b>360 035</b>	<b>259 683</b>

Cash held in overnight settlement accounts on behalf of policyholders of Sygnia Life and clients of Sygnia Securities and Sygnia Collective Investments is included on the face of the statement of financial position under "Cash and cash equivalents" with a corresponding payable to clients included in amounts owing to clients. This results in the movement in these cash amounts being disclosed in the statement of cash flows. Changes in these amounts are shown under the "Cash flow from operations", under the "Cash flows from operating activities" section on the statement of cash flows. These cash amounts fluctuate on a daily basis and can result in significant fluctuations if comparing "Changes in working capital" between reporting periods.



# Notes to the condensed consolidated financial statements

for the period ended 31 March 2021

## 1. Accounting policies

The condensed consolidated financial statements (“interim financial statements”) comprise Sygnia Limited and its subsidiaries (“the Group”). The accounting policies applied in the preparation of these interim financial statements conform to International Financial Reporting Standards (IFRS) and are consistent with those accounting policies applied in the preparation of the consolidated financial statements as at and for the year ended 30 September 2020, except for the prior period disclosure restatement of investments linked to investment contract liabilities and investment contract liabilities (refer below).

### Disclosure restatement to the 2020 Condensed Consolidated Statement of Financial Position

In the period ended 31 March 2020, cash collateral deposits of R 2 408 220 835 held by the Group in terms of securities lending arrangements, as well as the Group’s obligation to repay similar amounts to the securities lending counterparties, were included in “Investments linked to investment contract liabilities”. Such disclosure was informative in that it allowed users of the financial statements to fully appreciate the Group’s financial position, as well as its obligations to securities lending counterparties, thus achieving a fair portrayal within the interim financial statements. The criteria for offset as envisaged by IAS 32 does not however fully apply. In order to amend and enhance disclosure, the Group’s obligations to repay cash collateral deposits to security lending counterparties are now reflected in “Investment contract liabilities”. The change in such disclosure did not have any impact on the Group’s financial position or earnings.

As a consequence of such amendment and enhanced disclosure, certain restatements have been made to both “Investments linked to investment contract liabilities” and “Investment contract liabilities” as follows:

Reviewed  
31 March 2020  
R’000s

#### Condensed consolidated statement of financial position

##### Assets

Investments linked to investment contract liabilities previously reported	87 330 671
Cash collateral received relating to securities lent	2 408 221
<b>Investments linked to investment contract liabilities restated as at 31 March 2020</b>	<b>89 738 892</b>

##### Liabilities

Investment contract liabilities previously reported	84 833 848
Collateral payable relating to securities lent	2 408 221
<b>Investment contract liabilities restated as at 31 March 2020</b>	<b>87 242 069</b>

## / Notes to the condensed consolidated financial statements

This restatement has had no impact on the following results previously reported by the Group:

- Consolidated profit before and after tax;
- Earnings per share (basic and diluted);
- Headline earnings per share (basic and diluted);
- Dividends per share;
- Net asset value of the Group nor net asset value per share;
- Tangible net asset value per share.

### Basis of preparation

The interim financial statements have been prepared on a going concern basis, in accordance with and containing information required by IAS 34 Interim Financial Reporting and Financial Pronouncements as issued by the Financial Reporting Standards Council, the requirements of the Companies Act 71 of 2008 of South Africa and the JSE Listings Requirements.

The interim financial statements are presented in Rands, which is the functional currency of the Group, and are prepared on the historical cost basis, except for the measurement of certain financial instruments which are measured at fair value.

## 2. Use of estimates and judgements

In preparing these interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 30 September 2020.

## 3. Segment information

The Group has identified Sygnia's executive committee as the Chief Operating Decision Maker (CODM). The responsibility of the executive committee is to assess performance and to make resource allocation decisions across the Group. The Group has operations in the United Kingdom with a subsidiary registered in England & Wales. The subsidiary earned fees and incurred costs as the general partner to private equity partnerships registered in England & Wales, as well as fees for support services. The revenue and costs related to these operations is not significant and therefore, no further disclosure has been made in relation to this segment. The South African operations continued to provide investment management and administration services to institutional and retail clients predominantly located in South Africa. No disaggregated information is provided to the CODM on the South African operations, and the CODM assesses operating performance and makes resource decisions about the South African operations as a whole. The Group has therefore concluded that the South African operations constitutes one operating segment.

## / Notes to the condensed consolidated financial statements

### 4. Revenue

The Group's main revenue streams are those described in the 2020 annual financial statements. The Group's revenue is derived from contracts with customers.

