Audited Summarised Consolidated Annual Financial Statements

for the year ended
30 September 2022

Sygnia

These financial statements have been prepared under the supervision of the Financial Director, MA Sirkot (CA (SA)).

Summarised consolidated annual financial statements

Highlights

For the year ended 30 September 2022

R285.1bn -3.8%

2021: R296.4 billion
Assets under management and administration

R808.9m +9.7%

2021: R737.2 million
Revenue

R287.4m +19.3%

2021: R240.9 million
Profit after tax

191.3c +12.1%

2021: 170.7 cents
Basic earnings and headline earnings per share

210c +55.6%

2021: 135 cents
Total dividend per share

Corporate information

Annual general meeting: 30 January 2023
Share code (ordinary shares): SYG
ISIN: ZAE000208815

Board of Directors

Name	Date of appointment
MF Wierzycka (Chairperson) #	17/09/2007
DR Hufton (CEO) #	01/09/2018
MA Sirkot (Financial Director) #	16/01/2019
WA Wierzycki #	10/06/2021
G Cavaleros (Lead Independent) *	28/06/2019
HI Bhorat *	11/06/2015
MH Jonas *	01/09/2018
C Appana *	08/09/2020
J Boyd *	29/07/2021

* Independent Non-executive Director # Executive Director

Registered office:
7th Floor, The Foundry
Cardiff Street
Green Point
8001

Postal address:
PO Box 51591
Waterfront
8002

Company registration number
2007/025416/06

Company secretary:
G MacLachlan
Appointed: 01/11/2016

Sponsor:
The Standard Bank of South Africa Limited
30 Baker Street, Rosebank,
Johannesburg, 2196

External auditor:
Mazars
Mazars House, Rialto Road
Grand Moorings Precinct
Century City, 7441
South Africa

Transfer secretaries:
Computershare Investor Services Proprietary Limited
Rosebank Towers, 15 Biermann Avenue, Rosebank,
Johannesburg, 2196

Directors' report

The directors have pleasure in presenting their report on the activities of the Group for the year ended 30 September 2022.

Highlights

- Assets under management and administration of R285.1 billion as at 30 September 2022 (2021: R296.4 billion), down 3.8%.
- Revenue of R808.9 million (2021: R737.2 million), up 9.7%.
- Profit after tax of R287.4 million (2021: R240.9 million), up 19.3%.
- Headline earnings per share of 191.3 cents (2021: 170.7 cents), up 12.1%, and diluted headline earnings per share of 186.1 cents (2021: 166.1 cents), up 12.0%.
- Total dividend per share of 210 cents (2021: 135 cents).

Financial performance

Assets under management and administration decreased by 3.8% to R285.1 billion as at 30 September 2022 (2021: R296.4 billion). This is against a backdrop of the FTSE/JSE SWIX Index returning 0% and the MSCI All World Index falling by 4% in rands for the full financial year, and with traditional multi-asset-class portfolios experiencing some of their worst performances in many years.

The Sygnia-managed range of funds continue to rank in the top quartile of performance surveys across most risk profiles over the medium- to long-term. This performance is a mixture of low-cost strategies and a strong focus on macroeconomic trends, which drive active asset allocation decisions. Our superior long-term performance has been a strong factor behind our growing presence in the retail market.

In addition, the Group has launched several new funds in line with customers' demands, which have contributed to the growth in its revenue.

Sygnia's focus on low-cost investment and savings products and service provision has meant that, in contrast to our competitors, we have experienced little pressure on management fees. Our past initiatives, such as the launch of the Sygnia Umbrella Retirement Funds ("SURF") in 2016 and the acquisition of the db X-tracker passive management business from Deutsche Bank in 2017 (renamed to Sygnia Itrix), are contributing materially to the Group's results, both financially and in terms of market recognition and profile. SURF is now the sixth largest umbrella fund offering in South Africa, while Sygnia Itrix is the second largest provider of ETFs listed on the JSE and the largest South African provider of international ETFs.

Total revenue for the year rose 9.7% to R808.9 million (2021: R737.2 million), while total expenses, at R428.8 million, increased by 4.1% (2021: R411.9 million). The increase in expenses was primarily driven by higher staff costs associated with increased business activity. The increase in interest income to R26.8 million (2021: R19.6 million) primarily relates to the increase in average cash balances driven by higher profits, and higher interest rates. The increase in other investment income to R6.9 million (2021: R4.2 million) is mainly due to foreign exchange movements.

