

Reviewed Condensed Consolidated Financial Statements

for the six months ended
31 March 2023





Corporate 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 Markets (“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, custom-designed investment strategy management, transition management, institutional investment administration services, retail investment administration services, employee benefit administration services, stockbroking, securities lending and treasury services.

Board of Directors

Name	Date of appointment	Date of resignation
MF Wierzycka (CEO) #	17/09/2007	
DR Hufton (Former CEO) #	01/09/2018	30/04/2023
MA Sirkot (Former Financial Director) #	16/01/2019	31/03/2023
WA Wierzycki #	10/06/2021	
NJ Giles (Financial Director) #	17/05/2023	
G Cavaleros (Lead Independent) *	28/06/2019	
HI Bhorat (Chairman) *	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

Transfer secretaries:

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

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Highlights

For the period ended 31 March 2023

R312.7bn

+5.9%

31 March 2022: R295.3 billion

Assets under management and administration

R408.6m

+2.8%

31 March 2022: R397.4 million

Revenue

R138.4m

-0.5%

31 March 2022: R139.1 million

Profit after tax

91.8c

-0.9%

31 March 2022: 92.6 cents

Basic earnings and headline earnings per share

87c

+8.8%

31 March 2022: 80 cents

Interim dividend per share

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 2023.

Market overview

Many of the challenges that characterised the 2022 financial year continued into 2023. The war in Ukraine is now in its 15th month, while elevated inflation remains a concern both globally and domestically. Central bankers around the world have hiked interest rates to levels last seen in the late 1990s to fight the rising cost of living: the US Federal Reserve increased rates by 500 basis points over the last year, with the domestic repurchase rate reaching 8.25% after the tenth consecutive rate hike since November 2021 by the South African Reserve Bank.

To add to international concerns, three small- to mid-size US banks failed over the course of five days in March 2023, triggering a sharp decline in global bank stock prices and a swift response by regulators to prevent global contagion. At the same time, Swiss investment bank UBS Group AG agreed to buy Credit Suisse for CHF 3 billion in an all-stock deal brokered by the government of Switzerland and the Swiss Financial Market Supervisory Authority.

At home, President Cyril Ramaphosa announced some changes to his cabinet and the addition of a few ministers and deputy ministers in early March, including a Minister of Electricity tasked with reducing the severity and frequency of the load shedding that is crippling the South African economy. The SARB estimates that power cuts will shave 2% from GDP through 2023, and the IMF recently downgraded South Africa's 2023 GDP growth to 0.1% on the back of intensified load shedding, which citizens have been exposed to virtually every day this year. As expected, the commodity-fuelled revenue boom of last year proved to be temporary, and lower commodity prices are reflected in the rand, which has weakened more than its emerging market peers and developed market currencies. Adding to the self-inflicted economic woes of power cuts and transport, logistic and water-governance crises was the greylisting of South Africa in February by the Financial Action Task Force – a consequence of inadequate measures to combat money laundering and the financing of terrorism. It would also be remiss not to mention that the recent “cosying up” to Russia, from staging joint military exercises to being accused of supplying weapons to Russia and finding a way to invite Vladimir Putin to a BRICS meeting, will cost South Africa dearly on the global stage – not only reputationally but economically, should our trade deals with the US be revoked.

Unsurprisingly, investors have increasingly withdrawn their savings to offset the increasing cost of living, solar power installations and emigration. On the institutional side, withdrawals continued to exceed contributions, with unemployment and ongoing retrenchments showing no signs of abating.

Despite the challenging economic backdrop of the six months to 31 March 2023, the Group delivered financial results roughly in line with the comparable prior period and has declared a 8.8% higher interim dividend than that of 2022. As we look ahead, we remain confident in our ability to grow assets under management by coupling competitive investment performance

with low management fees. We are committed to innovation and to relentlessly pursuing customer service excellence. We will continue to leverage benefits of scale through automation and operational excellence to deliver durable profits to our shareholders.