	Reviewed six months ended 31 March 2021 R'000s	Reviewed six months ended 31 March 2020 R'000s	Audited year ended 30 September 2020 R'000s
Investment management fees #	237 086	171 786	419 559
Investment administration fees #	44 005	40 131	80 682
Trading income *	69 442	96 167	160 768
	<b>350 533</b>	<b>308 084</b>	<b>661 009</b>
Timing of revenue recognition			
Revenue recognised at a point in time	66 304	92 375	147 407
Revenue recognised over time	284 229	215 709	513 602
	<b>350 533</b>	<b>308 084</b>	<b>661 009</b>

\* Trading income consists of brokerage income, securities lending income and treasury income.

# Revenue in the condensed consolidated financial statements for the six months ended 31 March 2020 has been reclassified to achieve a more consistent presentation with the current period financial statements. Consequently, R12 million has been reclassified from investment management fees to investment administration fees.

### 5. Earnings and headline earnings per share

	Reviewed six months ended 31 March 2021 R'000s	Reviewed six months ended 31 March 2020 R'000s	Audited year ended 30 September 2020 R'000s
Profit attributable to ordinary shareholders	105 835	91 256	206 082
<b>Headline earnings</b>	<b>105 835</b>	<b>91 256</b>	<b>206 082</b>

	Number of shares	Number of shares	Number of shares
Weighted average number of ordinary shares in issue (basic)	141 454 907	142 255 131	140 790 102
Potential number of shares issued in respect of diluted instruments	3 921 409	2 821 360	2 651 118
<b>Weighted average number of ordinary shares in issue (diluted)</b>	<b>145 376 316</b>	<b>145 076 491</b>	<b>143 441 220</b>

## / Notes to the condensed consolidated financial statements

### 5. Earnings and headline earnings per share (cont.)

	Reviewed six months ended 31 March 2021	Reviewed six months ended 31 March 2020	Audited year ended 30 September 2020
	Cents	Cents	Cents
Earnings per share (basic)	74.8	64.1	146.4
Earnings per share (diluted)	72.8	62.9	143.7
Headline earnings per share (basic)	74.8	64.1	146.4
Headline earnings per share (diluted)	72.8	62.9	143.7
<b>Alternative performance measures</b>			
Net asset value per share	480.4	432.4	473.6
Tangible net asset value per share	194.6	142.7	184.8

The tangible net asset value per share is the net asset value, excluding intangible assets, divided by the number of ordinary shares in issue at the end of the period.

### 6. Corporate vs third party financial information

A subsidiary of the Group, Sygnia Life Limited is a linked insurance company and issues linked policies to policyholders (where the value of policy benefit is directly linked to the fair value of the supporting assets), and as such does not expose the business to the market risk of fair value adjustments on the financial asset, as this risk is contractually assumed by the policyholder. Sygnia Securities Proprietary Limited (subsidiary) provides stockbroking services to clients, which results in significant working capital fluctuations due to the timing of the close of the JSE in terms of client settlements (amounts owing to/by clearing houses/clients). In order to evaluate the consolidated financial position, the Group segregates the statement of financial position and the statement of profit or loss and other comprehensive income between corporate (own balances) and third-party (client-related balances). Third-party balances represent investments linked to investment contract liabilities, third-party liabilities arising on consolidation of unit trust funds, investment contract liabilities, related deferred tax liabilities and unsettled trades. During the current period, the Group no longer controls the Sygnia 4th Industrial Revolution Global Equity Fund (“fund”) and therefore the fund is no longer consolidated. This resulted in a reduction of investments linked to investment contract liabilities and third-party liabilities arising on consolidation of unit trust funds in the condensed consolidated statement of financial position amounting to R1.2 billion. However, the Group still retains significant influence over the fund with an investment balance of R694.0 million at 31 March 2021. Sygnia Ventures LP, a partnership registered in England and Wales, met the criteria for control during the period, however the consolidation had no impact on the condensed consolidated statement of financial position and the condensed consolidated statement of profit or loss and other comprehensive income as the partnership is recognised within investments linked to investment contract liabilities and investment contract liabilities.