Profit after tax increased by 19.3% to R287.4 million (2021: R240.9 million) in spite of difficult market conditions.

The Group continues to invest in technology to ensure that Sygnia continues to offer leading fintech solutions and exceptional service to clients. Its offshore expansion is not expected to contribute materially to the results for the foreseeable future but is regarded as an exciting opportunity to diversify its revenues. To that end, Sygnia has launched a number of Ireland-registered funds. These funds will be distributed to South African clients with existing offshore investments, as well as through international platform providers.

Corporate services

Sygnia offers the following services:

- Asset management services in the form of passive and multi-managed investments.
- A broad spectrum of investment funds, such as unitised life funds, unit trusts, exchange traded funds, and management of segregated portfolios.
- A full range of savings products, including retirement annuities, tax-free savings accounts, investment policies, living annuities, and preservation funds.
- Institutional investment administration services.
- Employee benefits services, including the Sygnia Umbrella Retirement Fund.
- Execution-only stockbroking, and securities lending and foreign exchange transacting services.

Although we may conclude strategic acquisitions where these are regarded as being value-accretive and consistent or complementary to our core strategy, we continue to focus on organically growing assets under management supported by strong investment performance at low cost, a commitment to ongoing innovation and the relentless pursuit of superior customer service.

Passive investing is on the rise in South Africa, and Sygnia is well positioned to take advantage of a growing scepticism among investors about the more expensive alternative of active management, especially in a low-return environment. Thematic investing is also gaining in popularity, and our niche funds continue to enjoy good flows.

Market conditions

2022 has unfortunately seen a reversal of 2021's remarkable recovery. The Russian/Ukraine invasion sparked a global energy price crisis, which compounded already-high inflation carried over from excess stimulus during Covid. Central banks around the world are at their most hawkish since the early 1980s, but the dollar has been the key beneficiary as the US has retained its safe haven status. The strong dollar and fear of central-bank-induced recessions drove commodities and commodity currencies (including the rand) to lows last seen with the rise of Covid in early 2020. The risk of overaggressive policy tightening causing a global recession remains high, but resilient growth suggests a soft landing is still possible. A recovering underlying global economy, risk-averse current investor positioning and anchored long-term inflation should form a base from which a recovery is increasingly feasible. A great deal of bad news is already priced in, and if inflation declines according to plan, investors will be rewarded with attractive opportunities. However, if inflation has become entrenched and second-order effects force the Fed to remain hawkish, any bear market rally is likely to be short-lived.

Our key focus remains the art of alpha in a low-growth world, and to this end our long-term term global investment themes remain intact. The listing of our new Sustainable Economies ETF in October signifies our conviction that the answer to the decarbonisation megatrend lies in the emergence of the sustainable economy.

The 20th Congress of the Chinese Communist Party saw President Xi Jinping strengthen his seven-member Politburo Standing Committee. The markets sold off aggressively after the reshuffle in response to a likely continuation of policies staked on Covid Zero and state-driven companies. This had a local knock-on effect, with the Naspers/Prosus group being particularly hard hit as a result of their large holding in Chinese internet giant Tencent. US - China geopolitical risks remain high, but saw a respite at the G20 summit in Bali where Biden and Xi promised to "elevate the relationship".

The local equity market was hindered by Eskom loadshedding, the risks of South Africa being grey-listed by the Financial Action Task Force (FATF) in February next year and the threat of a global recession, which saw the FTSE/JSE SWIX Index return 0%. Along with the rest of the world, South Africa's interest rates rose rapidly to 7.0%, and the market is pricing in another 0.75% of hikes by the end of 2023. Growth in South Africa will continue to be constrained as a result of load shedding, high fuel prices and a possible increase in trading costs after a FATF grey-listing. On a positive note, we look forward to using our increased regulation 28 offshore allowance with our new, expanded ITRIX range.

Events subsequent to the reporting date

The directors are not aware of any matters or circumstances, arising since the end of the financial period, not otherwise dealt with in the consolidated financial statements that significantly affect the financial position of the Group or the results of its operations. The dividend declared after year-end has been disclosed in the notes to the financial statements.

Going concern

The consolidated financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

Stated capital

Sygnia Limited had 150 439 353 (2021: 149 633 224) shares in issue at the end of the year.