2023 interim results

Group revenue for the six months to 31 March 2023 increased by 2.8% to R408.6 million (31 March 2022: R397.4 million), while total expenses rose by 11.1% to R235.0 million (31 March 2022: R211.5 million). After accounting for net interest and investment income and finance costs of R18.0 million (31 March 2022: R10.0 million), pre-tax profit amounted to R191.6 million (31 March 2022: R195.8 million), and, at an effective rate of 27.8%, income tax for the reporting period was R53.2 million (31 March 2022: R56.8 million). After-tax profit came in at R138.4 million (31 March 2022: R139.1 million), down by 0.5% over the prior comparable period.

For the half year ended 31 March 2023, basic and headline earnings per share reduced by 0.9% to 91.8 cents (31 March 2022: 92.6 cents).

Assets under management and administration grew by 9.7% over the six months to 31 March 2023, with a closing balance of R312.7 billion (30 September 2022: R285.1 billion). Market appreciation of R32.7 billion more than countered net outflows of R5.1 billion (31 March 2022: net outflows of R5.6 billion) over the six months under review. Over the six months to 31 March 2023, the FTSE/JSE All Share Index rose by 21.1% and the JSE All Bond Index by 9.3%, while the rand appreciated by 1.3% relative to the US dollar. Over twelve months, the FTSE/JSE All Share and All Bond indices were up 4.9% and 5.8%, respectively, while the rand depreciated by 21.4% against the US dollar.

Business review

The ongoing financial success of the Group is largely dependent on the growth of assets under management and administration from a mix of institutional and retail clients. The results are also cyclical, reflecting the performance of the markets and currency.

Institutional assets under management increased to R253.3 billion at the end of March 2023 (30 September 2022: R232.9 billion; 31 March 2022: R241.2 billion).

Our institutional flagship Sygnia Signature multi-manager and passively managed Sygnia Skeleton fund ranges have outperformed their benchmarks over all time frames to 31 March 2023 since inception. Compared to peers, the Sygnia Signature funds ranked at or near the top of the Alexander Forbes Multi-Manager Watch Survey™ across all risk profiles over five through ten years to 31 March 2023 and outperformed most actively managed portfolios in the Alexander Forbes Global Large Manager Watch Survey™ over the same timeframe. The Sygnia Umbrella Retirement Fund (“SURF”) accounts for

R13.2 billion of the institutional assets under management, an increase of 26.9% over the six months ended 31 March 2023 (30 September 2022: R10.4 billion; 31 March 2022: R10.5 billion). With another R2.5 billion awaiting regulatory transfer approval, SURF is the sixth-largest commercial umbrella fund in South Africa.

Retail assets under management were R59.4 billion at 31 March 2023 (30 September 2022: R52.2 billion; 31 March 2022: R54.1 billion). At that time, our ever-growing mix of direct and advised retail investors stood at 18 900 and 25 100, respectively, 10.3% more than the 39 900 retail investors at 31 March 2022.

Our wide range of domestic and global specialist index-tracking funds and our risk-profiled Sygnia Skeleton Balanced unit trusts have continued to produce outstanding peer-comparable performance since inception (source: Morningstar). Highlights include the Sygnia Skeleton Balanced 70 Fund, which ranked 10th out of 78 mostly actively managed unit trusts since 2013, and the Sygnia Skeleton Balanced 60 and 40 funds, which are ranked 2nd and 5th out of 50 and 72 funds, respectively, since their launch in 2014.

Sygnia is the second-largest provider of exchange traded funds (ETFs) in South Africa and the largest provider of international ETFs on the Johannesburg Stock Exchange (JSE). Total assets under management of the Sygnia Itrix range of 15 ETFs, included in the relevant client-type assets reported above, amounted to R36.0 billion as at 31 March 2023 (30 September 2022: R31.1 billion; 31 March 2022: R32.2 billion).

Combined revenue from treasury, securities lending and brokerage services was 24.7% higher than the first six months of 2022, due primarily to a far more favourable environment for securities lending and transition management opportunities that boosted treasury services.

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 87.0 cents per share was declared on 5 June 2023 out of retained income, resulting in a net dividend of 69.6 cents per share for shareholders after dividends tax (DT).

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

Last day to trade: Tuesday, 20 June 2023
 Share trade ex-dividend: Wednesday, 21 June 2023
 Record date: Friday, 23 June 2023
 Payment date: Monday, 26 June 2023

Share certificates may not be dematerialised or rematerialised between Wednesday, 21 June 2023 and Friday, 23 June 2023, 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 150 585 489. Sygnia's tax reference number is 9334/221/16/6.

