



ADDITIONAL
INFORMATION

31 December

2022

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at 31 December 2022

Fair value disclosure

Fair value hierarchy

The following hierarchy is used to classify financial and non-financial instruments for fair value measurement purposes:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within level that are observable for the asset or liability either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. The significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The following table presents the groups assets and liabilities that are measured at fair value at 31 December 2022:

| | Group | | | Company | | |
|--------------------------------------|---------|---------|---------|---------|---------|---------|
| | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 |
| 31 December 2022 | | | | | | |
| Investment Property | — | — | 7 631 | — | — | — |
| Investments in Cell Captive | — | — | 61 080 | — | — | — |
| Investments in Venture Capital Funds | — | — | 8 394 | — | — | — |
| | — | — | 77 106 | — | — | — |
| 31 December 2021 | | | | | | |
| Investment Property | — | — | 7 765 | — | — | — |
| Investments in Cell Captive | — | — | 54 816 | — | — | — |
| Investments in Venture Capital Funds | — | — | 8 394 | — | — | — |
| | — | — | 70 975 | — | — | — |

Specific valuation techniques used to value financial and non-financial instruments include:

- the fair value of the equity investments measured at fair value through profit and loss are determined based on a valuation of the net asset value attributable to the investment
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis and PE ratios
- the fair value of the investment property is determined by using the comparable sales method

The assets disclosed above have been classified as a Level 3 financial and non- financial instruments i.e. the inputs are not based on observable market data. The carrying amount of all assets in the table above approximates the fair value of the assets.

Group fair value measurements using significant unobservable inputs (Level 3):

| | Investment property R'000 | Investments in Venture Capital Funds R'000 | Investments in Cell Captive R'000 |
|---------------------------|------------------------------|---|--------------------------------------|
| Opening balance | 7 765 | 8 394 | 54 816 |
| Additions | — | — | — |
| Fair value (losses)/gains | (134) | — | 6 264 |
| Closing balance | 7 631 | 8 394 | 61 080 |

Valuation inputs and relationships to fair value

Investment property

The fair value of the investment property is derived by an external property valuer using the comparable sales method. In applying this approach, the valuer has selected other properties that have similar risk, growth and cash-generating profiles. Management reviews the valuation performed by the external valuer and is satisfied that the inputs used by the external property valuer are reasonable. The investment property is valued on an annual basis.

Investments in Cell Captives

The fair value of the equity investments measured at fair value through profit and loss are determined based on a valuation of the net asset value attributable to the investment, as management has deemed it representative of fair value.

Investments in Venture Capital Funds

The intention of the parties is to refund the value invested at the end of the investment term. The recoverable amount of the investments is therefore equal to the initial cost incurred.

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements.

| Description | Fair value at 31 December 2022 | Unobservable inputs | Input value used | Sensitivity of unobservable inputs on profit and loss |
|--------------------------------------|--------------------------------|--|-----------------------|---|
| Investment Property | 7 631 | Price per block building rights per square metre | R445 per square metre | If the fair value per square metre increased by 10% then the value of the property would increase by R763 100 in profit or loss. If the fair value per square metre decreased by 10% then the value of the property would decrease by R763 100 in profit or loss. |
| Investments in Venture Capital Funds | 8 394 | Cost of investment | R8 394 000 | As the input is based on the cost of the investment, no sensitivity analysis is deemed necessary. |
| Investments in Cell Captive | 61 080 | Price per share | R61 080 238 | As the input is based on the net asset value of the cell captive (which is representative of fair value), no sensitivity analysis is deemed necessary). |

Valuation process

The finance department of the group performs the valuations of the investments for financial reporting purposes, including level 3 fair values (excluding the investment property). The team reports directly to the Chief Financial Officer (CFO). Discussions of the valuation processes and results are held between the CFO and the Group Finance at year-end to determine the fair value of investments unless there is an indication of impairment which will result in a write off of the investment at that point in time.