Final cash dividend

Sygnia is committed to rewarding its shareholders with regular distributions of free cash flow generated. Accounting for projected cash requirements, a gross final dividend for the financial year ended 30 September 2022 of 130.0 cents per share has been declared out of income reserves, resulting in a net dividend of 104.0 cents per share for shareholders after Dividends Tax ("DT"). Together with the interim gross dividend of 80.0 cents per share, this amounts to a total gross dividend of 210.0 cents per share.

Last day to trade: Tuesday, 20 December 2022
Shares trade ex dividend: Wednesday, 21 December 2022
Record date: Friday, 23 December 2022
Payment date: Tuesday, 27 December 2022

Share certificates may not be dematerialised or rematerialised between Wednesday, 21 December 2022 and Friday, 23 December 2022, both dates inclusive. Dividends declared after 31 March 2012 are subject to DT, where applicable. In terms of the 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 150 430 489;
- Sygnia's tax reference number is 9334/221/16/6.

Approval of annual financial statements

These audited summarised consolidated financial statements were approved by the board of directors on 5 December 2022.

Summarised consolidated statement of financial position

as at 30 September 2022

	Notes	2022 R'000s	2021 R'000s
Assets			
Intangible assets	6	410 380	412 360
Property and equipment		18 221	21 877
Loans receivable		42 621	50 113
Right-of-use assets		12 428	28 659
Deferred tax assets		17 000	8 155
Investments linked to investment contract liabilities		126 196 900	126 641 861
Other receivables		6 990	6 920
Trade receivables		102 143	99 629
Investments		393 842	322 052
Amounts owing by clearing houses		32 073	2 826
Amounts owing by clients		27 709	410 046
Cash and cash equivalents		357 524	460 481
Total assets		**127 617 831**	**128 464 979**
Equity			
Stated capital	7	662 712	652 011
Retained earnings		412 956	366 154
Reserves		(234 111)	(237 067)
Total equity		**841 557**	**781 098**
Attributable to the owners of the parent		841 236	780 802
Attributable to non-controlling interest		321	296
Liabilities			
Loan payable - Non-current	8	45 293	-
Preference share liability - Non-current		100 000	-
Lease liabilities - Non-current		3 129	14 036
Deferred tax liabilities		69 355	80 154
Third-party liabilities arising on consolidation of unit trust funds		4 407 929	2 972 447
Investment contract liabilities		121 796 830	123 659 093
Tax payable		39 061	26 387
Loan payable - Current	8	-	65 276
Preference share liability - Current		-	100 000
Lease liabilities - Current		10 695	18 146
Trade and other payables		244 211	335 649
Amounts owing to clearing houses		-	95 709
Amounts owing to clients		59 771	316 984
Total liabilities		**126 776 274**	**127 683 881**
Total equity and liabilities		**127 617 831**	**128 464 979**

Summarised consolidated statement of profit or loss and other comprehensive income

for the year ended 30 September 2022

	Notes	2022 R'000s	2021 R'000s
Revenue	9	808 861	737 198
Operating expenses	9	(428 839)	(411 885)
Profit from operations	**9**	**380 022**	**325 313**
Investment contract (loss)/income		(4 596 328)	16 156 826
Transfer from/(to) investment contract liabilities		4 596 328	(16 156 826)
Interest income		26 776	19 595
Other investment income		6 891	4 156
Finance costs		(11 359)	(12 437)
Profit before tax		**402 330**	**336 627**
Income tax		(114 966)	(95 680)
Profit after tax		**287 364**	**240 947**
Other comprehensive income			
Items that may subsequently be reclassified to profit or loss:			
Foreign currency translation reserve		(489)	223
Total comprehensive income for the year		**286 875**	**241 170**
Profit attributable to:			
Owners of the parent		286 729	240 443
Non-controlling interest		635	504
		287 364	**240 947**
Total comprehensive income attributable to:			
Owners of the parent		286 240	240 666
Non-controlling interest		635	504
		286 875	**241 170**
Earnings per share (cents)	10		
Basic		191.3	170.7
Diluted		186.1	166.1