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

Independent Auditor's Review Report on the Condensed Consolidated Financial Statements

for the period ended 31 March 2023

To the Shareholders of Sygnia Limited

We have reviewed the condensed consolidated financial statements of Sygnia Limited for the six months ended 31 March 2023, which comprised the condensed consolidated statement of financial position as at 31 March 2023 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 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 2023 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.

Other reports required by the Companies Act of South Africa

The condensed consolidated financial statements include the Directors' Report as required by the Companies Act of South Africa. The directors are responsible for the Directors' Report. Our conclusion on the financial statements does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.

In connection with our independent review of the financial statements, we have read the Directors' Report and, in doing so, considered whether the Directors' Report is materially inconsistent with the financial statements or our knowledge obtained in the independent review, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the Directors' Report, we will report that fact. We have nothing to report in this regard.



Partner: Yolandie Ferreira
Registered Auditor
5 June 2023

Mazars

Mazars House,
Rialto Road
Grand Moorings Precinct
Century City,
7441



Condensed consolidated statement of financial position

as at 31 March 2023

	Note	Reviewed 31 March 2023 R'000s	Reviewed 31 March 2022 R'000s	Audited 30 September 2022 R'000s
Assets				
Intangible assets		409 389	411 370	410 380
Property and equipment		15 601	20 439	18 221
Loans receivable		35 473	43 893	42 621
Right-of-use assets		18 992	20 279	12 428
Deferred tax assets		3 972	4 663	17 000
Investments linked to investment contract liabilities	6	133 246 810	128 607 010	126 196 900
Other receivables		11 536	8 744	6 990
Trade receivables		108 834	99 798	102 143
Investments		345 128	429 383	393 842
Amounts owing by clearing houses		36 564	12 190	32 073
Amounts owing by clients		145 103	47 302	27 709
Cash and cash equivalents		329 491	356 532	357 524
Total assets		134 706 893	130 061 603	127 617 831
Equity				
Stated capital		665 070	651 092	662 712
Retained earnings		355 485	384 994	412 956
Reserves		(234 988)	(234 111)	(234 111)
Total equity		785 567	801 975	841 557
Attributable to the owners of the parent		785 223	801 616	841 236
Attributable to non-controlling interest		344	359	321
Liabilities				
Loan payable - Non-current		45 357	65 343	45 293
Preference share liability - Non-current		100 000	100 000	100 000
Lease liabilities - Non-current		2 680	5 182	3 129
Deferred tax liabilities		71 676	72 303	69 355
Third-party liabilities arising on consolidation of unit trust funds	6	2 811 202	4 814 141	4 407 929
Investment contract liabilities	6	130 435 608	123 792 869	121 796 830
Tax payable		35 794	35 254	39 061
Lease liabilities - Current		16 131	17 429	10 695
Trade and other payables		220 449	297 619	244 211
Amounts owing to clearing houses		113 554	24 987	-
Amounts owing to clients		68 875	34 501	59 771
Total liabilities		133 921 326	129 259 628	126 776 274
Total equity and liabilities		134 706 893	130 061 603	127 617 831

Condensed consolidated statement of profit or loss and other comprehensive income

for the period ended 31 March 2023

	Notes	Reviewed six months ended 31 March 2023 R'000s	Reviewed six months ended 31 March 2022 R'000s	Audited for the year ended 30 September 2022 R'000s
Revenue	4	408 615	397 418	808 861
Operating expenses		(235 031)	(211 525)	(428 839)
Profit from operations		173 584	185 893	380 022
Investment contract income/(loss)		15 285 736	(399 470)	(4 596 328)
Transfer (to)/from investment contract liabilities		(15 285 736)	399 470	4 596 328
Interest income		20 045	11 991	26 776
Other investment income		4 056	3 444	6 891
Finance costs		(6 068)	(5 482)	(11 359)
Profit before tax		191 617	195 846	402 330
Income tax		(53 225)	(56 788)	(114 966)
Profit after tax		138 392	139 058	287 364
Other comprehensive income				
<i>Items that may subsequently be reclassified to profit or loss:</i>				
Foreign currency translation reserve		1 857	(432)	(489)
Total comprehensive income for the period		140 249	138 626	286 875
Profit attributable to:				
Owners of the parent		138 089	138 715	286 729
Non-controlling interest		303	343	635
		138 392	139 058	287 364
Total comprehensive income attributable to:				
Owners of the parent		139 946	138 283	286 240
Non-controlling interest		303	343	635
		140 249	138 626	286 875
Earnings per share (cents)	5			
Basic		91.8	92.6	191.3
Diluted		89.6	89.9	186.1