6. Corporate vs third party financial information (cont.)

Statement of financial position

	Reviewed as at 31 March 2021			Reviewed as at 31 March 2020			Audited as at 30 September 2020		
	Consolidated R'000s	Corporate balances R'000s	Third-party balances R'000s	Consolidated R'000s	Corporate balances R'000s	Third-party balances R'000s	Consolidated R'000s	Corporate balances R'000s	Third-party balances R'000s
<b>Assets</b>									
Intangible assets	427 536	427 536	-	429 516	429 516	-	428 526	428 526	-
Property and equipment	24 399	24 399	-	31 255	31 255	-	27 479	27 479	-
Loans receivable	50 323	50 323	-	49 882	49 882	-	55 114	55 114	-
Right-of-use assets	37 780	37 780	-	60 429	60 429	-	47 894	47 894	-
Deferred tax assets	9 376	9 376	-	9 281	9 281	-	6 046	6 046	-
Investments linked to investment contract liabilities	116 756 457	-	116 756 457	89 738 892	-	89 738 892	106 675 742	-	106 675 742
Other receivables	6 207	6 207	-	6 474	6 474	-	4 234	4 234	-
Trade receivables	73 777	73 777	-	69 174	69 174	-	73 415	73 415	-
Investments	324 901	324 901	-	263 964	263 964	-	339 244	339 244	-
Amounts owing by clearing houses	-	-	-	39 362	-	39 362	831	-	831
Amounts owing by clients	81 072	6	81 066	73 181	-	73 181	95 380	-	95 380
Cash and cash equivalents	477 097	477 097	-	360 035	360 035	-	259 683	259 683	-
<b>Total assets</b>	<b>118 268 925</b>	<b>1 431 402</b>	<b>116 837 523</b>	<b>91 131 445</b>	<b>1 280 010</b>	<b>89 851 435</b>	<b>108 013 588</b>	<b>1 241 635</b>	<b>106 771 953</b>
<b>Equity</b>									
Stated capital and reserves	718 739	718 739	-	641 092	641 092	-	702 841	702 841	-
<b>Total equity</b>	<b>718 739</b>	<b>718 739</b>	<b>-</b>	<b>641 092</b>	<b>641 092</b>	<b>-</b>	<b>702 841</b>	<b>702 841</b>	<b>-</b>
<b>Liabilities</b>									
Loan payable	75 348	75 348	-	90 633	90 633	-	90 366	90 366	-
Preference share liability	100 000	100 000	-	125 000	125 000	-	100 000	100 000	-
Lease liabilities - Non-current	21 973	21 973	-	44 041	44 041	-	32 057	32 057	-
Third-party liabilities arising on consolidation of unit trust funds	3 530 115	-	3 530 115	2 493 199	-	2 493 199	3 700 524	-	3 700 524
Investment contract liabilities	113 226 342	-	113 226 342	87 242 069	-	87 242 069	102 970 945	-	102 970 945
Deferred tax liabilities	73 051	73 051	-	77 762	74 138	3 624	74 039	69 765	4 274
Tax payable	25 851	25 851	-	14 896	14 896	-	1 662	1 662	-
Lease liabilities - Current	19 577	19 577	-	18 306	18 306	-	18 997	18 997	-
Trade and other payables	396 863	396 863	-	271 756	271 756	-	225 792	225 792	-
Amounts owing to clearing houses	50 951	-	50 951	38 553	148	38 405	24 740	155	24 585
Amounts owing to clients	30 115	-	30 115	74 138	-	74 138	71 625	-	71 625
<b>Total liabilities</b>	<b>117 550 186</b>	<b>712 663</b>	<b>116 837 523</b>	<b>90 490 353</b>	<b>638 918</b>	<b>89 851 435</b>	<b>107 310 747</b>	<b>538 794</b>	<b>106 771 953</b>
<b>Total equity and liabilities</b>	<b>118 268 925</b>	<b>1 431 402</b>	<b>116 837 523</b>	<b>91 131 445</b>	<b>1 280 010</b>	<b>89 851 435</b>	<b>108 013 588</b>	<b>1 241 635</b>	<b>106 771 953</b>