Summarised consolidated statement of changes in equity

for the year ended 30 September 2022

	Notes	Stated capital R'000s	Other reserves R'000s	Share-based payment reserve R'000s	Retained earnings R'000s	Non-controlling interest R'000s	Total equity R'000s
		Attributable to equity holders of the group					
Balance at 1 October 2020		**603 173**	**(252 908)**	**44 447**	**308 129**	**-**	**702 841**
Acquisition of non-controlling interest		-	-	-	-	22	22
Total comprehensive income for the year		-	223	-	240 443	504	241 170
Dividends paid *		-	-	-	(182 418)	(230)	(182 648)
Share-based payment expense	9	-	-	8 377	-	-	8 377
Capital distribution **	7	(71 824)	-	-	-	-	(71 824)
Issue of shares	7	83 160	-	-	-	-	83 160
Transfer between share based payment reserve and stated capital	7	37 502	-	(37 502)	-	-	-
Balance at 30 September 2021		**652 011**	**(252 685)**	**15 322**	**366 154**	**296**	**781 098**
Total comprehensive income for the year		-	(489)	-	286 729	635	286 875
Dividends paid ***		-	-	-	(239 927)	(610)	(240 537)
Share-based payment expense	9	-	-	8 887	-	-	8 887
Issue of shares	7	10 507	-	-	-	-	10 507
Ordinary shares repurchased	7	(5 273)	-	-	-		(5 273)
Transfer between share based payment reserve and stated capital	7	5 467	-	(5 467)	-	-	-
Balance at 30 September 2022		**662 712**	**(253 174)**	**18 742**	**412 956**	**321**	**841 557**

* Dividends per share - 125 cents

** Capital distribution per share - 48 cents

*** Dividends per share - 160 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.

Summarised consolidated statement of cash flows

for the year ended 30 September 2022

	Notes	2022 R'000s	2021 R'000s
Cash flows from operating activities			
Cash flows from operations		328 479	389 269
Dividends received		4	56
Interest received		26 513	20 679
Interest paid		(11 342)	(12 527)
Tax paid		(111 017)	(80 555)
Net cash flows from operating activities		**232 637**	**316 922**
Cash flows from investing activities			
Additions to property and equipment		(2 608)	(2 720)
Loans advanced		(1 411)	(4 994)
Loans repaid		8 903	10 016
Purchase of investments		(122 862)	(67 433)
Proceeds on sale of investments		57 004	90 936
Net cash flows from investing activities		**(60 974)**	**25 805**
Cash flow from financing activities			
Dividends paid		(240 537)	(182 648)
Issue of ordinary shares	7	10 507	83 160
Ordinary shares repurchased	7	(5 273)	-
Loan repaid	8	(20 000)	(25 000)
Lease liabilities paid - principal portion		(18 274)	(18 343)
Net cash flows from financing activities		**(273 577)**	**(142 831)**
Net change in cash and cash equivalents		**(101 914)**	**199 896**
Cash and cash equivalents at beginning of the year		460 481	259 683
Exchange (losses)/gains on cash and cash equivalents		(1 043)	902
Cash and cash equivalents at end of year		**357 524**	**460 481**

Note to the statement of cash flows:

Cash held in overnight settlement accounts on behalf of policyholders of Sygnia Life Limited and clients of Sygnia Collective Investments (RF) Proprietary Limited is included on the face of the statement of financial position under "Cash and cash equivalents" with a corresponding payable to clients included in trade and other payables (unsettled trades). 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 "Changes in working capital", 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 summarised consolidated financial statements

for the year ended 30 September 2022

1. Basis of preparation

The summarised consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for abridged reports, and the requirements of the Companies Act, 71 of 2008, applicable to summary financial statements. The Listings Requirements require preliminary reports to be prepared in accordance with the framework concepts, and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS") and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting ("IAS 34"). The accounting policies and methods of computation applied in the preparation of the summarised consolidated annual financial statements are in accordance with International Financial Reporting Standards. The summarised consolidated annual financial statements and the full set of audited consolidated annual financial statements were prepared under the supervision of M Sirkot CA (SA) and approved by the board of directors on 5 December 2022. The summarised and full consolidated annual financial statements for the year ended 30 September 2022, will be published on 5 December 2022.

2. Audit opinion

The auditors, Mazars, have issued their unmodified audit opinion on the consolidated annual financial statements for the year ended 30 September 2022. The audit was conducted in accordance with International Standards on Auditing. These summarised financial statements, which have not themselves been audited, have been derived from the consolidated annual financial statements, with which they are consistent in all material respects. Copies of the audit reports and the full consolidated annual financial statements are available for inspection at the company's registered office. The summarised consolidated annual financial statements are the responsibility of the directors and is only a summary of the information contained in the consolidated annual financial statements. Any investment decisions by investors and/or shareholders should be based on consideration of the consolidated annual financial statements on the Company's website (www.sygnia.co.za). Any reference to future financial performance included in this announcement has not been reviewed or reported on by the company's auditors.