Condensed consolidated statement of changes in equity

for the period ended 31 March 2023

	Attributable to equity holders of the group					
	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
Balance at 30 September 2021	652 011	(252 685)	15 322	366 154	296	781 098
Total comprehensive income for the period	-	(432)	-	138 715	343	138 626
Dividends paid *	-	-	-	(119 875)	(280)	(120 155)
Share-based payment expense	-	-	4 652	-	-	4 652
Ordinary shares repurchased	(5 273)	-	-	-	-	(5 273)
Issue of shares relating to share options exercised	3 027	-	-	-	-	3 027
Transfer between share based payment reserve and stated capital for share options exercised	1 327	-	(1 327)	-	-	-
Balance at 31 March 2022	651 092	(253 117)	18 647	384 994	359	801 975
Total comprehensive income for the period	-	(57)	-	148 014	292	148 249
Dividends paid *	-	-	-	(120 052)	(330)	(120 382)
Share-based payment expense	-	-	4 235	-	-	4 235
Issue of shares relating to share options exercised	7 480	-	-	-	-	7 480
Transfer between share based payment reserve and stated capital for share options exercised	4 140	-	(4 140)	-	-	-
Balance at 30 September 2022	662 712	(253 174)	18 742	412 956	321	841 557
Total comprehensive income for the period	-	1 857	-	138 089	303	140 249
Dividends paid **	-	-	-	(195 560)	(280)	(195 840)
Share-based payment expense	-	-	(1 745)	-	-	(1 745)
Ordinary shares repurchased	(146)	-	-	-	-	(146)
Issue of shares relating to share options exercised	1 492	-	-	-	-	1 492
Transfer between share based payment reserve and stated capital for share options exercised	1 012	-	(1 012)	-	-	-
Balance at 31 March 2023	665 070	(251 317)	15 985	355 485	344	785 567

* Dividend per share - 80 cents

** Dividend per share - 130 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 2023

	Reviewed six months ended 31 March 2023 R'000s	Reviewed six months ended 31 March 2022 R'000s	Audited year ended 30 September 2022 R'000s
Cash flows from operating activities			
Cash flows from operations	153 179	234 962	328 479
Dividends received	4	-	4
Interest received	19 503	11 990	26 513
Interest paid	(6 004)	(5 415)	(11 342)
Tax paid	(48 938)	(41 963)	(111 017)
Net cash flows from operating activities	117 744	199 574	232 637
Cash flows from investing activities			
Additions to property and equipment	(676)	(2 065)	(2 608)
Loans advanced	-	-	(1 411)
Loans repaid	7 148	6 220	8 903
Purchase of investments	(96 486)	(119 380)	(122 862)
Proceeds on sale of investments	149 000	15 000	57 004
Net cash flows from investing activities	58 986	(100 225)	(60 974)
Cash flows from financing activities			
Capital distributions paid	-	(71 824)	-
Dividends paid	(195 840)	(120 155)	(240 537)
Issue of ordinary shares	1 492	3 027	10 507
Ordinary shares repurchased	(146)	(5 273)	(5 273)
Loan repaid	-	-	(20 000)
Lease liabilities paid - principal portion	(9 903)	(9 312)	(18 274)
Net cash flows from financing activities	(204 397)	(203 537)	(273 577)
Net change in cash and cash equivalents	(27 667)	(104 188)	(101 914)
Cash and cash equivalents at beginning of the period	357 524	460 481	460 481
Exchange gains on cash and cash equivalents	(366)	239	(1 043)
Cash and cash equivalents at end of period	329 491	356 532	356 524

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, Sygnia Securities Proprietary Limited and Sygnia Itrix (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 "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 2023

1. Accounting policies

The condensed consolidated interim 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 and methods of computation applied in the preparation of the consolidated financial statements as at and for the year ended 30 September 2022.