/ Notes to the condensed consolidated financial statements

6. Corporate vs third party financial information (cont.)

Statement of comprehensive income

	Reviewed six months ended 31 March 2021			Reviewed six months ended 31 March 2020			Audited year ended 30 September 2020		
	Consolidated R'000s	Corporate R'000s	Third-party R'000s	Consolidated R'000s	Corporate R'000s	Third-party R'000s	Consolidated R'000s	Corporate R'000s	Third-party R'000s
Revenue	350 533	350 533	-	308 084	308 084	-	661 009	661 009	-
Operating expenses	(206 666)	(206 666)	-	(187 580)	(187 580)	-	(381 886)	(381 886)	-
<b>Profit from operations</b>	<b>143 867</b>	<b>143 867</b>	<b>-</b>	<b>120 504</b>	<b>120 504</b>	<b>-</b>	<b>279 123</b>	<b>279 123</b>	<b>-</b>
Investment contract income	9 061 795	-	9 061 795	5 213 877	-	5 213 877	11 279 447	-	11 279 447
Transfer to investment contract liabilities	(9 061 795)	-	(9 061 795)	(5 213 877)	-	(5 213 877)	(11 279 447)	-	(11 279 447)
Interest income	9 485	9 485	-	14 095	14 095	-	26 315	26 315	-
Other investment income	2 017	2 017	-	4 871	4 871	-	8 536	8 536	-
Finance costs	(6 575)	(6 575)	-	(8 282)	(8 282)	-	(16 408)	(16 408)	-
<b>Profit before tax</b>	<b>148 794</b>	<b>148 794</b>	<b>-</b>	<b>131 188</b>	<b>131 188</b>	<b>-</b>	<b>297 566</b>	<b>297 566</b>	<b>-</b>
Income tax	(42 959)	(42 959)	-	(39 932)	(39 932)	-	(91 484)	(91 484)	-
<b>Total profit for the period</b>	<b>105 835</b>	<b>105 835</b>	<b>-</b>	<b>91 256</b>	<b>91 256</b>	<b>-</b>	<b>206 082</b>	<b>206 082</b>	<b>-</b>
Foreign currency translation reserve	220	220	-	34	34	-	(6)	(6)	-
<b>Total comprehensive income for the period</b>	<b>106 055</b>	<b>106 055</b>	<b>-</b>	<b>91 290</b>	<b>91 290</b>	<b>-</b>	<b>206 076</b>	<b>206 076</b>	<b>-</b>

## / Notes to the condensed consolidated financial statements

### 7. Fair value

The fair values of all financial instruments approximate the carrying values reflected in the statement of financial position. The carrying value and gains and losses of financial instruments is as follows:

	Reviewed 31 March 2021 R'000s	Reviewed 31 March 2020 R'000s	Audited 30 September 2020 R'000s
<b>Financial assets at fair value through profit or loss</b>			
<b>Condensed consolidated statement of financial position</b>			
Investments linked to investment contract liabilities	116 756 457	89 738 892	106 675 742
Investments	324 901	263 964	339 244
	<b>117 081 358</b>	<b>90 002 856</b>	<b>107 014 986</b>
<b>Condensed consolidated statement of profit or loss and other comprehensive income</b>			
Investment contract income	9 061 795	5 213 877	11 279 447
Other investment income	2 017	4 871	8 536
	<b>9 063 812</b>	<b>5 218 748</b>	<b>11 287 983</b>
<b>Financial assets at amortised cost</b>			
<b>Condensed consolidated statement of financial position</b>			
Loans receivable	50 323	49 882	55 114
Trade receivables	73 777	69 174	73 415
Amounts owing by clearing houses	-	39 362	831
Amounts owing by clients	81 072	73 181	95 380
Cash and cash equivalents	477 097	360 035	259 683
	<b>682 269</b>	<b>591 634</b>	<b>484 423</b>
<b>Condensed consolidated statement of profit or loss and other comprehensive income</b>			
Interest income	9 485	14 095	26 315
	<b>9 485</b>	<b>14 095</b>	<b>26 315</b>

/ Notes to the condensed consolidated financial statements

7. Fair value (cont.)

	Reviewed 31 March 2021 R'000s	Reviewed 31 March 2020 R'000s	Audited 30 September 2020 R'000s
<b>Financial liabilities at fair value through profit or loss</b>			
<b>Condensed consolidated statement of financial position</b>			
Investment contract liabilities	113 226 342	87 242 069	102 970 945
Third-party liabilities arising on consolidation of unit trust funds	3 530 115	2 493 199	3 700 524
	<b>116 756 457</b>	<b>89 735 268</b>	<b>106 671 469</b>
<b>Condensed consolidated statement of profit or loss and other comprehensive income</b>			
Transfer to investment contract liabilities	(9 061 795)	(5 213 877)	(11 279 447)
	<b>(9 061 795)</b>	<b>(5 213 877)</b>	<b>(11 279 447)</b>
<b>Financial liabilities at amortised cost</b>			
<b>Condensed consolidated statement of financial position</b>			
Loan payable	75 348	90 633	90 366
Preference share liability	100 000	125 000	100 000
Lease liabilities	41 550	62 347	51 054
Trade and other payables	396 863	271 756	221 457
Amounts owing to clearing houses	50 951	38 553	24 740
Amounts owing to clients	30 115	74 138	71 625
	<b>694 827</b>	<b>662 427</b>	<b>559 242</b>
<b>Condensed consolidated statement of profit or loss and other comprehensive income</b>			
Finance costs	(6 575)	(8 282)	(16 408)
	<b>(6 575)</b>	<b>(8 282)</b>	<b>(16 408)</b>



## / Notes to the condensed consolidated financial statements

### 7. Fair value (cont.)

The following table shows the categories of financial instruments at fair value based on the degree to which fair value is observable.