3. Use of estimates and judgements

The preparation of the summarised consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and the reporting amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis by the directors and management. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Significant estimates made by management in the application of IFRS relates to the impairment of intangible assets, the observable market data used to measure the share option expense, the valuation of level 3 financial assets and determination of the incremental borrowing rate applicable to leases. Significant judgements include the consolidation of the Group's collective investment schemes and the classification of investment contract liabilities as financial liabilities. There were no material changes to judgements from the prior year.

4. 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. During 2019, the Group commenced operations in the United Kingdom whereby one of the subsidiaries, registered in England & Wales, earned fees and incurred costs as the general partner to a private equity partnership registered in England & Wales. The revenue and costs related to these operations is not considered to be 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.

5. Accounting policies

The accounting policies and methods of computation applied in the presentation of the consolidated summarised financial statements are in terms of IFRS and are consistent with those presented in the 2021 consolidated annual financial statements.

Forthcoming requirements

There are no new or revised Accounting Standards and Interpretations in issue, but not yet effective, that have a material impact on the business of the Group.

6. Intangible assets

2022	Goodwill R'000s	Management contracts R'000s	Customer relationships R'000s	Computer software R'000s	Licence R'000s	Closing balance R'000s
At cost						
Opening balance	149 698	253 885	17 176	5 972	1 170	427 901
Scrapping	-	-	-	(5 972)	-	(5 972)
Closing balance	**149 698**	**253 885**	**17 176**	**-**	**1 170**	**421 929**
Accumulated amortisation and impairment						
Opening balance	(31)	-	(9 070)	(5 972)	(468)	(15 541)
Amortisation	-	-	(1 863)	-	(117)	(1 980)
Scrapping	-	-	-	5 972	-	5 972
Closing balance	**(31)**	**-**	**(10 933)**	**-**	**(585)**	**(11 549)**
Carrying amount	**149 667**	**253 885**	**6 243**	**-**	**585**	**410 380**
2021						
At cost						
Opening balance	149 698	253 885	17 176	19 880	1 170	441 809
Refund*	-	-	-	(13 908)	-	(13 908)
Closing balance	**149 698**	**253 885**	**17 176**	**5 972**	**1 170**	**427 901**
Accumulated amortisation and impairment						
Opening balance	(31)	-	(6 929)	(5 972)	(351)	(13 283)
Amortisation	-	-	(2 141)	-	(117)	(2 258)
Closing balance	**(31)**	**-**	**(9 070)**	**(5 972)**	**(468)**	**(15 541)**
Carrying amount	**149 667**	**253 885**	**8 106**	**-**	**702**	**412 360**

Goodwill consists mainly of amounts relating to two separate cash generating units ("CGUs"), namely SURF and Sygnia Itrix. Consequently, there are two separate goodwill impairment assessments relating to each of the CGUs. The carrying amount relating to SURF is R18.5 million (2021: R18.5 million) and to Sygnia Itrix is R130.8 million (2021: R130.8 million).

* The refund relates to amounts previously paid to a third party provider that has been repaid due to delays on a re-platforming project. This refund was included in trade receivables in the prior year.

Critical accounting estimates and judgements

Management assesses the recoverable amount of each CGU and management contracts by using value-in-use calculations for each CGU and management contract. Value-in-use is assessed on a discounted cash-flow based calculation. These calculations use cash flow projections based on financial budgets for a five-year planning period. Where appropriate, cash flows were extrapolated into perpetuity by using a terminal growth rate model. A key input used in the models to determine the value-in-use of the CGUs is the pre-tax discount rate applied to management's forecasted cash flows, which reflects the current market assessments of time value of money and the risk specific to the CGU. The growth rate and terminal growth rate is based on historical information.