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 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 2022.

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. These operations are through a subsidiary, registered in England & Wales, that earns fees and incurs costs as the general partner to a private equity partnership registered in England & Wales and for support services rendered. 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.

4. Revenue

The Group's main revenue streams are those described in the 2022 annual financial statements. The Group's revenue is derived from contracts with customers.

	Reviewed six months ended 31 March 2023 R'000s	Reviewed six months ended 31 March 2022 R'000s	Audited year ended 30 September 2022 R'000s
Investment management fees	232 179	249 511	480 480
Investment administration fees	64 051	56 970	118 682
General partner fees	4 656	4 549	8 941
Treasury income	76 590	63 946	150 163
Securities lending income	14 640	6 783	15 184
Brokerage income	16 499	15 659	26 487
Other	-	-	8 924
	408 615	397 418	808 861
Timing of revenue recognition			
Revenue recognised at a point in time	93 089	79 605	176 650
Revenue recognised over time	315 526	317 813	632 211
	408 615	397 418	808 861

5. Earnings and headline earnings per share

	Reviewed six months ended 31 March 2023 R'000s	Reviewed six months ended 31 March 2022 R'000s	Audited year ended 30 September 2022 R'000s
Profit attributable to ordinary shareholders	138 089	138 715	286 729
Headline earnings	138 089	138 715	286 729

	Number of shares	Number of shares	Number of shares
Weighted average number of ordinary shares in issue (basic)	150 488 731	149 739 472	149 845 366
Potential number of shares issued in respect of diluted instruments	3 611 278	4 599 938	4 265 263
Weighted average number of ordinary shares in issue (diluted)	154 100 009	154 339 410	154 110 629

	Cents	Cents	Cents
Earnings per share (basic)	91.8	92.6	191.3
Earnings per share (diluted)	89.6	89.9	186.1
Headline earnings per share (basic)	91.8	92.6	191.3
Headline earnings per share (diluted)	89.6	89.9	186.1
Alternative performance measures			
Net asset value per share	521.7	536.2	559.4
Tangible net asset value per share	249.8	261.2	286.6

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 the 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 Enhanced Income 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 R1.7 billion. The Group has significant influence over Sygnia Skeleton Balanced 40 Fund, Sygnia Top 40 Index Fund, Sygnia Skeleton Balanced 60 Fund, Sygnia 4th Industrial Revolution Global Equity Fund, Sygnia FAANG Plus Equity Fund and Sygnia Enhanced Income Fund with a total investment balance of R2.5 billion at 31 March 2023.

Statement of financial position



	Reviewed 31 March 2023		Reviewed 31 March 2022		Audited 30 September 2022	
	Consolidated R'000s	Corporate balances R'000s	Third-party balances R'000s	Consolidated R'000s	Corporate balances R'000s	Third-party balances R'000s
Assets						
Intangible assets	409 389	409 389	-	411 370	411 370	410 380
Property and equipment	15 601	15 601	-	20 439	20 439	18 221
Loans receivable	35 473	35 473	-	43 893	43 893	42 621
Right-of-use assets	18 992	18 992	-	20 279	20 279	12 428
Deferred tax assets	3 972	3 972	-	4 663	4 663	9 141
Investments linked to investment contract liabilities	133 246 810	-	133 246 810	128 607 010	-	126 196 900
Other receivables	11 536	11 536	-	8 744	8 744	6 990
Trade receivables	108 834	108 834	-	99 798	99 798	102 143
Investments	345 128	345 128	-	429 383	429 383	393 842
Amounts owing by clearing houses	36 564	-	36 564	12 190	-	32 073
Amounts owing by clients	145 103	4	145 099	47 302	4	27 709
Cash and cash equivalents	329 491	329 491	-	356 532	356 532	357 524
Total assets	134 706 893	1 278 420	133 428 473	130 061 603	1 395 105	128 666 498
						127 617 831
						1 353 301
						126 264 530
Equity						
Stated capital and reserves	785 567	785 567	-	801 975	801 975	841 557
Total equity	785 567	785 567	-	801 975	801 975	841 557
Liabilities						
Loan payable - Non-current	45 357	45 357	-	65 343	65 343	45 293
Preference share liability - Non-current	100 000	100 000	-	100 000	100 000	100 000
Lease liabilities - Non-current	2 680	2 680	-	5 182	5 182	3 129
Deferred tax liabilities	71 676	71 676	-	72 303	72 303	69 355
Third-party liabilities arising on consolidation of unit trust funds	2 811 202	-	2 811 202	4 814 141	-	4 814 141
Investment contract liabilities	130 435 608	-	130 435 608	123 792 869	-	123 792 869
Tax payable	35 794	35 794	-	35 254	35 254	39 061
Lease liabilities - Current	16 131	16 131	-	17 429	17 429	10 695
Trade and other payables	220 449	220 449	-	297 619	297 619	244 211
Amounts owing to clearing houses	113 554	-	113 554	24 987	-	24 987
Amounts owing to clients	68 875	766	68 109	34 501	-	34 501
Total liabilities	133 921 326	492 853	133 428 473	129 259 628	593 130	128 666 498
Total equity and liabilities	134 706 893	1 278 420	133 428 473	130 061 603	1 395 105	128 666 498
						127 617 831
						1 353 301
						126 264 530