Level 1 - fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 1 investments relates to equities and interest income securities.

Level 2 - fair value is derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). Level 2 investments relate to interest income securities, collective investment schemes, hedge funds, investments in insurance policies, investment contract portfolio debtors, investment contract portfolio accrued interest and cash and cash equivalents.

Level 3 - fair value is derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). The level 3 investment relates to unlisted private equity investments.

	Level 1 R'000s	Level 2 R'000s	Level 3 R'000s	Total R'000s
<b>Reviewed as at 31 March 2021</b>				
Investments linked to investment contract liabilities	36 291 600	77 067 624	3 397 233	116 756 457
Investments	-	324 901	-	324 901
Third-party liabilities arising on consolidation of unit trust funds	(2 844 511)	(685 604)	-	(3 530 115)
Investment contract liabilities	(33 447 089)	(76 382 020)	(3 397 233)	(113 226 342)
<b>Reviewed as at 31 March 2020</b>				
Investments linked to investment contract liabilities	24 428 479	63 534 596	1 775 817	89 738 892
Investments	68 083	195 881	-	263 964
Third-party liabilities arising on consolidation of unit trust funds	(2 493 199)	-	-	(2 493 199)
Investment contract liabilities	(21 931 656)	(63 534 596)	(1 775 817)	(87 242 069)
<b>Audited as at 30 September 2020</b>				
Investments linked to investment contract liabilities	24 754 167	80 016 871	1 904 704	106 675 742
Investments	-	339 244	-	339 244
Third-party liabilities arising on consolidation of unit trust funds	(2 332 598)	(1 367 926)	-	(3 700 524)
Investment contract liabilities	(22 417 296)	(78 648 945)	(1 904 704)	(102 970 945)

## / Notes to the condensed consolidated financial statements

### 7. Fair value (cont.)

	Reviewed 31 March 2021 R'000s	Reviewed 31 March 2020 R'000s	Audited 30 September 2020 R'000s
<b>Level 3 financial instruments</b>			
Opening balance	1 904 704	1 217 385	1 217 385
Disposals / additions - discretionary mandates	(551 531)	264 915	(177 357)
Additions - non-discretionary mandates	1 513 714	-	516 967
Fair value adjustment included in investment contract income	530 346	293 517	347 709
<b>Closing balance</b>	<b>3 397 233</b>	<b>1 775 817</b>	<b>1 904 704</b>

The level 3 investment relates to private equity investments in partnerships registered in Guernsey, Braavos Capital I LP (BC I LP) and Braavos Capital II LP (BC II LP), all of which hold unlisted shares. BC I LP and BC II LP are administered and valued by an independent administrator based on the last traded price of the underlying shares less expenses. If the shares have not traded for more than 12 months, the directors will consider an alternative valuation.

A subsidiary in the Group, Sygnia Life Limited, has made a commitment on behalf of policyholders to invest GBP 60.0 million in BC I LP and GBP 13.9 million in BC II LP. These commitments will be funded by existing investments linked to investment contract liabilities and future cash flows.

### 8. Related-party transactions

Related-party transactions similar to those disclosed in the Group's financial statements for the year ended 30 September 2020 took place during the period under review. In addition, 200 000 share options (fair value: R2.2 million) and 100 000 share options (fair value: R1.1 million) were granted to DR Hufton and MA Sirkot respectively on 1 October 2020.

### 9. Events subsequent to the reporting date

On 31 May 2021, R10 million of the loan payable was repaid. On 7 June 2021, the directors declared a dividend of 55.0 cents per share.

The directors are not aware of any other matters or circumstances, arising since the end of the financial period, not otherwise dealt with in these interim financial statements that significantly affect the financial position of the Group or the results of its operations.

### 10. COVID-19 pandemic

The Group continues to monitor the impact of the markets on its revenue and will adjust its cost base if required. The Group has also considered the impact of COVID-19 on its financial assets at amortised cost. Trade receivables continue to be collected directly from clients' investments and unit trust funds. No receivables are past due. Cash and cash equivalents continue to be held with high credit quality financial institutions. The Group has concluded that the fair value of financial assets at amortised is equal to its carrying amount and consequently, no impairment is required.

# Reviewed Condensed Consolidated Financial Statements 2021

Sygnia Limited

## Incorporated in the Republic of South Africa

Registration number: 2007/025416/06

JSE share code: SYG

ISIN code: ZAE000208815

Sponsor: Standard Bank of South Africa Limited

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