Impairment evaluation of goodwill
The assumptions below have been used in estimating the value in use of the SURF and Sygnia Itrix CGUs:

	SURF %		Sygnia Itrix %	
	2022	**2021**	**2022**	**2021**
Risk-free rate (10 year Government bond)	10.68	9.44	10.68	9.44
Growth rate	5.00	5.00	4.65	4.50
Terminal growth rate	4.17	4.17	4.64	4.52
Discount rate	31.85	30.12	31.15	29.43

A reasonably possible change in these assumptions would not cause the carrying amount to exceed its recoverable amount.

Impairment evaluation of management contracts
The assumptions below have been used in estimating the value in use of management contracts within the Sygnia Itrix CGU:

	2022 %	**2021** %
Risk-free rate (10 year Government bond)	10.68	9.44
Terminal growth rate	2.91	3.30
Discount rate	31.15	29.43

A reasonably possible change in these assumptions would not cause the carrying amount to exceed its recoverable amount.

7. Stated capital

Authorised
500,000,000 Ordinary shares with no par value (2021: 500,000,000).

Issued	**2022 Number of shares**	**2021 Number of shares**	**2022 R'000s**	**2021 R'000s**
Opening balance	149 633 224	148 402 374	652 011	603 173
Ordinary shares repurchased *	(328 829)	-	(5 273)	-
Capital distribution **	-	-	-	(71 824)
Issue of shares relating to in-substance share options exercised by Ulundi Holdings (Pty) Ltd ^ #	-	-	-	73 000
Issue of shares relating to share options exercised	1 134 958	1 230 850	10 507	10 160
Transfer between share based payment reserve and stated capital for in-substance share options exercised by Ulundi Holdings (Pty) Ltd	-	-	-	33 584
Transfer between share based payment reserve and stated capital for share options exercised	-	-	5 467	3 918
Closing balance	**150 439 353**	**149 633 224**	**662 712**	**652 011**

* In the current year, the ordinary shares were repurchased at an average price of R16.00 and cancelled.

** On 28 September 2021, the directors proposed and approved a capital distribution of 48 cents per share as a return of contributed tax capital.

^ Exercise price - R8.17 per share

In prior years Sygnia issued 8 933 166 ordinary shares to Ulundi Holdings (Pty) Ltd, which is included in the opening balance, in exchange for preference shares in this entity. The issue of these ordinary shares and the preference share investment were recognised as share options issued to Ulundi Holdings (Pty) Ltd. In the prior year, Ulundi Holdings (Pty) Ltd sold its Sygnia ordinary shares for R16 per share and redeemed the preference shares. This redemption was accounted for as the exercise of the in-

substance share option by Ulundi Holdings (Pty) Ltd and accordingly the R73 million received is presented as the receipt of the option exercise price within stated capital.

The unissued shares at year end are under the control of the directors until the next annual general meeting. The directors of the company are authorised to repurchase shares under general approval subject to certain limitations and the JSE Listing Requirements.

8. Loan payable

	2022 R'000s	2021 R'000s
Opening balance	65 276	90 366
Repayment	(20 000)	(25 000)
Interest accrued	3 862	3 944
Interest repaid	(3 845)	(4 034)
Closing balance	**45 293**	**65 276**

The loan amount represents the amount utilised from a R100 million facility with Standard Bank that initially expired in March 2022. In January 2022, the terms of the loan payable were renegotiated, extending the final repayment date of the loan payable to 14 January 2027. Drawdowns can be made at any time during the facility period with five working days notice. Interest is accrued at JIBAR plus 1.9% (until 14 January 2022: 1.5%) and is payable quarterly. Capital can be repaid at any time with final repayment on 14 January 2027. The loan is secured by guarantees from various companies in the Group. These companies are subject to financial covenants including interest, leverage and obligor cover ratios and AUM levels, which are monitored. The Group did not come close to breaching any of these covenants during the year.

9. Profit from operations

Profit from operations is arrived at after taking the following into account:

	2022 R'000s	2021 R'000s
Revenue		
Investment management fees	480 480	476 387
Investment administration fees	118 682	107 198
General partner fees *	8 941	8 219
Treasury income	150 163	101 249
Securities lending income	15 184	13 149
Brokerage income	26 487	30 996
Other	8 924	-
	808 861	**737 198**

* General partner fees are earned in the United Kingdom by Sygnia Asset Management UK Limited.