Statement of profit or loss and other comprehensive income

	Reviewed six months ended 31 March 2023			Reviewed six months ended 31 March 2022			Audited year ended 30 September 2022		
	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	408 615	408 615	-	397 418	397 418	-	808 861	808 861	-
Operating expenses	(235 031)	(235 031)	-	(211 525)	(211 525)	-	(428 839)	(428 839)	-
Profit from operations	173 584	173 584	-	185 893	185 893	-	380 022	380 022	-
Investment contract income/(loss)	15 285 736	-	15 285 736	(399 470)	-	(399 470)	(4 596 328)	-	(4 596 328)
Transfer (to)/from investment contract liabilities	(15 285 736)	-	(15 285 736)	399 470	-	399 470	4 596 328	-	4 596 328
Interest income	20 045	20 045	-	11 991	11 991	-	26 776	26 776	-
Other investment income	4 056	4 056	-	3 444	3 444	-	6 891	6 891	-
Finance costs	(6 068)	(6 068)	-	(5 482)	(5 482)	-	(11 359)	(11 359)	-
Profit before tax	191 617	191 617	-	195 846	195 846	-	402 330	402 330	-
Income tax	(53 225)	(53 225)	-	(56 788)	(56 788)	-	(114 966)	(114 966)	-
Profit after tax	138 392	138 392	-	139 058	139 058	-	287 364	287 364	-
Foreign currency translation reserve	1 857	1 857	-	(432)	(432)	-	(489)	(489)	-
Total comprehensive income for the period	140 249	140 249	-	138 626	138 626	-	286 875	286 875	-

7. Fair value

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

	Reviewed six months ended 31 March 2023 R'000s	Reviewed six months ended 31 March 2022 R'000s	Audited year ended 30 September 2022 R'000s
Financial assets at fair value through profit or loss			
<i>Condensed consolidated statement of financial position</i>			
Investments linked to investment contract liabilities	133 246 810	128 607 010	126 196 900
Investments	345 128	429 383	393 842
	133 591 938	129 036 393	126 590 742
<i>Condensed consolidated statement of profit or loss and other comprehensive income</i>			
Investment contract income/(loss)	15 285 736	(399 470)	(4 596 328)
Other investment income	4 056	3 444	6 891
	15 289 792	(396 026)	(4 589 437)
Financial assets at amortised cost			
<i>Condensed consolidated statement of financial position</i>			
Loans receivable	35 473	43 893	42 621
Trade receivables	108 834	99 798	102 143
Amounts owing by clearing houses	36 564	12 190	32 073
Amounts owing by clients	145 103	47 302	27 709
Cash and cash equivalents	329 491	356 532	357 524
	655 465	559 715	562 070
<i>Condensed consolidated statement of profit or loss and other comprehensive income</i>			
Interest income	20 045	11 991	26 776
	20 045	11 991	26 776
Financial liabilities at fair value through profit or loss			
<i>Condensed consolidated statement of financial position</i>			
Investment contract liabilities	130 435 608	123 792 869	121 796 830
Third-party liabilities arising on consolidation of unit trust funds	2 811 202	4 814 141	4 407 929
	133 246 810	128 607 010	126 204 759
<i>Condensed consolidated statement of profit or loss and other comprehensive income</i>			
Transfer (to)/from investment contract liabilities	(15 285 736)	399 470	4 596 328
	(15 285 736)	399 470	4 596 328



