

R0.75 billion Rights Issue
and **R0.7 billion** loan facility
concluded

R1.3 billion invested
during the year, including
investment in Brait

R1.9 billion carrying value of
invested capital and total assets, with
22 Portfolio Companies

R9.12 NAVPS at Brait's
NAVPS, and **R6.65 NAVPS**
at Brait's share price

Ethos Capital is an investment company, registered in Mauritius, that is listed on the Johannesburg Stock Exchange ("JSE") and offers shareholders long-term capital appreciation by making commitments and investments into Funds or Co-Investments that are managed by Ethos Private Equity (Pty) Limited ("Ethos"), providing the Company with largely indirect exposure to a diversified portfolio of unlisted private equity type investments ("Portfolio Companies"). The Group's performance is largely measured by the growth in the net asset value ("NAV") and NAV per share ("NAVPS").

OVERVIEW

2020 has been a year of two halves – both challenging – but for different reasons. The economic outlook in South Africa faced significant structural and growth impediments during the first part of the year. Consumer sentiment and business confidence remained at multi-decade lows, GDP growth rates continued to be significantly below market expectations and unexpected load shedding further influenced confidence.

With that backdrop, Ethos Capital achieved a steady performance during the first part of the year to February 2020, evidenced by increased valuations on key Portfolio Companies. It completed a R700 million loan facility and a R750 million fully underwritten Rights Issue in February 2020, with the proceeds used to fund a R1.03 billion investment into Brait SE ("Brait") for an effective 9.8% stake. A further R0.24 billion was invested into existing investments, bringing invested capital to R2.7 billion. In March 2020, Ethos was appointed as the advisor to the Brait Board which has adopted a strategy of realising value from its existing investments. Since Ethos took over, Brait has sold two of its six Portfolio Companies and realised over R3.0 billion.

Performance during the second part of the year was significantly impacted by the unprecedented outbreak of the COVID-19 pandemic. Lockdowns imposed by governments have curtailed consumer spend, significantly reduced production capacity and output, and resulted in the largest global contraction in GDP. With 18 out of the

22 Portfolio Companies being closed during the lockdown, the unlisted portfolio's short-term profitability was severely impacted and the peer group multiples on which their valuations are based declined significantly, resulting in the implied EV/maintainable EBITDA valuation multiple decreasing to 7.0x (30 June 2019: 7.5x). Furthermore, the share prices of the listed portfolio, consisting of Brait and MTN Zakhele Futhi, reduced by 58% and 23% over the latter part of the year.

At 30 June 2020, Ethos Capital's reported NAVPS, which is based on the respective listed investments' share prices at 30 June 2020, was R6.65 per share. The equivalent NAVPS that is based on Brait's last reported NAVPS at 31 March 2020, is R9.12.

The impact of COVID-19 is likely to be felt for some time. The Board believes that it is unlikely that there will be a material improvement in the macroeconomic outlook for South Africa in the next 12 months. The pandemic has resulted in a significant refocus on operational efficiencies at all of the Portfolio Companies which is likely to benefit these companies when the macroeconomic outlook improves.

EXTRACT OF STATEMENT OF FINANCIAL POSITION

	Group		Company	
	30 June 2020 R'million	30 June 2019 R'million	30 June 2020 R'million	30 June 2019 R'million
ASSETS				
Non-current assets				
Unlisted investments at fair value	1,891.7	1,427.3	1,891.7	1,427.3
Current assets	13.4	501.3	12.9	500.8
TOTAL ASSETS	1,905.1	1,928.6	1,904.6	1,928.1
EQUITY AND LIABILITIES				
Total ordinary shareholders' equity	1,711.8	1,785.5	1,856.2	1,920.5
Non-current liabilities	184.9	135.5	40.0	-
Current liabilities	8.4	7.6	8.4	7.6
Total liabilities	193.3	143.1	48.4	7.6
TOTAL EQUITY AND LIABILITIES	1,905.1	1,928.6	1,904.6	1,928.1
NET ASSET VALUE	1,711.8	1,785.5	1,856.2	1,920.5
Basic net asset value per share (Rand)	6.65	11.34	6.85	11.23
Attributable shares in issue ('000)	257,500	157,500	271,000	171,000

THE ADVISOR: ETHOS

Ethos acts as Ethos Capital's Investment Advisor. In addition, Ethos is the Manager of the Funds that Ethos Capital invests in. Ethos is an investment firm that manages investments in private equity and mezzanine transactions in South Africa and other sub-Saharan African countries. Ethos has a 36-year history and an unparalleled record of successful, sustainable investing across economic and political cycles that has delivered 97 realised investments at a 36% gross IRR and a 2.7x multiple of cost.

RESPONSIBILITY STATEMENT

This short-form announcement is the responsibility of the Directors of Ethos Capital and is only a summary of the information in the full announcement and does not contain full or complete details. The announcement is itself not audited but extracted from audited results. Any investment decision should be based on the full announcement which was available from 28 September 2020 at:

<https://senspdf.jse.co.za/documents/2020/JSE/ISSE/EPEE/EPECAP0620.pdf>

and is published on the Company's website, alongside the Annual Financial Statements and the auditor's unmodified report including their key audit matters, at:

<https://ethoscapital.mu/investors/reports/results/>

Copies of the full announcement may also be requested from the Company Secretary (represented by Mr Ravi Cunnoosamy) at no charge at +230 (0) 403 6000, during office hours, or at ethoscapital@ocorian.com.

INVESTMENT PORTFOLIO – AT 30 JUNE 2020

Name	Valuation R'million	% of total assets
Primary/Secondary Investments		
Ethos Fund VII	667.7	35.0
Ethos Mid Market Fund I	390.8	20.5
Ethos Healthcare Platform	116.8	6.1
Ethos Ai Fund I	112.7	5.9
Ethos Fund VI	47.8	2.5
Ethos Mezzanine Partners 3	22.8	1.2
Co-investments		
Brait	250.8	13.2
Channel VAS Investments Ltd BVI	127.3	6.7
Primedia Holdings (Pty) Ltd/ Ster Kinekor Theatres (Pty) Ltd	94.0	5.0
Kevo Holdings (Pty) Ltd	61.0	3.2
	1,891.7	99.3

TOP 10 UNDERLYING PORTFOLIO COMPANIES – AT 30 JUNE 2020

Name	Business description	Year	% of total assets
Channel VAS	FinTech service provider	2018	28.8
Virgin Active (Brait)	Health club operator	2020	12.8
Echo	Corporate ISP	2018	9.3
Premier (Brait)	FMCG manufacturer	2020	8.3
Vertice	MedTech	2018	8.1
Kevo	Corporate clothing and gifting	2017	6.1
Synerlytic	Specialised analytical and testing services	2019	6.0
Primedia	Media	2017	4.4
Gammatek	TMT accessory distribution	2018	3.8
TymeBank	Banking	2019	2.1
			89.7
Other (12 Portfolio Companies)			9.6
Total underlying investments			99.3

TOP 10 PORTFOLIO COMPANIES