Operating expenses include:	2022 R'000s	2021 R'000s
Asset management fees	17 906	28 740
Staff costs (excluding share options costs)	225 364	215 480
Share-based payment expense	8 887	8 377
Trading, custody and administration costs	34 624	30 246

10. Earnings and headline earnings per share

	2022 R'000s	2021 R'000s
Profit attributable to ordinary shareholders	286 729	240 443
Headline earnings	**286 729**	**240 443**

	2022 Number of shares	2021 Number of shares
Weighted average number of ordinary shares in issue (basic)	149 845 366	140 825 446
Potential number of shares issued in respect of diluted instruments	4 265 263	3 969 841
Weighted average number of ordinary shares in issue (diluted)	**154 110 629**	**144 795 287**

	2022 Cents	2021 Cents
Earnings per share (basic)	191.3	170.7
Earnings per share (diluted)	186.1	166.1
Headline earnings per share (basic)	191.3	170.7
Headline earnings per share (diluted)	186.1	166.1

	2022 Cents	2021 Cents
Alternative performance measures		
Net asset value per share	559.4	522.0
Tangible net asset value per share	286.6	246.4

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.

11. 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:

	2022 R'000s	2021 R'000s
Financial assets at fair value through profit or loss		
Consolidated statement of financial position		
Investments linked to investment contract liabilities	126 196 900	126 641 861
Investments	393 842	322 052
	126 590 742	**126 963 913**
Consolidated statement of profit or loss and other comprehensive income		
Investment contract (loss)/income	(4 596 328)	16 156 826
Other investment income	6 891	4 156
	(4 589 437)	**16 160 982**
Financial assets at amortised cost		
Consolidated statement of financial position		
Loans receivable	42 621	50 113
Trade receivables	102 143	99 629
Amounts owing by clearing houses	32 073	2 826
Amounts owing by clients	27 709	410 046
Cash and cash equivalents	357 524	460 481
	562 070	**1 023 095**
Consolidated statement of profit or loss and other comprehensive income		
Interest income	26 776	19 595
	26 776	**19 595**
Financial liabilities at fair value through profit or loss		
Consolidated statement of financial position		
Investment contract liabilities	121 796 830	123 659 093
Third-party liabilities arising on consolidation of unit trust funds	4 407 929	2 972 447
	126 204 759	**126 631 540**
Consolidated statement of profit or loss and other comprehensive income		
Transfer from/(to) investment contract liabilities	4 596 328	(16 156 826)
	4 596 328	**(16 156 826)**

	2022 R'000s	2021 R'000s
Financial liabilities at amortised cost		
Consolidated statement of financial position		
Loan payable	45 293	65 276
Preference share liability	100 000	100 000
Lease liabilities	13 824	32 182
Trade and other payables	244 211	335 649
Amounts owing to clearing houses	-	95 709
Amounts owing to clients	59 771	316 984
	463 099	**945 800**
Consolidated statement of profit or loss and other comprehensive income		
Finance costs	(11 359)	(12 437)
	(11 359)	**(12 437)**

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 unlisted private equity investments, interest income securities, collective investment scheme, 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 limited liability partnership investments.

2022	Level 1 R'000s	Level 2 R'000s	Level 3 R'000s	Total R'000s
Investments linked to investment contract liabilities	25 615 579	95 200 061	5 381 260	126 196 900
Investments	-	393 842	-	393 842
Third-party liabilities arising on consolidation of unit trust funds	(2 668 908)	(1 739 021)	-	(4 407 929)
Investment contract liabilities	(22 946 671)	(93 468 899)	(5 381 260)	(121 796 830)
2021				
Investments linked to investment contract liabilities	29 917 979	92 914 524	3 809 358	126 641 861
Investments	-	322 052	-	322 052
Third-party liabilities arising on consolidation of unit trust funds	(2 102 386)	(870 061)	-	(2 972 447)
Investment contract liabilities	(27 815 593)	(92 034 142)	(3 809 358)	(123 659 093)

	2022 R'000s	2021 R'000s
Level 3 financial instruments		
Opening balance	3 809 358	1 904 704
Additions/(Disposals) - discretionary mandates	665 379	(440 287)
Additions - non-discretionary mandates*	1 074 630	1 707 443
Fair value adjustment included in investment contract income	(168 107)	637 498
Closing balance	**5 381 260**	**3 809 358**