	Reviewed six months ended 31 March 2023 R'000s	Reviewed six months ended 31 March 2022 R'000s	Audited year ended 30 September 2022 R'000s
Financial liabilities at amortised cost			
<i>Condensed consolidated statement of financial position</i>			
Loan payable	45 357	65 343	45 293
Preference share liability	100 000	100 000	100 000
Lease liabilities	18 811	22 611	13 824
Trade and other payables	220 449	297 619	244 211
Amounts owing to clearing houses	113 554	24 987	-
Amounts owing to clients	68 875	34 501	59 771
	567 046	545 061	463 099
<i>Condensed consolidated statement of profit or loss and other comprehensive income</i>			
Finance costs	(6 068)	(5 482)	(11 359)
	(6 068)	(5 482)	(11 359)

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 unlisted private equity investment, 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.

	Level 1 R'000s	Level 2 R'000s	Level 3 R'000s	Total R'000s
Reviewed as at 31 March 2023				
Investments linked to investment contract liabilities	33 771 686	93 587 148	5 887 976	133 246 810
Investments	-	345 128	-	345 128
Third-party liabilities arising on consolidation of unit trust funds	(2 302 219)	(508 983)	-	(2 811 202)
Investment contract liabilities	(31 469 467)	(93 078 165)	(5 887 976)	(130 435 608)
Reviewed as at 31 March 2022				
Investments linked to investment contract liabilities	36 467 490	88 448 350	3 691 170	128 607 010
Investments	-	429 383	-	429 383
Third-party liabilities arising on consolidation of unit trust funds	(3 942 516)	(871 625)	-	(4 814 141)
Investment contract liabilities	(32 524 974)	(87 576 725)	(3 691 170)	(123 792 869)
Audited as at 30 September 2022				
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)
		Reviewed six months ended 31 March 2023	Reviewed six months ended 31 March 2022	Audited year ended 30 September 2022
		R'000s	R'000s	R'000s
Level 3 financial instruments				
Opening balance		5 381 260	3 809 358	3 809 358
Additions - discretionary mandates		80 184	155 098	665 379
Additions - non-discretionary mandates		262 614	85 698	1 074 630
Fair value adjustment included in investment contract income		163 918	(358 984)	(168 107)
Closing balance		5 887 976	3 691 170	5 381 260

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 include listed and unlisted investments. Liabilities include carried interest accruals amounting to GBP 7.4 million (31 March 2022: GBP 8.1 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 is 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 is 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 (31 March 2022: GBP 103 million) in BC I LP, GBP 98.6 million (31 March 2022: GBP 93 million) in BCII LP and GBP 42.5 million (31 March 2022: 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 Braavos Investment Advisers LP 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.

8. Related-party transactions

Related-party transactions similar to those disclosed in the Group's financial statements for the year ended 30 September 2022 took place during the period under review.

A subsidiary in the Group, Sygnia Life Limited, purchased investments to the value of \$143,326 from MF Wierzycka.

As explained in the SENS announcement dated 1 March 2023, a subsidiary in the Group, Sygnia Asset Management Proprietary Limited, entered into agreements in terms of which it renewed certain lease agreements with related parties. The impact of the transaction resulted in a lease modification, right-of-use assets and lease liabilities both increased by R14.6 million in the current period.

9. Events subsequent to the reporting date

On 17 May 2023, NJ Giles was appointed as the Financial Director of the Company.

On 5 June 2023, the directors proposed and approved a dividend of 87 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 interim financial statements that significantly affect the financial position of the Group or the results of its operations.

Reviewed Condensed Consolidated Financial Statements 2023

Sygnia Limited

Incorporated in the Republic of South Africa

Registration number: 2007/025416/06

JSE share code: SYG

ISIN code: ZAE000208815

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