The level 3 investment relates to investments in partnerships registered in Guernsey, Braavos Capital I LP (BC I LP), Braavos Capital II LP (BC II LP) and Braavos Capital III LP (BC III LP) and a limited liability partnership registered in the UK, Sygnia Ventures LP. Sygnia Ventures LP's most significant asset is its investment in BC II LP. The Braavos Capital partnerships are administered and valued by an independent administrator. On a quarterly basis, the independent administrator provides adjusted net asset values (assets less liabilities) to each partner. Assets includes listed and unlisted investments. Liabilities include carried interest accruals amounting to GBP 8.1 million (2021: GBP 8.8 million). Carried interest is only payable if certain performance conditions are met when a fund is wound up. A summary of the valuation policy applied to listed and unlisted investments are as follows:

- Listed investments - the fair values of financial instruments traded in active markets (such as recognised stock exchanges) are based on quoted market prices.
- Unlisted investments - the fair value of unlisted securities will be established using valuation techniques and methodologies consistent with the International Private Equity and Venture Capital Valuation Guidelines ("IPEVCV guidelines") endorsed by the European Private Equity and Venture Capital Associations. These include the use of recent arm's-length transactions, discounted cash flow analysis and earnings multiples. For investments in seed, start up and early-stage companies, cost may be the best indication of fair value unless there is objective evidence that the investment has since been impaired. If recent investments have been made by third parties, the price of this investment can provide a basis for valuation. If there is no readily ascertainable value following the price of recent investments, or there is objective evidence that a deterioration in fair value has occurred since a relevant transaction, the Fund will consider alternative methodologies in the IPEVCV guidelines such as discounted cash flows ('DCF') or price-earnings multiples.

A subsidiary in the Group, Sygnia Life Limited, has made a commitment to invest GBP 115.7 million (2021: GBP 102 million) in BC I LP, GBP 98.6 million (2021: GBP 90 million) in BC II LP and GBP 42.5 million (2021: GBP 0) in BC III LP. These commitments consist of commitments made in respect of discretionary mandates managed by Sygnia Life Limited, as well as commitments secured by BIA directly from third-party clients to whom Sygnia Life Limited provides administration services only. These commitments will be financed from existing and future Sygnia Life Limited cash flows.

The general partner of BC I LP, BC II LP and BC III LP is Braavos Capital GP Limited ("Braavos GP"), a company registered in Guernsey. The shares in Braavos GP are equally owned by MF Wierzycka and A Crawford-Brunt. Drawdowns paid by Sygnia Life Limited to BC I LP, BC II LP and BC III LP relating to general partner fees are as follows:

	2022 R'000s	2021 R'000s
Discretionary mandates	37 236	31 480
Non-discretionary mandates *	43 665	45 295
Closing balance	**80 901**	**76 775**

* Mandates directly secured by Braavos Investment Advisers LP.

12. Related party transactions

Related-party transactions for the current year are similar to those disclosed in the Group's annual financial statements for the year ended 30 September 2021. No new significant related party transactions arose during the current year.

13. Events subsequent to the reporting date

On the 5th of December 2022, the directors proposed and approved a dividend of 130 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 the annual financial statements, which significantly affect the financial position of the Group or the results of its operations.

14. Contingent liability

A subsidiary in the Group, Sygnia Asset Management UK Limited, is the general partner to a UK partnership. As the general partner, the company is liable for the partnership's debts, liabilities and obligations insofar as it exceeds the partnership's assets. Based on current performance, the probability of payment is insignificant.

15. Change in principal subsidiaries and consolidated structures

The Sygnia Money Market Fund, Sygnia Health Innovation Global Equity Fund, Sygnia DIVI Fund, Sygnia Skeleton Balanced Absolute Fund and Sygnia China New Economy Global Equity Fund met the criteria for control during the period and have therefore been consolidated. This resulted in an increase to investments linked to investment contract liabilities and third-party liabilities arising on consolidation of unit trust funds in the consolidated statement of financial position amounting to R1.6 billion. During the current period, the Group no longer controls the Sygnia FAANG Plus Equity 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 consolidated statement of financial position amounting to R0.5 billion. The Group still retains significant influence over the fund with a total investment balance of R129.4 million at 30 September 2022. In addition, the Group has significant influence over Sygnia Listed Property Fund, Sygnia Skeleton Balanced 40 Fund, Sygnia Top 40 Index Fund, Sygnia Skeleton Balanced 60 Fund and Sygnia 4th Industrial Revolution Global Equity Fund with a total investment balance of R1.4 billion.

Summarised Consolidated Annual Financial Statements 2022

Sygnia Limited

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